

Effectiveness of Labor Market Regulation in the Region (Case Study of Crisis Response Measures)



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Abstract. The paper analyzes public administration efficiency in the social and labor sphere. It examines main theoretical and methodological approaches to the concept of “administration effectiveness” depending on different criteria such as the status of the managed object, internal effectiveness of management, social effectiveness, achievement of the target values of indicators, the “cost–result” ratio. The author attempts to analyze a relative effectiveness of labor market management in Russia in each of the federal districts and in the regions of the Northwestern Federal District with special attention paid to the situation in the Vologda Oblast. The article gives a general description of the main crisis response measures that Russia’s regions apply in an effort to reduce tensions at their labor markets: proactive training of the workers who are at risk of being dismissed; promotion of self-employment; organization of public works; promotion of employment of persons with disabilities. The effectiveness of these measures is assessed through the cost-effective method, because it is usable and the relevant official statistics is easy to access. On the basis of the data analysis the author presents a rating of relative effectiveness of labor market policy in the federal districts and in the regions of the Northwestern Federal District. The study reveals the following features of anti-crisis regulation of the labor market: significant regional differences in the costs per participant, gradual decrease in the relative effectiveness of labor market regulation, reduction of the list of events, abrupt changes in the positions of territories in the rating. It is proposed to enhance the monitoring of the program measures aimed to stabilize the situation on the labor market at the regional level. This requires that the information concerning the expenditures on the development of the labor market be included in the public accounting of state authorities that regulate social and labor relations in the Russian Federation subjects.

Key words: administration effectiveness, labor market, crisis response measures, region.

Public administration of the social and labor sphere in modern Russia is carried out under market conditions in compliance with the situation concerning supply and demand; this was not so at the earlier stages of Russia's development, and therefore we can say that the essence of this administration is innovative; its effectiveness may determine the course of modernization processes. However, at present, Russian economic science lacks any unified approach to understanding the effectiveness of public administration. This paper attempts to evaluate the effectiveness of workforce management in the federal districts and in the northwestern regions of Russia on the example of certain measures that seek to stabilize the labor market. To achieve this goal, the author considers the main theoretical and methodological approaches to the concept of "administration effectiveness". The cost-result method is applied for the purpose of analyzing the costs of implementing the program measures to reduce tension on the labor market and identify the main problems and trends in the field of workforce management in the region.

In a general sense, effectiveness can be defined as the ability to produce an effect or have the desired impact [1, p. 1442]. One of the important methodological problems of effectiveness analysis is to choose an approach to understanding its essence. Depending on the criterion applied, there are several approaches to evaluating the effectiveness of public administration (*tab. 1*):

- 1) assessment of the status of the managed object;
- 2) assessment of the internal effectiveness of control;

- 3) assessment of social effectiveness;
- 4) assessment of achievement of the target values of indicators;
- 5) cost-effective approach.

1. Assessment of the status of the managed object is based on the assumption that the state of the object (regional economy, regional labor market, etc.) is a direct consequence of a management action applied thereto. In the framework of this approach, a favorable situation indicates the high effectiveness of administration, and an unfavorable situation, respectively, shows that the effectiveness is low. An advantage of this concept is that it helps assess the actual state of the managed object and provides an answer to the question of how this state corresponds to the standard chosen (goals set out). A disadvantage of this approach is that it identifies the state of the managed object with management effectiveness and does not take into account external environmental conditions (regional economic specifics, market situation) and, thus, does not help assess the role of managerial impact on the object. In modern Russia, this approach is used in accordance with the decrees of the President of the Russian Federation "About assessing the effectiveness of executive authorities' performance" of June 28, 2007 No. 825 (repealed) [11] and of August 21, 2012 No. 1199 [12].

2. Assessment of internal effectiveness is related to the organization of an object administration process. At that, it is not the object that is assessed, but the process of administration: the structure of administration bodies, the professional and qualification characteristics of their staff. This approach is based on the fact that the way the work of

Table 1. Methodological approaches to assessing the effectiveness of administration

Approach to effectiveness assessment	Concept of effectiveness	Assessment criterion	Usage examples
State of the managed object	State of the managed object measured by concrete indicators	The set of indicators achieved by the object in relation to other objects or in dynamics	World Bank Global Competitiveness Report
Internal effectiveness of administration	Quality of organization and process of management; level of training of staff in a division	Performance indicators of the particular division or enterprise	Key Performance Indicators (KPI) Method
Social effectiveness	Achievement of social effect that is manifest in the reduction of economic or social losses inevitable if the events that have been carried out are not taken into consideration	Economic or social loss	State Program "The promotion of employment, improvement of working conditions and occupational safety in the Vologda Oblast for 2014–2018" approved by the Resolution of the Vologda Oblast Government of October 28, 2013 No. 1101
Achievement of target indicators	Achievement of planning, baseline, target indicators by the object of management	Compliance of the indicators actual achieved with the target values	Decree of the President of the Russian Federation of May 7, 2012 "On the main directions for improving the system of public administration"
Cost-effective approach	Costs of resulting unit	Amount of costs for one productive unit	State Program "The promotion of employment, improvement of working conditions and occupational safety in the Vologda Oblast for 2014–2018", approved by the Resolution of the Vologda Oblast Government of October 28, 2013 No. 1101
Sources: compiled by the author on the basis of [1, pp. 1442-1443; 17, p. 662; 18].			

an authority is organized and the quality of the labor potential of its staff are factors that determine administration effectiveness. The system of Key Performance Indicators (KPI) can be pointed out as an example [19, p. 233]. At that, the direct results of the work are not taken into account. This approach has its disadvantages such as a relative complexity of obtaining information, and a lack of its presentation in a uniform way.

3. Management impacts can be assessed through social efficiency that is defined as the ratio of costs for the implementation of social events and the possible damage that will be inflicted if these activities are ignored [15, p. 662]. It seems that this concept is best suited

for assessing administration effectiveness of an enterprise, but it is not quite suitable for assessing administration effectiveness of social and labor relations at the regional level, because in the management of social and labor relations the damage from neglecting the program activities may be lower than the expenditures on these programs; nevertheless, it is desirable to carry out these events, since it is conditioned by the social purpose of the state.

4. Assessment of effectiveness of achieving the target values of indicators defined in strategic documents is widely used throughout Russia's regions. As a rule, techniques based on this approach are developed and applied

by public authorities [10]. This approach has the following disadvantage: it ignores the data on the expenditures made and sometimes does not substantiate the choice of indicators and their target values established by strategic documents. Therefore, this approach requires not only the achievement of results to be assessed, but also the quality of goal-setting to be examined by experts.

5. Cost-effective approach. This approach understands effectiveness as the efficiency of economic activity, events, programs and mechanisms, which is characterized by the ratio of the obtained economic effect (achieved result) to the costs of resources of a certain value that are used for the purpose of obtaining this result [2, p. 1443]. Thus, under this approach, economic effectiveness is equated with performance. This understanding of efficiency seems to be most suitable for the economic analysis of social and labor relations in the region. If there is information about the tools that were used to implement various administration mechanisms (programs to promote employment, its sub-programs or individual activities), and the results (number of program participants, number of jobs created), it is possible to calculate the cost per effective unit (in this paper, an effective unit is a participant of the labor market who took part in an anti-crisis event) and, based on this, to assess the relative effectiveness of these mechanisms in the regional context, and to evaluate the dynamics of effectiveness for a certain period of time. This paper understands the administrative mechanism as a combination of management methods

that are used by authorities and promote the achievement of a specific outcome [6, p. 495].

The application of this approach is associated with a number of methodological problems. First, a question arises: what should be considered as the cost of regulation of social and labor relations and the results of this regulation. Second, it is often impossible to assess the effect that the implemented activities had on the functioning of the regional labor market: in the framework of the cost-effective approach, it is only possible to assess reliably the effectiveness of specific mechanisms (events or trends). However, when assessing the situation on a regional labor market and its dynamics, we can indirectly judge the adequacy of mechanisms applied. The problem of the choice of indicators in the framework of the present study was solved as follows. The indicator of departmental expenditures of regional consolidated budget was recognized as unsuitable, because not every region has a separate government body that regulates labor relations. It often happens that a department responsible for labor market management regulates other social relations as was the case in the Vologda Oblast until 2011, when there existed the Department of Labor and Social Development of the Oblast [8]. Besides, there is no uniformity in specifying the items of expenditure. Therefore, the present study assesses public administration effectiveness on the example of specific measures that aim to reduce tensions on the labor market, involving the majority of Russia's regions in 2009–2010, including the Vologda Oblast. These activities included the following mechanisms: proactive professional training of workers in case of a threat of mass dismissal; public works,

temporary jobs and internships to acquire work experience; assistance to the development of small business and self-employment of the unemployed; assistance with finding jobs for unemployed persons with disabilities. The choice of activities and time periods depends on the availability of statistical information about mechanisms used and the expenditures on their implementation. A disadvantage of this approach is that it helps estimate only the quantitative aspect of activity of the object under consideration. However, we think that in the conditions when it is necessary to alleviate tension in the labor market this method can be considered sufficient.

Since this paper analyzes the program activities, their participants are chosen as productive units in most cases. In some cases (activities to promote self-employment and employment of persons with disabilities), the number of jobs created was considered along with number of participants. Management effectiveness is expressed in money terms and is estimated as the amount of funds spent per participant of program activities or per workplace created:

$$\text{Effectiveness} = \frac{\text{costs}}{\text{coverage of the population}} \cdot$$

Thus, the regions that could produce lower costs per participant of the events had the opportunity to cover a greater number of participants with program activities, and the management of social and labor relations in these territories can be described as relatively more effective. The choice of this indicator may be relevant when there is a shortage of funds, which is typical of economic recession, such as a budget crisis.

For the purpose of inter-regional assessment of effectiveness, the index method was used, according to which the cost per productive unit were estimated in rubles and in percentage of national average. To assess the change in effectiveness, the costs were adjusted to reflect the changes in consumer prices and were presented in the prices of 2014. Recalculation is applied in order to compare the expenditures on the regulation of the labor market in different periods of time and thus present the data in a comparable form.

The necessity of organizing the proactive training of employees emerged in 2009, when the economic crisis has affected Russia's labor market, and many workers were at risk of dismissal. This mechanism is preventive in nature and aims to increase the competitiveness of workers and prevent the release of workforce.

In 2009, measures to reduce tensions on the labor market in the whole country covered 216,017 people; in 2010, when the situation on the labor market somewhat stabilized and the threat of mass dismissals became less pronounced, this figure dropped to 113,148 people. The number of participants of the program decreased almost everywhere, except for nine areas. In the context of Russia's federal districts, expenditures for the activities were the least in the North Caucasian Federal District, and the largest – in the Far Eastern Federal District (*tab. 2*). However, it should be noted that the coverage of participants in the North Caucasian Federal District was the smallest, given the fact that it has an excess of labor resources and is characterized by a relatively high unemployment level (in 2009, its overall unemployment rate amounted to 44.8%). It follows that despite a relatively high

Table 2. Expenses on the participants of activities aimed at proactive training of employees who are at risk of being dismissed*

Territory	Actual number of participants, people		Costs per participant			
			Thousand rubles		% of national average	
	2009	2010	2009	2010	2009	2010
<i>Russian Federation and federal districts</i>						
North Caucasian	3,611	797	8.5	5.2	86.7	51.8
Central	49,584	23,679	9.2	8.6	93.6	86.0
Siberian	35,647	15,073	10.8	9.1	110.2	90.9
Ural	22,202	13,416	10.9	9.4	111.9	93.6
Southern	9,736	2,513	9.7	9.7	98.7	97.0
Northwestern	21,060	8,522	11.6	10.4	118.7	104.1
Volga	68,000	45,676	7.9	11.3	80.8	112.7
Far Eastern	9,788	3,472	16.7	13.0	171.1	130.3
Russian Federation	216,017	113,148	9.8	10.0	100.0	100.0
<i>Northwestern Federal District regions</i>						
Novgorod Oblast	238	254	6.7	3.8	68.8	38.1
Republic of Karelia	719	120	9.8	4.2	100.5	42.0
Kaliningrad Oblast	3,241	728	9.8	5.8	100.0	58.2
Vologda Oblast	3,066	2,117	7.7	8.4	79.2	84.1
Komi Republic	2,311	1,353	9.7	8.5	98.9	85.3
Pskov Oblast	1,458	941	11.3	9.0	115.6	89.7
Murmansk Oblast	926	353	11.7	10.0	119.7	100.4
Arkhangelsk Oblast	861	182	7.4	13.1	75.3	131
Leningrad Oblast	2,116	874	14.9	16.4	152	164.4
Saint Petersburg	6,124	1,600	15.8	16.7	161.8	166.6
* Territories are ranked according to the costs per participant in 2010. Sources: [15]; author's calculations.						

cost-effectiveness, labor market regulation measures were insufficient.

Russia's national average cost per participant of the program amounted to 9.8 thousand rubles in 2009 and 10 thousand rubles in 2010. Thus, we can say that the effectiveness of activities in the field of proactive education in Russia on the whole changed only slightly.

In general, however, the effectiveness of organization aimed at proactive training increased in the majority of RF subjects (in 57 out of 82), the increase varying in the range from 3 to 60%. This significant range can be explained by differences in socio-economic

conditions in which regional authorities fulfill their functions. The mechanisms under consideration are least effective in the Northwestern Federal District. The highest training costs per participant were observed in Saint Petersburg and the Leningrad Oblast. However, the effective use of funds in these areas decreased in a year in Saint Petersburg from 162 to 167% of the national average, in the Leningrad Oblast – from 152 to 164%. The situation in these RF subjects is caused neither by high prices nor by high unemployment. The correlation between them is also absent. Accordingly, we can say that the effectiveness of labor resources management in these

regions is relatively low. In the Vologda Oblast, the efficiency of carrying out the activities aimed at proactive training was higher than in Russia in general: in 2009, the cost of proactive training per employee amounted to 79% of the national average level (7.7 thousand rubles per participant), in 2010 it was 84% (8.4 thousand rubles). Thus, the effectiveness of implementation of this mechanism in the region decreased in a year.

Promotion of self-employment of unemployed citizens is a complex of measures that comprises the provision of information on the opportunities for entrepreneurial activity, testing of the unemployed in order

to identify entrepreneurship capabilities, training in the basics of entrepreneurship, and financial support [1]. The necessity of application of these mechanisms is due, on the one hand, to the important role of entrepreneurship in the economy of modern Russia; on the other hand, it depends on the fact that the entrepreneurial sector in Russia in its present form has been formed relatively recently [14].

In 2009 and 2010, the activities to promote self-employment of the unemployed in Russia covered 279,060 people, including 127,609 in 2009, and 151,451 in 2010 (*tab. 3*). The costs per participant increased by 16%.

Table 3. Expenditures per participant to promote self-employment of unemployed citizens and stimulate the creation of additional jobs by unemployed citizens who started their own business*

Territory	Actual number of participants, people		Costs per participant			
			Thousand rubles		% of national average	
	2009	2010	2009	2010	2009	2010
<i>Russian Federation and federal districts</i>						
North Caucasian	662.6	29,356	853.3	79.3	0	73.8
Southern	30,147	11,444	90.2	92.2	98.1	85.8
Central	15,029	17,300	95.1	103.3	103.4	96.1
Volga	42,545	51,124	95.8	115.3	104.2	107.3
Ural	10633	11,114	75.1	116.5	81.6	108.5
Northwestern	6615	7,400	94.2	117.7	102.4	109.5
Far Eastern	3474	3,851	104.1	123.6	113.2	115
Siberian	19166	19,862	92.6	136.2	100.7	126.8
Russian Federation	127609	151,451	92	107.5	100	100
<i>Northwestern Federal District regions</i>						
Komi Republic	299	418	88.1	78.9	95.8	73.4
Novgorod Oblast	613	609	90.0	96.7	97.9	90.0
Republic of Karelia	394	1,133	120.2	98.0	130.6	91.2
Arkhangelsk Oblast	700	573	97.1	102.3	105.6	95.2
Murmansk Oblast	850	672	91.7	102.5	99.7	95.4
Pskov Oblast	1,877	1,367	98.0	119.7	106.5	111.4
Vologda Oblast	1,633	1,707	97.3	121.8	105.8	113.3
Kaliningrad Oblast	230	785	87.3	184.3	94.9	171.5
Leningrad Oblast	19	43	190	282.7	206.5	263.1
Saint Petersburg	0	93	0	355.4	0	330.8

* Territories are ranked according to the costs per participant in 2010.
Sources: [15]; author's calculations.

The number of participants of these activities in 50 regions also declined. The largest expenditures per participant were observed in Saint Petersburg (in 2010 – 355.4 thousand rubles; in 2009 the events were not held) and the Leningrad Oblast (190 thousand rubles in 2009; 282.7 thousand rubles in 2010); the lowest – in the Tyumen Oblast (53.4 thousand rubles in 2009; 74.9 thousand rubles in 2010) and the Republic of Ingushetia (86.4 thousand rubles in 2009; 57.4 thousand rubles in 2010). The resources were spent most effectively in the North Caucasian Federal District, less efficiently – in the Siberian Federal District. During the period of implementation of program activities the efficiency was increased (costs per participant were reduced) in 21 RF subjects. However, in the regions of North Caucasus, given the adverse market conditions of their labor market, the activities covered the smallest number of participants.

Among the regions of the Northwestern Federal District, the greatest number of unemployed in the two years of the program implementation (3,340 people) was observed in the Vologda Oblast, the second place was occupied by the Pskov Oblast (3,244 people). This indicator and the indicator of costs per participant do not have significant correlations with labor market indicators – the number of registered unemployed and the number of the unemployed calculated by ILO methodology, as well as the number of employed in the economy. Neither is the number of participants connected with the investment climate in the regions, which is an indicator of conditions for business activities. The investment climate

was evaluated according to a rating developed by Expert RA Rating Agency; according to this rating all the regions of the north-west of Russia in 2009–2010 had low or insignificant investment potential at a high (or moderate) investment risk (the exception was Saint Petersburg, experts characterized it as an area with a high potential and moderate risk) [13]. In addition, the number of participants and the amount of funding had no significant correlation with the change in the number of individual entrepreneurs due to adverse effects of the economic crisis: the number of entrepreneurs in the Vologda Oblast decreased by 5%, the total revenue (taking into account the change in the level of consumer prices) – by 3%; at the same time, the coverage of participants and the amount of funding were higher than in all other regions of the Northwestern Federal District. This indicates a lack of consistency in the events carried out: when determining the number of participants, neither the scale of the labor market nor the business environment in the regions was taken into consideration. Self-employment was promoted most effectively in 2009 in the Komi Republic (88.1 thousand rubles per participant) and the Kaliningrad Oblast (87.3 thousand rubles); in 2010 – in the Komi Republic (78.9 thousand rubles) and the Novgorod Oblast (96.7 thousand rubles).

The costs per participant in the Vologda Oblast exceeded the national average, the effectiveness of promoting self-employment decreased over the period of the program implementation: if in 2009 the costs per participant amounted to 106% of the national average (97.3 thousand rubles), then in 2010

they were 113% (121.8 thousand rubles). However, thanks to the activities carried out in the Vologda Oblast, 830 jobs were created (according to this indicator, the Oblast ranked second among the Northwestern Federal District regions), which is a positive development, given the fact that the Vologda Oblast is among the areas most affected by the crisis.

Another important measure aimed to stabilize the situation on the labor market

is the organization of public works that pursues two socially significant goals: meeting the needs of territories and organizations in the performance of temporary or seasonal work, and the preservation of motivation to work in the individuals that did not work for a long time or do not have any work experience [13].

In 2009, the total number of participants of public works was 2,434,473 people, in 2010 – 1,328,996 (*tab. 4*).

Table 4. Expenditures for the participants of the events aimed at the organization of public works, temporary employment of employees at risk of dismissal, as well as the citizens recognized as officially unemployed, and people looking for a job*

Territory	Actual number of participants, people		Costs per participant			
			Thousand rubles		% of national average	
	2009	2010	2009	2010	2009	2010
<i>Russian Federation and federal districts</i>						
Volga	930,249	551,873	14.5	11.7	88.6	90.4
Ural	277,730	159,068	16.7	12.9	102	99.5
Southern	192,384	46,225	18.1	13.3	110.4	102.5
Central	503,905	268,592	16.9	13.4	103	103.1
Siberian	303,449	169,417	19.2	15.1	117.2	116.6
Northwestern	149,389	68,410	17.1	15.5	104.4	119.2
Far Eastern	77,367	39,160	21.8	15.8	132.9	121.6
North Caucasian	-	26,251	-	16.7	-	129
Russian Federation	2,434,473	1,328,996	16.4	13.0	100	100
<i>Northwestern Federal District regions</i>						
Leningrad Oblast	6,985	5,333	12.9	11.8	78.7	91
Kaliningrad Oblast	25,295	5,202	20.1	12.1	123	93.3
Novgorod Oblast	9,344	5,292	18.6	13.1	113.5	100.9
Arkhangelsk Oblast	7,482	2,571	14.4	13.4	88.1	103.1
Komi Republic	5,379	6,574	17.1	13.8	104.5	106
Republic of Karelia	10,073	3,388	22.4	14.1	136.9	108.6
Murmansk Oblast	3,796	3,568	18.9	15.6	115.1	120.2
Pskov Oblast	13,464	7,614	18.3	15.8	111.7	122
Saint Petersburg	13,287	5,397	18.7	18.0	114.1	138.4
Vologda Oblast	54,284	23,471	15.4	18.7	93.8	143.9
* Territories are ranked according to the costs per participant in 2010. Sources: [15]; author's calculations.						

Public works were organized most efficiently in the Volga Federal District: in 2009, the costs per participant amounted to 14.5 thousand rubles, in 2010 – 11.7 thousand rubles. Such activities were least effective in the Far Eastern Federal District (21.8 thousand rubles in 2009) and in the North Caucasian Federal District (16.7 thousand rubles per participant in 2010).

During the period under consideration, there was a 20% reduction in expenditures per participant in public works nationwide; federal districts experienced a 10–30% reduction. This indicator increased in ten regions, in others it decreased – by 2% in Chukotka Autonomous Okrug, and by 50% in the Omsk Oblast.

Among the regions of Russia's North-West in 2009, the Leningrad Oblast was the most effective region in this respect, the Republic of Karelia (22.4 thousand rubles per participant) and the Vologda Oblast (18.7 thousand rubles) showed the least efficient performance. The Vologda Oblast had the largest number of participants in public works – 77,755 people. This indicator has no significant correlation with the number of the unemployed, as well as with its change during the period under consideration. At that, if in 2009 the Vologda Oblast occupied the third place in the rating of effectiveness (after the Leningrad and Arkhangelsk oblasts), spending 15.4 thousand rubles per employee, then in 2010 it occupied the bottom position in the rating. It should be noted that the Vologda Oblast was among the territories in which the effectiveness of organization of public works decreased: in 2010, the costs per participant in the region

amounted to 121% of the 2009 level. The costs per participant in public works in Russia's regions do not correlate with the level of prices and, thus, may be determined by the needs of the territories in the implementation of public works and the specifics of organization of these events. Despite the high costs per participant, the organization of public works in the Vologda Oblast in comparison with other regions of the Northwestern Federal District is the most accessible to the public, which is an important characteristic for a crisis response measure.

The labor market is regulated by the activities to promote labor rehabilitation of people with disabilities, too. This issue is important for any state, the employment policy of which is socially oriented. If anti-crisis mechanisms such as public works and the promotion of self-employment can be cyclical in nature, the social policy concerning disabled persons must be carried out regardless of the state of economic environment, since disability as a social phenomenon is always present in every society. Therefore, the activities aimed at labor rehabilitation of disabled people were not limited only to the period of 2009 to 2010, when the impact of the economic crisis on the labor market was the highest and covered the years 2010–2014. It should be noted that the activities are complementary and are conditioned largely by the specifics of implementation of basic mechanisms for employment of people with disabilities that are also present in each constituent entity of the Russian Federation. The majority of program activities under consideration are implemented through the reimbursement of the costs incurred by employers. The

increase in the expenditures for the equipping of workplaces means improving working conditions and increasing labor productivity, so it cannot be characterized definitely as a decrease of cost-effectiveness.

Thus, it is organizations that are directly involved in the equipping of workplaces. The costs per participant depend also on his/her health condition and characteristics of the workplace (cost of special equipment and software, creation of availability infrastructure, changes in interior, etc.). Thus, the effectiveness of spending on the equipment of workplaces for disabled people is in direct proportion to

their health status and infrastructure of the territory. However, although the costs per participant of events are increasing, the issue of unemployment of disabled people remains unresolved, and the majority of economically active disabled people are unemployed: in Russia in 2012, 35% of disabled people who applied for assistance to the employment service got jobs.

It can be pointed out that during the period under consideration the number of participants in the programs to facilitate the employment of people with disabilities increased in 3.7 times (*tab. 5*).

Table 5. Expenditures on the participants of the events to promote the employment of persons with disabilities*

Territory	Actual number of participants, people		Costs per participant			
			Thousand rubles		% of national average	
	2010	2014	2010	2014	2010	2014
<i>Russian Federation and federal districts</i>						
Ural	902	973	32.9	87.6	98.0	79.2
Far Eastern	284	509	26.8	93.8	79.9	84.8
Siberian	679	1945	47.9	94.6	142.5	85.6
Southern	54	1497	42.7	99.9	127.1	90.3
Volga	1,129	3,447	29.3	103.4	87.1	93.5
North Caucasian	40	2,328	37.7	111.4	112.2	100.7
Central	548	3,317	29.8	129.4	88.7	117.0
Northwestern	373	991	32.1	164.5	95.5	148.7
Russian Federation	4,009	15,007	33.6	110.6	100	100
<i>Northwestern Federal District regions</i>						
Republic of Karelia	3	64	26.3	86.2	78.3	77.9
Komi Republic	7	100	16.5	98.1	49.2	88.7
Kaliningrad Oblast	22	99	40.6	105.5	120.7	95.4
Arkhangelsk Oblast	48	84	36.0	105.7	107.3	95.5
Novgorod Oblast	3	94	0	106.4	0	96.2
Vologda Oblast	113	213	37.3	108	111	97.6
Leningrad Oblast	26	181	31.2	109.5	92.9	99
Pskov Oblast	24	71	38.0	113.1	113.2	102.3
Murmansk Oblast	17	36	37.5	124.3	111.6	112.3
Saint Petersburg	110	49	25.8	1,270.7	76.9	1,148.9
* Territories are ranked according to the costs per participant in 2014. Sources: [15]; author's calculations.						

In all the regions, except for the Republic of Mari El, there is a significant increase in the costs per participant of the activities. In Russia on the whole, this indicator increased in 3.3 times (from 33.6 to 110.6 thousand rubles). Among Russia's federal districts, the measures to promote the employment of persons with disabilities were carried out most effectively in the Far Eastern Federal District (26.8 thousand rubles per participant in 2010), the Ural Federal District (87.6 thousand rubles in 2014). The least effective were the Siberian Federal District (47.9 thousand rubles per participant in 2010) and the Northwestern Federal District (164.5 thousand rubles in 2014).

It is noteworthy that from the point of view of cost effectiveness, Saint Petersburg was the most effective region of the Northwestern Federal District in 2010 (25.8 thousand rubles per person), and in 2014 it was the least effective region (1,270.7 thousand rubles). The reasons for such high costs in 2014 are not obvious and require further research.

The Vologda Oblast became leader by the number of participants in the program activities in 2010–2014 (572 people). This indicator has no significant correlation with the number of disabled people of working age; however, the growing coverage of employment of disabled persons suggests that the regional authorities are intensifying the social orientation of their policy. During the period under review the cost per participant has increased in 2.9 times – from 37.3 thousand rubles (111% of the national average) to 108 thousand rubles (98%).

In 2009–2014, the number of participants covered with the measures to reduce tensions

on the labor market reduced significantly: in 287 times – in the Vologda Oblast, in 187 times – in Russia as a whole, in 157 times – in the regions of the Northwestern Federal District. These processes are due to the stabilization of the situation in the labor market. Thus, in the Vologda Oblast, unemployment reduced from 8 to 5.5%, registered unemployment reduced from 3.7 to 1.3%, the ratio of tension on the labor market decreased from 3.7 to 1.1 units. If in 2009 it was 1,113 participants of additional activities per 1,000 unemployed (according to ILO methodology) in the Vologda Oblast, then by 2014 their number dropped to three. This indicator in the Russian Federation has changed from 440 to 9 people, in the regions of the Northwestern Federal District – from 329 to three people. The excess in the number of participants over the number of the unemployed is explained by the fact that many administration mechanisms were preventive in nature and they were focused not only on the unemployed but also on the employees who were at risk of being dismissed. The necessity of such measures is doubtless, since the positive developments in the labor market, mentioned above, were due not only to changes in the economic situation, but also due to the impact of management mechanisms. The greatest impact of public administration on the functioning of the labor market was observed in 2009–2010, when the coverage of participants with additional activities was the highest.

The cost per participant of the activities increased in the Vologda Oblast in 5.8 times, in the Russian Federation – in 5 times, in the regions of the Northwestern Federal District –

in 6.7 times. This can be explained by the fact that with the fall of unemployment the cost structure of the additional activities has undergone significant changes. By 2012, many regions, and also the Vologda Oblast, carried out only measures to promote the employment of disabled persons; and by 2014, this category of measures became the only one in additional events. The increase in the costs per participant of the activities in the reduction of the overall costs and the scope of participants suggests that the measures of state support for the unemployed are becoming more targeted. To assess the

relative effectiveness of the activities carried out in the Vologda Oblast, the regions were ranked by the amount of costs per participant of the events.

Often the change in the ranking positions was radical in nature – both in the regions and in federal districts. For example, during the period under consideration, the Central Federal District shifted from the first to the seventh place, the Far Eastern Federal District – from the sixth to the second place. This can be explained by differences in the economic development of the territories and the nature of the activities (*tab. 6*).

Table 6. Total costs per participant of the activities to reduce tensions in the labor market*

Territory	2009		2010		2012		2013		2014	
	thousand rubles	position	thousand rubles	position	thousand rubles	position	thousand rubles	position	thousand rubles	position
<i>Russian Federation and federal districts</i>										
Ural	18.5	3	19.3	2	35.1	1	47.6	1	82.0	1
Far Eastern	24.7	6	25.1	5	47.4	4	66.9	5	84.6	2
Siberian	22.8	5	26.3	6	44.1	3	48.4	2	88.2	3
Southern	27.3	7	26.9	7	42.6	2	56.4	3	88.6	4
Volga	18.3	2	19.8	3	49.6	5	67.8	6	92.3	5
North Caucasian	39.4	8	47.2	8	60.5	8	56.5	4	96.6	6
Central	18.3	1	17.9	1	53.0	7	186.6	8	115.6	7
Northwestern	19.3	4	23.5	4	51.8	6	112.4	7	129.4	8
Russian Federation	19.8	-	21.7	-	49.8	-	67.2	-	99.1	-
<i>Northwestern Federal District regions</i>										
Republic of Karelia	25.1	59	32.9	63	50.3	37	86.4	79	85.1	25
Komi Republic	17.6	19	16.2	10	45.4	17	62.4	20	96.4	44
Kaliningrad Oblast	19.5	32	30.3	56	46.0	22	73.1	51	96.5	46
Leningrad Oblast	13.7	4	14.4	4	55.4	62	73.5	52	96.7	49
Novgorod Oblast	22.6	50	20.7	33	51.4	42	67.4	26	97.3	51
Arkhangelsk Oblast	20.2	35	27.9	51	48.3	32	69.4	31	99.4	59
Vologda Oblast	17.2	16	24.0	47	54.7	59	62.2	18	99.7	61
Pskov Oblast	26.6	62	28.8	54	53.1	49	74.3	60	100.8	79
Murmansk Oblast	28.7	68	27.2	50	59.9	75	80.2	76	111.1	80
Saint Petersburg	17.8	20	21.7	37	-	82	302.1	81	275.9	81
* Territories are ranked according to the costs per participant in 2014. Sources: [15]; author's calculations.										

The uneven effectiveness of regulating the tension in the labor market is different in various constituent entities of the Russian Federation. This heterogeneity is not explained by the level of prices in the regions because none of the activities had significant correlation between their effectiveness and the price of the fixed set of consumer goods and services; rather, it is explained to a greater extent by the dependence on the institutional characteristics of administration of territories and on their socio-economic status.

In this case, the position of the Vologda Oblast in the rating of efficiency of the Russian Federation subjects was gradually decreasing. In 2009, the Oblast ranked 16th, in 2010 – 47th, in 2012 – 59th, in 2013 – 18th, in 2014 – 61th. Although the costs per participant are growing, which indirectly indicates an increase in the quality of rendering public services to the population, the number of participants is reducing, while some issues (particularly the problem of employment of persons with disabilities) remain unresolved. Thus, it is possible to talk about the relative loss of effectiveness of labor market regulation in the Vologda Oblast.

The fact that the Vologda Oblast moved to a lower position in the rating of effectiveness was accompanied by institutional change – the creation of a specialized body – the Department of Labor and Employment

of the Vologda Oblast Population, whose powers include the regulation of socio-labor relations. This may indicate that the change in the structure of state authorities involved in the management of socio-labor relations does not always lead to an increase in the efficiency of their work. In addition, it should be noted that the coverage of the Vologda Oblast population with the activities was the highest among all the subjects of the North-West of Russia.

In order to improve the efficiency of socio-labor relations in the region, it is advisable to develop and improve current administration mechanisms. One of these mechanisms is the annual presentation of public reports on the work of the Vologda Oblast Department of Labor and Employment within the framework of open data. These reports must contain information about the activities undertaken and planned targets achieved.

As we see, it would be useful that the public reporting on the activities of the Vologda Oblast Department of Labor and Employment include information on the expenditures for the implementation of measures for development of the labor market. Such an addition would help improve the quality of control over budget spending and, consequently, increase the efficiency of ongoing activities.

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