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## Self-employment of economically active population in the region

The article is devoted to the research of the features of self-employed population in the region. The purpose of the research is to identify the problems of the inefficiently self-employed economically active population and to develop practical recommendations for this population's transfer to efficiently self-employed and employed population. The authors of the article analyzed the main indicators of the labor market in the regions of Kazakhstan, the dynamics of the number of the self-employed population depending on the status of employment for 2010–2017, as well as the impact of the regional urbanization level on the level of self-employment of the population. Data on the self-employed population of Pavlodar region on the basis of the following indicators: economically active population, employed population, wage and salary earners, self-employed population, unemployed population, targeted social assistance recipients, low-income families living below the subsistence level are analyzed. The research identified systemic problems affecting both the labor market in Pavlodar region and the further economic growth of the region. Recommendations and proposals have been developed for the transfer of the inefficiently self-employed population into efficiently self-employed and employed in the state employment programs' population that will make it possible to apply the potential of inefficiently self-employed and unemployed citizens as an additional reserve for the region's economic growth.

*Keywords:* employment, self-employment, unemployment, informal employment, state regulation, economically active population, labor market.

The problem of regulating employment in the regions is the urgent task, both for the immediate and for the long term, which is caused by the deterioration of the demographic, labor and personnel situation, the need to create favorable conditions for the sustainable development of the regions, that is one of the most important strategic goals of the state policy of the Republic of Kazakhstan.

One of the types of employment that is constantly present in the system of the national economy is self-employment of the population, the scale of its distribution, and its role and place in the economic life can vary from minimal to very significant in different conditions and at different periods of time.

Upon the recommendation of the International Labor Organization (ILO), the whole working population is divided into wage and salary earners and self-employed population (Table 1).

Table 1

### Self-employed groups in Kazakhstan

<i>Productively employed:</i>	<i>Unproductively employed:</i>
employers	on a case-by-case basis (invalid from among the registered and unregistered)
on an individual basis (registered and active), with incomes above the subsistence minimum	in personal subsidiary farm production for own consumption
in personal subsidiary farm production for sale (exchange), with incomes above the subsistence minimum	unpaid family workers
members of a cooperative with incomes above the subsistence minimum	on an individual basis (registered and active), with incomes below the subsistence minimum
	in personal subsidiary farm production for sale (exchange), with incomes below the subsistence minimum; members of the cooperative, with incomes below the subsistence minimum

Self-employed population forms the following statistical groups: employers; individual entrepreneurs (IE), working individually involving unpaid work of their family members; members of producers' cooperatives; unpaid family workers of the IEs; persons engaged in household production, if their goods are the important part of family consumption; persons engaged in household production of goods and services for sale [1].

Since the self-employed persons establish their own business, they are referred to entrepreneurs (micro and small entrepreneurship, micro and small enterprises, where the work of hired workers can be used). Here some contradictions lie arising in the calculations, which, however, cannot hide the existence of problems of self-employment. Often statistics on self-employed population are simply not stated in statistical compilations. The main labor market indicators for the regions of Kazakhstan are shown in Table 2.

Table 2

**Main Indicators of the Kazakhstan Regions' Labor Market as of January 1, 2017**

Name of the region	Number of citizens who applied for assistance in employment (thousand people)	Number of citizens covered by active forms of social protection against unemployment (thousand people)	Number of registered unemployed, (thousand people)	Share of registered unemployed, %	Unemployment rate, %
Kazakhstan	518.4	362.7	37.5	0.4	4.9
Akmola	18.7	17.1	0.7	0.2	4.9
Aktobe	35.5	18.6	1.3	0.3	4.8
Almaty	45.4	33.2	2.8	0.3	4.8
Atyrau	19.7	12.1	3.6	1.2	4.9
East-Kazakhstan	40.3	31.4	3.5	0.5	4.8
Zhambyl	29.0	23.5	2.4	0.5	4.9
West-Kazakhstan	25.5	13.9	1.8	0.5	4.9
Karaganda	63.2	53.2	2.1	0.3	4.9
Kostanay	23.8	17.8	1.5	0.3	5.0
Kyzylorda	32.8	16.5	2.3	0.7	4.8
Mangistau	19.4	9.8	3.1	1.0	5.0
Pavlodar	23.4	15.4	1.7	0.4	4.8
North-Kazakhstan	18.7	15.6	1.0	0.3	4.9
South-Kazakhstan	87.7	59.3	6.1	0.5	5.1
Almaty	21.3	17.6	1.7	0.2	5.3
Astana	14.0	7.6	2.0	0.4	4.6

*Note.* Data of the Committee on Statistics of the RK Ministry of National Economy (MNE) [2].

The qualitative and quantitative changes taking place in the regions of Kazakhstan allow involving large segments of the population in labor relations. The labor market under modern conditions develops new forms and types of employment. By international standards, the share of the employed population in relation to working-age people in the regions is high — 73 %. This high employment value is associated with a high proportion of the self-employed population, which accounts for 25 % of the employed population, while in developed countries, the share of self-employed population is 10 % of all employed. The share of self-employed population is gradually decreasing, and herewith there is no confidence in the reliability of the figures for self-employed population. Consider the structure of the self-employed population for 2016 (Table 3).

In-depth self-employed structure for 2016

Productively employed	Share	Unproductively employed	Share
on an individual basis (registered and active), with incomes above the subsistence minimum	70,23 %	on an individual basis (non-registered and unregistered)	47,3 %
in personal subsidiary farm production for sale (exchange) with incomes above the subsistence minimum	23,5 %	on an individual basis (registered and actively operating) with incomes below the subsistence minimum	19,1 %
employers	6,22 %	in personal subsidiary farm production for sale (exchange) with incomes below the subsistence minimum	30 %
members of a cooperative with incomes above the subsistence minimum	0,06 %	unpaid family workers	3,3 %
		members of a cooperative with incomes below the subsistence minimum	0,01 %

The problem of the self-employed population is most acute in rural areas, where its share is close to 40 % of the economically active population. Allocation of self-employed persons to the only possible sector in rural areas, such as agriculture, raises doubts, which is facilitated by the lack of official registration of self-employed people [3].

With the continuing trend in the labor market, when the rural population continues to remain a kind of buffer that hides the real employment situation with employment due to self-employed persons, it is difficult to expect qualitative changes in the labor market. It can be expected that the unemployment rate will continue to decline and may drop to 4 % in the coming years. But the value of this indicator from a practical perspective is not high. So, on the one hand, by classifying some individuals as self-employed, the external indicators for the labor market look good. On the other hand, there is a shortage of qualified personnel, but it cannot be eliminated by means of self-employed people due to their lack of the necessary competencies and other factors.

When analyzing the implementation of the Employment Road Map 2020 Program during 2011–2017 in the Pavlodar region, the following was stated:

- 10,027 people are employed for permanent work;
- 5,869 citizens are covered by programs of training, retraining and advanced training;
- 5,861 people are employed in social workplaces and youth intern program;
- 1,301 people received micro credits and created 2,084 new jobs;
- 885 families had the opportunity to move from villages with low socio-economic development potential, of which 76.0 % of able-bodied family members were employed;
- 300 projects were implemented due to the development of infrastructure and housing and communal services (HCS), more than 3,900 temporary jobs were created.

Within the framework of the implemented state and regional programs in rural areas, it is planned to increase the volume of crop production on average by 3.0 % per year.

Self-employed population of Pavlodar region is mainly represented by activities in agriculture (67.8 %). This trend will continue in the following years.

The share of inefficiently employed persons within self-employed citizens is currently 44.1 %.

The composition of inefficiently employed citizens (38.3 thousand people) is as follows:

by gender:

- women — 21.9 thousand people (57.1 %);
- men-16.4 thousand people (42,9 %);

by age:

- young people under the age of 29 — 4,4 thousand people (11.4 %);
- from 30 to 49 years — 23.0 thousand people (60.1 %);
- 50 and over — 10.9 thousand people (28.5 %);

by education:

- having higher education — 1.4 thousand people (3.6 %);
- having secondary vocational education — 10.1 thousand people (26.4 %);
- having secondary and basic general education — 26,8 thousand people (70,0 %)

Implementation of active measures within the Employment Road Map 2020 will reduce the share of inefficiently employed persons within self-employed citizens by 2019 — up to 31.8 % in Pavlodar region (Table 4).

Table 4

**Employment Map of Pavlodar Region for 2015–2017, persons**

Indicators	2015	2016	2017
Population number	756528	760310	764112
Economically active population	439740	440100	440300
Employed population	418240	418700	419100
Wage and salary earners	329100	330200	331300
Self-employed population, including	89140	88500	87800
– Efficiently employed	59230	59530	59900
– Inefficiently employed	29910	28970	27900
– Unemployed	21500	21400	21200
Unemployed population registered in authorized bodies	1200	1150	1100
Low-income families living below the subsistence minimum, including:	1174	1133	1105
Recipients of state child allowances (number of families), including	952	926	912
– able-bodied persons	522	491	463
Recipients of targeted social assistance (number of families), including	222	207	193
– able-bodied persons	198	168	151
Unemployment rate, %	4.9	4.9	4.8

Note. Data of Akimat of Pavlodar region [4].

When studying the formation of such a category as the self-employed economically active population, it is important to know potential sources of labor resources in Pavlodar region (Table 5) [4].

Table 5

**Sources of Labor Resources in Pavlodar Region for 2015–2017, persons**

Sources of labor resources	2015	2016	2017
Graduates of high schools	2018	1946	1767
Graduates of VET institutions	4788	4829	4832
Labor migrants, total, including:	4005	2238	1930
Internal	552	483	499
Foreign labor force	3098	1540	1250
Oralmans	355	215	181
Demobilized from the RK Armed Forces	1151	1045	955
Graduates of schools	443	372	399
Released from prisons	556	613	552
Other	5141	50370	49100
Unemployed	21500	21400	21200
Inefficiently self-employed people	29910	28970	27900
TOTAL:	64371	61413	59535

Note. Data of Akimat of Pavlodar region [4].

Considering the sources of labor resources in Pavlodar region, we can see that the number of graduates of higher education institutions is declining, meanwhile, the number of graduates of technical and vocational

education (VET) institutions is increasing, and the need for them is currently not satisfied, especially in large industrial enterprises. Taking into account that 57.7 % of the unemployed, 70.0 % of the self-employed, and 58.5 % of the low-income have secondary and basic general education, the main measure of state support for such categories may be the arrangement of professional retraining in demanded occupations with the participation of employers.

Analyzing the excess and shortage of personnel in Pavlodar region at the beginning of 2018, it was found:

- excess of personnel is 19,381 people in 5 aggregated groups of employees' categories;
- shortage of personnel is 186 people in 4 aggregated groups of employees' categories.

There is still a shortage of personnel in the following categories:

- skilled employees of agriculture, forestry, hunting, fish farming and fishing — 23 people;
- skilled workers of large and small industrial enterprises, art crafts, construction, transport, communications — 122 people. In demand: electric and gas welders, blacksmiths, plasterers, painters, carpenters, hot metal carvers, gas cutters, breakdown mechanics, electricians for repair and maintenance of electrical equipment, operators of multiple types of equipment, electromechanicians, etc.;
- operators, instrument control men, operators of installations and machines, maintenance fitters — 34 people.

The analysis revealed that there is also the excess of personnel due to the lack of need for companies and enterprises of the region in certain groups of specialists, and in some cases, lack of these specialists' necessary competencies. The shortage of personnel in the above occupations is due to the creation and development of large industrial enterprises, the lack of own system of training workers in medium and small enterprises.

When forecasting the number of self-employed economically active population in the region it is necessary to take into account the following risks:

- reduction in prices in the world market for metals (aluminum and ferroalloys) will affect the volume of production at the metallurgical industry enterprises. That is why there is a possibility of releasing employees and transferring up to 1.5 thousand employees of these enterprises to part-time employment;
- in connection with the automation and mechanization of production processes, there is a possibility of releasing certain categories of employees (who do not know new technologies) and a need for specialists whose training is not carried out in the educational institutions of the region, which will not allow occupying the created jobs by personnel available in the region and will cause an imbalance of demand and supply of certain employees' categories;
- in agriculture, in case of unfavorable weather conditions, there is also a risk of unclaimed 2–3 thousand seasonal jobs.

Within the framework of the implemented state and regional programs, the additional need for labor resources, influencing the increase in the number of the employed economically active population by means of created new jobs for 2019–2020 will be 23.8 thousand people. The reasons for the economic inactivity of the population are education, housekeeping and health reasons. The largest group of inactive population, about 50 %, is represented by full-time students; next in importance category are persons of pre-retirement age, who often fall under staff reduction, etc.

Among the problems of self-employment of the economically active population in the region are:

1. Often personal households of self-employed people considerably cover the needs of their families in food produced in their homesteading, and the sale of surplus food products is not legalized by the self-employed.
2. The existing problem of the self-employed and informally employed population stems from a significant share of the shadow economy and a slowdown in the rate of its transfer to the real economy.
3. With the increase of state participation in the regional economy, the labor market depends on state actions that are not always effective, and do not give rise to self-employed economically active population participating in the development of entrepreneurship.

Solving the issue of effective self-employment of economically active population, it is expedient for the regional authorities to develop a mechanism for transferring the ineffective self-employed economically active population into effective self-employment people. This will provide access for this category of citizens to the means of state support for small businesses, participation in solving social problems (pension provision, health insurance, etc.).

In our opinion, programs for the development of entrepreneurship should primarily focus on people with the highest growth potential and having entrepreneurial abilities. This means that entrepreneurs who receive support can gain access to the means of developing their business and, as a result, attract employees to their business, which will increase the number of employed economically active population.

Means to support and legalize the ineffective self-employed economically active population can be in the form of a set of programs aimed at increasing the incomes received as a result of current activities, without trying to change the nature of work or individual characteristics. This result will be possible through improved pricing mechanisms, product quality and production technologies to reduce costs and / or increase production and / or quality; or by expanding markets. Interference of the state is also possible through programs that will create the opportunity to increase earnings for the self-employed, without expecting that individuals with homesteading will morph into larger farm associations and firms. Such interventions include efforts to improve knowledge and upgrade technologies, facilitate access to equipment and resources, and create greater sales opportunities and sale price regulation.

For deeper interventions, the changes in arrangement of this business will be required to help entrepreneurs in greater transformation of their activities and integrate into the value chains. By involving several small farmers or artisans in associations or cooperatives, it is possible to pool financial resources to increase production, create local and regional value chains, which will improve the efficiency of joint business. For this type of intervention, it is reasonable to envisage that third parties with the necessary technical knowledge will develop business plans and manage the implementation, including mobilizing the necessary resources and expertise. Many of these opportunities may not be used because of low expected rates of return on investments with a high risk level, lack of business environment knowledge and coordination costs. The role of the public sector should be to promote the emergence of the business that unites the ineffective self-employed subsistence farmers into more profitable and transforming entities, including by providing access to business skills, loans / grants and basic infrastructure [1, 3, 5, 6].

### *Conclusions*

Self-employment is the most common type of employment in the world, and for many people it is the only alternative. Most self-employed farmers and business owners, especially in rural areas, show very low productivity and live in poor households. Therefore, state programs, such as road maps for the legalization of the self-employed population, which support the self-employed and small entrepreneurs in improving their livelihood, are necessary in the development of regions.

Unfortunately, due to low evaluation and monitoring, there is no objective data on the impact and effectiveness of these programs, as well as on the best way to develop and implement them. The results of the implemented programs show an insufficient level of their effective use. Regional authorities should continue to work to legalize the self-employed economically active population, focused on individuals engaged in subsistence farming. Research and policy analysis on self-employed people should focus on the development tools for beneficiaries, the mechanisms for determining the opportunities for creating and developing businesses, the guidelines for developing and combining activities adapted to different beneficiaries, the effectiveness of different implementation mechanisms and cost-effectiveness.

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### **Аймақтағы экономикалық тұрғыдан белсенді халықтың өз бетінше жұмыспен қамтылуы**

Қазақстанның аймақтары еңбек нарығының негізгі көрсеткіштері, сонымен қатар 2010–2017 жж. өз бетінше жұмыспен қамтылғандар саны және аймақтың тығыздығы тұрғындар санына әсері талданған. Павлодар облысының өз бетінше жұмыспен қамтылған тұрғындары, жалдамалы жұмысшылар, жұмыссыздар, арнайы әлеуметтік көмек алушылар, аз қамтылған отбасылар, жұмыспен қамтылғандар, күн көрісі төмен отбасылар саны сияқты көрсеткіштер негізінде талдау жасалған. Зерттеу барысында Павлодар аймағы еңбек нарығына әсер ететін және аймақтың әрі қарай экономикалық дамуына ықпал ететін жүйелік мәселелер айқындалды. Осы жоғарыда айтылған мәселелер бойынша ұсыныстар мен шешу бойынша нұсқаулықтар жасалып, өз бетінше жұмыспен қамтылғандар мемлекет тарапынан жұмыспен қамтылғандар қатарына қосу және жұмыссыздар қатарына аймақтың экономикалық өсуінің қосымша күші ретінде әлеуетін пайдалану қарастырылған.

*Кілт сөздер:* жұмыспен қамту, деңгейі, жұмыссыздық, бейресми жұмыспен қамту, мемлекеттік реттеу, экономикалық белсенді халық, еңбек нарығы.

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### **Самозанятость экономически активного населения в регионе**

Статья посвящена изучению особенностей деятельности самозанятого населения в регионе. Цель исследования — выявление проблем непродуктивно самозанятого экономически активного населения и выработка практических рекомендаций по их переводу в продуктивно самозанятое и занятое население. Проанализированы основные показатели рынка труда регионов Казахстана, динамика численности самостоятельно занятого населения в зависимости от статуса занятости за 2010–2017 гг., а также влияние уровня региональной урбанизации на уровень самозанятости населения. Проведен анализ данных по самозанятому населению Павлодарского региона, на основе следующих показателей: экономически активное население, занятое население, наемные работники, самостоятельно занятое население, безработное население, получатели адресной социальной помощи, малообеспеченные семьи, проживающие ниже прожиточного минимума. В ходе исследования идентифицированы системные проблемы, влияющие как на рынок труда Павлодарского региона, так и на дальнейший экономический рост региона. Выработаны рекомендации и предложения по переводу непродуктивно самозанятых в продуктивно самозанятых и занятых на использование государственных программ по занятости, которые позволят применить потенциал непродуктивно самозанятых и безработных граждан в качестве дополнительного резерва экономического роста региона.

*Ключевые слова:* занятость, самозанятость, безработица, неформальная занятость, государственное регулирование, экономически активное население, рынок труда.

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