

# Foreign labor migration and human capital development in Russia



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*Article deals with foreign labour migration influence on both qualitative and quantitative human capital parameters. Three global challenges negatively affecting human capital in a recipient-country were found out: low-skilled migrants; contradictions in the present-day migration processes; non-application of competence-based approach towards foreign labour migrants. Authors elaborated a number of recommendations on migration policy for Russian authorities to overcome these disadvantages.*

**Keywords:** Foreign labour migration, human capital, vocational training, vocational education, innovative economy implementation

## Introduction

Foreign labour migration growth for political and economic global actors – the EU, the USA, Russia – is one of the present-day objective realia. Population ageing and, consequently, labour force shortage become the main challenges. It is getting highly necessary to cope with labour force shortage especially in terms of innovative economy development<sup>1</sup>.

<sup>1</sup>The research was based upon Cedefop report “Skills for Europe’s future: anticipating occupational skill needs”; main working document of the 3<sup>rd</sup> International Congress on TVET in Shanghai 13–16 May 2012; OECD indicators “Education at Glance” 2010 and 2011; Statistics Russia; The Russian President’s Decrees.

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As a result of population ageing the European agenda is burning – whether Europe remains competitive and reaches higher employment and economic growth in the future? The 2030 forecasts claim that the EU population will reach 288 million people compared to 308 million in 2005. People aged over 65 will amount to 116 million in 2030 compared to 77 million in 2005 [dell’Aringa 2009, 23–29]. The number of youth (15–24) and adults (25–39) is already falling, and both will continue to decline significantly. In terms of ageing population the EU member-states are highly interested in foreign labour migration growth. It is clear that this will drastically change both political and economic global landscape.

## Main challenges for human capital in Russia

Russia is also facing ageing population what is already negatively affect Russian economy. Nowadays one can claim that the second demographic transition theory (the SDT-theory) is widely applied in Russia. It brings sustained sub-replacement fertility, a multitude of living arrangements other than marriage, the disconnection between marriage and procreation, and no stationary population. Instead, population would face declining sizes if not complemented by new migrants (i.e. “replacement migration”) [Statistics Russia, 2010]. Russian forecasts 2030 claim that population in the country will reach out 139 million compared to 142 million in 2010 [Population Census 2010; 2012]. People aged over 65 amount to 39.7 million people (realistic forecast) either 36.7 million people (pessimistic forecast) or 41.8 million people (optimistic forecast) [Statistics Russia, 2010]. Youth (15–24) and adults (25–39) continue decreasing significantly.

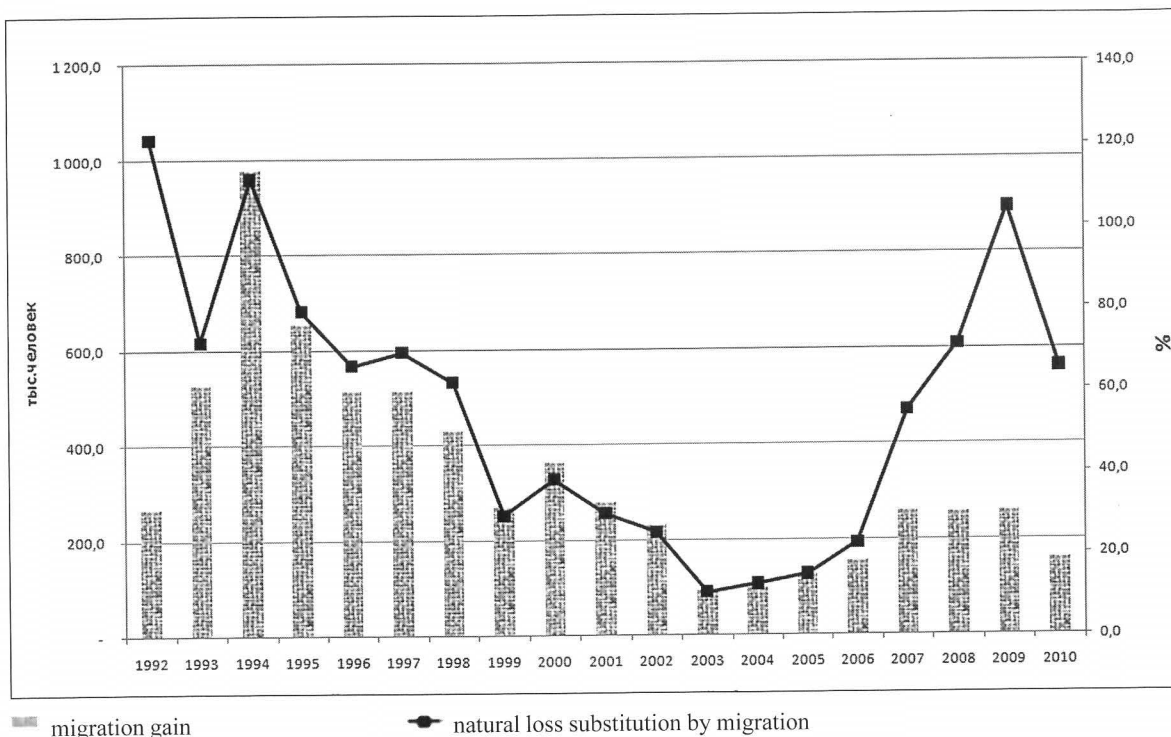


Figure 1. Migration gain and natural loss substitution in Russia, 1992–2010. [Final Report till 2020, 2012]

Intensive foreign labour migration growth is conditioned on by globalization and production internationalization. At the same time present-day innovative economy implementation is a priority for global political and economic actors – the EU, the USA, Russia and China. One of the traits of such a new economy type is human intellectual abilities that substitute physical labour. The accent is made upon mental processes, such as analytics, interpretation, info processing. Hence, World Economic Forum in Davos in 2012 listed top-10 international and envisioning technologies [World Economic Forum 2012]: *informatics for adding value to information; synthetic biology and metabolic engineering; green Revolution 2.0 – technologies for increased food and biomass; nanoscale design of materials; systems biology and computational modeling/simulation of chemical and biological systems; utilization of carbon dioxide as a resource; wireless power; high energy density power systems; personalized medicine, nutrition and disease prevention; and enhanced*

*education technology.* These international priorities are linked to the main priorities of Russian innovative development [The Russian President’s Decree 07.05.2012]. New dimensions settled by all the countries lead to new innovations, new technologies, new work places, new skills and competencies.

Crucial necessity of innovative economy implementation is mentioned in both conceptual Russian and European documents ‘EU Strategy 2020’ and ‘Innovative Russia – 2020’. Mechanisms for reaching out this goal are also emphasized, first of all, “life-long learning” and competence-based approach. The main innovative skills mentioned in the ‘Innovative Russia – 2020’ are: ‘life-long learning, professional mobility, re-skilling and self-education’; ‘critical thinking’; ‘ability to work in team and independently’; ‘fluent everyday, business, and professional English’ [Innovative Russia – 2020, 2010].

In the Table 1 Russian data alarms that while native workers are engaged in high skills and com-

petences development, foreign labour migration seems to be disadvantaged.

Table 2 demonstrates countries of origin for foreign labour migrants in Russia. Huge numbers of labour migrants come from the Commonwealth of Independent States – Uzbekistan, Tadjikistan, Ukraine, and Kirgizia. Gender display of foreign labour migration in Russia is represented by 86 % of males and 14 % of females [Labour and employment in Russia. 2011: Statistics Russia 2010. – 637p.].

One of the most interesting and valuable aspects of foreign labour migration analyses is the length of staying. Recent data illustrates that 60,5% of foreign labour migrants preferably stay in Russia for the period of 9–12 months [Labour and employment in Russia. 2011: Statistics Russia 2010. – 637p.].

As a result, it is getting obvious that human capital in Russia is seriously challenged with foreign labour migration.

### Main aspects of foreign labour migration in Russia

Nowadays in Russia migrants' human capital upgrading is highly problematic. Innovative economy implementation is possible due to vast labour force development including ones of migrants. In order to contribute to sustainable development, it is essential to update constantly human capital, where "life-long learning" is a core. In terms of innovative economy implementation there are three peculiar traits of foreign labour migration in Russia: low-skilled migrants; contradictions in the present-day migration processes; non-application of competence-based approach towards foreign labour migrants.

Low-skilled migrants. Russian foreign labour migrants mostly obtain primary or secondary vocational education (Table 1). At the same time innovative economy implementation would demand higher level of both migrants' vocational education and vocational training. Low-skilled migrants will be

**Table 1. Native workers and foreign labour migrants redistribution by vocational education (%), 2011.**

Vocational education	Native workers in Russia	Foreign labour migration
Tertiary vocational education	55,5	15,7
Secondary vocational education	24	27
Primary vocational education	20,5	57,3

[Parikova, Sigova 2012, p.64–69; Statistics Russia 2010].

**Table 2. Countries of origin for foreign labour migrants in Russia, 2010 (in thousands).**

Total	1641
From far-abroad:	392
Vietnam	46
China	187
The Democratic People's Republic of Korea	37
USA	4
Turkey	46
From Commonwealth of Independent States:	1247
Azerbaijan	40
Armenia	60
Georgia	-
Kazakhstan	8
Kirgizia	118
Moldova	72
Tadjikistan	269
Turkmenistan	1
Uzbekistan	512
Ukraine	167

[Labour and employment in Russia. 2011: Statistics Russia 2010. - 637p.]

disadvantaged. Better skill-migrants are more mobile across occupations, industries and regions than their unskilled counterparts. They face a lower risk of layoff and, when they lose their job, they have a relatively good chance of obtaining new employment [dell'Aringa 2009, 23–29]. Currently in Russia low-skilled and undereducated migrants aggravate human capital. It is getting highly important to up-

grade human capital by means of high skills and competences development as well as through job matching. These are widely perceived in the EU and Russia. Thus, migration policy modernization in Germany implies inviting migrants who have education, profession, qualification and intelligence. In Finland economy's demand is high, especially, in skilled migrants in healthcare, social services, and some business occupations [Information for migrants. [www.infopankki.fi](http://www.infopankki.fi); [www.mol.fi](http://www.mol.fi); [www.ely-keskus.fi](http://www.ely-keskus.fi)]. Present-day foreign labour migrants in Russia are low-skilled and speak bad Russian. In most cases, they possess only primary vocational education (Table 1).

Contradictions in the present-day migration processes. Foreign labour migration is a contradictory phenomenon. Much depends upon institutional differences, history of migration policy, cultural links, economy structure etc. On one side, demand in foreign labour migration both in the EU and Russia is very high. In Italy famous politician Michele Pisano, member of Il Popolo della Libertà, claimed that if Italians would like to continue living present-day life standards, it would have been necessary to attract 2,400 immigrants annually.

In Germany the Chamber for trade and industry stated that the country is short of 400,000 skilled workers and the gap costs 25 billion € per year, what is equivalent to 1 % of economic growth annually [Zhigalina 2011, 115–121]. In Russia in accordance with the population census 2010, migration saldo during 1992–2010 exceeded 7 million people and 60 % balanced natural population loss (of 13,1 million people). Without this large-scale migration from the ex-USSR republics population in Russia would amount to 135,4 million instead of 142,9 million people [The Russian President's Decree 7.5.2012]. Another sharp contradiction is migrants' unwillingness to integrate into society. Scholars claim that 'recipient society nucleus value is not accepted by migrants' [Zhigalina 2011, 115–121], moreover, migrants' contribution to sustainable and economic development of a recipient country is almost nothing comparing to huge costs and expenditures spent on their residence. This problem is reflected in the EU political discourse. A. Merkel in October 2010 emphasized: 'It had been an illusion to think that Germans and foreign workers could "live happily side by side"' [Connolly 2010].

In Russia migration policy is increasingly losing its attractiveness; anti-migrant moods are highly visible in society, and migrants themselves lack motivation for drastic changes. It is mentioned in the Final Report on topical problems of socio-economic strategy in Russia till 2020 [Final Report till 2020, 2012], that migration policy in Russia doesn't include migrants' adaptation as well as their integration into new society.

Non-application of competence-based approach towards foreign labour migrants. In Russia foreign labour migrants are not participating in vocational training programmes. Vocational training is the main tool for human capital constant upgrading where 'life-long learning' and competence-based approach are the quintessence. In Sweden and Finland more than 60 % of population run vocational training annually [OECD "Education at glance", 2011], while in the OECD member-states – less than 40 %. This results in less than 6 months unemployment duration in Northern Europe [OECD "Education at glance", 2011], while in the OECD member-states it endures 0.7–1.2. years. In the OECD materials "Education at glance" there is no data on migrants percentage engaged in vocational training. Would be highly interesting for example to know the figures relevant to Northern Europe. In Russia only 15.8 % of native workers run vocational training programmes [Statistics Russia 2010].

Since migrants speak bad Russian, they can't participate in vocational training. Nowadays, Russian labour market possesses favorable conditions for unqualified and low-skilled personnel. However, the President's Decree on providing intra-national agreement on 07.05.2012 introduced 'mandatory exams in Russian language, Russian history, Russian legislature for foreign labour migrants unless they are highly-qualified' [The Russian President's Decree 07.05.2012]. Thus, finally, a new opportunity for human capital upgrading arises in Russia. While scrutinizing competences and skills in economics it is getting obvious that high skills and high competences are being acquired during vocational training. Skills and competences obtained through vocational education programmes are basic in most cases and demand for additional specialization on a concrete working place. It is essential to teach migrants, to struggle with their skills shortage, and thus to invest in human capital.

## Conclusion

In terms of innovative economy development it is required to invest in labour force and human capital of both native workers and migrants. It is highly desirable to make efforts on migration policy modernization in order that migrants would interact with native workers and contribute to comprehensive development of the state. Nowadays, the EU migration policy is constantly upgrading. Russia is interested in adaptation of European effective migration policy tools: 'Despite the development scenario, economy's demand in migrants of various categories will grow. Large-scale migration flows assume favorable conditions creation for both adaptation and integration of various migrants categories' [Final Report till 2020; 2012]. The President's Decree on providing intra-national agreement on 07.05.2012 as well as a number of other tools would contribute to country's human capital upgrading including ones of migrants.

While scrutinizing Russian experience it was decided that systemic approach will be the best decision for making migration policy more effective through rising migrants' potential and qualification. It is also highly necessary to apply to European experience in migration policy on Russian soil. It was mentioned at the 3rd International Congress on TVET in Shanghai that "the right to live and work in a foreign country is increasingly linked to qualifications. Effective international cooperation and dialogue on the recognition of qualifications can promote the mobility of skills". [3<sup>rd</sup> International Congress on TVET, 13–16 May, 2012].

As a result, authors elaborated the following recommendations on migration policy for Russian authorities:

- development and implementation of value-oriented migration policy;
- improving of foreign labour migration adaptation on working places;
- development and implementation of 'life-long learning' and, as a result, of competence-based approach by foreign labour migrants;
- introduction of 'flexible working hours' for foreign labour migrants.

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