Youth on the labour-market worldwide and in Kazakhstan

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Abstract. This paper presents modern condition, problems and prospects of youth employment worldwide and in Kazakhstan. Support and development of youth competitiveness is an urgent and strategic priority for state policy of any country and the Republic of Kazakhstan. The main factor for formation and future stable development of a socially-oriented state is formation and development of the local competitive youth meeting up-to-date international needs and standards under conditions of increasing globalization.

Introduction

The main factor for forming competitive youth is its high qualification and demand for it at market economy. Such youth forms an active society, it is the middle class – basis of any state. Active competitive youth in the country guarantees effective functioning of the society, stable development of the middle class, which builds foundation of the state for future prosperity and gaining grounds of Kazakhstan in the international community.

K. Marx made a thorough study of unemployment in “Capital” (the second half of the XIXth century). He points out that mass and cost of production means per one worker grows along with the technical progress. It results in relative lagging of demand for labor behind the capital accumulation rates, and this is the reason for unemployment [1].

Entry of the youth to the labour-market is followed by some difficulties and contradictions mainly provoked by the fact that youth chooses professions based on their popularity and prestige in the society, not on demand for them on the labour-market. Thus, most graduates do not become employed within their specialty, or do not become employed at all, that leads to youth unemployment growth. As a result, funds invested into education of such youth are not always justified [2].

Main part

Based on the report of the International Labour Organization (ILO) at least 400 mln. worthy and productive workplaces (in other words, new better workplaces) are to be created in order to ensure total realization of modern youth efficient potential.

“In spite of the increasingly effective economic growth, the states are not able to create enough worthy and productive workplaces that negatively effects mainly the youth. Today we may see not only growing deficiency of worthy labour and economic instability: these disturbing effects threaten future economic prosperity of our main heritage – the youth [3].”

According to ILO, presently app. 10.5 mln. children around the world work as domestic workers under dangerous and often slave conditions [4].

On figure 1 we may see a diagram by D. Tompson showing unemployment among the youth from some OECD (Organization for Economic Cooperation and Development – editor’s notes) countries for the last 8 years. “The incredibly low unemployment rate in Germany – just 8.2 %, half the rate of the United States, and nearly a third the rate of the Eurozone (22.6 %) – stands as one of any number of statistics that makes a mockery of Europe's economic union project [5].

Figure 1. Youth unemployment around the world

In Spain and Greece youth unemployment has already exceeded 55%. Today 5.8 mln. young
people under age of 25 in EU have been looking for a job for a long time but cannot find it. 

Unemployed youth may get disappointed in the system that denudes them of their future with its own hands: workplaces and economic growth. If situation does not change, it may result in social unrest and, possibly, in breakdown of current political regimes. 

Such high youth unemployment rate (fig. 2) has always led to extreme events and social disorders, assure authors of ZeroHedge blog. The question is where “European spring” will start [6]. 

Authors of the blog refer to CEPR researches, where they find a link between disorders, strikes and other disturbances and harsh austerity measures.

Figure 2. Youth unemployment rate in Greece, Spain and Eurozone

In total youth unemployment in EU has reached 23%, that is 8 mln. people, while general unemployment amounts to 11% (in Eurozone – 12.1%). As reported by the European Commission, youth unemployment costs Euro 150 bln. for EU yearly, that is 1.2% of total EU GDP. 

Fiasco of European youth on the labour-market does not result from it low qualification, but from job deficit and lack of experience, which it has nowhere to get. And neither education guarantees possibilities for breaking this vicious circle.

The banks have been saved at the beginning of financial crisis in European Union. Bankruptcy of big banks could not be allowed, because they would sink down real economy. Then budget has been saved, as well as Euro. “Wreck of Euro means wreck of Europe”, assured Angela Merkel, the Chancellor of Germany. And now, finally, they start to understand that wreck of human capital is the worst thing for Europe [7].

At the moment daily economic confidence rate is the lowest in the United States as compared to the last odd year. 

Upperclassmen’s future doesn’t seem to be optimistic. In fact, everything will correspond to the American economy. That is, the things may get worse [8]. 

As on the 1st of January 2013 total number of youth in Kazakhstan amounted to 4,436,210 people, that is, 27% of population in the country [9]. Significant youth ratio makes it a responsible and in many ways reformative force. The government places its hopes in it, but does not support in a proper way. So far, they prefer to respond to these problems by different legislative initiatives on state youth policy development, sterile actions and attraction of youth to every possible public events as a mobilizing force.

Official statistic data demonstrate successfully unprecedented indices. If the represented data are true, youth unemployment rate was only 3.8% in the 3d quarter 2012, that is, 1.4 times less than the general unemployment rate in the Republic. 15-24 years old youth is taken into account. It is interesting that according to the law “On the state youth policy in RK” [10], which determines the youth age from 15 to 28 years old, unemployment rate is comparable with the general republican one and it amounts to 5.2% [11-20]. But at that, wage earner’s rate is 58.2%. The rest part belongs to the self-employed category amounting to 41.8%.

Findings and conclusion

1. According to ILO, the lowest unemployment rate in 20012 was in Germany, the highest one – in Greece, 54.2%.
2. In 2012 unemployment level in Kazakhstan looked as follows: general -5.2% and youth ~3.8%.

Creation of workplaces to decrease unemployment rate and social strain, to ensure youth employment and demand in it is an urgent problem on the EU labour-market. 

Kazakhstan youth needs to get better vocational technical training and adequate adaptation on the labour-market in the country. In order to improve the youth employment sphere it is necessary to:
1. Conduct special labour-market studies;
2. Develop relations between the basic educational institutions and enterprises;
3. Develop system of social services ensuring youth employment (youth labour exchanges, fairs, etc.).
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**References**

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