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**INFLUENCE OF MIGRATION ON LABOR
 POTENTIAL QUALITY IN RUSSIA**

The paper describes labor migration influence on the dynamics and quality of human resources in Russian Federation through the analysis of its scale, educational and skills level of labor migrants. Essential measures to minimize this negative impact are suggested.

Keywords: migration; foreign labor force; human resources; quality of labor resources; Russian Federation.

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**ВПЛИВ МІГРАЦІЇ НА ЯКІСТЬ
 ТРУДОВОГО ПОТЕНЦІАЛУ РОСІЇ**

У статті надано характеристику впливу трудової міграції на динаміку та якість трудових ресурсів Російської Федерації шляхом аналізу масштабів, освітнього та кваліфікаційного рівня трудових мігрантів. Сформульовано перелік необхідних заходів, які могли б звести до мінімуму негативні впливи від явища.

Ключові слова: міграція; іноземна робоча сила; трудові ресурси; якість трудових ресурсів; Російська Федерація.

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Игорь С. Метелев, Татьяна М. Безбородова
**ВЛИЯНИЕ МИГРАЦИИ НА КАЧЕСТВО
 ТРУДОВОГО ПОТЕНЦИАЛА РОССИИ**

В статье представлена характеристика влияния трудовой миграции на динамику и качество трудовых ресурсов Российской Федерации посредством анализа масштабов, образовательного и квалификационного уровня трудовых мигрантов. Сформулирован перечень необходимых мер, которые могли бы свести к минимуму негативное воздействие.

Ключевые слова: миграция; иностранная рабочая сила; трудовые ресурсы; качество трудовых ресурсов; Российская Федерация.

Problem statement. The increasing use of foreign labor is a feature of employment in today's Russian economy. Moreover, recently at the meeting of the Government Commission on Migration Policy the First Deputy Prime Minister Igor Shuvalov mentioned that migration would become an essential resource for economic development in the next 10 years.

But there is another point of view. The analysis of volumes, structure and character of migrants' employment in Russia, international experience, as well as plans aimed at providing technological progress and innovative development of Russian economy allow expecting that the country can do without the total employment expansion from the outside. Migration policy should be balanced and based on the study of the real needs of labor market, selective labor migration on the basis of preferences for highly qualified personnel and quotas for unskilled migrant workers.

Analysis of the related publications. Both foreign and national scientists have been studying the influence of migration on labor resources and local labor markets.

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Their findings are ambiguous and, moreover, cannot be used without taking into account the peculiarities of Russia and its specific models to employ foreign labour force. Foreign researchers (Becker, 1997) have come to the conclusion that immigration does not cause either unemployment increase, or earnings reduction while Russian scientists, on the contrary, indicate the infringement of indigenous workers' rights, "freezing" of earnings, deterioration of labor force (Ivakhniuk, 2005; Rybakovsky, 2003; Zaslavskaya, 2002). The authors' studies conducted earlier has also confirmed the findings of Russian scientists concerning the growing negative effects of migration, in particular the illegal one, on the state and dynamics of the national labor force (Bezborodova, 2013).

Research objective. In spite of differences in estimates and forecasts of the current situation at the labor market in connection with the intensification of migration processes, it is obvious that the problem of labor migration in Russia has not lost its relevance, but is rather becoming global in nature and requires serious consideration. In this regard, the authors view the assessment of the impact of migration on qualitative and quantitative characteristics of labor force in today's Russia as the objective of the present study.

Key research findings. Various categories of migrants – labor, seasonal, those seeking a permanent place of residence etc. – affect the quantity and quality of labor resources on both national and regional levels. Effective migration management involves balanced supply and demand at the labor market at all levels. If the demand for labor is formed by geographically localized production then labor supply is determined by the nature and conditions of settlement, number and age structure of population, peculiarities of territorial allocation, i.e. by migration.

Labor supply consists of local unemployed but actively seeking employment population and people coming to a region for various reasons. Demographic basis for the formation of labor supply are people of working age. And since migration flows are dominated by people of mainly active working age, migration is one of the leading factors determining quantitative and qualitative parameters of labor supply.

External objective reasons to employ workers from the outside, especially from abroad, are the following:

- disparities in vocational education that have shaped and deepened the bias in favor of higher education and as a consequence – the neglect of working professions by high school graduates;
- increased number of enterprises with foreign capital share;
- the continuing practice of foreign companies activity in Russia in the form of contractor agreement implementation, in particular in the field of construction.

The number of formally employed labor migrants in Russia has been steadily increasing since the late 1990s. In 2006 it exceeded 1 mln people. In 2007 due to the adoption of a new more liberal legislation the trend of recorded migration growth intensified. In 2007 the number of foreign nationals engaged in labor activities in Russia already reached 1717.1 ths people against 1014.0 thousand people in 2006, and in 2008 it was already 2452.9 ths (Zaionchkovskaya and Vitkovskaya, 2009; Trud..., RosStat, 2013; FMS, 2012). It should be noted that the "peak" of the recorded employment of foreign nationals was reached in 2008, and then it again began to decline (Table 1).

Table 1. Number of foreign nationals engaged in labor activities in Russia, ths of people

	Years						
	2000	2005	2006	2007	2008	2009	2010
Total	213.3	702.5	1014.0	1717.1	2425.9	2223.6	1640.8
<i>including:</i>							
- from other countries	106.9	358.7	476.1	563.8	645.0	577.3	392.0
<i>including:</i>							
Vietnam	13.3	55.6	69.1	79.8	95.2	97.5	46.0
China	26.2	160.6	210.8	228.8	281.1	269.9	186.5
North Korea	8.7	20.1	27.7	32.6	34.9	37.7	36.5
USA	1.8	2.9	3.7	4.8	5.0	5.0	4.3
Turkey	17.8	73.7	101.4	131.2	130.5	77.2	45.7
- CIS countries	106.4	343.7	537.7	1152.8	1780.0	1645.1	1246.9
<i>including:</i>							
Azerbaijan	3.3	17.3	28.3	57.6	76.3	60.7	40.3
Armenia	5.5	26.2	39.8	73.4	100.1	82.0	59.8
Georgia	5.2	4.3	4.9	4.8	4.2	-	-
Kazakhstan	2.9	4.1	5.0	7.6	10.4	11.2	8.3
Kyrgyzstan	0.9	16.2	33.0	109.6	184.6	156.1	117.7
Moldova	11.9	30.6	51.0	93.7	122.0	101.9	72.2
Tajikistan	6.2	52.6	98.7	250.2	391.4	359.2	268.6
Turkmenistan	0.2	1.5	0.7	2.1	3.1	2.4	1.2
Uzbekistan	6.1	49.0	105.1	344.6	642.7	666.3	511.5
Ukraine	64.1	141.8	171.3	209.3	245.3	205.3	167.3

Source: Zaiionchkovskaya and Vitkovskaya, 2009; Trud..., RosStat, 2013; FMS, 2012.

Analyzing Table 1, we can conclude that the global financial crisis which entailed the economic downturn in Russia contributed to the outflow of labor migrants from the country in 2009–2010. The outflow pace accelerated in 2010 when about 1640.8 ths of foreign workers left the country.

In 2011 1764.27 ths of foreign nationals had official work permits to work in Russia including 764.0 ths patents issued to individuals by the Federal Migration Service.

In 2012 1148.7 ths people had valid work permits; besides, 1080.0 ths people had patents to work as individuals. Thus, we can conclude that the number of labor migrants was keeping to grow; their total number in 2012 was 2228.7 ths people.

In general, legal foreign labor has beneficial effects on the socioeconomic development of Russia. Labor migrants to some extent satisfy the demands of the labor market in Russia. Their labor activity promotes entrepreneurship and small business development, expansion of services network in the fields of transport and public service, catering, trade and health which in turn leads to an increase in the tax base. However, given the fact that today the proportion of working legally migrants in the structure of economically active population of Russia makes about 4%, the current official labor migration in Russia has no significant impact on its economy and the labor market in general, but is more important for particular regional labor markets such as the city of Moscow and Moscow region, St. Petersburg, the Southern Federal District and other bordering territories.

Demographers' analysis and RosStat estimates prove that there has been population increase in Russia for the fourth consecutive year starting from 2009. Thus, the tendency of population decline which was in progress from 1995 has been overcome. The population of Russia has reached its greatest number of nearly 148.6 mln people at the beginning of 1993. After 1994 it was declining steadily until 2009 and has

decreased to 142.7 mln. Already in 2008 the decline has considerably slowed down and during 2009–2012 the population of Russian Federation has increased by 636,000 people, reaching the level of the mid-1980s. As of January 1, 2013 the population of Russia reached 143,347.1 ths people having increased in 2012 by 290.7 ths people (Demograficheskij..., RosStat, 2013).

Despite the gradual increase in the population of Russia the quantitative composition of labor force has tended to decline starting from 2009. The annual average number of labor resources by 2012 amounted to 92,847.0 ths people and compared to 2008 decreased by 1337.6 ths people. The greatest decrease in the workforce was recorded in 2010 – 664.0 ths people. It is noteworthy that there is an annual decline in the able-bodied population of the working age and, on the contrary, an increase in the number of foreign migrants and people beyond working age in the structure of labor force (Trud..., RosStat, 2013) (Figure 1).

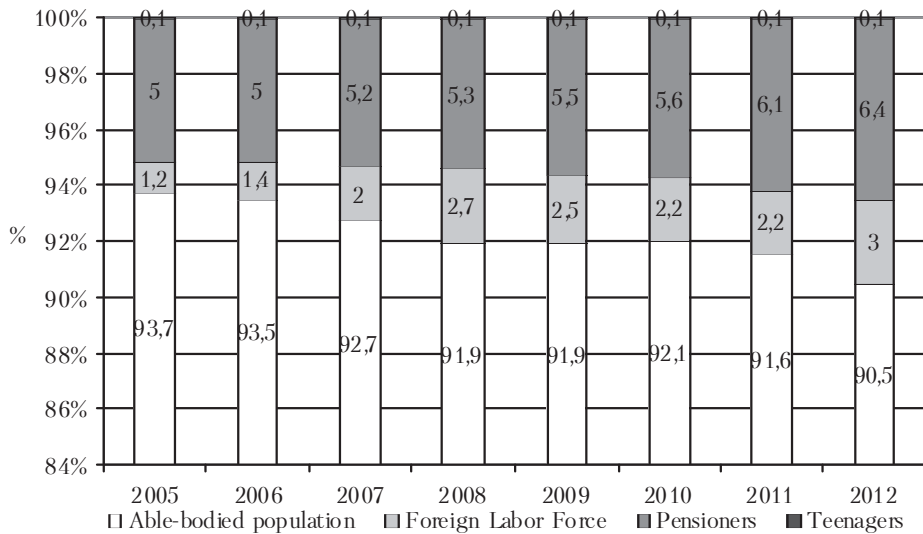


Figure 1. Structure of the annual average workforce, compiled by the authors

In many regions of the country local labor markets are already feeling not only relative, but also absolute labor shortage. According to the RosStat adjusted forecast (average forecast) of able-bodied population of working age by 2015 compared to 2010 there will be a decrease by 1.466 mln people, by 2025 – by 7.254 mln, and by 2050 – by 15.080 mln. The maximum reduction in the working age population might occur in 2009–2017 when the average annual decline in this age group will exceed 500 ths people. All cohorts of the population that will reach the working age in the first quarter of the XXI century have already been born, so it is impossible to compensate for the gap by the incipient birth rate increase. It should be noted that 5 years ago the estimations were almost twice as much; the annual reduction in the able-bodied population of working age was forecasted as 1 mln, with a decrease by 17–18 mln people is expected already by 2025 (Predpolozhitel'naja..., RosStat, 2007). Thus, the positive trends of the past 5 years will allow reducing the dependence of Russian economy on extra migrant workforce to the optimal minimum.

Thus, taking into account the current situation, the number of legal immigrants required to prevent Russia's decline of working age population and to provide an economic growth can be estimated at 500 thousand people a year at the most favorable dynamics of fertility and life expectancy. Otherwise, labor shortage in the medium term can cause serious negative consequences for the economy. This conclusion supports the idea that migration can become one of the main resources of Russian economy.

All this refers to legal migration. For Russia, as noted above, the urgent problem is the problem of illegal migration, mainly from the CIS and China. It was made possible due to the "transparency" of borders, lack of effective immigration control system in Russia, Russia's geographical position convenient for transit from Asia to Europe as well as due to the volumes of the informal sector in Russian economy.

Russia attracts illegal migrants for two reasons: they are not able to find jobs in their own country or believe that in Russia they can get much better jobs. Russia's business people benefit from this situation as well. They pay illegal migrants considerably less compared to the current local labor market wages and they avoid income tax and insurance contributions by paying in "black cash".

Despite the fact that illegal labor migration in Russia over the past 10 years has decreased fold, from 10 mln people in 2000 to 3 mln in 2010, however, in certain areas of economic activity migrants occupy a large enough number of jobs. And this is quite dangerous for the economy because of its direct impact on the quality of work and discipline.

To assess the quality of labor force of illegal migrant workers is virtually impossible due to conspiratorial nature of the phenomenon of illegal migration. However, numerous studies including those conducted by the authors produced similar results: over 60% of illegal immigrants are people with incomplete secondary or secondary education. Illegal migrants working in Russia in their majority (over 50%) are employed in low-skilled labor. Among the areas of labor activity construction, trade and agriculture are increasingly popular, i.e. those fields where employers do not require confirmation of any skill level. Another employment area (more than half of all illegal migrants) is private business with one in five being self-employed. Primary professions of illegal immigrants are builders, domestic servants, general laborers. Favorable opportunities for excessive uncontrolled flows of unskilled labor force to Russia's major cities from Central Asia, Moldova, Ukraine are mostly provided by visa-free entry to Russia for citizens of the CIS countries. According to T.I. Kutsenko (2002) three-quarters of illegal immigrants come to Russia through the actually open border with Kazakhstan which is used not only by the residents of Kazakhstan, but also by citizens from many foreign countries. Kazakhstan has signed more than 20 agreements on visa-free entry to the countries with which Russia has no such agreements. All this is fraught with the chances for not only illegal labor migrants, but also such undesirable elements as terrorists or drug traffickers to get into the country. The number of such migrant workers is much higher than the very limited contingent of highly qualified migrants from developed countries working in Russia under contracts.

Thus, illegal labor migration in Russia has many negative social and economic consequences. First of all, it is the loss of budgetary allocations to federal and regional budgets and extra-budgetary funds as a result of the continuing shadow employment. Secondly, illegal labor migration of unskilled labor causes growth of cheap for-

eign labor supply, whereby regional labor markets experience increased competition for domestic labor.

In addition, migration of cheap illegal foreign labor in Russian regions is often the cause of "freezing" of local workers wages. In many cases it is low wages along with a lack of job opportunities that become one of the main reasons for the unemployment rise in the regions.

And finally, the increase of illegal immigrants' number leads to the overall decline in the quality of workforce used in Russian economy.

Deterioration of qualitative characteristics of labor force (without consideration of workers' health and general level of physical ability) is also conditioned by Russian Federation citizens' leaving to work abroad. The most economically active population emigrates to work in other countries (Table 2).

Table 2. Number of Russian citizens who have left to work abroad, by gender and age groups

Years	Number of people			In % of the total		
	Total	including		Total	including	
		male	female		female	male
	Total					
2005	60926	50722	10204	100	100	100
2010	70236	60075	10161	100	100	100
2011	67549	60176	7373	100	100	100
2012	64370	58943	5427	100	100	100
	including those in the age of:					
	16–29 years old					
2005	20995	12763	8232	34.5	25.2	80.7
2010	24866	16035	8831	35.4	26.7	86.9
2011	19979	14622	5357	29.6	24.3	72.7
2012	19097	15368	3729	29.7	26.0	68.0
	30–39 years old					
2005	16110	15295	815	26.4	30.2	8.0
2010	14845	14408	437	21.1	24.0	4.3
2011	15307	14243	1064	22.7	23.7	14.4
2012	15463	14629	834	24.0	24.8	15.4
	40–49 years old					
2005	16392	15662	730	26.9	30.9	7.2
2010	18244	17720	524	26.0	29.5	5.2
2011	18939	18360	579	28.0	30.5	7.9
2012	17783	17215	568	27.6	29.2	10.5
	50–54 years old					
2005	5065	4762	303	8.3	9.4	3.0
2010	7540	7289	251	10.7	12.1	2.5
2011	7994	7735	259	11.8	12.9	3.5
2012	6685	6460	225	10.4	11.0	4.1
	55–59 years old					
2005	2102	1994	108	3.5	3.9	1.1
2010	3661	3565	96	5.2	5.9	0.9
2011	4164	4085	79	6.2	6.8	1.1
2012	4065	4001	64	6.3	6.8	1.2
	60 and older					
2005	262	246	16	0.4	0.5	0.2
2010	1080	1058	22	1.5	1.8	0.2
2011	1166	1131	35	1.7	1.9	0.5
2012	1277	1270	7	2.0	2.2	0.1

Source: Trud i zanjatost' v Rossii, RosStat, 2013.

Table 2 shows that young people under 30 constitute the largest share (29.7%). In female group this age makes more than 68%. In general, people under 50 make 81.3% of the total number of Russian citizens leaving for employment abroad. It should be noted that this proportion is gradually decreasing; in 2005 it amounted to 87.8% of the citizens going to work abroad.

More than half of those who have left to work abroad in 2012 (34,369, or 53.4%) expected to be employed as managers and professionals which indicates their high status and qualifications. Characteristically, of working professions the most qualified ones were in demand: sailors, skippers, boatswains, machinists and minders, gas welders, welders, bakers, culinary specialists, cooks etc.

A direct confirmation of high qualification of Russian citizens going abroad for employment can be their distribution by the levels of education (Trud..., RosStat, 2013): 41.3% have higher education; 36.3% are those with vocational education. Thus, we can conclude that in contrast to people coming to Russia the most skilled workforce is emigrating to work abroad.

Conclusion. It was intended to solve to some extent the problem of poor quality of foreign labor force by means of Federal Law of 19.05.2010 No 86-FL "On Amendments to the Federal Law" On Legal Status of Foreign Citizens in Russian Federation "and some legislative acts of Russian Federation "developed with the participation of the FMS of Russia which provided the definition of highly qualified specialist". The same year with the aim of its development and in order to further increase the investment attractiveness of Russian Federation the Federal Law No 385-FL "On Amendments to Certain Legislative Acts of the Russian Federation" was adopted. It significantly widens the opportunities to engage highly qualified scientific and pedagogical employees with remuneration up to 1 mln RUB. For foreign experts involved in the establishment and operation of the innovation center "Skolkovo" there was proposed no fixed remuneration. According to FMS of Russia data from July 1, 2010 to March 31, 2012 there were issued 15946 work permits for highly qualified specialists (including 14736 foreign citizens who arrived via the visa scheme and 1210 people having arrived with no visa scheme). Among the main countries to provide highly qualified professionals Germany is leading followed by the UK, France, USA, Turkey, Ukraine, China, and Italy. Judging by the negative balance of skilled labor migration, these measures allowed to make up for the quality of human resources by less than 10%. In this regard, as the authors view it, Russia's migration policy requires some modernization – in conditions of excess labor migration from the CIS and South-East Asia it should change its conservative prohibitive approach. In part, the new migration paradigm aimed at some improvement of foreign labor force quality is embedded in the State Migration Policy Concept of Russian Federation until 2025 which outlined a number of strategic guidelines aimed not only at maintaining a healthy migration situation in the country, but also at sustainable socioeconomic development. However, the measures laid down in the Concept are insufficient to dramatically improve the quality of foreign labor migration. In our view, it should be complemented with innovation priorities, selective labor migration with preferences for skilled personnel who should be used in the development and implementation of advanced technologies in manufacturing industries. The transition to innovative economic development necessitates a comprehensive evaluation of subjects of labor relations – the actual candidates for jobs from foreigners. Workforce

selection should be made on the basis of a certificate of education, professional experience, age limit, additional professional qualifications, health status as is the practice in economically developed countries with advanced migration policies.

It should be noted that illegal immigrants are mostly young people of working age that in the condition of demographic imbalance and decrease of the number of working age population in Russia makes the use of such foreign employees at Russian labor market very attractive. But, we emphasize, within the legal employment frame. Various studies show that small number of foreign employees work within their specialty which testifies to the irrational use of foreign employees' potential who staying in Russia illegally are forced to work not using their knowledge and skills. It seems that the main goal of the migration policy on the legal use of foreign labor should become the priority admission to the country of the most qualified experts in their respective fields from those applying for entry.

Therefore, in terms of modernization and transformation of the economy and demographic aging of Russian population the policy on foreign labor migration, in particular selective policy of foreign labor admission to Russian Federation and control over illegal migration and employment can and should become an additional source of increasing economic potential in Russia, but only if migration processes will not lead to deterioration of labor force quality.

All these measures do not eliminate the need to create more favorable working conditions in Russia for domestic highly qualified specialists, limiting by primarily economic measures the "brain drain" and thereby enhancing the intellectual capacity and the quality of the workforce, which is so important for economic growth and enhanced work efficiency.

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