Lit:

Russia’s current labour market presents an interesting puzzle. On one hand, income or more specifically wage inequality is high. On the other job mobility or the movement of workers between and within firms is low. This trend is especially perplexing because Soviet levels of inequality were far below modern levels, but its levels of job mobility during the 1980’s, especially voluntary job mobility, were far higher.

Increasing labour market flexibility has been a policy goal since Russia’s sharp transition to a market economy (Clarke 2000). This goal had broad consensual support. The IMF, the World Bank, and the OECD all noted the importance of labour mobility and the impracticality of Soviet jobs guarantees. Even today, modern commentators in Russia including the former president cite the growing importance of flexible labour markets, not only in terms of hiring and firing but also in terms of worker mobility between regions where job searching should take place (Medvedev).

The benefits of mobile labour markets, at least in the short term, are obvious to employers and managers. Making it easier to hire and fire workers allows them to adjust to changing labour demands, and limit their obligations to workers. The benefits of mobile labour markets to workers and their families are less obvious. On one hand, *job-search theories* predict that flexible markets stem from variance in wages and that mobility brings opportunity for improving these wages. Increasing job mobility, in short, allows workers to correct the mismatch between *reservation wage x (*the minimal earnings needed to move from unemployment to employment*)* and *reservation wage y (*the minimal earnings needed to move employers from a given position to a new position*).* An optimistic reading of Russia’s high and persistent wage inequality (Lukiyanova ) would be that job mobility should offer significant wage premiums between and within occupations.

In a similar vein, *job-matching* theories claim mobility to new positions is the best way to secure occupational attainment. Since working conditions are an “experience good”, workers must wait before realising whether they are a good fit for their job. Workers can correct dissatisfaction with work, pay, and conditions by quitting a job or pursuing a promotion for one with a better fit between their ability and their conditions. Here too rates of voluntary quits and promotions stem from varied conditions in a labour market. By emphasising individualised job matching, policy makers “empower” workers to choose and change their conditions in a varied market. This variance has surely taken place, so much so that Clarke asks whether the growth in private enterprises, which occurred during the 1990’s, meets “*the needs of their employees*” (Clarke and Kabalina 1999; 2000)

With these theories in mind, it is surprising to learn that Russia’s new labour market is highly immobile, not only when we compare it to the sharp increase in mobility which occurred during the early 1990’s, but especially when we compare it to the labour markets of the Soviet Union (IMF et al, 1991; p143). Despite the theories above, research suggests that mobility premiums in pay (job-searching) and conditions (job matching) are not always evident, especially when researching quits alone.

Paradoxically, the IMF et al (1991, p143) describe the Soviet labour market as extremely mobile with high levels of turnover, on par with many European countries, and surpassing countries like France and Japan. Such levels of turnover existed in a system with little variance in wages, and less variance in working conditions. At the same time, writers describe Russia’s current labour market as immobile, despite significant variance in wages and working conditions between and within firms.