DOI: 10.63550/ICEIP.2025.25.63.034

Human Capital in a Precarious Environment: The Precariat as a Barrier and a Point of Growth

Ewgeny Valishin[1]
Financial University under the Government of the Russian Federation, Leningradsky Prospect, 49, Moscow, Russian Federation
envalishin@fa.ru

Keywords: Human capital, precariat, unstable employment, labor market, institutional instability, transition economy, personnel management, social policy

Abstract: The phenomenon of the precariat as a stable social group engaged in unstable and informal forms of labor is of particular importance in the context of institutional instability and transformation of the Russian labor market. The article examines the impact of employment precarization on the formation, reproduction and implementation of human capital, which is one of the key resources for sustainable socio-economic development. Unlike classical approaches focused on the vulnerability of the precariat, the emphasis is placed on its dual role - as a barrier limiting the development of human capital, and at the same time as a growth point that opens up opportunities for institutional and managerial innovations. The purpose of the study is to analyze the specifics of the formation of the precariat in the transitive Russian economy and to identify its impact on the key parameters of human capital development. The methodological basis is an interdisciplinary approach that includes elements of institutional analysis, labor economics and human resource management. The work substantiates the need to move from compensatory measures to strategic decisions aimed at integrating representatives of the precariat into the systems of employment, education and social protection. The practical significance of the study lies in the formulation of directions of state and corporate policy that help overcome the consequences of unstable employment and increase the efficiency of investments in human capital in conditions of economic uncertainty.

[1] https://orcid.org/0000-0001-6153-5496

DOI: 10.63550/ICEIP.2025.25.63.034

1 INTRODUCTION

Modern socio-economic processes are marked by instability, institutional fragility, and the erosion of standard employment. Against this backdrop, the precariat—a group engaged in unstable, informal, or part-time work without social protections or prospects—has emerged as both a new stratification category and a reflection of systemic labor market distortions (Standing, 2011; Kalleberg, 2009). In advanced economies, the precariat stems from post-industrial changes, flexible employment, and digitalization. In transitional economies like Russia, it emerges from prolonged institutional instability, weak labor regulations, and widespread informality (Cook, 2007; Kapelyushnikov, 2012; Gimpelson & Kapelyushnikov, 2014).

Precarious employment affects diverse groups—from young specialists and migrants to skilled public sector employees—who lack stable contracts, career development mechanisms, and access to training (Krasnoshchekov & Zubarevich, 2021). 2020).

This article explores the dual role of the precariat in Russia's transitional economy, assessing its impact on human capital and identifying ways to integrate it into sustainable labor market and social policy strategies.

Research objectives:

1. Clarify the concept of the precariat and its link to human capital formation.
2. Analyze precarious employment patterns in Russia.
3. Assess precarization's consequences for professional and social development.
4. Propose managerial and policy solutions for integrating the precariat into human capital systems.

2 METHODOLOGY AND SEARCH METHODS

This study uses a mixed-methods approach combining theoretical, empirical, and interdisciplinary perspectives to examine the precariat and its impact on human capital in Russia.

Theoretical Framework. The analysis draws on:

1. Stratification theory, highlighting limited access to human capital (Standing, 2011);
2. Institutional approach, linking precarity to weak legal frameworks (Cook, 2007);
3. Cognitive-psychological perspective, addressing subjective impacts like stress (Fedyukin & Stepantsev, 2020);
4. Critical-Marxist perspective, interpreting precarity as systemic inequality (Dörre, 2009).

Research Design and Search Methods. Key methods include:

- Literature review of academic sources (2000–present) in English and Russian from Scopus, Web of Science, and Google Scholar using keywords such as "precariat," "precarious employment," "human capital," and "Russian labor market."
- Document analysis of reports (ILO, Russian statistics) and legislation.
- Comparative analysis of global and Russian precarization patterns.
- Thematic analysis to identify key themes: digitalization, flexible work, informality, and social vulnerability.
- Inclusion criteria: relevant, rigorous theoretical and empirical studies; Exclusion criteria: irrelevant or low-quality sources.

This approach integrates macro-level structures and micro-level worker experiences to provide a comprehensive understanding of the precariat's evolution and human capital implications.

The solution to the research problem required the involvement of a wide range of natural science and economic teachings: thermodynamics, statistical mechanics, information theory, cybernetics, innovation and production management, mathematical modeling. The information base of the study was made up of official materials of government and management bodies, information from the Federal State Statistics Service, analytical reports.

3 RESEARCH RESULTS

3.1 Theoretical Foundations of Labor Precarization

Theoretical and Methodological Foundations of the Precariat Analysis. The precariat emerged as a product of profound socio-economic and institutional changes amid post-industrial transformations and global instability. Its study requires an interdisciplinary approach combining elements of sociology, political economy, social stratification, psychology, and institutional theory, especially in transitional contexts like Russia (Cook, 2007; Gimpelson & Kapelyushnikov, 2014; Smirnov & Volchkova, 2020).

Evolution of the Concept of the "Precariat". Originally referring to non-standard, temporary

employment, the concept of precariat gained theoretical prominence with Standing's work (2011), describing a "class-in-itself" marked by instability, lack of social protections, and identity. Positioned between formal and informal economies, the precariat highlights the growing vulnerabilities of workers in flexible labor markets (Standing, 2011; Kalleberg, 2009).

Methodological Approaches:

- Stratification Approach: Focuses on limited human capital access and socio-economic marginalization (Standing, 2011; Rodgers & Rodgers, 1989).
- Institutional Approach: Links precarity to weak legal frameworks and social protections (Cook, 2007; ILO, 2016).
- Cognitive-Psychological Approach: Highlights the subjective impact of precarity, such as anxiety and insecurity (Fedyukin & Stepantsev, 2020).
- Critical-Marxist Perspective: Views precariat as a reflection of systemic inequality and labor exploitation (Dörre, 2009; Standing, 2011).

The Precariat in a Transitional Society. In Russia, the precariat reflects both global trends and domestic institutional weaknesses, including legal insecurity, informal employment, growing stratification, and distrust toward state institutions (Kapelyushnikov, 2012; Gimpelson & Kapelyushnikov, 2014; Zubarevich, 2020). It represents not just labor market flexibility but deeper contradictions of the modernization model, demanding both empirical analysis and institutional critique.

3.2 Social Aspects of the Precariat

In Russia, the precariat is a diverse, vulnerable group marked by unstable employment, lack of social protections, and institutional insecurity (Standing, 2011; Kapelyushnikov, 2012). Its structure reflects intersecting factors:

- Age: Young people (18–30) with limited experience and reliance on precarious digital jobs (Kalleberg, 2009).
- Education: Many have higher education but face unstable work in sectors like education and culture ("overqualified instability") (Smirnov & Volchkova, 2020).
- Gender & Migration: Women and migrants, especially from the CIS, face disproportionate vulnerability due to caregiving roles and informal employment (Cook, 2007; Rodgers & Rodgers, 1989).
- Regional & Professional Factors: Rural areas offer few formal jobs, while in cities, freelancers and platform workers (e.g., couriers, IT specialists) dominate (Zubarevich, 2020).
- Fragmentation: Despite shared challenges, the precariat lacks collective identity or representation, impeding labor solidarity (Standing, 2011; Dörre, 2009).

The psychosocial impacts include chronic stress, professional burnout, distrust of institutions, and heightened vulnerabilities for youth, women, and migrants (Fedyukin & Stepantsev, 2020; International Labour Office, 2016). Nonetheless, early signs of shared identity are emerging through digital platforms and online activism (Dörre, 2009; Standing, 2011).

In summary, the precariat in Russia reflects deep institutional fragility and labor destandardization, with significant consequences for human capital development and social policy.

3.3 Economic Aspects of the Precariat in Russia

The formation of the precariat is not only a social but also an economic phenomenon, reflecting the structural transformation of employment in a flexible, fragmented and digitalizing economy. In the Russian context, the precariat performs a dual function: on the one hand, it helps to increase the flexibility of the labor market and reduce transaction costs for businesses; on the other hand, it increases social vulnerability, inequality and undermines the sustainability of human capital (Standing, 2011; Gimpelson & Kapelyushnikov, 2014).

The precariat in the informal and flexible segment of the economy. In the context of institutional instability, a high share of informal employment and an undifferentiated economy, the precariat is becoming a key element in the functioning of the "shadow" and flexible sector of the labor market. According to Rosstat estimates and independent studies, in 2020–2023 between 20 and 23 million people were in informal employment, which is about 25% of the workforce (Smirnov & Volchkova, 2020; Gimpelson & Kapelyushnikov, 2014).

Precarious forms of employment are typical for the following areas: courier delivery and taxi (digital platforms); retail and household services; freelancing and microemployment in the creative economy; seasonal work and regional outsourcing;

online services: design, copywriting, technical support.

Often, labor relations are formalized through

civil law contracts, the status of self-employed or is not formalized at all, which allows digital platforms and employers to operate outside the framework of labor legislation (International Labour Office, 2016).

Precarization as a mechanism for reducing business costs. The expansion of precarious employment models is largely due to the desire of businesses to reduce costs. In the context of economic volatility, sanctions pressure and unstable domestic demand, small and medium-sized businesses in Russia are actively using flexible forms of employment as an adaptive mechanism (Kapelyushnikov, 2012; Dörre, 2009).

The benefits for the employer include: no taxes and social benefits; high turnover and manageability of labor resources; minimization of legal obligations; flexibility in terms of demand and seasonal fluctuations.

However, this form of optimization leads to hidden economic costs: decreased productivity, loss of skilled personnel, the formation of working poverty and demotivation to invest in the development of human capital (Kalleberg, 2009; Smirnov & Volchkova, 2020).

Consumer behavior and economic instability of the precariat. One of the key features of the economic behavior of precarious workers is a limited planning horizon. This is manifested in the following: refusal of large financial obligations (mortgages, loans); reduction in the consumption of durable and high-quality goods; limited investment in education, health and savings; the spread of multi-jobs and the "survival economy".

This model of behavior limits domestic consumer demand and hinders the development of the paid services sector, which in the long term negatively affects economic growth (Rodgers & Rodgers, 1989; Zubarevich, 2020). Particularly vulnerable are young people, women with children and migrants who lack savings, social guarantees and a credit history.

Impact on poverty and social inequality. The precariat in Russia is increasingly associated with the phenomenon of "working poverty" — a situation in which a person works but remains below the poverty line due to low and irregular wages, lack of social benefits, and seasonality of employment (Kapelyushnikov, 2012; Gimpelson & Kapelyushnikov, 2014).

The most vulnerable to this are: digital platform workers with incomes below the median level; women with flexible and part-time employment; migrants and workers without employment contracts;

residents of single-industry towns and rural areas.

Precreation deepens social stratification: stable work with a full package of rights becomes a privilege available to a narrow circle — civil servants, IT specialists, and the large corporate sector. A "two-tier labor market" is emerging, which undermines the principles of equality of opportunity and reduces the efficiency of human capital on an economic scale (Standing, 2011; Zubarevich, 2020).

The economic role of the precariat in Russia is ambivalent. On the one hand, it provides flexibility and reduces costs in an unstable economy; on the other hand, it produces structural instability, reduces the sustainability of human capital and deepens inequality. The scale and sustainability of this phenomenon require a comprehensive adaptation of the institutional environment - through tax reform, flexible employment regulation, support for trade unions, as well as through the recognition of the precariat as an independent category in socio-economic policy.

3.4 Management Perspectives: Challenges and Responses

The rise of the precariat in Russia, driven by digitalization, labor fragmentation, and post-crisis instability, poses a dual challenge: balancing flexibility with sustainable human capital development (Smirnov & Volchkova, 2020; Standing, 2011). Managing this group is complex due to its fragmentation, lack of formal contracts, and minimal integration into institutional frameworks (Cook, 2007; Kapelyushnikov, 2012).

Recent responses include self-employment regimes, digital employment services, pilot programs for select sectors, and initial attempts to regulate digital platforms. However, these measures remain fragmented and fail to capture the realities of post-industrial labor (Gimpelson & Kapelyushnikov, 2014; ILO, 2016).

Key proposals include recognizing the precariat as a distinct category, developing hybrid legal models with basic guarantees, regulating digital platforms, supporting digital unions, and implementing regional support programs. A strategic shift is needed—from managing formal labor to managing employment vulnerabilities—through interdisciplinary policies, individualized support, and digital engagement.

In summary, addressing the precariat's growth requires systemic reforms combining flexibility, legal adaptation, and shared socio-economic

responsibility to ensure the preservation and development of human capital.

4 CONCLUSION

This study highlights that the precariat in modern Russia has evolved from a marginal group into a widespread phenomenon, shaped by economic transformations, digitalization, and institutional instability. It spans diverse groups—from youth and migrants to highly educated professionals—and thrives in both informal and unstable formal employment.

The precariat is a hallmark of a transitional society, marked by eroded traditional employment systems and emerging, yet fragmented, new regulatory frameworks. It brings economic and socio-cultural instability, reflected in chronic stress, burnout, and mistrust of institutions, particularly among young people, women with caregiving responsibilities, and migrants.

While businesses benefit from the flexibility and cost reduction provided by precarious labor, this model constrains domestic demand, deepens poverty and inequality, and weakens human capital development. Precarious workers often adopt short-term survival strategies, with limited investment in their skills and well-being.

Despite its fragmented nature, the precariat shows early signs of collective identity formation, especially among digital platform workers, hinting at potential new forms of self-organization. Addressing these challenges requires systemic, cross-sectoral strategies—including adaptive legal frameworks, support for digital unions, municipal assistance programs, and shared risk management between workers, businesses, and the state.

In summary, the precariat in Russia reflects not just labor market flexibility but a convergence of social policy, labor management, and sustainable development challenges. Recognizing and addressing this reality can transform vulnerabilities into opportunities for individual and national growth.

REFERENCES

Becker, G. S., 1993. *Human capital: A theoretical and empirical analysis, with special reference to education* (3rd ed.). University of Chicago Press.

Cook, L. J., 2007. *Postcommunist welfare states: Reform politics in Russia and Eastern Europe*. Cornell University Press.

Dörre, K., 2009. Precarity – A new social question? *Blätter für deutsche und internationale Politik*, 4, 49–60.

Fedyukin, I., Stepantsev, A., 2020. Precarity in the Russian academic labour market: Structural instability and survival strategies. *Higher Education in Russia and Beyond*, (24), 15–17.

Gimpelson, V. E., Kapelyushnikov, R. I., 2014. Between light and shadow: Informality in the Russian labour market. *Journal of Comparative Economics*, 42(1), 67–83.

International Labour Office, 2016. *Non-standard employment around the world: Understanding challenges, shaping prospects*. Geneva: ILO.

Kalleberg, A. L., 2009. Precarious work, insecure workers: Employment relations in transition. *American Sociological Review*, 74(1), 1–22.

Kapelyushnikov, R. I., 2012. The precariat in Russia: Structure and dynamics. *Voprosy Ekonomiki* [*Problems of Economics*], (10), 57–76.

Mau, V. A., 2022. Digital economy and social policy: Challenges and opportunities. *Voprosy Ekonomiki* [*Problems of Economics*], (2), 5–24.

Ovchinnikova, I. V., Sokolova, N. S., 2021. Sustainable development of human capital under conditions of digital transformation. *Nauchnyy Rezultat. Ekonomika i Upravlenie* [*Research Result. Economics and Management*], 7(3), 45–57.

Rodgers, G., Rodgers, J., 1989. *Precarious jobs in labour market regulation: The growth of atypical employment in Western Europe*. International Institute for Labour Studies.

Roshchin, S. Yu., 2020. Transformation of the labor market and digitalization: Challenges for employment and social policy. *Zhurnal Novoy Ekonomicheskoy Assotsiatsii* [*Journal of the New Economic Association*], (4), 190–200.

Roshchin, S. Yu., Mironova, T. E., 2018. Digitalization of the labor market: Risks of precarious employment and institutional adaptation. *Vestnik Moskovskogo Universiteta. Seriya 6: Ekonomika* [*Moscow University Economics Bulletin*], 5, 45–66.

Smirnov, S., Volchkova, N., 2020. Human capital and labour market risks in Russia: Institutional dimension. *Russian Journal of Economics*, 6(2), 123–138.

Standing, G., 2011. *The Precariat: The new dangerous class*. Bloomsbury Academic.

Zubarevich, N. V., 2020. Regional inequality and precarious employment in Russia. *Regional Research of Russia*, 10(1), 1–11.