

Chapter 4

Employment and Work of Middle Income Groups



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The present chapter explores the middle income groups regarding their employment status and place in industrial relations. According to the prior literature, once we get the evidence that certain middle income groups hold advantaged positions in the labor market—for example, more stable employment and more influential negotiation position with employers or lower unemployment risks, or they represent a group of skilled labor professions and are able to find a more interesting and promising job where human capital is in demand, we will be entitled to speak about class-based nature of the middle income groups in Russia.¹

What can we say about **employment and unemployment** in these groups? First of all, it is worth noting that the income of most representatives of the middle income groups is of a work nature, i.e. based on paid employment. This is due to poor diversification of income sources of the Russian population, which is the case even with affluent Russians. Income received at the usual place of work is the main source of income for most Russians. Any additional sources of income in the form of rental payments, leased real estate, and interest on deposits are relevant to no more than

¹ In Western literature, all listed attributes are typical for middle class. For example, J. Goldthorpe highlights the fact that employment relations characterized by a written employment contract, a high degree of autonomy at the workplace, and accompanying additional social benefits testify to one's belonging to the middle class (Goldthorpe J.H. Rent, Class Conflict, and Class Structure: A Commentary on Sorensen. *The American Journal of Sociology*, 2000, Vol. 105, No. 6, pp. 1572–1582). E. Wright notes that middle class jobs are somewhat contradictory because they are occupied by highly skilled employees performing various complex types of work, which increases their influence on the organization; however, they remain suffering from exploitation (see in detail Wright E.O. *Classes*. Verso Book, 1997).

² Here and further in this section, data from the IS RAS Monitoring Study of October 2015 are provided.

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Table 4.1 Level and Type of Employment in Different Income Groups of Russians, IS RAS, 2015, % (The category of Russians on maternity leave or child-care leave is excluded from the analysis due to the small sub-sample size (under 1%))

	Low-Income Groups	MIG		High-Income Groups
		LMIG	UMIG	
Currently employed (total)	63	62	79^a	88
<i>Including</i>				
Permanent employees (hired under an order or open-end contract)	45	49	62	70
Employed under a temporary written agreement	9	8	11	13
Employed under an oral arrangement	9	5	6	5
Currently unemployed (total)	37	38	21	12
<i>Including</i>				
Pensioners (including disabled pensioners)	23	24	10	5
Students of higher education institutions and secondary specialized education institutions	4	8	8	5
Unemployed	10	6	3	2

^aHere and further in this section, any statistically significant relationships ($\alpha < 0.05$) are put in bold. The income groups with a statistically insignificant difference in proportions in terms of the analyzed attribute at $p < 0.05$ are put in gray (Bonferroni correction)

3% of Russians.² Despite this, it is still unclear where to draw the line after which employment becomes the typical feature of any income group.

According to our estimates, paid employment is an integral component of the economic middle class, in particular, its upper subgroups whose income is at least 1.25 times the Russian median value (Table 4.1).³ Thus, the share of Russians who are currently employed is 79% of the upper subgroup and 62% of the lower subgroup of the middle income population groups. Since the median value of 1.25 is a kind of counterpoint defining these groups, *the dividing line of life chances of Russians related to their employment status passes through the middle income group as if splitting it into two, but not beyond its boundaries.*

This discrepancy is mainly due to differences in the level and type of employment of the lower and upper subgroups of the middle income groups, on the one hand, and differences in the structure of unemployed representatives of these groups, on the other hand. Thus, less than half of the lower subgroup of the middle income

³ 31% of Russians receive such income.

population groups are permanent employees, i.e. they are hired under an order or open-end contract. The share of such Russians belonging to the upper subgroup of the middle income population groups is considerably higher and is 62% (which is more typical of high-income groups, with the share of permanent employees reaching 70%, regarded as the maximum amount in Russia). As seen in Table 4.1, the significantly larger share of permanent employees hired under an order or open-end contract is an essential feature that differentiates the lower and the upper subgroups of the middle income population groups. In other words, *any official permanent employment is associated with the more privileged position of Russians in the production sphere, which guarantees under other equal conditions a higher income and, as a result, a higher probability of belonging to the economic middle class.*

Other forms of employment relations do not have such a feature. It is relevant to both official temporary employment and unofficial employment, which is statistically lower among the middle income population groups than among the low-income ones. Despite the fact that unofficial employment can be associated with additional financial rewards in the labor market (for example, for certain categories of self-employed Russians),⁴ on average employment based on an oral arrangement results from discrimination and exploitation, which becomes especially salient during the crisis. Consequently, unofficial employment in many cases is involuntary and low paying.

As for official temporary employment, in industrialized Western countries this form of employer-employee relationship at the primary place of employment can also be associated with increased risks for an employee in the production sphere.⁵ However, in contemporary Russia, temporary employment is of a more complicated nature and may not be related to low income.⁶ Apparently, this is because temporary contracts are sometimes considered a high-risk insurance against unemployment for certain categories of employees. Table 4.1 demonstrates that employment in the usual place of work under a temporary written agreement is associated with high-income population groups. Thus, the share of temporary contract employees is statistically higher among Russians whose income exceeds two national median values (13% vs. 9% on average in Russia).

In the case of the high-income population groups' representatives, their relatively high salaries can be regarded as a bonus for risks involving temporary employment that are covered by an employer due to the employees' skills. However, this is more the exception than the rule. The average temporary contractual employment in Russia of 80% is typical of employees in the commercial and service sectors and manual workers, i.e. those categories of hired labor that hold less qualifications and bargaining power with an employer.

Thus, the lower and the upper subgroups of the middle income population groups are described by opposing situations in the employment spheres. Despite the fact that both of these subgroups are referred to as the economic middle class, they are

⁴ Lehmann and Zaiceva (2015).

⁵ For example, see works by Forrier and Sels (2003), Giesecke and Groß (2003).

⁶ Gimpelson and Kapelyushnikov (2007).

so different that they can be regarded as a single social group in terms of their employment status only in exceptional and very rare cases.

A similar situation is typical of unemployment, the nature of which in the lower and upper subgroups of the middle income population groups is also opposite. Thus, the relative share of the unemployed included in the lower subgroup of the middle income population groups is 1.5 times less than in the upper subgroup thereof (38% and 21%, respectively) and by 2.7 times less than among the high-income groups (12%). The profile of unemployed representatives of the lower subgroup of the middle income population groups is determined by citizens living on pensions and welfare as well as economically active but unemployed Russians. The share of unemployed pensioners and students within this subgroup of the middle income population groups is 24% and 8% (i.e. 63% and 21% of the unemployed representatives of the lower subgroup of the middle income population groups), respectively. In general, almost half of the representatives of the lower subgroup of the middle income population groups, both employed and unemployed, live on money transfers (pensions, allowances, alimony, assistance provided by state and public organizations, etc.). While on average in Russia transfers are one of the main sources of income for 38% of the population, in the low-income population groups as well as the lower subgroup of the middle income population groups, the share of such citizens is 46% and 45%, respectively.

The share of currently unemployed but economically active Russians included in the lower and upper subgroups of the middle income population groups are strikingly different. Table 4.1 shows that unemployment among the representatives of the upper subgroup of the middle income population groups is half as common as in the lower subgroup thereof, which sits at the national level (6%). However, in general, unemployment of economically active Russians is a phenomenon mainly associated with income that is 75% below the national median value. Thus, the share of the unemployed among the low-income groups is statistically higher than on average across the country and stands at 10%. This relationship demonstrates the extreme degree of ineffectiveness of the social support measures currently implemented in Russia. *It means that in case of a job loss, a person is actually condemned to live below the poverty line.⁷ The real risk of mass withdrawal of Russian citizens from the middle income population groups upon retirement is increasing.*

Thus, for most Russians even a low paying job is not only the main source of income but also a guarantee of maintaining their social position, achieved class affiliation and the amount of resources and opportunities associated with it. In light of this, there is an important question—where do the middle income population groups' representatives work? When considering the middle income population groups as the economic basis of the middle class, one can suppose that employment of the middle income population groups will be localized in any tertiary and quaternary sectors of the economy. However, according to the research results, employment of the middle income population groups by economic sector corresponds to the average Russian

⁷ As will be shown in the following chapters, any income not exceeding 0.75 times the median value is most likely to mean income that is lower than the regional minimum subsistence level, taking into account the household composition.

level and there is no statistically significant link between employment in certain sectors of the economy and income groups. The only exception is represented by Russians with income less than 75% of the average Russian median value, among whom there are twice as many employees in the primary sector of the economy as in the country as a whole (10 vs. 5%) who are employed in the agricultural production sphere. For the middle income population groups as well as for the high-income ones, employment in the primary sector of the economy is an extremely rare and atypical phenomenon (at the level of 1–4%). In other words, the middle income population groups are evenly distributed across all sectors of the economy (except for the primary sector, where they are practically not represented), and the sectoral type of employment is not so important from the viewpoint of a person's inclusion in the economic middle class.

Russian citizens do not enjoy any obvious advantages from employment with state enterprises. The type of enterprise ownership amid the 2015 crisis did not produce any statistically significant impact upon distribution of Russians among the income groups, except that employment with state enterprises under otherwise equal conditions guaranteed them an income that was not lower than 0.75 times the national median value while employment with private companies, in contrast, reduced this guarantee. Thus, a quarter of employed representatives of the low-income population groups were employed with newly established commercial structures, while among the upper middle income population groups this share was just 17% (despite the fact that the average national employment rate at this type of enterprise covered no more than 20% of the then-employed population). Thus, *the state as an employer more frequently guarantees income standards no lower than certain minimum values while maintaining a broad range of wages, while the policy of private companies usually means keeping wages at extremely low levels. However, opportunities for high earnings for a certain portion of their employees are maintained (though they will not exceed similar opportunities at state-owned enterprises). This is another factor in the polarization of hired workers.*

Among all population groups in Russian society, low-income citizens are in the least protected position regarding their employment. Thus, about 27% of the employed representatives of this group confirmed that they had employment issues during the year. If compared with the low-income population groups, the middle income groups are in a relatively more privileged position. Thus, the specified negative phenomena in the employment sphere of the middle income population groups are at the average Russian level (25%). In other words, *the position of the economic middle class in the employment sphere is not characterized by anything special, it is rather "no worse than the others". The frequency and volume of additional social benefits at the workplace provided by an employer which were reduced during the crisis seem to be perceived by the middle income population groups as the best of a bad situation amid actual violations of the labor rights of Russian citizens, which became widespread in the crisis, affecting even budgetary organizations.*

Table 4.2 Occupational Structure of Different Income Groups of Russians, IS RAS, 2015, % of employed

Occupations	Low-Income Groups	MIG		High-Income Groups
		LMIG	UMIG	
<u>Managers of all levels, entrepreneurs and the self-employed</u>	5	7	12	15
Professionals whose work involves using higher education	15	26	35	39
<u>Semi-professionals, office employees, administrators, and clerks</u>	17	15	11	13
<u>Other non-manual workers (service workers and shop and market sales workers)</u>	17	13	10	10
<u>Manual workers</u>	46	38	32	23

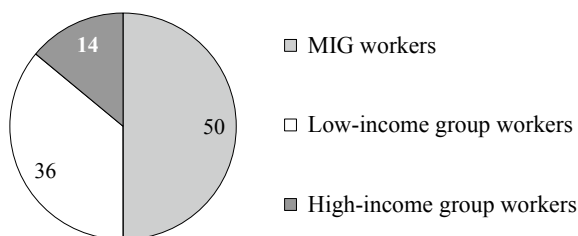
Speaking of the **structure of employment** of the economic middle class representatives, the data from IS RAS show that their middle position is mainly ensured by the specifics of the jobs they hold. In addition to the abovementioned employment parameters, the key cross-section allowing us to gain a comprehensive picture of the employment specifics is a cross-section of the occupational structure. This cross-section becomes especially relevant today when sectoral and industrial differences do not provide such a clear picture of the middle income population groups' localization as they did 10 years ago. In spite of the fact that social scientists have been using the occupational structure as the main cross-section of the social and economic life of a society for a long run,⁸ Russian economists have just realized its critical importance.⁹

The impact of the occupational structure upon income stratification is quite obvious. Table 4.2 shows that: (a) the employed representatives of the middle income population groups hold jobs mainly in the sphere of non-manual labor (62% of the lower subgroup, and 68% of the upper subgroup of the middle income population groups), (b) there is a considerable difference in the nature and quality of jobs held by the lower and upper middle income population groups as well as by their presumed skill level. Thus, 47% of employed representatives of the upper subgroup of the

⁸ In this regard, we should point out works not only by foreign authors but also by Russian sociologists, including O. Shkaratan, V. Mansurov, G. Yastrebov, A. Bessudny, V. Anikin, etc.

⁹ Above all, we mean the recent analytical report of the group of authors led by R. Kapelyushnikov and V. Gimpelson published as the brochure "Professional Structure in the Russian Labor Market" (Chief editor: N.T. Vishnevskaya. Publishing House of National Research University Higher School of Economics, 2017). The appearance of a Russian-language monograph edited by economists, which focuses on economic structure but not on separate occupational groups, can be seen as a significant step forward in relation to previous research attempts to analyze the social origins of economic processes (e.g. work by Sabirianova et al. (2002)).

Fig. 4.1 Distribution of Manual Workers by Different Income Groups, IS RAS, 2015, %



middle income population groups occupy positions as managers and professionals, while the related share of these managers and professional among the working population of the lower subgroup of the middle income population group is just one-third.

Another important feature of the employment structure of the middle income population groups is that workers and employees engaged with routine manual labor are quite widely represented in it, which is usually atypical for the middle class.¹⁰ Thus, manual workers make up 38% of the employed representatives of the lower subgroup and 32% of the upper subgroup of the middle income population groups while rank-and-file employees of the commerce and consumer services sphere make up 13% and 10%, respectively. *Considering that the typical income of Russian workers and rank-and-file employees of the tertiary sector is less than the mean and median values for Russia, the inclusion of some employees in the middle income population groups can result from their higher qualifications, the particular nature of their work, and more developed human capital.*

Let us test these hypotheses and consider how Russian workers fall into the economic middle class. Is the “embourgeoisement”¹¹ of some of the Russian manual workers the result of their higher education level and developed skills or is their inclusion in the middle income population groups determined by other reasons not related to their knowledge and skills? To answer this question, let us consider manual laborers belonging to the middle income population groups in more detail. As seen in Fig. 4.1, the middle income population groups include half of all Russian workers (which is 18% of all the employed in the country). The other half of Russian workers mainly belong to the low-income population groups, and only an insignificant portion of them belong to high-income population groups (5% of employed Russians). It is important to note that the basic formal characteristics of workers’ education level among those belonging to the middle income and low-income population groups are approximately at the same level. Thus, 68% and 61% of these workers have secondary specialized and/or incomplete higher education, respectively; 24% and 28% have secondary general education; 4% and 7% have incomplete secondary

¹⁰ Mills (2002). Please see information on the social and professional make-up of the middle class according to the Neo-Weberian approach below.

¹¹ British sociologists J. Goldthorpe and D. Lockwood were the first to talk about the phenomenon of embourgeoisement in industrial developed society: Goldthorpe and Lockwood (1971).



Fig. 4.2 Qualification Level of Workers in Different Income Groups, IS RAS, 2015, %

Table 4.3 Pairwise Comparison of Distribution of Wages of Workers with Different Qualification Levels, IS RAS, 2015

Compared subsamples of workers	Test statistics	Significance
Low-skilled—high-skilled ^a	94.499	0.000
Middle-skilled—high-skilled	14.615	0.000
Low-skilled—middle-skilled	40.373	0.000

^aEach line tests the null hypothesis that the distribution of wages within the above sample groups does not differ. All the tested hypotheses are reflected with an error probability of less than 0.01%

general education; and 3% and 3% have higher education, respectively. In other words, the inclusion of manual workers in the middle income population groups is determined by factors other than formal indicators of their education level.

At the same time, the differences between the acquired skills of workers belonging to different income groups are more significant. Figure 4.2 shows that the share of workers with high skills (5th grade workers and higher) in the group of workers belonging to the middle income population groups is considerably higher than among workers from the low-income population groups (45% and 36%, respectively). In this case, they make up the majority (55%) of those manual workers included in high-income population groups.

Therefore, *inclusion of workers into the economic middle class is related not only to formal differences in the education level but also to differences in their skill level, i.e. higher skilled workers under otherwise equal conditions will have the highest wages.* Thus, the median wages of high-skilled workers (5th grade and higher) in 2015 was 25,000 rubles per month, middle-skilled workers (3rd and 4th grade)—20,000 rubles, and low-skilled workers (1st and 2nd grade and no grade) –15,000 rubles per month. These differences are statistically significant, which is confirmed by the data in Table 4.3, demonstrating the results of pairwise comparison of the wage distributions of workers holding different qualification levels.

Despite the fact that recent research in this field argues that the labor of skilled workers is paid unfairly low¹² (which is also partially confirmed by our research), it is worth noting that the *high skill level of workers is obviously sought after by the real sector, which is reflected in their wages.* This means that it is the skill and not

¹² For example, see works by Karavai (2016).

the formal education level that acts as the key characteristic of their human capital, which is an essential addition to those conclusions drawn by a number of Russian researchers when assessing the return on human capital based on formal education indicators, not taking into account the difference in employee skill levels or extracting them from occupational structure.¹³

This finding allows us to reassess the problem of human capital development of manual workers in contemporary Russia. If one speaks about the policies contributing to an increase in wages and the level of well-being of Russian workers, the regulators should more actively develop the workers' practical skills, including their competencies in the ICT field, which are especially important in the formation of a high-tech economy. It must be said that these skills are already being compensated by Russian employers with an increased return, thus providing Russians integrated in the ICT sphere with higher chances of belonging to the upper subgroup of the economic middle class¹⁴; however, this has yet to apply to manual workers.

Thus, the relative share of Russians who use computer skills every day is 42% of the upper middle income population groups and only 34% of the lower ones (in the lower-income groups whose income does not exceed 0.75 times the median value, their share is just 25%). However, additional income for using computer skills at work is mainly enjoyed by skilled non-manual workers. Most manual workers (88%) either lack any computer skills or hold jobs that do not involve use of these skills, even if they have them. Even among highly skilled workers, the share of people integrated into the ICT sphere is rather small, i.e. just about 6% of high-skilled workers use computer skills within their professional activities on a daily basis. In general, the share of workers using a personal computer at work among manual workers does not exceed 12%. All this speaks to the *low quality of jobs occupied by high-skilled workers, even those included in the economic middle class, which is a serious institutional barrier on the path to a new economy*. Successful technological modernization of jobs in the real sector will allow engagement of a rarely used or unused ICT capacity of almost 70% of high-skilled workers already integrated into the ICT technologies but not using the relevant skills within their work yet.

In spite of this, the development of computer skills by Russian workers is a necessary measure as the presence of these skills is associated with developed human capital. Thus, if the share of people lacking computer skills among high-skilled workers is just 25%, among middle-skilled workers this figure is 30%, and among low-skilled workers it reaches 46%. This means that the *creation of new-generation jobs for Russian workers must be associated with an extensive advanced training campaign for manual workers that should include not only development of specialized competencies but also skills in computerized equipment operation. This will make it possible to increase the potential for successful integration of the real sector of the Russian economy into the international economic system as well as maintain high*

¹³ Lukyanova (2010).

¹⁴ It completely corresponds to foreign experience. See Peng and Eunni (2011), DiNardo and Pischke (1997).

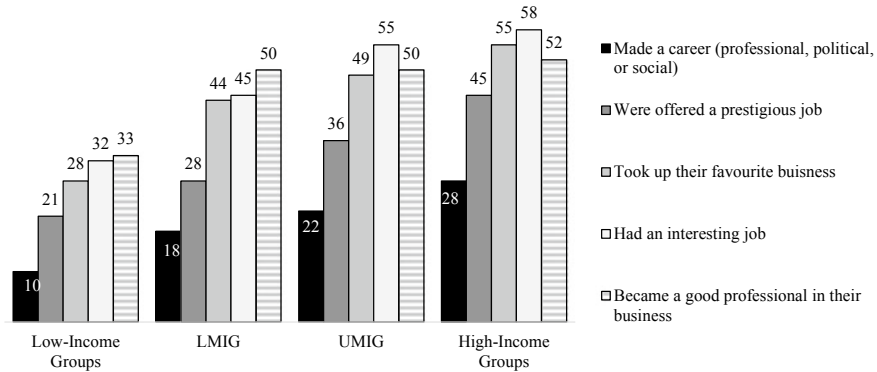


Fig. 4.3 Implemented Achievements in the Professional Sphere (Self-Assessment), IS RAS, 2015, % of employed

levels of employment of manual workers amid automation and robotization of most jobs, which will affect the real sector of the Russian economy in the next 7–10 years.

The above data mainly concern the employment situation if applied to middle income population groups and separate occupational subgroups included in it. Let us consider the differences between the upper and lower subgroups of the middle income population groups formed in relation to their occupational achievements. Because inclusion into the upper middle income groups is more likely for those Russians employed in management positions and in the sphere of intellectual labor, the work of the upper subgroups' representatives turns out to be more interesting and respected than that of the lower subgroup of the middle income population groups. For example, among the upper subgroup of the middle income population groups, the share of Russians who, according to their self-esteem, managed to find a prestigious or interesting job was 37% and 55% in 2015, while the same indicators for the lower subgroup of the middle income population groups were considerably lower, at the level of 28% and 45%, respectively.

The same can be said about the sphere of Russians' career achievements in the upper and lower subgroups of the economic middle class. However, the data in Fig. 4.3 provide reasons to state that the difference between the occupied jobs of the upper and lower subgroups of the middle income population groups is quite significant, but still not so critical as to seriously affect the perception by the economic middle class of its life chances in the production sphere. Those Russians included in the middle income population groups confirm that they do not experience limitations in their professional growth, and also consider themselves to be 'good professionals' in their field. This means that a *more positive perception of one's professional level and advantages of one's job is a distinctive feature of middle income Russians when compared to other social groups, in particular, low-income groups.*

What can we say about the self-rated employment situation declared by the working representatives of the middle income groups? The share of their employed representatives assessing the employment situation as good is at least three times the

respective share of those who have a negative perception thereof. Thus, a positive self-rated employment situation is typical of 34% and 37% of representatives of the lower and upper subgroups of the middle income population groups, while a negative perception is expressed by just 11% and 7%, respectively. In other words, in spite of the fact that jobs of the lower and upper subgroups of the middle income population groups considerably differ in favor of the upper subgroup, the representatives of both subgroups are quite unanimous when self-rating the situation at their job. This is ensured under the conditions of differences with respect to the jobs they hold due to the fact that the lower and upper subgroups of the middle income population groups emphasize different parameters of employment and the workplace. It is relevant not just for real experience in increasing one's professional level, which is different in these subgroups. While the lower subgroup of the middle income population groups, due to the specifics of the positions held by its representatives, values 'good relations at work' and 'the amount of payoffs', the upper subgroup of the middle income population groups emphasize the demand for their human capital, the content of their labor, and opportunities for professional self-fulfillment with an adequate level of compensation for their efforts.¹⁵

This corresponds to the empiric verifications of the human capital theory,¹⁶ according to which any income is determined not only by "bad" job positions but also by poor human capital.¹⁷ To what extent a membership in the middle income population groups, in particular, in their upper subgroup, is related to the developed human capital of their representatives? According to classic sociological research, the middle class differs from other social groups by the fact that its representatives' education is sought after by the market so they can receive income from returns to their human capital¹⁸; this tends to determine this group's specifics.

The level of human capital accumulation among the lower-subgroup members of the middle income population groups is characterized by the national average indicators, due to which one can state that these Russians' job positions are not related to their high level of education. Thus, the share of employed citizens with higher education does not exceed 35% of the representatives of the lower subgroup of the middle income population groups (while the share of their representatives with secondary specialized and incomplete higher education is 50%). At the same time, the shares of employed Russians with higher education among the upper subgroup of the middle income population groups are 45% and 43%, respectively. Therefore, *while secondary specialized and incomplete higher education is the most typical education level of the lower subgroup of the economic middle class, for the upper subgroup thereof, it is the third stage of vocational education, almost half of which*

¹⁵ Anikin (2013).

¹⁶ According to the classic interpretation, human capital means the knowledge and skills (including non-cognitive ones) accumulated by individuals that can lead to higher earnings in a competitive social system based on meritocratic principles.

¹⁷ Becker (1993).

¹⁸ If compared, the main source of the working class's income is its ability to work, and for the highest class it is economic capital.

is represented in this group by university graduates holding a degree in technologies and the natural sciences, which is likely to ensure human capital of a better quality in contemporary Russia. The fact that university graduates with technical degree belongs to the upper middle income groups speaks to the higher demand for this type of education in Russian today and the readiness of the economy to pay for this education.

Despite the fact that the educational profiles typical of the middle income population groups are different for the lower and upper subgroups thereof, both these groups actively invest in their human capital, and this is very important when **assessing the employment prospects** of the middle income groups. Thus, the real practices of accumulation and upgrading of human capital of the working representatives of the middle income population groups are encountered more often than in the low-income groups and are close to the high-income ones. For example, from 2013 to 2015, the education and/or qualification levels of 17% of the lower subgroup and 15% of the upper subgroup of the middle income population groups increased. When compared, in the same period only 11% of the representatives of the low-income population groups were able to make investments in their human capital, while the share of such people among the high-income population groups was nearly twice this figure, amounting to 19%.

Nevertheless, the prospects for accumulation of human capital during the 2015 crisis in these subgroups were different. Thus, in 2015 one-third of the representatives of the upper subgroup and 27% of the lower subgroup of the middle income population groups self-rated their opportunities for receiving the required education and knowledge as good. The same can be said about their opportunities in the field of professional development. Though about half of the employed representatives of the middle income population groups consider themselves established professionals, the self-rated assessment of further prospects for professional development in the lower and upper subgroups of the middle income population groups differs considerably. Representatives of the upper subgroup of the middle income population groups acknowledge that they have greater opportunities for professional self-fulfillment (40%) when compared to their lower subgroup (31%).

Despite the fact that the prospects for human capital accumulation in the lower and upper subgroups of the middle income population groups are considerably different, the professional mobility indicators in them are very similar and actually mirror the national level. Thus, the relative share of the working economic middle class who managed to get a promotion or find a new, more suitable job was 15% and 16% in the lower and upper middle income groups in 2015, respectively. If compared, this share among the low-income groups of Russian society was 10% and among the high-income groups was 26%. This data confirms the results of recent research, according to which the intensity of upward professional mobility is severely limited for most employed Russians.¹⁹ The only exception is made by professionals moving into managerial positions; this is associated with an increase in status and income and is reflected in the corresponding statistics of the high-income population groups.

¹⁹ Yastrebov (2016a, b).

Table 4.4 Influence of Different Income Groups, % of employed

Influence at work	Low-Income Groups	MIG		High-Income Groups
		LMIG	UMIG	
Able to influence decision-making within the entire enterprise	8	8	7	14
Able to influence decision-making within one's department	24	34	42	46
Their opinion does not affect any work decisions	68	58	51	40

The self-rated assessment of the employment prospects and mobility of the working population of the middle income groups is affected by economic crisis phenomena. Like most Russians, the employed representatives of the middle income population groups believed in 2015 that for the first crisis year the unemployment situation got worse and professional opportunities decreased. The risks of unemployment are only uncommon for the high-income groups. This reflects the fact that well-to-do Russians have greater opportunities than other social groups.

Influence as a resource at work also considerably differs in different income groups. For example, Table 4.4 shows that the upper middle income population groups possess much higher decision-making power at work than the lower subgroup thereof. However, this resource of theirs is usually limited by the size of their department (decision-making power within the entire enterprise is much more typical of the high-income groups). As performed work becomes more complex and management functions increase, influence at the workplace and the degree of autonomy also increase. The results of analysis of variance show that the average number of work aspects that an employee makes independent decisions about is statistically higher in the upper middle income and high-income groups.

In conclusion, we can say that the situation at the usual work in the lower subgroup of the middle income groups corresponds to the national level. This is quite logical considering their median position. At the same time, in the upper subgroup of the middle income population groups this situation is typically better than the national level (Table 4.5) and close to the high-income groups' indicators in all key aspects.

Therefore, despite the similarity between the lower and upper subgroups of the middle income groups in the sphere of employment in various sectors of the economy, upward mobility, human capital investments, etc., we still cannot argue that the lower and upper middle income groups are within the single space of life chances in the production sphere. This raises the question of consistency of the middle income groups and testifies to the need to check the concept of the so-called sociological middle class identified within the New-Weberian theory based on several criteria described in Chap. 1. Based on the set of attributes characterizing their employment, the economic basis of the multi-criteria middle class in its New-Weberian tradition is formed by the Russians whose income starts from 1.25 times the median value,

Table 4.5 Map of Differences Between Upper and Lower Subgroups of the Middle income Groups regarding their Fundamental Economic Characteristics, as of 2015

Characteristics	LMIG	UMIG
<i>Employment characteristics</i>		
Presence of full-time employment	National level	+
Unemployment	National level	–
Employment as managers and professionals	National level	+
Employment in manual labor positions	National level	National level
Employment in tertiary and quaternary sectors of the economy	National level	National level
<i>Work characteristics</i>		
Good situation at work (self-rated assessment)	National level	+
Can influence decision-making within the department	National level	+
<i>Human capital characteristics</i>		
Higher education and above	National level	+
Experience in human capital investments	National level	National level
Daily use of computer skills	National level	+
<i>Characteristics of the main life chances</i>		
Opportunities to become a good professional in one's occupation	+	+
Good opportunities for professional self-fulfillment (self-rated assessment)	National level	+
Crisis worsened the situation with employment and professional opportunities	National level	National level
Access to high-quality education	National level	+
Professional development prospects (self-rated assessment)	National level	+
Upward occupational mobility	National level	National level

Note “National level” is indicated adjusted for employed Russians (where necessary). “+” means a statistically significant relationship between this indicator and the subgroup. “–” means the attribute is practically not represented in this subgroup of the middle income population groups

i.e. the upper subgroup of the middle income population groups and high-income Russians. In fact, the “overlapping” area of the sociological and economic middle class is the working population of the upper subgroup of the middle income groups, which is mostly formed of managers and professionals (Table 4.6).

Let us summarize

Understanding the prospects for Russian middle class development depends on its interpretation. Identification of the middle class, even based on just one criterion (income), allows us to specify the middle income groups that possess a set of specific attributes, which enables us to interpret them as the basis for forming the middle class from the sociological point of view.

Table 4.6 Professional Composition of Economic and Sociological Middle Classes, IS RAS, 2015, % of employed

Professional statuses	Economic middle class (MIG)			Sociological middle class, MG
	LMIG	UMIG	MIG as a whole	
<u>Managers</u> of all levels, <u>entrepreneurs</u> and the <u>self-employed</u>	7	12	9	16
Professionals whose work involves using higher education	26	35	30	49
<u>Semi-professionals</u> , office employees, administrators, and clerks	15	11	13	20
<u>Other non-manual workers</u> (service workers and shop and market sales workers)	13	10	12	15
<u>Manual workers</u>	38	32	35	0

Nevertheless, the studied characteristics of employment and work of the middle income groups in contemporary Russia makes it possible to conclude that they are very heterogeneous regarding their structure. The lower subgroup represents the average situation in Russia. As the general situation in Russia is characterized by mass employment in positions not requiring valuable human capital, high qualifications and complex work, the lower subgroup of the middle income population groups inherits the same features with all the subsequent consequences. The upper subgroup of the middle income population groups represents the labor force possessing lower unemployment risks and more developed human capital. As a result, those jobs held by its representatives are associated with greater influence at their workplace and better career prospects.

The differences in human capital (education and skill levels) are most important when characterizing the heterogeneity of the economic middle class, regarded as more significant features differentiating the two subgroups of the middle income groups as compared, for example, to a sector of the economy an individual is working in. Post-crisis negative stabilization can lead to further internal polarization of the middle income groups in the production sphere.

Therefore, the Russian middle class interpreted from the economic viewpoint is a complex, heterogeneous phenomenon as if “bringing together” two different epochs of economic development possessing different requirements for the labor force and different qualification standards. In case of further deterioration of the employment and work situation, the lower subgroup of the middle income population groups may be included in the high-risk zone, which can lead to proletarianization of a considerable part of Russian society and set Russia back many years. Therefore, the government, playing the central role in the key social and economic changes in Russian society,

must create conditions for bridging the gap between the middle income subgroups, in particular, by modernizing workplaces and developing the competencies of ICT employees because amid the current challenges faced by Russia, it is the middle class that will have to become the main subject of social and economic development.

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