

# Youth Labor Market Analysis and Assessment of the Republic of Kazakhstan

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**Abstract.** In this article, the authors analyze and evaluate the youth labor market in Kazakhstan on the basis of statistical calculations and groupings. The results of the study, the authors showed in the form of tables on the main indicators of the labor market, on the status of employment and on the level of education. Based on the assessments, it turns out that in order to improve the quality of the workforce of young people, it is necessary to raise the level of professional training of the population and to promote the system of continuous professional education.

## 1. Introduction

For a long time, the labor market as an economic category was considered as a phenomenon inherent only in capitalist countries, and unemployment as consequence of dominant relations in the labor market, resulting from the numerous contradictions between labor and capital.

A few years ago, youth unemployment seemed not just an acute, but also an intractable problem. The President of Kazakhstan connects the strategy of the future capable of taking our country to a qualitatively new level with youth. Competent, advanced, able to take responsibility youth. The head of state notes that education is the most fundamental success factor. All conditions have been created in Kazakhstan to achieve it. During the years of independence, the country has built up sufficient potential for intensive growth in all spheres of life, has taken a strong position in the global political space.

However, it is impossible to stop there. That is why the President set new tasks for Kazakhstan society. If in the Message "Third Modernization of Kazakhstan: Global Competitiveness" NursultanNazarbayev outlined the directions of economic, social, political modernization of the country, in his article he defined goals related to the most important transformations of the national consciousness of Kazakh people. They affect the deepest concepts and value orientations of each person and are aimed at self-identification, preservation of continuity and connection of generations, strengthening unity. Meanwhile, a big problem is connected with the outflow of young people and adults to

the cities. In rural areas, there is a shortage of 2,500 specialists of various profiles, and according to statistics, only 68% of graduates from agricultural universities are employed.

Digitalization will lead to reduction of jobs in cities, while in the countryside there is a lack of labor and qualified specialists. Therefore, it is necessary to reallocate work resources. Nowadays, it is proposed to increase the quota for entering universities for rural youth from 30% to 50%. The main task is for graduates to return to their villages and work for the socio-economic prosperity of their small homeland.

Rural youth should take advantage of state support measures aimed at the development of subsidiary and farms. As a result, through small family farms organized under the 'Sybaga' program, the country has seen a steady increase in meat production. The 'Business Bastau' program is also primarily aimed at supporting rural youth, it is expected that in just one year more than 360 thousand people will be qualified in it.

## **2. Methodology of the research and hypotheses**

There is a number of issues aimed at modernizing the social environment in villages, solving infrastructure problems and the lack of specialists in the agricultural sector.

We can say that the number of young specialists in the village is really low, although there is a lot of work there. Work should be interesting and relevant for young people. At this time, work in the field of agriculture is being revived. In the villages, it is increasingly possible to meet young combiners, tractor drivers, milkmaids, teachers, doctors, etc. It is necessary to form a team of young specialists, so that they represent a group in a village, which will have common interests and goals. Often a young specialist not having a number of like-minded people leaves the village.

The main methodological features of the rural labor market include:

- the allocation of jobs (and labor) and the lack of their territorial accessibility, due to the underdeveloped road and transport infrastructure;
- a limited non-agricultural activities and areas of employment;
- the remoteness of the employment services and the poor awareness of the rural population about the availability of vacancies;
- low horizontal (village-village) and vertical (village-city) labor mobility due to the lack of a housing market, illiquidity of existing property, attachment to personal subsidiary farming, low competitiveness in the urban labor market, psychological factors;
- a weak orientation to small business, seasonal fluctuations in labor demand.

## **3. The composition and the estimation of the research tools**

To assess the labor market, we use the following composition: labor market indicators, employment status, and the level of education.

Currently, about 1.4 million or 16% of the 8.5 million people employed in the economy are engaged in agriculture. At the same time, the number of people employed in agriculture has been declining rapidly. In six years since 2012, this number decreased by more than 900 thousand, where 80% of the reduction was due to self-employed, whose number has now dropped below 1 million people. The number of people employed in farms at the same period fell by 35% and at the end of 2017 was a little more than 110 thousand people, which is associated with the consolidation of these farms.

Low wages, lack of social guarantees (the self-employed do not make pension contributions) are the main cause of the outflow of workers from agriculture. Part of the self-employed flowed into the service sector, construction, in the formal sector.

In the long term, employment in urban areas has a steady upward trend. However, in rural areas there is a steady decline in employment. Compared to 2012, amid a decline in employment in rural areas in 2017 by 6%, there is a similar increase in urban areas, which indicates a significant re-direction of the working-age population from the village to the city and, in turn, leads to significant distortions regional labor markets. In addition, the structure of the employed population maintains significant differences between urban and rural areas. Thus, 84% of the urban population are hired

workers, the rest 16% are self-employed. In rural areas, the share of employees is only 61%, and the share of self-employed workers is 39%.

At the same time, unemployment among urban residents (5.1%) exceeds both the average republican level and the level among the rural population (4.8%). Over the five-year period, the number of unemployed in both the city and the village tends to a gradual decrease. However, the rate of reduction of unemployment in rural areas exceeds the pace in the city.

2019 year is the Year of Youth in Kazakhstan. This is an important step by the state, aimed at supporting the younger generation. In Kazakhstan, about 40% of young people are constantly faced with problems of employment, and entrepreneurship has not yet become attractive to Kazakhstani youth.

#### **4. The discussion of the research results and formulation of conclusions**

In this chapter, the researchers discuss the situation of the labor market in Kazakhstan. The number of labor force at the age of 15 years and older in the III quarter of 2018 amounted to 9.2 million people. 8.7 million people or 67.0% of the population aged 15 years and older were employed in the economy of the republic. The number of employees amounted to 6.6 million people and increased by 216.1 thousand people (by 3.4%) compared to the third quarter of 2017. The required data is grouped in table 1.

**Table 1.** The main indicators of the labor market in the third quarter of 2016-2018.

	<b>Population at the age of 15 years and older</b>			
	III quarter			II quarter 2018
	2016	2017	2018	
Labor force, thousand people	9031,3	9013,1	9 169,5	9 078,9
The proportion of the labor force in the population aged 15 years and older, in percent	70,5	69,8	70,4	70,0
Busy population, thousand people	8586,6	8572,1	8 727,9	8 637,5
Employment rate, in percent to:				
population aged 15 and over	67,0	66,4	67,0	66,6
labor force	95,1	95,1	95,2	95,1
Employees, thousand people	6361,3	6395,9	6 612,0	6 573,8
Percentage of the employed population, in percent	74,1	74,6	75,8	76,1
Self-employed workers, thousand people	2225,4	2176,1	2 115,9	2 063,7
Percentage of the employed population, in percent	25,9	25,4	24,2	23,9
Productively employed	1865,0	1900,7	1 898,7	1 845,6
Unproductively employed	360,4	275,4	217,2	218,1

Unemployed population, thousand people	444,7	441,0	441,6	441,4
Unemployment rate, percent	4,9	4,9	4,8	4,9
Unemployed at the age of 15-24, thousand people	41,8	38,3	38,1	39,0
<b>Youth unemployment rate, in percent (aged 15-24 years)</b>	<b>3,7</b>	<b>3,8</b>	<b>3,7</b>	<b>3,8</b>
<b>Unemployed at the age of 15-28, thousand people</b>	<b>89,6</b>	<b>84,7</b>	<b>81,9</b>	<b>82,4</b>
<b>Youth unemployment rate, in percent (aged 15-28 years)</b>	<b>3,9</b>	<b>4,0</b>	<b>3,9</b>	<b>3,9</b>
Long-term unemployment rate, percent	2,2	2,3	2,2	2,2
Non-labor force	3782,5	3905,5	3 857,4	3 882,3
Percentage of non-labor force in the population aged 15 years and over	29,5	30,2	29,6	30,0

**Table 2.** Result: Employed population by employment status and gender in the third quarter of 2018.

	Total		including men		women	
	thousand people	share, %	thousand people	share, %	thousand people	share, %
Total employed	8 727,9	100,0	4 507,1	100,0	4 220,8	100,0
Wage-earners	6 612,0	75,8	3 391,7	75,3	3 220,3	76,3
including those employed:						
in the organisation	5 929,8	89,7	3 022,6	89,1	2907,2	90,3
for individuals	541,3	8,2	269,1	7,9	272,2	8,4
in a peasant farm	140,9	2,1	100,0	3,0	40,9	1,3
Self-employed workers	2 115,9	24,2	1 115,4	24,7	1 000,5	23,7
including:						
employers	131,0	6,2	86,0	7,7	45,0	4,5
independent workers	1973,5	93,3	1022,8	91,7	950,7	95,0
cooperative members	3,9	0,2	2,8	0,3	1,1	0,1
helping (unpaid) workers	7,5	0,3	3,8	0,3	3,7	0,4

The main share of employees was employed in organizations - 89.7% (5.9 million people). The number of self-employed people amounted to 2.1 million people. A significant part of self-employed persons carried out their activities in agriculture (38.3%), as well as in the sphere of trade (31.1%), the provision of transport services (10.2%) and in construction (7.2%). The necessary data are grouped and calculated in Table 2.

7 million people had higher and secondary professional (special) education or 79.8% of the employed population. The share of employed women with higher and secondary vocational education is higher compared to men. The required data are grouped and calculated in Table 3.

**Table 3.** Result: Employed population by level of education and gender in the third quarter of 2018.

	Total		including men		women	
	thousand people	share, %	thousand people	share, %	thousand people	share, %
Total employed of them have education:	8 727,9	100,0	4 507,1	100,0	4 220,8	100,0
higher	3 368,2	38,6	1 542,0	34,2	1 826,2	43,3
incomplete higher	117,0	1,3	58,6	1,3	58,4	1,3
secondary vocational (special)	3 484,0	39,9	1 855,0	41,2	1 629,0	38,6
initial professional average	1 400,9	4,6	265,5	5,9	135,4	3,2
total	275,3	14,6	740,1	16,4	535,2	12,7
the main	77,3	0,9	43,6	1,0	33,7	0,8
initial	5,2	0,1	2,3	0,0	2,9	0,1

The number of unemployed (aged 15 years and older who did not have a profitable occupation were actively looking for it and were ready to start it) in the third quarter of 2018 amounted to 441.6 thousand people. The unemployment rate was at 4.8% (in the third quarter of 2017 - 4.9%). The required data is grouped and calculated in Figure 1.

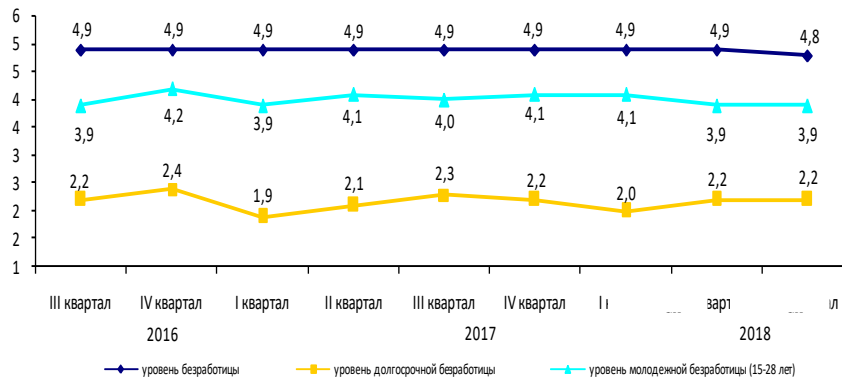


Figure 1. Unemployment rates in 2016-2018 in percents.

The share of men in the number of unemployed in the third quarter of 2018 was 45.0% (198.5 thousand people), women - 55.0% (243.1 thousand people). The necessary data are grouped and calculated in table 4.

Table 4. Result: Unemployed population by level of education and gender in the third quarter of 2018.

	Total Thousand people	unemp loyment rate, %	including		women Thousand people	Unemplo yment rate, %
			men Thousa nd people	Unemplo yment rate, %		
Unem- ployed, total	441,6	4,8	198,5	4,2	243,1	5,4
aged:						
15-24	38,1	3,7	16,0	2,9	22,1	4,6
25-34	172,5	5,8	80,2	5,1	92,3	6,7
35-44	88,4	3,9	38,8	3,5	49,6	4,4
45-54	74,8	3,9	34,8	3,7	40,0	4,0
55-64	66,7	7,2	28,0	5,7	38,7	8,9
65 and older	1,1	1,6	0,7	2,1	0,4	1,1

In the third quarter of 2018, in the total number of unemployed, the proportion of young people aged 15-24 years was 8.6%, or 38.1 thousand people, while those aged 15-28 were 18.5% or 81.9 thousand people. The youth unemployment rate at the age of 15-24 years old was at 3.7%, at the age of 15-28 years old it was 3.9%.

Nowadays, there are 3.9 million young people between the ages of 14 and 28. With a total unemployment rate of 4.9%, youth unemployment is 3.8%, or 82.4 thousand people.

### 5. Conclusion

Youth unemployment today is a global trend. Moreover, the global trend is the principle of lifelong learning. Educational systems should be consistent with the skills required in the labor market.

It is expected that in the period from 2019 to 2025, an additional 1.8 million young people will enter the labor market.

To improve the quality of labor resources for young people, quickly adapt them to dynamically changing conditions in the labor market and to meet the demand for labor, it is necessary to raise the

level of professional training of the population and facilitate the spread of the system of continuous professional education.

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