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Russian Companies Freeze Hiring as Demand Cools, Central Bank Says

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Moscow City Business Center. **Yaroslav Chingaev / Moskva News Agency**

A majority of Russian companies have effectively frozen hiring through the end of the year as weakening demand ripples through the economy, according to a report by the Central Bank.

The findings point to a broad shift in the labor market after several years of acute worker shortages, suggesting that slowing economic activity is beginning to ease pressure on employers — though without triggering widespread layoffs.

Some 64% of companies surveyed by the regulator said they do not plan to change staff numbers this year, citing subdued demand for their products.

The share was highest in transport and logistics, while firms in industry, mining and manufacturing were less likely to report a hiring freeze.

The proportion of businesses reporting labor shortages fell to 51% in March, the lowest level in two years.

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Employers are moving away from mass recruitment toward more targeted hiring decisions, Darina Medvednikova, a junior researcher at the Presidential Academy's Institute of Applied Economic Research, told the Kommersant business daily.

She said demand for workers is expected to decline most sharply in construction and manufacturing, particularly in building materials production, as well as in education, healthcare and cultural sectors.

Large-scale layoffs have yet to materialize. About 14% of companies said they are considering reducing staff to cut costs, but by no more than 10% of their workforce. At the same time, one in five firms still plans to increase headcount.

Wage dynamics remain mixed. Around 40% of companies intend to raise salaries by 10-15% by year-end, while roughly a third said they may cut wages and a quarter do not plan any changes.

Instead of outright layoffs, many employers are turning to reduced working hours. The number of employees working part-time reached a record 1.6 million in the fourth quarter of last year, helping keep unemployment at historically low levels. Russia's jobless rate stood at 2.1% in February.

Vladislav Bykhanov, a partner at recruitment firm Cornerstone, told Kommersant that part-time arrangements allow companies to lower labor costs quickly without complicating future hiring if conditions improve.

He added that many firms in mining and manufacturing have already shifted workers to four- or even three-day workweeks.

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