

When a salary is not enough for making a living: Case-study of Livelihood of Kazakhstani households

Daurenbek Kaiyrkeldyevich Kuleimenov

L.N. Gumilev Eurasian National University, Yanushkevich Street, 6, 010000, Astana, Kazakhstan

Abstract: The transformation of economy into a market pattern with bigger influence of global changes on the local markets can be rightfully called the new challenge for transition societies. Households experienced crises in early transition and transformation periods had to change income strategies due to the insufficient old fashioned attitudes of planning budget and income sources to the new market conditions, which led to the appearance of new types of income strategies.

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1. Introduction

The transformation of economy into a market pattern with bigger influence of global changes on the local markets can be rightfully called new challenge for transition societies. At the 1st stage of transformation (1991-1995) [1], the Soviet approach to the employment still provided households with some income, but these households were in vulnerable position as the wages were low and often temporally detained [2]. The emerging free labor market, which could give additional income sources, under such conditions became an alternative way for the households to improve their living conditions. Yet, in the initial stage the new principles of employment were accepted by the households with despair [3].

Investigating of vulnerabilities and uncertainty of households in Kazakhstan with low income is possible through looking at their priorities in gaining livelihood with the types of capital (social, financial, physical, natural and human) available for them. According to SLA (Sustainable livelihood approach) concept households use their different assets (financial, natural, human, social and physical) in order to cope with vulnerabilities and reach more sustainable economic positions [4], which are dominantly based on the level of household's income. We are going to consider livelihood strategies of households in coping with insecurity and poverty.

Vast of the literature and researches concerning Kazakhstani households and their living conditions in transition can provide wide enough background information about the country, but mainly these researches were based on official statistical data or without any collaboration with the local researchers. The plenty of research reports on Kazakhstani households conducted by international foundations like UNDP [5], USAID [6], World Bank [7], Asian Development Bank [8] and so on rely on statistical data from international indexes like income level,

poverty level, etc. There are also many researches conducted by foreign scientists on inner migration and remittance [9], social capital of rural households [10], household consumption [11], changing income distribution [12], role of safety nets to reduce poverty [13], vulnerability of households [14], food insecurity of households [15], interregional differences [16] and so on. As far as there are researches of local authors on households in Kazakhstan, but mainly they relied on data of national statistics agency, which can just give overview of situation of households only in macro scale. As far as analyses of literature are concerned, we can note that there is a gap in scientific literature in exploring the everyday economic behaviors of households in Kazakhstan during the adaptation process to the market, and influence of market institutions on changing of household economic habits and of the social-economic features on income strategies of households.

2. Methodology of the research

Household's income is one of the most important factors of household's cost of life that determines other socio-economic indicators. The concept of income in economics is often considered through the prism of supply and demand for labor and capital within the context of distribution theory [17].

The current research was conducted within the international research project "Livelihoods Strategies of Private Households in Central Asia. A Rural-Urban Comparison in Kazakhstan and Kyrgyzstan", which was realized according to research grant of "Volkswagen" foundation (Germany). The research groups from Otto-von-Guericke University (Magdeburg, Germany), L.N. Gumilev Eurasian National University (Astana, Kazakhstan), Al-Farabi Kazakh National University (Almaty, Kazakhstan) and American University of Central Asia (Bishkek, Kyrgyzstan) participated in the project during from April 2011 to May 2013.

Collected data gave us the most profound answers needed for the analysis of household income considering their daily life and survival strategies. The respondent sample in the qualitative stage of the private household research in Astana city and Akmola region comprised of 41 households: 25 narratives from Astana and 16 from villages Burabai, Zhaltyr, Akkol, Aksu Ayuly, Engels and Kabanbai Batyr in Akmola region. Astana as the capital city has a set of administrative resources and accumulation of market institutions that promote formation of new households strategies adapted to the transit conditions. Astana with a population of 778,198 people (early 2013) [18] has one of the highest salary rate in Kazakhstan - 171,418 KZT (1,150 USD) (here and below has been used an exchange rate of the National Bank of Kazakhstan by 29.07.2013, where 1 USD is equal to 152.24 KZT). Villages of Akmola region, located in different directions and distances from the capital city are mainly engaged in agricultural industry and provide the households with official work in large national agricultural holdings or in rural public institutions. The average wage in the Akmola region is 81,793 KZT (549 USD) [19], while the unemployment rate in the region is one of the lowest in Kazakhstan – 5.2%.

Most of the interviewed were women as historically in most Kazakh households family budget was planned and distributed by women [20]. In the present household survey, using narrative interviewing we tried to add more accurate biographical descriptions of the households [21]. The data gathered during the household survey is divided into units dedicated to different types of household income. Each unit describes the approaches of rural and urban households that help them to make the household more sustainable through the use of additional or basic income sources.

Income from the basic activity

Income from basic activity can provide households only with salaries from the official employment, and that is there are households who live on their wages without any sources of income from additional employment [22]. The households can live a long period of time only due to the basic income, and these habits have remained from the past communist ideologies, prohibiting employment in several places at once and employment in the informal sector.

Currently, the income level of urban and rural households is different. The average wage level and the possibility to combine several income sources are higher among urban households (246.6 USD and 188.2 USD per household member, respectively [19]. The households with incomes below the poverty level are much more in rural areas and the number of such

households is 3 times higher than in a city [23]. This means that the category of households without any chance to get additional employment and who had to just invest in their basic activity mostly comprises of rural households.

Traditional employment habits are still evident in the behavior of young people who have a negative attitude to additional income sources because of the ethical reasons. Perhaps attitude of the young people socialized in the 1990s (the period of crisis) was formed by total unemployment. It is therefore possible that some young people still consider the labor market as a structure that distributes the limited number of jobs and which often leaves their fellow citizens without any income source. But the problem is that the current labor market, on the contrary, requires being more mobile and as a system is more far-reaching and complex [3] than its Soviet equivalent. Nevertheless, the Soviet attitudes can be found even among young people, who socialized after the collapse of the Union. For example, Madiyar, a young teacher from Astana, developing his employment strategy and ways of finding additional income sources is still guided by the principles of equal labor division in society. Therefore he considers an additional employment as injustice towards to other citizens, who suffer from unemployment.

Additional employment income

The uncertainty and vulnerable economic positions make households to look for additional employment, where they can get an additional means to survive or improve own livelihood [24].

After the collapse of the Soviet *kolkhoz*/farm system the traditional cattle breeding have declined and today not all rural households have cattle. Therefore, the rural households try to combine several income sources [25]: official salary and additional income from the informal employment in the village.

Because of the unemployment in rural areas [26], many peasants have only one source of income, which generally comes from state and municipal organizations. State organizations can offer country dwellers an underpaid, but steady income. The threat of unemployment and social insecurity makes the household vulnerable and force people to work on low-paid jobs, sometimes even bear violations of the labor code. A civil servant in village Bakhitgul complained that she had no opportunity to find an income outside of the state-financed organization and therefore have to work in terrible conditions, where she has been suppressed by authority who infringed her rights to return to work after maternity leave earlier for 3 months.

Urban households, trying to improve their financial situation often use a combination of incomes from public and private organizations. The strategies

allow some household members to work on a low-paying budget works to support the family with social and public benefits (participation in state housing program, vouchers, opportunity to place a child in a kindergarten etc.), while the other household members continue to work in private organizations to obtain higher incomes.

Credits as a source of income

The appearance of absolutely new market institutions as credit organizations in the households' lives gave them one more option to solve financial problems. It should be noted that credits had crucial turn in livelihood strategies of Kazakh households and in the balance of the types of capital of households in coping with vulnerabilities. If households often used to rely on own social capital in forms of remittance, borrowing from relatives or friends and reciprocity, with new option of solving urgent problems they have attractive and come-at-able loans from banks.

The lack of income from the first job, from additional employment or from the subsistence farming often forces households to seek other ways to deal with financial problems. Therefore the households are forced to use loans. It should be noted that the consumption of micro loans by households as well as financial needs still has socio-cultural character. This process is characterized by the situation when households are increasingly consuming loans, thereby engaging in a game of the modern market with the dominant organizing principle of consumption [27]. Therefore getting a micro-loan to purchase any items is a necessary measure in order not only to survive but also to keep pace with modern development. Some rural and urban households use consumption loans to build their livelihood strategies, thus taking the risk to be more deeply indebted.

Socio-economically vulnerable households take loans and risks because of despair and needs. Rural households have their own specific seasonal problems, as the expenses on coal and cattle fodder force households to borrow. Mutual financial support of relatives in the countryside often manifests itself in the cultural life of the households in the organization of weddings and funerals, but much less frequently in everyday life [28]. Perhaps the problem lies in the weak social networks of households in financial terms.

3. Conclusion

The trends of the transition indicate that transformation of economic system is tracing by changing of the attitudes and everyday economic habits of the households, who have been more self-sufficient in planning and getting split up from the huge social communities. In constructing own sustainable livelihood approach households try to comprise it based on capabilities and assets (types of

the household capital) they have [29]. The success of market institutions in spreading among society at the last can be explained with the new opportunities for households to solve economic problems as soon as possible. Mainly credits easy to getting can provide poor households with the sense of freedom in solving financial problems by on their own, which creates some kind of "misrecognition" of self-sufficiency among them [30] based on indebtedness and risky decisions. At the time market institutions make households more rely on financial capital in their sustainable livelihood strategies and gradually get away from social capital, except of rural households, who have just surrounded by social networks due to the institutional bias of the market. Research findings show that modern Kazakh households are moving from Soviet attitudes about household income to a more market-oriented model with the ability to combine multiple sources of income as, according to the results of the interview, to live only on salary is impossible. Urban households in addition to more highly paid major sources of income also have the opportunity to make extra money. Perhaps that is why life in the city is attractive to rural migrants, who according to the statistics have a high level of migration. However, we can observe a tendency in the strategies of households to diversify incomes, because this process has a direct impact on the financial prosperity of the household and achievement of sustainable development. This fact can be observed when listening to the life stories of many urban and rural households: the more diversified household income - the more successful the household is. Currently the main, and the only possible, way of Kazakh households to get sustainability is to diversify their income sources.

Corresponding Author:

Dr. Kuleimenov,
L.N. Gumilev Eurasian National University,
Yanushkevich Street, 6, 010000, Astana, Kazakhstan.

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