Abstract

RS-218

Topic: "Evaluation of the dynamics and characteristics of non-standard employment"

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1. **Aim of research**: to analyse the dynamics and characteristics of various forms of non-standard employment in Russia and the role of state regulation of non-standard employment.
2. **Methodology**: (1) literature review on the research topic (desk research method); (2) review of Russian statistical and sociological data on the research topic, including data from specially organised population surveys on employment and socio-economic behavior by HSE University; (3) descriptive analysis for each of the aspects of the problem; (4) analysis of qualitative sociological data (a series of focus group discussions and in-depth interviews on the issues of employment and socio-economic behaviour organised by HSE University in 2022-2023; (5) regression analysis using modern econometric methods; (6) analysis of legislation on the research topic.
3. **Empirical base of research:** (1) academic and expert literature in Russian and English on the topic under study, including comparative reviews of international organizations; (2) statistical data of the Federal State Statistics Service of Russia (Rosstat) published on the official website of the agency; (3) data of official international statistics; (4) OECD databases on the labour market and public employment policy; (5) microdata of the Russian Longitudinal Monitoring Survey (RLMS HSE University); (6) data from the Rosstat Labour Force Survey (LFS); (7) microdata from a special online population survey on platform employment conducted by the Institute of Social Policy in April 2022 (based on a nationally representative sample of 12,000 respondents aged 18-72); (8) data from focus group discussions with platform workers conducted by the Institute of Social Policy in April-May 2022 (24 focus groups) and September-October 2022 (11 focus groups); (9) materials of in-depth sociological interviews conducted by HSE University with informally employed Russian workers in October-November 2023.
4. **Results of research**

Analysis of Rosstat Labour Force Survey data has shown a pronounced downward trend in the prevalence of non-standard employment in the Russian labour market, which includes multiple employment, over-employment, part-time, temporary, or casual employment, self-employment, platform, and informal employment. Since the early 2000s, the prevalence of most of the types of non-standard employment have almost halved. At the same time, there is an active polarisation of non-standard employment in Russia. One part of it is represented by highly qualified workers with higher education — these are platform workers, informal entrepreneurs, remote workers, and part-time workers according to the usual and actual duration of the working week. These are more advantageous workers employed under non-standard conditions. The features of their labour activity in general reflect their own demand for more comfortable and flexible working conditions. The other consists of representatives of working professions, employed in the service and utilities sector with a relatively low level of education, i.e. part-time workers employed under the terms of a temporary contract, casual workers, and those employed to perform a certain amount of work, and informal workers engaged in production for sale in the household, self-employed, or over-employed according to the regular working week. For them, non-standard employment may be more forced and may represent one of the few opportunities to enter the labour market and earn money. At the same time, in such categories of non-standard employment as fixed-term employment and over-employment according to the actual working week, the data shows internal polarization. In these categories of non-standard workers, low-skilled employees and those employed in the service and utilities sector coexist with highly educated specialists with higher qualifications, with the share of the latter increasing.

Low qualifications and health conditions reduce the chances for a standard labour contract. Among external factors, the characteristics of the enterprise and peculiarities of local labour markets in different types of settlements are significant. Thus, a high level of human potential increases the chances of standard employment only in certain conditions: in cities, especially large cities, and in enterprises with state participation.

The prevalence of part-time employment in Russia is decreasing both numerically and in proportion. The structure of part-time employment is dominated by specialists with secondary vocational or general education, as well as by unskilled workers, including employed in the service and utilities sectors. During the COVID-19 pandemic period (2020), statistics record a temporary increase in the share of workers with higher vocational education in this group, as well as professionals with the highest level of qualification. Among part-time and weekly workers, older professionals, women, and workers living in households with minor children are more common than in other groups. Thus, formal part-time employment is an instrument of inclusion in the labour market of workers who find it difficult to access other types of employment.

The use of *temporary employment* in Russian organisations and enterprises has so far been severely restricted by existing legalization, so this form of employment is mainly found in the unincorporated sector. Between 2003 and 2022, the total number of temporary (non-permanent) workers fell from 7.3 million in 2003 to 4.6 million, and its share in wage employment fell from 11.9% to 6.9%. The periods of strong growth in the number of temporary workers include 2003-2008, while the periods of decline include 2009-2011 and 2016-2022. This group consists mainly of men, city dwellers, young people, specialists with higher and secondary vocational education. Among the temporarily employed, the greatest number of specialists with higher and middle-level qualifications, workers in the service and utilities sector, as well as unskilled workers are represented.

*Informal employment* has been growing rapidly, from 8.7 million people and 13% of employed in 2003 to 12.6 million and 17.5% of employed in 2022, with brief periods of decline in 2010 and 2022. In both cases, such dynamics was explained by the fall in the number of employed by individuals and individual entrepreneurs, while the number of informal entrepreneurs themselves increased. The structure of informally employed workers is dominated by urban dwellers and workers aged 20-39; at the same time, over the period under consideration, there is a trend towards an increase in the average age of informally employed workers.

*Self-employment* is a relatively stable segment in Russia, both in numerical and relative terms. The maximum number of this group of workers was recorded in 2004-2009, 2011 and 2013-2016; in general, throughout the entire period under analysis it was in the range of 3 to 4 million people. Neither the coronavirus pandemic nor the introduction of foreign sanctions in 2022 had a significant impact on the number and share of the self-employed in total employment. The composition of self-employed workers is dominated by men and (since 2015) urban residents, workers aged 30-49 years, with secondary (complete) general education, as well as secondary vocational education of various levels. The professional structure of self-employment is dominated by qualified workers in agriculture and forestry, as well as worker in the service and utilities sectors.

The prevalence of over-employment in Russia is gradually decreasing. The structure of the over-employed is dominated men, city dwellers, middle-aged, and older workers, specialists with secondary (complete) general and secondary vocational education. The professional structure is clearly dominated by workers in the service and utilities sectors. As representatives of working professions, skilled industrial workers, including almost a quarter living with children under seven years of age. At the same time, there are significantly fewer people of retirement age in this group.

*Remote* employment has become most widespread against the backdrop of the restrictions associated with the coronavirus pandemic: in 2020, according to estimates based on Rosstat's LFS data, approximately 1.1 million people (less than 1.7% of all employed people) could be classified as remote workers. Women, city dwellers, employed aged 30-49, specialists with higher professional education, and specialists of the highest level of qualification steadily dominate the structure of remote workers.

In the structure of platform employment, which has become widespread since the mid-2010s, dominate men, city dwellers, workers aged 30-49, specialists with higher education. About one third of those employed through platforms are specialists with higher qualifications, but at the same time, a significant proportion of workers in this group belong to the middle level of qualifications, service, housing, and utilities sectors. Thus, platform employment is also characterised by high professional and qualification heterogeneity. At the end of 2022, the number of platform workers was estimated at 3.5 million, corresponding to 4.9% of employed; in 2023, quarterly data show a decline in the volume of this employment segment.

The main motives for inclusion in platform employment are related to its flexibility, the ability to independently determine the workload and mode of work (to retain freedom in the choice of schedule and intensity of labour). In addition, platform employment for a part of the population becomes a tool for implementing entrepreneurial initiative, as well as a way of inclusion in the labour market with limited access to regular contract employment. In particular, it allows to provide part-time employment and additional income to women raising small children, people of pre-retirement and retirement age, people with health limitations, and temporarily unemployed, including those who lost their jobs due to external economic shocks.

Non-standardised workers are characterised by different levels of pay and by different dynamics of this indicator during the coronavirus pandemic and economic change period of 2022-2023. Thus, as the analysis of hourly wages shows, workers with relatively low wages include the self-employed, who, when controlling for basic socio-demographic characteristics, earn less than other workers both in absolute and relative terms. Part-time workers are on average more expensive per hour of labour than many other categories of employed persons, but their average monthly wages are significantly lower than the median wage estimated across the types of settlement in which they live. Hourly earnings of over-employed workers turn out to be significantly undervalued: the median average hourly wage in this group is one of the lowest — in 2021, 16.2% lower than that of workers in standard employment and 14.3% lower than that of workers in general in similar occupational positions.

The gap between the average pay of the formally and informally employed is gradually narrowing. While the ratio of average pay of informal to formally employed workers was 74% in 2019, it increased to 85% during the pandemic, and then remained at this level after the removal of the main restrictions in 2021 (84%) and increased to 87% in 2022. Higher earnings are observed for workers combining formal and informal employment.

This regularity, manifested against the background of economic instability in recent years, is also reflected in the analysis of the relationship between informal employment and poverty. Thus, regression modelling on the RLMS data showed that in 2020, the inclusion of workers in informal employment was associated with lower chances of being poor: against the background of pandemic-related changes in the labour market (lockdowns and closures of certain enterprises, primarily in the service sector), it became a tool to increase incomes and reduce the risk of poverty. However, in 2019 and 2021, the coefficient on the employment status variable is statistically insignificant in the modelling of monetary poverty risks: outside the pandemic constraints, the impact of incentives pushing into the informal sector is weaker. In 2022, after the start of the military operation and the imposition of external economic sanctions, the situation changed once again: the monetary poverty risks for respondents partially included in informal employment turn out to be lower compared to those of formally employed. Based on this, we conclude that informal part-time work (including in the platform segment of the economy) becomes a tool to increase incomes of the population in periods of economic instability.

Informal employment may be the result of the conscious behaviour of the employee, but more often, it occurs at the initiative of the employer: the choice of the employed is determined by the landscape of jobs available in their place of residence, suitable in terms of qualifications and working hours. Even if the possibility of switching to a formal contract exists from the workers' point of view, the expected reduction in income due to the increased tax burden on the employee and the employer is a deterrent; the same argument is key when consciously seeking employment in the informal economy. At the same time, young workers employed informally, compared to older workers, are more confident in declaring their intention to move to the formal sector after completing their education, while informal employment is viewed only as a temporary choice due to the limited ability to work full-time with a regular schedule or personal reluctance to have official records of the employment outside the sphere of professional interests.

**5. Degree of implementation, recommendations for implementation or results of implementation of the results (to be filled in if the results obtained can be used in practice):**

The project aims at providing academic and methodological support in applied research and was carried out in the interests of the Administration of the President of the Russian Federation. The research results were presented at various academic, expert and practical events, including the 11th St. Petersburg International Legal Forum, All-Russia Safety Week 2023, as well as used for the preparation of the report of the State Council of the Russian Federation on employment issues; in the future, the findings can be used to advise public authorities and improve the existing or developing legislation in the field of labour market regulation.