

Current situation and specific trends of the labour market development in the Republic of Kazakhstan

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Abstract: Purpose – The paper considers the problem of unemployment in the country. On Based on national statistics agency material held analysis of the unemployed population by age and level of education. The author also pays attention to the contemporary government regulation of the labor market in Kazakhstan. Methodology – The study used the following methods of economic research: monographic and Statistical analysis of data for the period 2011-2013. Originality/value – Held a deep and comprehensive analysis of the current situation on the labor market, the basic problems inherent in Kazakhstan's labor market. Findings – In this paper we attempt to analyze both theoretical and practical aspects of such an integral part of the market economy as the labor market.

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1. Introduction

At present, work force is one of the most important resources necessary for an enterprise operation. In much the same way as the markets of production equipment, financial resources, information, land resources and the like exist; there is also the labour or work market, which is being considered in the course of economic theory. In labour market there is such an actual problem as unemployment.

The problems of employment and unemployment have always been of great importance for any national economy. Growing problems of unemployment can lead to social conflicts. It leads politicians and legislators to develop appropriate normative legal acts regulating employment issues.

2. Material and Methods

In a broad sense, the labour market is a system of socio-economic and legal relations in the society, norms and institutions serving to ensure the normal ongoing process of labour force reproduction and efficient use of labour [1].

Labour market relations are regulated by social and state institutions.

These relations are contradictory due to the law of demand and supply. In the process of exchanging it is established a status of its temporary balance, expressed by the definite employment level and remuneration of labour.

Work force demand under conditions of free competition is being formed under the influence of two main indices of real wages and value of a marginal labour product (the labour product produced by the last hired employee). Supply of labour directly

depends on the level of wages, higher the salary - higher the level of labour supply [8].

Labour market is frequently the most accurate detector of social situation with population in the country.

Processes taking place in the labour market determine a level and employment and unemployment nature in the society. A part of population providing labour supply due to international statistics methods is referred to economically active population.

At present in statistics of Kazakhstan an indicator of economically active population is used, it includes people engaged in economy and unemployed. The meaning of «labour resources» is used to point out one of the elements of socio-economic potential of the country, included in the national wealth - a part of population possessing physical development, mental abilities, knowledge, qualification, labour discipline skills necessary for the successful development of social production.

The feature of Kazakhstan's labour market is that it is:

1) the general form of demand coordination of ownership subjects for the means of production, labour and people having the exclusive right to manage their abilities to labour and job places;

2) a natural regulator of territorial and sectoral allocation and reallocation of workers.

Predominance of state ownership for the means of production creates some preconditions for reservation of non-market forms of production.

The advantage of the labour market is that it speeds up and simplifies the process of harmonization of individual and collective, general public interest in labour distribution, increases

flexibility to formation and distribution of workers and professionals. The labour market is a link between its preparation and application. Due to the labor market people make more reasonable choice of occupations according to their abilities and desires.

All these benefits are now in place and of current importance. They help people to choose professions. The labour market provides economization of production and employment in the public sector.

Due to the transitional period to the system of market economy in Kazakhstan almost all the enterprises became private and that is a disadvantage of the labour market. Therefore a sharp reduction of labour force takes place due to inability to pay the money earned and decline in production is connected with it.

All the advantages and disadvantages of the labour market give an idea of labour market functioning in Kazakhstan.

To estimate the current situation in labour market in Kazakhstan it is rational to analyze main risks interfering in the given sphere.

Economical risks:

1. Chronic imbalance in the labour market is constantly a high level of unemployment bearing rather structural than cyclical character and coinciding with growing shortage of skilled staff especially among young people.

2. Gender aspects in the labour market

3. High level of self-employed in the structure of economically active population

4. High level of youth unemployment

5. Regional risks

3. Results

Chronic imbalance in the labour market is one of the most urgent risks for today.

Under modern conditions, an initial postulate of an employment strategy should be reservation and increasing to a certain point of an employment level, while not blocking release of unnecessary work force from enterprises. We are talking about surpluses that exist for a long period and have a chronic nature, and those that may arise in the course of modernization and structural changes. We'll have to cope with a very difficult situation, because in recent years, despite of unemployment internal surpluses of work force in many cases increased rather than decreased. It is necessary to maintain existing and create new job places, following first of all the principles of economic expediency, taking into account that state investment

possibilities will be very limited for some time. Therefore, you should look for forms of active influence on corporations and private enterprises in order to stimulate jobs creation.

The number of economically active population aged 15 and over in the 2nd quarter of 2013 has come to 9.1million which is by 0,7% more than in the corresponding period of 2012. In republic's economy there were engaged 8,6million or 68,1% of population aged 15 and over. In comparison with the 2nd quarter in 2012 its number has increased by 64,0thousand people (by 0,8%) [3].

Special attention should be paid to study of dependency of employment problems on the one hand, on the dynamics of effective demand of enterprises and population, on the other on production ability adequately respond to this demand. Of course, the effective demand can grow only gradually, depending on increase of incomes of population as overcoming economy's crisis [2].

Besides under presence of unemployed people unfilled vacancies remain, there is no objective forecast of needs of industries in specialists. It is noted work force shortage in the first place of qualified personnel, technical and service staff associated with poor quality of human resources and the lack of real connection of production and training.

Approximately one third of employed population doesn't have any professional education.

The main part of hired employees was engaged in organizations (enterprises) and makes 82,6% (4,9 million people). The number of self-employed was 2,7million people. A significant part of self-employed was operating in agriculture (52,4%), trade (25,7%), transportation services (6,7%) and construction (7,3%) [3].

Of particular concern is the situation of unemployed youth, particularly rural, which, due to limited access to vocational education is almost non-competitive on the formal labor market.

Young people are more vulnerable in the process of employment: lack of professional and practical experience, recommendations. They face with social and economic problems, leading to a high level of unemployment among young people and their part-time employment [6].

Unemployment and lack of prospects for young people is also the major reason of rising crimes. Unsolved problems of its effective employment cause prerequisites of poverty stimulation in the long term period.

Table1 - Key indicators of the labor market in the Republic of Kazakhstan in the 2nd quarter in 2011-2013

	Population aged 15 and over			
	II quarter			The 1 st quarter 2013
	2011	2012	2013	
Economically active population, thsd. persons	8671,4	8999,8	9059,9	9020,6
Level of economically active population, in percentage	71,7	71,9	71,8	71,5
Employed population, thsd. persons	8204,4	8526,7	8590,7	8546,1
Level of employment, in percentage to:				
Population aged 15 and over	67,8	68,1	68,1	67,8
economically active population	94,6	94,7	94,8	94,7
Hired workers, thsd. people	5496,7	5810,4	5934,4	5911,4
a share in the number of employed population, in percentage	67,0	68,1	69,1	69,2
Self-employed, thsd. persons	2707,7	2716,3	2656,3	2634,7
a share in the number of employed population, in percentage	33,0	31,9	30,9	30,8
productively employed	-	-	1608,5	1534,8
unproductively employed	-	-	1047,8	1099,9
Unemployed population, thsd. persons	467,0	473,1	469,2	474,5
Level of unemployment, in percentage	5,4	5,3	5,2	5,3
Unemployed aged 15-24, thsd. persons	53,9	49,1	44,5	46,7
Level of youth unemployment, in percentage (aged 15-24) ¹⁾	4,5	3,8	3,8	3,9
Unemployed aged 15-28, thsd. persons	155,2	142,5	154,6	156,1
Level of youth unemployment, in percentage (aged 15-28) ²⁾	6,1	5,3	5,9	5,8
Level of long-term unemployment, in percentage	2,0	2,5	2,5	2,5
Economically inactive population, thsd. persons	3427,6	3520,4	3549,9	3589,7
Level of economic inactiveness (passiveness) of population, in percentage	28,3	28,1	28,2	28,5

¹⁾ According to the standards of the International Labour Organization.

²⁾ According to the Law of the Republic of Kazakhstan "About state youth policy in Kazakhstan".

Table2 - Employed population by employment status and sex in the 2nd quarter, 2013

	Total		including			
	thsd. persons	Unit weight, %	men		women	
			thsd. persons	Unit weight, %	thsd. persons	Unit weight, %
Employed population, total	8590,7	100,0	4403,6	100,0	4187,1	100,0
Hired workers	5934,4	69,1	3012,0	68,4	2922,4	69,8
including employed for:						
organizations (enterprises)	4904,9	82,6	2464,1	81,8	2440,8	83,5
individuals	686,0	11,6	342,7	11,4	343,3	11,8
Peasant (farmer) economy	343,5	5,8	205,2	6,8	138,3	4,7
Self-employed	2656,3	30,9	1391,6	31,6	1264,7	30,2
including:						
employers	158,7	6,0	112,0	8,0	46,7	3,7
Independent workers	2450,3	92,2	1258,3	90,4	1192,0	94,2
Cooperative members	13,6	0,5	5,2	0,4	8,4	0,7
assisting (unpaid) family business workers	33,7	1,3	16,1	1,2	17,6	1,4

The number of unemployed people (aged 15 and over, which didn't have any gainful employment, were actively seeking for it and were ready to work) in the II quarter in 2013 was 469,2 thousand people

and reduced in comparison with the same period in 2012 by 3,9 thousand or by 0,8%. The level of unemployment was formed as 5,2% (in the II quarter in 2012– 5,3%) [3].

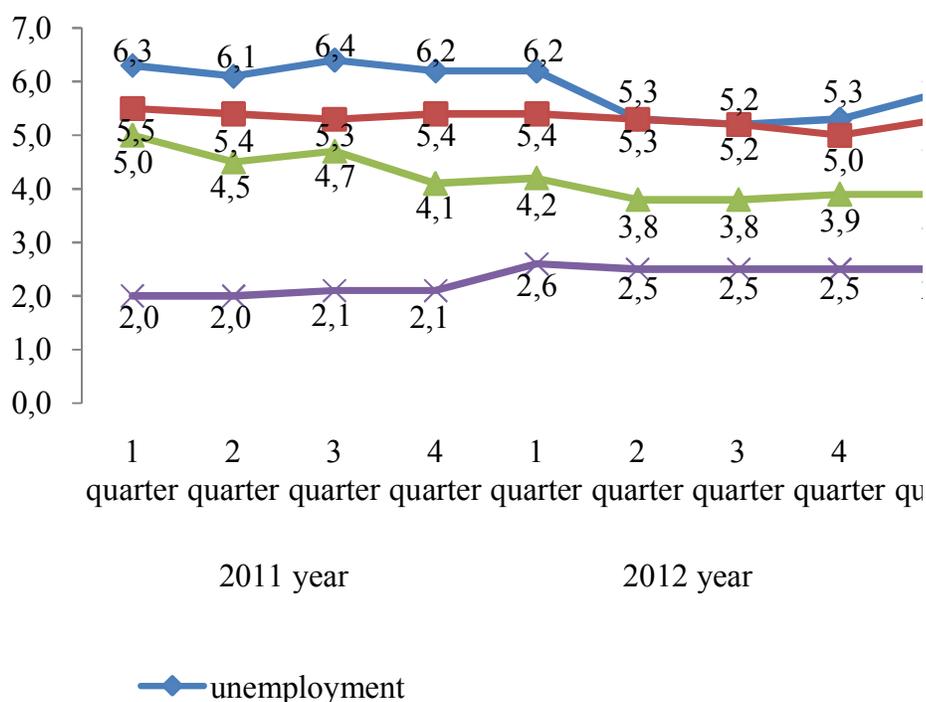


Figure 1 - Unemployment level, 2011-2013

Considering the gender aspects of the labor market, first of all it is analyzed the ratio of demand for men's and women's labour. And, as a rule, first it is identified women's employment problems [10].

A part of unemployed men in the 2nd quarter in 2013 was 44,8% (210,4 thousand people), women – 55,2% (258,8 thousand).

In the II quarter in 2013 in the total number of unemployment a share of youth aged 15-24 years was 9.5%, or 44,500 thousand people, aged 15-28 was 32.9%, or 154,600 thousand people. The youth unemployment rate in 15-24 age groups was formed as 3.8% (in the II quarter, 2012. - 3.8%), aged 15-28 was formed as 5.9% (in the II quarter, 2012. - 5.3%) [3].

Table 3 - Unemployed population by sex and age in the II quarter, 2013

	Total		including			
	Thsd. persons	Level of unemployment, %	men		women	
			Thsd. persons	Level of unemployment, %	Thsd. persons	Level of unemployment, %
Unemployed, total	469,2	5,2	210,4	4,6	258,8	5,8
aged:						
15-24	44,5	3,8	23,7	3,8	20,8	3,9
25-34	202,4	6,9	95,8	6,3	106,6	7,6
35-44	101,0	4,9	39,8	4,0	61,2	5,8
45-54	87,3	4,3	34,2	3,4	53,1	5,1
55-64	34,0	4,1	16,9	3,9	17,1	4,5

Female unemployment rates in recent years are rapidly declining. But problems of women's employment remain current. Women's labour force is characterized by low competitiveness in comparison with men's. This is affected by several factors:

- economic activity of women has always been lower by 11.9%, due to a more active role of women in the family, as housewives and mothers, as child care, and passive role in social activities;

- men's labour is in demand and 70% of vacancies by nature of jobs and heavy labour is oriented towards men;

- 60 % of unemployed women have secondary and basic general education, thus they can be largely occupied by low-skilled work;

- 61% of women are classified as non-working for a long time and poorly adapted to the current market [7].

In the absence of obvious forms of discrimination it's felt its indirect manifestations. In many cases, choosing workers, an employer gives a clear preference to men, even when woman's work applied in the workplace.

An important problem in the process of employment is the age limit - 55 % of women who are registered are over the age of 40 years, 60% of unemployed people of retirement age are women. Analyzing the categories of employment in the newspapers, you can pay attention to the fact that today the most popular age for an employer is 35 years. And although experts of employment service monitor that employers should not specify age limits including incoming jobs in the database, however, for some of them age is the main reason for not applying a candidate, although this is not stated directly.

Hiring people employers often put forward unreasonably high demands and conditions that result in jobs unattractiveness as moral and labour costs are inadequate to wages.

Significant role in women's competitiveness in the labor market has a level of education. Out of unemployed women registered in employment service, only 35% have special professional education, and the rest have secondary and basic general education. Moreover, the proportion of unemployed women with vocational education, higher in urban (68%) than in rural areas (32%) [3].

If in rural areas a high level of education helps women to find work, in cities many qualified women remain unclaimed. The formal labour market and employment opportunities are mainly composed of working positions (77%) which do not satisfy people with higher and secondary professional education.

Thus, under competitive labor market and employment sphere there are various forms of hidden

or indirect discrimination against women, the consequence is they are available to receive positions, requiring relatively low level of skills, qualification, responsibility, and therefore low-paid.

In the course of economic reforms in a number of regions in the labour market there was a critical situation. It is characterized by the lack of a "self-regulation" mechanism of the regional labour market, significant tendency to spontaneous reproduction, low susceptibility to external influences and measures aimed to lead the labour market out of crisis [4].

Inertial processes, slow rotation of unemployed, the limited supply of jobs, long duration of situation of unemployment prevent improvement of regional labour markets with a critical situation. Regions position with the highest level of unemployment registration (LUR) is sufficiently stable.

Study of macroeconomic, demographic and social indicators of territories with a critical situation in the labour market reveals that there are tendencies promoting development or on the contrary preventing its occurrence. In every region, the labour market is being formed under the influence of undertaken policy, prevailing social, cultural and work traditions. Under deterioration of the situation in economy and social sphere of a region it can be found symptoms revealing the threat of redistribution of labour market situation to critical. There are a number of indicators that are more responsive to changes in the labour market than the unemployment rate. These indicators include: the number of unemployed per one declared vacancy, the average duration of unemployment, a scale of «hidden " unemployment. The number of unemployed per one vacancy quickly increased not only in regions with a critical situation in the labor market, but also in a number of regions, characterized by a stable situation [4].

Other reasons, affecting supply and demand in the regional labour markets in each region have its own peculiarities. These reasons include:

- demographic factors, namely, the working age population movement, affecting the dynamics of labour force in the labour market;
- migration of working age population;
- sectoral structure of region's economy;
- possible bankruptcy of enterprises in regions;
- natural and not naturally occurring factors.

Crisis on the regional labour market involves the inevitable attraction of financial resources to get it out of the crisis.

Crisis prevention measures in the region with a tense situation in the labor market should be based

on the single program providing elimination of the reasons caused it.

The first group includes the creation of additional measures, as well as maintenance and support of economically reasonable jobs, development of temporary employment. Realization of the given activity can be based on the use of local budget funds for financing investment projects.

The second group involves the promotion of working population migration to work outside the region.

The third group should contribute to the organization of the continuing education system, which can cover only a part of job seekers.

The fourth and final group of activities includes long-term refinancing expansion.

In addition to economic risks, there are also social risks that have very serious consequences. Unemployment leads to confidence and self-respect loss. It means inactivity and may result in individual's degradation as alcoholism, drug addiction, illegal actions. Unemployed young people are the source for criminals to get their "staff". Unemployment leads to destruction of family life, disintegration of families and, accordingly, to deterioration of the demographic situation. Stress caused by unemployment, leads to poor health, various diseases, for treatment of which there is no money. Unemployed people more often commit suicide.

If unemployment exceeds the allowed social level (such critical value is the unemployment rate in 10-12%) serious escalation of social conflict or social explosion is possible.

4. Discussions

Serious social and economic consequences of unemployment led to the need for state intervention in the sphere of labour, which contributes to modification of employment relationship, regulates it, and restricts market forces freedom. The government pursues a policy of labour market regulation.

There was developed a powerful system of laws regulating employment relationship (recruitment and dismissal, working hours, safety, minimum wages, provision of holidays and vacations, resolution of labour disputes, the right to strike, etc.) at the national and international level.

The main objectives of governmental regulation of the labour market are:

- providing of full employment, which is defined as the absence of cyclical unemployment, while maintaining the "natural rate of unemployment" determined by the size of its frictional and structural shapes;

- creation of a "flexible labour market", able quickly adapt to changes in the internal and external

conditions of economic development, maintain control and stability. This "flexibility" in comparison with the traditional labour market is revealed in the use of flexible workers to part-time work, temporary employment, turnover of jobs, changing the number of shifts, extensions or additions of job functions if need. Everyone who wants to work should find a job that will meet his requirements.

State policy in the labour market is represented in two main forms:

- 1) active- new jobs creation, increasing employment and overcoming of unemployment through training and re-training of employees;

- 2) passive- support for unemployed people through benefits [5].

Carrying out of an active policy aimed at full employment achievement is the priority state policy on the labour market in developed countries with a socially oriented market economy. The main measures of this policy are:

- stimulating of investment by the state in economy, that is the main condition for new jobs creation;

- retraining of structurally unemployed;
- development of employment services, job fairs, conducting mediation in labour market, providing information on job vacancies;

- promotion of small-size and family business, which is in many countries considered to be an important method of providing population employment;

- state stimulation (by means of taxes and legislative measures) in providing by employers jobs to certain groups of society to young people and people with disabilities;

- assistance, if necessary changing the place of residence in order to work;

- international cooperation in solving employment problems and questions, connected with international labour migration;

- providing of job places in the state sector – in the sphere of education, medical services, communal services, construction of public buildings;

- organization of public works.

State support for those who lost their jobs, their social protection is a passive form of governmental policy on the given market.

The following points are guaranteed by the state for unemployed:

- providing of social support in the form of unemployment benefits, financial assistance and other social payments;

- free medical service [5, 11].

In developed countries, financial assistance to unemployed population is based on the system of unemployment insurance. The minimal objective of

these payments is to provide current costs of living. Its duration varies from a few months to perpetual (for example, in Belgium and Australia). Funds are accumulated mainly at the expense of the state [9].

In socio - political situation maintaining of a sufficiently high level of employment is not an indispensable condition of a stable society. However, it is unacceptable to treat it as a requirement of an unchanged prevailing model of employment as denying the need for its restructurization and, consequently, as a refusal to release workers from enterprises. At the same time, it is necessary not only to master the economic mechanisms to stimulate an effective work and release enterprises from changes of labour, but also to use the opportunities of new jobs creation in the process of increasing production and business activity of population and stimulate economic growth.

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