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Labor income trends in Kazakhstan

Abstract

Object: To research the labor income of the population in the Republic of Kazakhstanin the context of the growth and development of the country's economy.The Subject of the Study is the employment trends in the labor market of Kazakhstan, along with the regulations that have been developed to manifest economic transformation.

Methods: The researcher conducted immersive empirical research from peer-reviewed sources, using comparative and component analysis.

Findings: The labor trend of Kazakhstan can be categorized into four stages that illustrate each major transformation in the labor market.

Conclusions: The current state of Kazakhstan's labor market has been influenced by many factors, including structural changes, market conditions, economic dynamics, information technology and the COVID-19 epidemic. The authors identified four main trends throughout the article in terms of labor income. At the first stage of the development of the Kazakh labor market, there were no relevant legislative guidelines; the second stage included the creation of a legal framework. The third and fourth stages are focused on improving the current labor legislation.

Keywords: employment, Labor, shadow economy, Gross Domestic Product (GDP), Kazakhstan's labor market, Information Technology (IT).

Introduction

The onset of the COVID-19 pandemic has imparted adverse effects on the global economy, Kazakhstan included. The last global economic recession took place in 2009, and it caused the world's gross domestic product to decrease by an aggregate of 2.3% (Mussayeva, Vishnevskaya, 2022). Nonetheless, the impact of the Coronavirus on the global gross domestic product was more detrimental as it plummeted by 3.5% (Zayed et al., 2020). The COVID-19 pandemic negatively affected the social and economic facets and forced businesses to shut down indefinitely. Global trade declined, and people were restricted from traveling. Therefore, many enterprises had to retrench their employees to reduce operational costs and keep their businesses alive, increasing the global unemployment rate.

Unemployment in Kazakhstan increased by 11%, and the people who lost their jobs at this time were placed under a new category of "temporarily unemployed". The 11% increase in unemployment translates to more than nine hundred thousand jobs (Mussayeva, Vishnevskaya, 2022). As a result, the economic productivity in Kazakhstan decreased considerably, which increased poverty by 14% (Aktymbayeva et al., 2021). However, the economic growth of Kazakhstan is recovering steadily and is projected to improve further as the temporarily unemployed people return to their jobs. Therefore, this research article aims to unveil the trends in the labor market of Kazakhstan.

Literature Review

Human capital is the most imperative type of capital in any community. Therefore, national governments must measure human capital to facilitate their countries' consistent growth and development. Understanding all the underlying factors that affect human capital, such as age, educational attainment, gender, profession, and other economic activities, is necessary to manifest favorable sustainable development goals.

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The sustainable development of a country is only possible when all the citizens of a country are empowered to exercise their human rights. The ultimate path towards achieving sustainable development in countries is for national governments to create favorable working environments and promote economic development.

The national government of Kazakhstan has done a commendable task as regards the country's sustainable growth and development. Kazakhstan is classified as an upper-middle-income earning country with a high potential for further development. The first years after Kazakhstan became a sovereign country were tough because there was a high emigration rate, high mortality, and a high fertility gap. Between the 90s and early 2000s, there was high external migration from Kazakhstan, which saw the movement of more than two million people (Kapyshev, 2021). Most of the people who emigrated from this country during this particular period were educated, which meant that Kazakhstan experienced a significant reduction in its workforce (Kapyshev, 2021). However, the national government of this country has managed to improve the living conditions in the country, and the levels of emigration have reduced significantly, especially in the last five years.

The per capita income in the country increased significantly between the years 2013 to 2017 (Bokayev et al., 2020). Nonetheless, the gap between the rich and the poor in Kazakhstan is high. Poverty is higher in the rural areas of Kazakhstan because they have less economic productivity. As it can be seen in Figure 1, there is a high rate of unemployment in rural areas. Furthermore, the few employed people in rural areas are paid low wages.
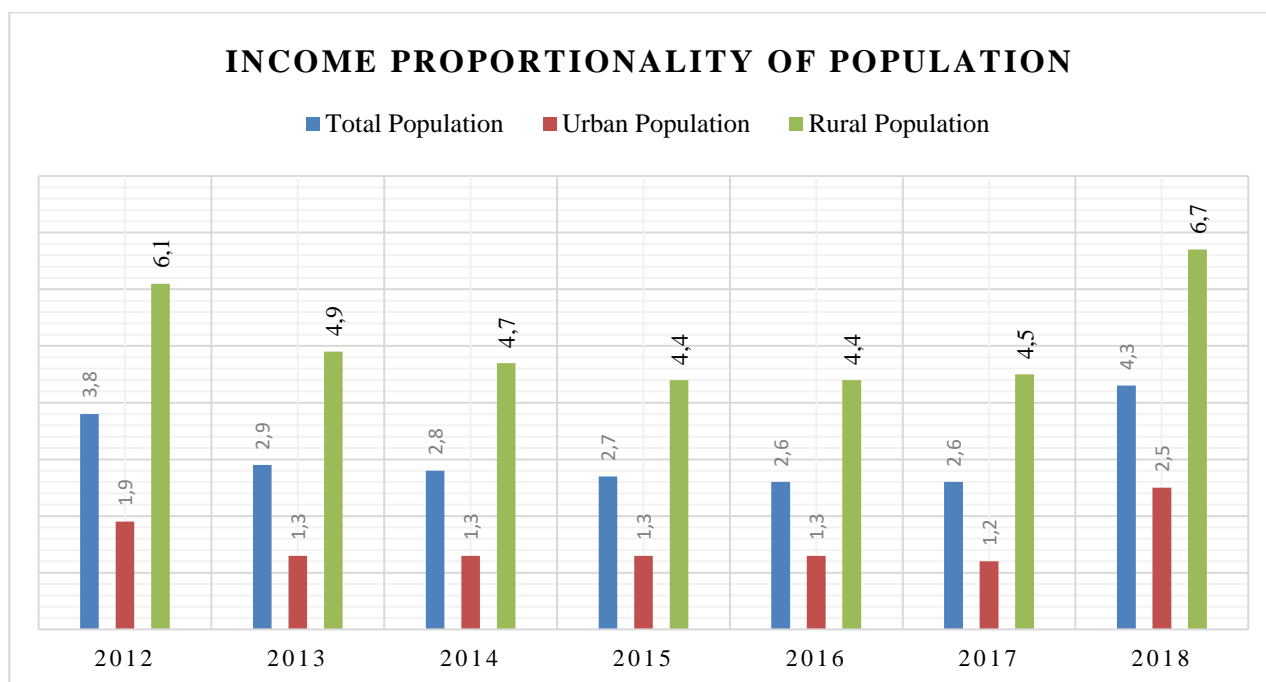

Figure 1. Income proportionality of population below the subsistence level (rural versus urban population).

Note: UNFPA Kazakhstan (2019)

Since independence, the high mortality rate in Kazakhstan is often caused by crime. There is a relatively high-income disparity in Kazakhstan, which is the leading cause of tension between the rich and the poor in the country. Moreover, the immense income disparity in this country contributes to low birth expectancy and the death of babies under five (Aimbetova et al., 2022). It is rather unfortunate that such intricacies are only present for the poor citizens of Kazakhstan in rural areas that lack basic amenities, such as clean drinking water. The fertility gap in Kazakhstan is favorable, which is why the country's population is increasing at a remarkable rate, as the country currently has more than 18 million people (Gaisina, Kaidarova, 2017).
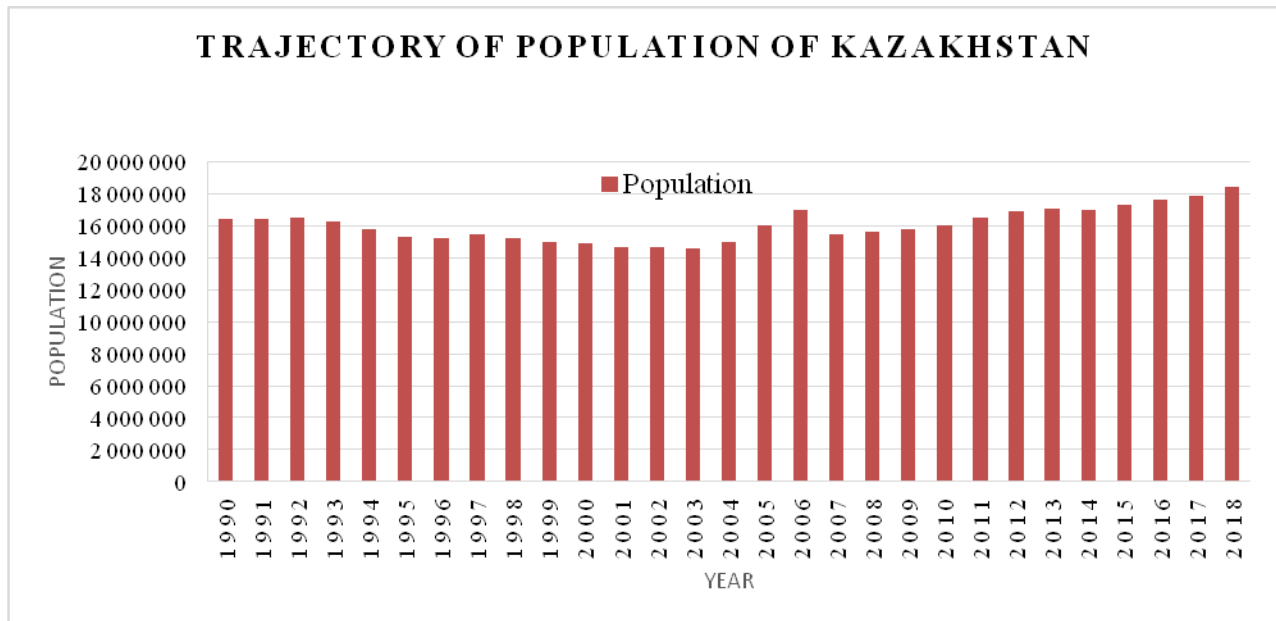
Figure 2. Trajectory of Population of Kazakhstan

Note: the Author's calculation is based on data collected from the Statistical Committee(ASPR, 2020)

Figure 2 above demonstares imperative data to note that the labor market is dynamic, and changes in labor trends in countries are affected by several factors. One of the most significant factors is a change in age and birth rates. In most cases, the working population comprises the young because they are energetic. However, the working population in most countries around the world is aging, and hence the workforce of these countries continues to shrink. Kazakhstan has a relatively high population of people that fit within the country's workforce. According to (ASPR, 2020), approximately seventy percent of Kazakhstan's people are between fifteen and sixty-five years old. Furthermore, the birth rates in Kazakhstan continue to increase steadily, increasing the aggregate number of young citizens in the country. Therefore, Kazakhstan has a relatively promising workforce, and there will be no need to import labor from other countries, as is the current situation in a country like Japan (Matanle, 2018).

Change in workforces in countries has been affected by the rise in global interactions where employees have been empowered to seek employment abroad. Technology has turned the world into a global village where one can seek a job in country miles away and even migrate to that country. For instance, Germany highly encourages professional migrants from other countries to help compensate for the rapidly shrinking workforce in the country (Festing, Harsch, 2018). Therefore, national governments that cannot secure employment for their citizens may suffer from brain drain as most intelligent citizens seek greener pastures in other countries.

The constant improvement of technology has created a digital economy that has altered how companies view talent acquisition. IT milestones, such as using big data, have helped companies focus on higher productivity and efficiency (Guarda et al., 2021). Information technology has changed the way companies strategize and acquire talent fit for their workforce. As a result, some redundant work functions have been delegated to robots and computers. Not only robots and computers are better than humans because they automate processes but also because they do not make any errors or get tired.

Methods

The researcher conducted empirical research to understand Kazakhstan's labor and population trends. The researcher used the keywords "population trends in Kazakhstan" and "labor trends in Kazakhstan". Most publications utilized in the research were peer reviewed and were strictly sought in Google Scholar. Data collected in the research was from reliable sources, and the researcher applied an integrated approach to collect and analyze the data. The methods of data collection and analysis that were utilized include: comparative analysis and component analysis. Comparative analysis was necessary to indicate the performance of Kazakhstan as compared to other countries. This information was relevant in illustrating how well Kazakhstan ranks as compared to global labor statistics. Component analysis was necessary for this research because it helps to illuminate each of the factors that affect labor trends in the case of Kazakhstan.

Results

The labor trend in Kazakhstan could be summarized into three stages as illustrated:

Stage One: 1991-1998 change of labor trends in a transitional economy;

Stage Two: 1999-2008 change of labor trends in the state of economic recovery and its subsequent growth;

Stage Three: 2009-2019 change of labor trends in an economic recession;

Stage Four: change of labor trends in the condition of the global economic crisis caused by the spread of the Coronavirus pandemic.

After a comparative study of the conditions in labor markets of Kazakhstan and foreign countries, it became apparent that workforce reduction occurred in all countries. Therefore, Kazakhstan did not perform poorly as compared to other countries worldwide. The Coronavirus altered labor trends as one out of five employees were compelled to work from home because of the lockdown in countries worldwide. Kazakhstan adopted the concept of remote working, as roughly 50% of the employees in the country were instructed to work from home (Díaz-Soloaga & Díaz-Soloaga, 2022).

One sector, as it mentioned in Figure 3, that employs a considerable number of citizens of Kazakhstan and yet is overlooked is agriculture because the number of people it employs is reducing over the years instead of increasing. In 2019, 14.86% of people in employment belonged to the agricultural sector compared to 2009 (Statista, 2022). The government of Kazakhstan speculates that investing in agriculture will help to reduce unemployment, which is why it has invested in digitizing agriculture via the implementation of precision farming (Abdullaev et al., 2020). People in rural areas will benefit the most from improved agriculture because there is a high endowment of land resources and an unutilized pool of human capital.
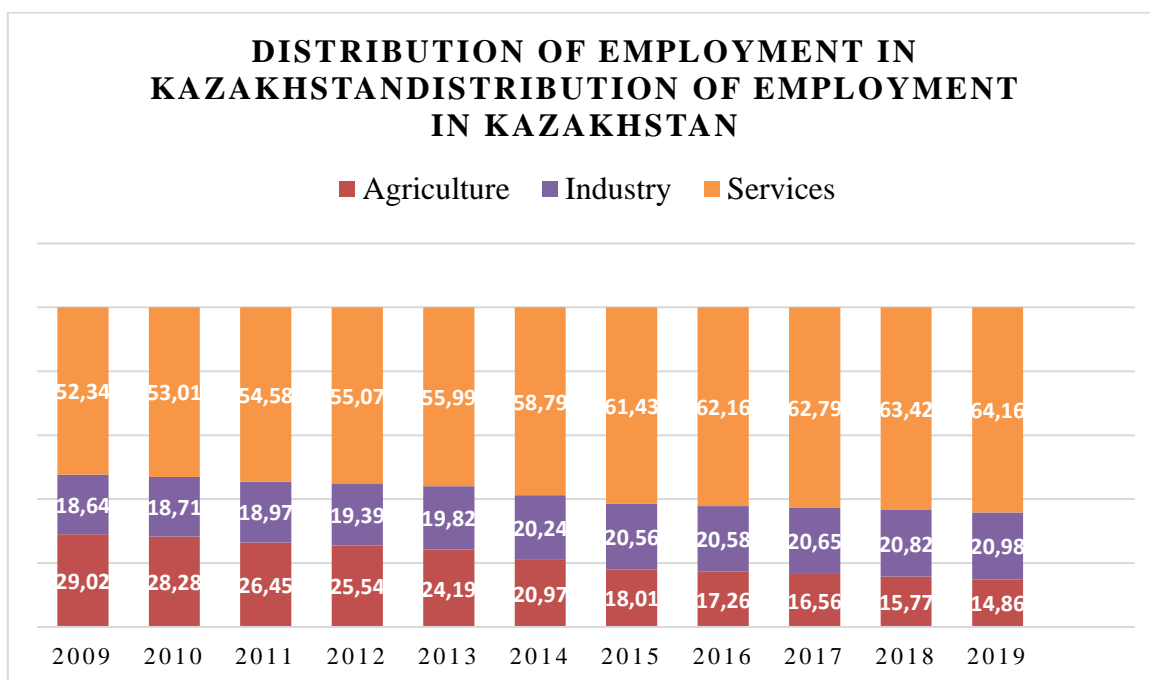

Figure 3. The distribution of employment in Kazakhstan according to economic sectors.

Note: Statista. Calculation of agriculture, industry and services employment (2022).

Discussions

As illustrated above, Kazakhstan's labor market has undergone many transformation stages. In this section, we will critically analyze each of the stages.

Stage One: 1991-1998. This stage was full of uncertainty as Kazakhstani nationals were radicalized, and so were the reforms at the time. A massive workforce reduction caused by an overall decrease in productivity commenced after corporatization and privatization of government property. During this stage, the government of Kazakhstan was still finding ground by building state infrastructure, legislating, and catering to the economy in general. Consequently, the government cared only about the workforce it dealt with and overlooked people working in low-rated services, forming underground economies free from government intervention. The intricacy of employment and pursuit of market equilibrium led to the creation of the labor

exchange. The labor exchange was made up of two institutions the employment promotion fund and the state employment service (Daulieva et al., 2021).

Be it as it may, the employment crisis in Kazakhstan deteriorated at this stage as the country had an unstable financial and credit system, leading to an upsurge in non-payments. During this period, the gross domestic product reduced by 31%, and the inflation rate reached three and four digits (Gaisina, Kaidarova, 2017). The yearly consumer price inflation levels were above 100% until the situation upgraded in 1996. The economic growth of Kazakhstan began improving after the implementation of presidential executive orders that guided the development of entrepreneurship in the country.

Stage Two: 1999-2008. The beginning of this period was somewhat challenging because, in 1999, the labor exchange was liquidated, leading to a peak in employment that reached 13.5%. Also, liquidating this institution led to the halt of unemployment benefits. As if not enough, the labor market had become decentralized, most of whom took over and coordinated their affairs rather poorly. The government intervened to improve the situation by increasing the right and jurisdiction of private employers, and this occurrence marked the transition of Kazakhstan from a planned to a market economy (Korgan et al., 2019). In the fiscal year 2001-2002, the United States and European Union officially recognized Kazakhstan as a market economy. Kazakhstan was the first CIS country to receive this type of recognition. The labor laws of Kazakhstan improved further during this stage as it was when the new law of employment of the population and the labor code was introduced to the Republic of Kazakhstan. Between 2007 and 2008, there was a global economic crisis, and Kazakhstan was affected like all other nations. By 2008 the unemployment rate had reduced to 7.3%, including the unemployment caused by the economic crisis.

Stage Three: 2009-2019. This period reduced economic growth caused by increased employment in the shadow economy. Therefore, the growth of the underground economy means that the national government misses out on collecting taxes, yet it was necessary to promote further growth and development of Kazakhstan. In 2011 the "Employment 2020 Roadmap Program" was introduced (Jusibalieva et al., 2020). Its role was to resolve employment intricacies that faced specific demographics based on gender, age, disability status, growth of the shadow economy, and increased immigration from Uzbekistan and Kyrgyzstan. Also, at this particular stage, the role of IT proved essential as it accommodated the possibilities of remote working.

Stage Four: from 2020 to the present. An epidemiological complication caused the period of a global crisis through the spread of the COVID-19 pandemic. The GDP of Kazakhstan decreased by 1.8% in the first six months; the service sector plummeted by 5.6% percent (Mussayeva, Vishnevskaya, 2022). The labor scenario changed because more than half of the business enterprises in the country switched to remote working. The national government introduced the "Employment Roadmap 2025", which will create up to 130,000 jobs in 6,500 projects (BR2025, 2022). In 2020, the global unemployment rate increased to 6.5% from 5.4% in the previous year. Kazakhstan performed reasonably well as the increase in unemployment at this period only increased by 0.1%, from 4.8% to 4.9% (Mussayeva & Vishnevskaya, 2022).

Conclusions

Kazakhstan's pursuit of improving its economy's employment needs meets the requisite threshold that constitutes a market economy. The present state of Kazakhstan's labor market has been influenced by a myriad of factors, including structural alterations, market conditions, economic dynamics, information technology, and the COVID-19 epidemic. The authors identified four main trends throughout the article in terms of labor income. The first stage of Kazakhstan's labor market lacked relevant legislative guidelines; the second stage involved the creation of a legal framework. The third and fourth stages focus on improving the labor laws in place. There is a favorable balance between the rate of population increase in Kazakhstan and the increase in job opportunities in the country. Therefore, if all factors are constant, the trajectory of employability in this country is promising, and it is only a matter of time before Kazakhstan achieves its sustainable growth and development goals.

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Қазақстандағы еңбек табыстарының тенденциялары

Аңдатпа

Мақсаты: Ел экономикасының өсуі мен дамуы тұрғысынан Қазақстан Республикасы халқының еңбек табыстарын зерттеу. Зерттеу нысаны Қазақстанның еңбек нарығындағы жұмыспен қамту тенденциялары, сондай-ақ экономикалық өзгерістерді көрсету үшін әзірленген нормативтік актілер.

Әдістері: Зерттеушілер салыстырмалы және компоненттік талдауды қолдана отырып, рецензияланған көздерде ниммерсивті эмпирикалық зерттеу жүргізді.

Нәтижелері: Қазақстанның еңбек үрдісін еңбек нарығындағы әрбір ірі трансформацияны бейнелейтін төрт кезеңге бөлуге болады.

Тұжырымдар: Қазақстанның еңбек нарығының қазіргі жағдайына құрылымдық өзгерістер, нарықтық жағдайлар, экономикалық динамика, ақпараттық технологиялар және COVID-19 эпидемиясы сияқты көптеген факторлар әсер етті. Авторлар еңбек кірісі тұрғысынан мақалада төрт негізгі тенденцияны анықтады. Қазақстандық еңбек нарығын дамытудың бірінші кезеңінде тиісті заңнамалық бағдарлар болмады; екінші кезең құқықтық базаны құруды қамтыды. Үшінші және төртінші кезеңдер қолданыстағы еңбек заңнамасын жетілдіруге бағытталған.

Кілт сөздер: еңбекпен қамту, еңбек, көлеңкелі экономика, жалпы ішкі өнім (ЖІӨ), Қазақстанның еңбек нарығы, ақпараттық технологиялар (I.T).

Л.А. Курмангалиева, Е.Б. Аймагамбетов, Б.К. Джазыкбаева, З.А. Капелюк

Тенденции трудовых доходов в Казахстане

Аннотация:

Цель: Исследование трудовых доходов населения Республики Казахстан в контексте роста и развития экономики страны. Предметом исследования являются тенденции занятости на рынке труда Казахстана, а также нормативные акты, которые были разработаны для проявления экономических преобразований.

Методы: Исследователи провели иммерсивное эмпирическое исследование из рецензируемых источников, используя сравнительный и компонентный анализ.

Результаты: Трудовую тенденцию Казахстана можно разделить на четыре этапа, которые иллюстрируют каждую крупную трансформацию на рынке труда.

Выводы: На нынешнее состояние рынка труда Казахстана повлияло множество факторов, включая структурные изменения, рыночные условия, экономическую динамику, информационные технологии и эпидемию COVID–19. Авторы выделили четыре основные тенденции на протяжении всей статьи с точки зрения трудовых доходов. На первом этапе развития казахстанского рынка труда отсутствовали соответствующие законодательные ориентиры; второй этап включал создание правовой базы. Третий и четвертый этапы сосредоточены на совершенствовании действующего трудового законодательства.

Ключевые слова: трудоустройство, труд, теневая экономика, валовой внутренний продукт, рынок труда Казахстана, информационные технологии.