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**Regional aspects of the
employment problem in
Kazakhstan**

High rates of economic growth in Kazakhstan little overshadowed by questions of employment and the functioning of the regional labor market. Regions in Kazakhstan are extremely diverse, each of them has its own peculiarities. The successful solution of the problem of Kazakhstan becoming one of the 30 most developed countries in the world largely depends on the contribution of each region in socio-economic development of the country. The current situation in the world economy and individual countries are updated by the searching opportunities of their potential realization. The objectives of the employment dynamics research in regional context becomes very urgent. It is particularly important to analyze and identify specific factors distinctive to each region. And on this basis it's essential to develop adequate measures to improve the level of employment measures. As the main source of labor market data we used the Statistics Committee's official data of the National Economy Ministry of the Republic of Kazakhstan.

Key words: Kazakhstan, regions, employment, influences on employment, self-employed, employment outlook.

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**Қазақстандағы жұмысбасты-
лықтың аймақ деңгейіндегі
мәселелері**

Қазақстанда жұмысбастылық мәселелері және аймақтық еңбек нарығы экономикалық өсудің жоғары қарқынының көлеңкесінде қалды. Қазақстан аймақтары сан қыйлы, әрбірінің сәйкесінше өз ерекшеліктері бар. Қазақстанның дамыған 30 елдің қатарына кіруіне ел аймақтарының әлеуметтік-экономикалық дамуының маңызы зор. Әлеуетті іске асыру мүмкіндіктерін іздеу қазіргі жағдайдағы әлемдік экономиканың және жеке мемлекеттердің өзекті мәселесі болып табылады. Қазақстандағы жұмысбастылық деңгей өзгерістерін аймақтық деңгейде зерттеу мәселелерінің өзектілігі арта түсуде. Нақты факторларды талдау және анықтау әрбір аймаққа ерекше маңызды болып табылады. Және соның негізінде жұмыспен қамту деңгейін жақсарту үшін тиісті шаралар әзірлеу қажет. Еңбек нарығындағы мәліметтердің негізгі көзі Қазақстан Республикасының ұлттық экономика Министрлігі статистика Комитеті болып табылады.

Түйін сөздер: Қазақстан, аймақ, жұмысбастылық, жұмысбастылыққа әсер ететін факторлар, өзін-өзі жұмыспен қамтығандар, жұмысбастылық болжамы.

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**Региональные аспекты
проблемы занятости
в Казахстане**

Высокие темпы экономического роста в Казахстане несколько отодвинули на второй план вопросы занятости и функционирования регионального рынка труда. Регионы в Казахстане чрезвычайно разнообразны, каждому из них присущи свои особенности. Успешное решение задачи вхождения Казахстана в число 30-ти самых развитых государств мира во многом зависит от вклада каждого региона в социально-экономическое развитие страны. Нынешняя ситуация в мировой экономике и отдельных странах актуализирует поиск возможностей реализации их потенциала. Задача исследования динамики занятости в Казахстане в региональном контексте становится весьма актуальной. Особенно важно проанализировать и выявить специфические факторы, характерные для каждого региона. И на их основе разработать адекватные меры по повышению уровня занятости. В качестве основного источника данных о рынке труда нами использованы официальные данные Комитета по статистике Министерства национальной экономики Республики Казахстан.

Ключевые слова: Казахстан, регионы, занятость, факторы влияния на занятость, самозанятые, прогноз занятости.

**REGIONAL ASPECTS
OF THE EMPLOYMENT
PROBLEM IN
KAZAKHSTAN****Introduction**

Globalization, technological advances, economic crises and demographic processes give rise to huge problems in the field of employment. Accelerating structural change in the direction of the development of high-tech industries and activities requires improving on the available workforce's utilization. Effective employment is appearing one of the main engines of economic growth. Employment is supposed to be the most important problem of socio-economic development of the EU, increase the level of working population's employment is one of its main objectives they set [1].

Kazakhstan has its own specific model of employment which has been formed during the 1990s. In the following years, the employment problem in Kazakhstan and its regions were considered as corresponding issues in the study of economic growth. Today we need a serious adjustment of the country's development concept with highlighting the social and labor issues. Under the influence of the threats continued and significant deterioration of the situation on the oil market there is a necessity in explicit employment analysis in each region to determine the impact of factors on it. The employment situation has an essential effect on the majority of the population, earning money for their work life.

Employment levels in the 2010-2014 period of crisis were stable and even grown, but are hiding behind them unstable, low-paying jobs with low-skill workers. Low-cost labor is featured by poor conditions in terms of pay, safety and health jobs. It slows down the modernization of outdated production.

Self-employment of the population in all regions of Kazakhstan widely spread including the most developed regions.

Kazakhstan model adaptation of the labor market to changing internal and external factors shows its efficacy at a certain stage of development. A major role was played by the state, which generously funded employment policy. Based on this experience, the government has developed a new strategy for employment – 2020 [2]. In addition, the program «Employment Road Map 2020» is implemented [3]. The active state participation in the development and implementation of employment programs reveals one of the peculiarities of Kazakhstan's model of labor market regulation.

The current crisis of the economy of oil producing countries, in-

cluding Kazakhstan, requires a more in-depth analysis of the labor market in order to adapt the current employment model to the new conditions. Decrease the price to the main export product – oil, can considerably impact on employment not only in the oil-producing regions, but also in the whole country. There is a need for a fresh look at the formulation of adequate employment policies, taking into account characteristics of each region. In this connection, we attempt to analyze employment in Kazakhstan in the regional dimension and give impetus to its further research and comprehension.

Main part

The response (behavior) of the employment in the regions to the change of GRP:

The demand for labor is derived from the demand for manufactured products. There are two main options: employment adapts quickly under the economic conditions and wages remains almost unchanged. Another option – GRP dynamics weakly affects employment, and influences on wage rates. Table 1 shows how an average annual growth of GRP (in current prices), employment levels and the average nominal wage in 2010-2014 altered.

Table 1 – The growth of gross regional product (GRP) in current prices, the level of employment and of average nominal wages (AW) in 2014 to 2010 *

	Growth of 2014 to 2010 in%			Average annual growth rate in%		
	GRP	Employment level	AW	GRP	Employment	AW
Republic of Kazakhstan	179,0	100,8	155,9	15,7	1,2	11,7
Akmola	179,9	101,0	156,6	15,8	0,6	11,9
Aktobe	159,9	100,4	152,4	12,4	2,0	11,1
Almaty	191,9	100,7	152,8	17,7	4,7	11,2
Atyrau	140,0	100,4	149,5	8,8	2,8	10,6
West Kazakhstan	182,3	100,6	135,1	16,2	0,1	7,8
Zhambyl	220,0	100,8	159,5	21,8	-1,0	12,4
Karaganda	155,3	100,6	162,0	11,6	-0,9	12,8
Kostanay	163,3	100,7	158,2	13,0	-0,9	12,2
Kyzylorda	153,4	101,0	149,8	11,3	1,0	10,6
Mangistau	153,5	101,5	167,0	11,3	4,9	13,7
South Kazakhstan	199,1	100,5	146,9	18,8	1,6	10,1
Pavlodar	169,8	100,8	157,5	14,1	0,3	12,0
North Kazakhstan	170,9	100,8	156,8	14,3	-3,2	11,9
East Kazakhstan	184,0	101,0	161,5	16,5	-0,7	12,7
Astana city	226,8	101,2	160,4	22,7	4,2	12,5
Almaty city	207,8	100,9	145,6	20,1	3,1	9,9

* Calculated on the basis of data [4].

The conclusion from the offered data can be summarized as follows: in all regions of Kazakhstan GRP growth (at current prices) has not led to a significant increase in the level of employment. Relatively significant positive reaction has been only in three regions – Almaty, Mangystau regions

and Astana, in other regions fairly weak employment response to growth of GRP was observed. However, in almost all regions the average nominal wage followed growth in GRP with some delay, and in Atyrau, Karaganda and Mangistau regions the average annual wage growth rate outpaced analogous

indicator of GRP. Thus, we see a version of the labor demand response concerning the demand for manufactured products. It is important to note that the price factor has played an essential role in the manifestation of this dependence.

In fact, comparison the levels of employment and production volume, free from the influence of price changes demonstrates more objective picture of the considered dependence (see. Table 2). As can

be seen from Table 2, in the industry of the country the average annual employment growth rate over the period advanced the average annual growth rate of the volume index of industrial production. In the regions, this ratio varies greatly from one to another: in seven regions can be seen ahead of the curve of average rates of output growth over the average employment growth rate, in the rest of the nine regions the opposite is true.

Table 2 – The average annual rate of employment growth and volume index production in industry and agriculture, as a percentage *

	Average annual growth rate in %			
	Employment in industry	The volume index of industrial production	Employment in agriculture	The volume index of gross agricultural output
	2010-2014 гг.	2010-2014 гг.	2010-2014 гг.	2010-2014 гг.
Republic of Kazakhstan	3,5	1,8	-8,5	4,1
Akmola	1,4	6,8	-1,3	8,8
Aktobe	7,2	3,6	-21,6	2,8
Almaty	5,4	4,2	-4,8	3,2
Atyrau	7,9	1,2	-11,0	4,7
West Kazakhstan	7,9	3,5	-8,8	2,5
Zhambyl	-6,4	10,2	-8,4	4,3
Karaganda	0,5	1,5	-15,3	5,1
Kostanay	1,2	0,8	-2,0	1,3
Kyzylorda	6,7	-0,3	-11,1	-1,6
Mangistau	13,4	0,3	-7,3	2,4
South Kazakhstan	11,4	3,8	-16,1	6,2
Pavlodar	1,5	0,4	-1,6	4,1
North Kazakhstan	0,6	4,5	-9,2	6,3
East Kazakhstan	2,8	8,4	-8,9	4,7
Astana city	6,4	7,9	43,2	-5,1
Almaty city	-2,8	6,1	-18,0	-25,7

* Calculated on the basis of data [4].

A significant difference in the extent of changes in employment rates following the change in output indicates the complex nature of the processes taking place in the regions. This requires studying them for the development of adequate employment regulation mechanism.

However, it should be emphasized that the overall economic dynamics still remains the primary determinant of the labor market. Curtailment of employment in the country as a whole have not been admitted mainly due to the dynamics of economic growth. In industry of the vast majority of

regions (except Almaty and Zhambyl region), both parameters – gross regional product and employment – were moving in the same direction.

Concerning the agriculture sector during the analyzed period, in all areas employment downsizing trend with an increase in the gross output of the industry is pronounced. However, it is always necessary to think out the strong influence of natural factors on the performance of the industry.

Other factors affecting employment in the regions

The sectoral structure of the region's economy and the dynamics of the employment. The dynamics of the GRP is not the only factor that determines the degree of the impact on employment in the regions. The appropriate response of the labor market cause other

factors too, among them the important place belongs to the sectoral structure of the region's economy.

The attractiveness of the service sector in the labor market is confirmed by the data in Table 3. During the 2010-2014, the share of service sector workers in total employment in the country increased by 7.4 percentage points. The share of employment in agriculture during this period decreased by 9.4 percentage points. The contribution of industry in employment has been minor: increased by only 1.1 percentage point.

In all regions, with the exception of the Mangistau region and Astana, sectoral emphasis in employment also continued to shift from manufacturing to services, but these structural changes occur at different rates.

Table 3 – Employed population by type of economical activity, percentage*

	Agriculture, forestry and fisheries		Industry		Construction		Services sector	
	2010	2014	2010	2014	2010	2014	2010	2014
Republic of Kazakhstan	28,3	18,9	11,7	12,8	7,0	8,0	53,0	60,4
Akmola	38,3	35,6	12,0	12,3	5,4	5,4	44,4	46,7
Aktobe	29,5	10,3	14,7	17,9	4,9	8,2	50,9	63,6
Almaty	46,7	31,9	6,6	6,8	6,4	7,3	40,3	54,1
Atyrau	8,0	4,5	11,6	14,1	19,7	14,2	60,7	67,2
West Kazakhstan	32,1	22,1	7,0	9,5	10,4	7,3	50,5	61,1
Zhambyl	34,1	24,9	7,7	6,1	5,6	8,3	52,6	60,7
Karaganda	16,8	9,0	25,2	26,7	4,6	6,1	53,4	58,2
Kostanay	38,7	37,0	11,5	12,6	3,3	3,8	46,5	46,6
Kyzylorda	17,2	10,3	10,2	12,7	11,7	10,4	60,9	66,6
Mangistau	2,2	1,4	25,6	34,9	12,3	5,9	59,9	57,8
South Kazakhstan	41,2	19,1	5,4	7,8	5,3	11,7	48,1	61,4
Pavlodar	23,7	22,0	22,0	23,2	6,4	6,5	47,8	48,3
North Kazakhstan	49,3	38,3	5,8	6,7	2,1	3,1	42,8	51,8
East Kazakhstan	30,1	21,4	14,0	16,1	5,7	5,4	50,2	57,1
Astana city	0,5	1,9	7,3	7,9	13,1	12,1	79,1	78,1
Almaty city	0,5	0,2	11,1	8,8	10,3	9,0	78,2	82,0

* compiled on the basis of source [4].

The proportion of the employed population in the services sector in Aktobe, Almaty, West

Kazakhstan and South Kazakhstan regions increased by more than 10%. Eight regions of

the country have high share in the structure of the service sector of the economy, higher than the average for Kazakhstan – 60%, have, three regions: Akmola, Kostanai and Pavlodar have the smallest proportion (less than 50%). The share of services sector in the formation GRP also increased with the growth of employment in the services sector, which is clearly demonstrated by the data in Table 4. Only

in three regions: West Kazakhstan, Zhambyl and East Kazakhstan regions, despite the pronounced growth trend of employees in the service sector, there has been a slight decrease in the contribution of this sector in the GRP growth.

It should be noted that the service sector is less than the industry, exposed to cyclical fluctuations in the economy.

Table 4 – GRP structure by sector as a percentage*

	Agriculture, forestry and fisheries		Industry		Construction		Services sector	
	2010	2014	2010	2014	2010	2014	2010	2014
Republic of Kazakhstan	4,5	4,4	32,9	27,7	7,7	6,0	54,9	61,9
Akmola	13,5	15,3	18,9	19,1	8,9	6,1	58,7	59,5
Aktobe	4,6	4,3	45,2	36,2	8,9	9,0	41,3	50,5
Almaty	15,3	15,1	20,8	21,1	12,7	9,7	51,2	54,1
Atyrau	0,6	1,3	60,2	58,0	11,6	6,0	27,6	34,7
West Kazakhstan	3,3	2,8	53,2	57,5	6,5	3,5	37	36,2
Zhambyl	9,8	10,8	17,6	18,5	9,2	10,0	63,4	60,7
Karaganda	2,9	3,3	48,9	40,7	4,0	6,3	44,2	49,7
Kostanay	16,5	11,6	29,3	24,6	4,8	5,6	49,4	58,2
Kyzylorda	3,9	2,7	52,5	43,6	7,2	8,5	36,4	45,2
Mangistau	0,2	0,4	59,6	52,1	8,3	6,2	31,9	41,3
South Kazakhstan	9,0	8,7	26,6	26,7	8,3	6,5	56,1	58,1
Pavlodar	4,5	4,0	42,1	35,5	4,8	5,1	48,6	55,4
North Kazakhstan	23,9	23,6	11,0	11,7	4,0	3,5	61,1	61,2
East Kazakhstan	8,1	8,7	29,3	29,9	5,6	5,1	57	56,3
Astana city	0,1	0,1	3,7	3,7	13,5	9,6	82,7	86,6
Almaty city	0,0	0,0	6,1	5,8	4,6	3,0	89,3	91,2

*source [4].

For Kazakhstan it is particularly important to analyze the impact of the dynamics of the mining industry and, above all, its oil and gas sector in the GRP and employment in regions such as Atyrau, Mangistau, West Kazakhstan, Kyzylorda and Aktobe regions.

During the crisis of 2008-2009 in Kazakhstan employment in the mining industry decreased slightly due to the rapid recovery of demand for energy and other raw materials and the inflated prices

on world markets. Recent changes in the world market of hydrocarbons, of course, will make their adjustments in the rate of GRP of individual regions' economy.

Self-employment in the regions. With the transition to a market economy, there was a division of the employed population to wage earners and self-employed. A particular feature of the labor market in Kazakhstan is a large proportion of self-employed. In 2014 the number of self-employed amounted to

2400400 persons or 28.2% of the total employed population. The main focus of the self-employed is concentrated in agriculture (47.7%), their share in total employment in this sector is 71.3%. The share of self-employed in the total number of employees is an important indicator of the level of individual regions' economic development. An excessively

high proportion of self-employed population demonstrates the archaic economy, its low level of technology, as well as the prevalence of informal forms of employment.

The data in Table 5 clearly identifies those areas of the country that dominated by the share of self-employed in total employment.

Table 5 – Dynamics of changes in the share of self-employed in the regions of Kazakhstan*

	The growth of employees, in %	The growth of the self-employed, in %	The share of self-employed in the number of employed population in%		Increase (+) Decrease (-)
	2014r.:2010r.	2014r.:2010r.	2010r.	2014r.	2014r. – 2010r.
Republic of Kazakhstan	112,9	88,7	33,3	28,2	-5,1
Akmola	108,5	93,7	42,2	38,7	-3,5
Aktobe	125,8	71,8	32,3	21,4	-10,9
Almaty	139,0	95,6	43,3	34,5	-8,9
Atyrau	113,3	100,9	13,3	12,0	-1,3
West Kazakhstan	103,6	95,5	39,8	37,9	-1,9
Zhambyl	103,9	89,0	52,0	48,1	-3,9
Karaganda	103,9	67,3	20,7	14,4	-6,2
Kostanay	110,1	78,2	43,2	35,1	-8,1
Kyzylorda	125,7	73,0	40,8	28,6	-12,2
Mangistau	123,0	105,0	9,7	8,4	-1,3
South Kazakhstan	110,5	102,2	47,1	45,1	-1,9
Pavlodar	105,2	88,1	24,3	21,2	-3,1
North Kazakhstan	102,1	65,9	40,1	30,1	-9,9
East Kazakhstan	100,4	90,8	33,4	31,2	-2,2
Astana city	122,1	68,8	8,1	4,7	-3,4
Almaty city	113,6	106,2	8,4	7,9	-0,5

* compiled on the basis of source [4]

The nine regions of the self-employed share exceeds the average value of this indicator for the whole country. The largest decline in the share of self-employed during the study period occurred in Kyzylorda, Aktobe and North-Kazakhstan regions.

The impact of demographic factors and migration on employment in the regions. The demographic factor significantly affects the employment in many regions, especially the southern regions of the country (see Table 6).

Table 6 – Natural growth of population and migration in the region

	Natural growth of population, to 1000 people			The balance of migration, people		
	2010*	2014*	2015**	2010*	2014*	2015**
Republic of Kazakhstan	13,57	15,56	15,20	15516	-12162	-13410
Akmola	5,05	7,33	7,00	-5 581	-4 352	2623
Aktobe	14,53	17,26	17,36	2 700	-492	-2095
Almaty	16,42	19,22	18,23	6 211	-5 116	-9642
Atyrau	20,62	22,43	21,96	192	726	188
West Kazakhstan	9,74	11,94	11,81	-1 447	-1 514	-554
Zhambyl	19,42	20,35	19,17	-8 436	-7 956	-8961
Karaganda	5,75	8,37	7,95	-2 380	-2 862	-4241
Kostanay	2,56	3,91	3,98	-4 046	-2 762	-1313
Kyzylorda	21,93	21,31	20,26	-3 742	-2 537	-3303
Mangistau	23,18	27,41	26,75	9 034	3 107	3381
South Kazakhstan	24,79	24,39	23,47	-6 926	-12 194	-13881
Pavlodar	5,38	7,45	7,19	-2 225	-2 631	-2630
North Kazakhstan	1,07	2,40	2,39	-4 067	-5 383	-3612
East Kazakhstan	4,54	6,72	6,07	-6 446	-8 068	-7700
Astana city	21,05	24,68	25,72	33 842	17 880	-2424
Almaty city	9,98	11,66	12,19	8 833	21 992	40754

*data of source [4].

**data of source [5].

Population change means a change in the number of consumers of goods and services in the domestic market, and ultimately – the demand for labor. The gap between the developed regions on life expectancy, decrease in birth rate and an increase in the mortality rate can be closely linked to the overall socio-economic situation of a region. Demographic processes have a certain influence, especially on the labor market of individual regions, they entail serious consequences in the medium and long term.

You can also see from the data in Table 6 that the migration processes were essential to stabilize employment in the regions. For example, the excess working population moved to regions which had a need in additional manpower.

Conclusion. Currently, most experts predicted a prolonged downturn in the economy. If low market conditions has longer period, the loss of jobs will be

greater. In 2008-2009 the recession was short-lived, and it did not adversely impact on the reduction in the number of employed people and did not violate the general trend to increase it.

Now slow and viscous crisis is expected, it is fairly characterized as a crisis of the old model of growth due to the huge oil rents [6]. In 2014-2015 there was already a decline in industrial production, and the Ministry of Energy of Kazakhstan has lowered its forecast for the level of production in 2016 to 77 million up to 74 million oil.

Obviously, objective picture of today's reality will manifest itself in a few years, now it is impossible to explain fully the behavior of employment during the crisis period. Now we can only conclude that the employment dynamics in the regions of Kazakhstan depends on many variables. We have considered only those which had the greatest impact on employment. The potent combination, mutual

complement and enhancement of processes can largely explain the seriousness of the problem of employment and the diversity of its manifestations at the national and regional level. But there is no doubt that the state of employment in the regions in the future will be determined by the growth of their economy and demographic changes. In this connection, it is advisable to carry out a serious

forecast for employment in each region, taking into account changes in the ratio of «economically active population / working-age population», linking the number of employed in the economy with GRP dynamics, pace of industrial-innovative development, the construction of a modern system of collectively-contractual regulation and other factors.

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