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LABOR MARKET AND DEMOGRAPHIC PROCESSES IN KAZAKHSTAN AND KYRGYZSTAN

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Abstract. The present paper considered and analyzed the main indicators of the labor market of two Central Asian countries: Kazakhstan and Kyrgyzstan for 2012 and 2017 years. The general tendency of demographic indicators of two countries: fertility and mortality were revealed, and the influence of demographic factors on the dynamics of changes in the labor market of neighboring states was studied. The effects of the level of globalization and urbanization on the level of self-employment of the population are reflected. A comparative analysis of the wages of the two states was carried out and the percentage of the employed population by educational level was revealed. This paper is the output of the science project №AR05134319/GF «Prospects of the demographic development of the regions of Kazakhstan in the context of «Mangilik Yel»», financed by the state budget of the Ministry of Education and Science of the Republic of Kazakhstan.

Keywords: labor market; demography; unemployment; level of education.

Today the successful life of a market economy is mainly associated with the rational use of human resources. Economic transformations in Kazakhstan and Kyrgyzstan clearly show that one of the significant and at the same time the most difficult problems of socio-economic reforms is the formation of the labor market, since people are its main component – the main driving force of social, political and economic transformations. The labor market ensures optimal employment and continuous retraining of the

workforce. In the labor market, the cost of labor is estimated, the conditions for its employment are determined, including the size of wages, working conditions, the possibility of obtaining education and professional growth, and also a guarantee of employment.

For a more detailed analysis, we consider the dynamics of the main labor market indicators for the above-mentioned countries separately for the period from 2012 to 2017. The data are presented in Table 1.

Table 1

Dynamics of the main labor market indicators for Kazakhstan and Kyrgyzstan for the period 2012 and 2017

Indicators	Kazakhstan		Kyrgyzstan	
	2012	2017	2012	2017
Economically active population, including:	53.1%	50.2%	43.4%	41.2%
- employed population	94.7%	95%	91.3%	92.8%
- wage-earners	68.6%	74.4%	54.5%	58.7%
- self-employed workers	31.1%	25.3%	30.5%	26.7%
- unemployed population	5.3%	5.0%	8.7%	7.2%

Source: Compiled by the Author based on the data of the Committee on Statistics of the Republic of Kazakhstan and the National Statistical Committee of the Kyrgyz Republic

From the table 1 we can see that the level of economic activity of the population in Kazakhstan since 2012 has steadily decreased and amounted to 50.2 % in 2017. The same trend is observed in Kyrgyzstan, however, the republic is approaching a critical point, as the level of economic activity of the population in Kyrgyzstan is below average, so in 2017 this figure was 41.2 %, which is 10% lower than in Kazakhstan [1].

However, the percentage of the employed population, both in Kazakhstan and in Kyrgyzstan, is insignificant, but increased. So, this indicator in Kazakhstan at the end of 2017 is 95 %, and in Kyrgyzstan – 92.8 %. We consider the proportion of the self-employed population, which is one of the significant groups of economically active population of the republics. The maintenance of social and economic stability of this category is of particular importance in the matter of reducing social tension in society.

The table 1 demonstrates that the proportion of the self-employed population of the Republic of Kazakhstan averages 25–30 %. Thus, the level of self-employed population in 2012 was 31.1 %, then in 2017 the trend was decreased – 25, 3 % [2]. It should be mentioned that the share of self-employed in developed countries on average is about 12–14 %, as for instance, in France – 11 %, in Germany – 12 %, in the UK – 15 %. In contrast to Kazakhstan, a significant part of the self-employed population of developed countries is distributed in highly productive sectors of the economy.

At the same time, the smallest part of self-employed population is located in the most economically active regions - capital cities – Nur-Sultan and Almaty and oil-producing industries – Mangistau and Atyrau

regions. In addition, these regions are characterized by a high proportion of productively employed population (more than 95 %).

In Kyrgyzstan, the share of the self-employed population is similar to Kazakhstan, and occupies about a third of the able-bodied active population (about 26–30 %). The level of the self-employed population in the state is decreasing as in Kazakhstan, since in 2017 this figure was 26.7 %, which 3.8 % lower than in 2012.

It is significant to note that in both countries the unemployment rate is declining, but in Kyrgyzstan this figure according to 2017 was equal to 7.3 %, which is 2.4 % higher than the same indicator in Kazakhstan. Today overcoming unemployment is one of the important socio-economic problems of the modern stage of development, both in Kazakhstan and in Kyrgyzstan.

Despite the fact that annually a gradual decrease in unemployment is observed in the two countries, the level of people seeking higher education is increasing, unemployment is present in both countries, moreover in Kyrgyzstan this indicator is very high. There are several reasons for the formation of this situation: poor management at the regional level, and the inefficient distribution and redistribution of state budget funds, as well as the passivity of the population itself.

Meanwhile, it should be noted that the maximum unemployment rate falls on one of the most working age from 22 to 40 years in both countries, including youth. So in Kazakhstan, the maximum unemployment rate is 25–34 years old and it is equal to 39.8 % [2] (Figure 1). 34 % of unemployed citizens in n Kyrgyzstan are between 30 and 39 years old [1].

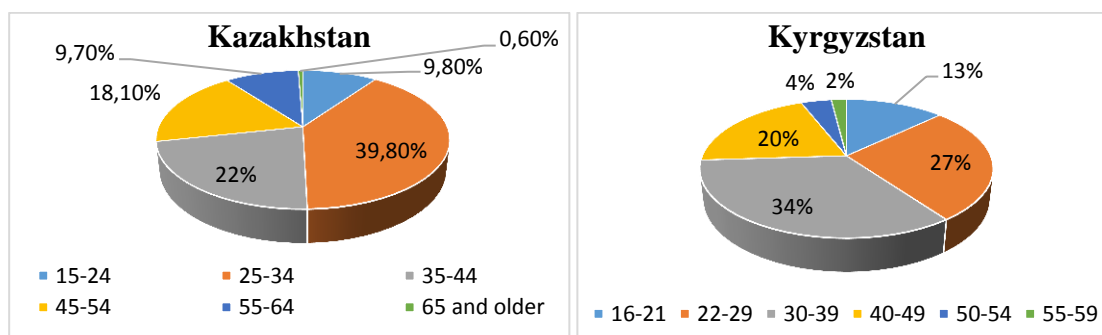


Figure 1. The unemployment rate in Kazakhstan and Kyrgyzstan in 2017

The Picture 1 indicates the age of the working population does not affect the unemployment rate. A high level of income and position in society are the main factors at the present time for this category of people within choosing a job.

It is a well-known fact that the demographic factors of the state greatly influence the dynamics of the country's labor market: the birth rate, mortality rate, growth rate of the economically active population, migration processes, etc., Kazakhstan is not exception in this case. Thus, according to the figure 2, we see that the general birth rate trend both in Kazakhstan and in Kyrgyzstan, is decreasing. However, taking into account the fact that the level of the economically

active population in Kyrgyzstan is lower and the unemployment rate is higher than in Kazakhstan, the total birth rate in Kyrgyzstan is much higher than the same indicator in Kazakhstan, so in 2017 the total birth rate in Kazakhstan was 21, 65, and in Kyrgyzstan 24.8.

It is crucial to emphasize that in the 60s and 80s of the last century, the total fertility rate in the Kazakh SSR, was 37 and 25 respectively, but since 1989 this coefficient has been decreasing. This trend of declining birth rates is characteristic for many countries where a high level of socio-economic development of society is observed.

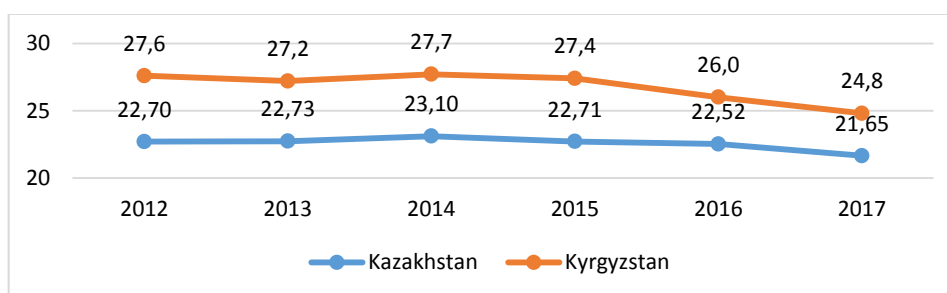


Figure 2. The total fertility rate (per 1000 people) in Kazakhstan and Kyrgyzstan for the period 2012–2017

Moreover, according to Figure 3 the mortality rate in Kazakhstan is very high, and in 2017 this figure was 7.21, when in Kyrgyz-

stan this indicator was 2.5 times less and was equal to 2.95.

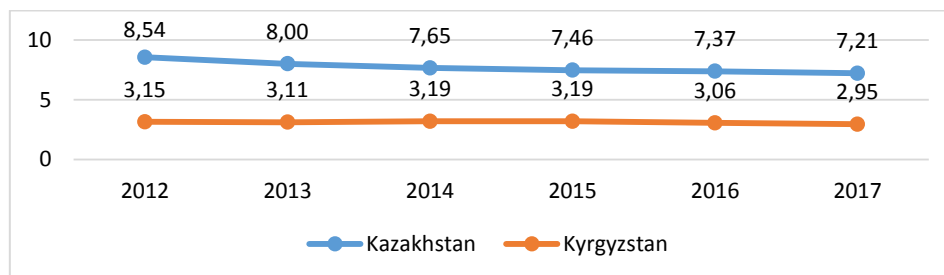


Figure 3. The total mortality rate (per 1000 people) in Kazakhstan and Kyrgyzstan for the period 2012–2017

The difference in wages in the two countries is very indicative. Thus, in Kyrgyzstan, the average monthly salary is 15 670 soms [1], which is 2 times less than in Kazakhstan. It is interesting that the highest level of wages in Kazakhstan is observed in Atyrau region (268 441 tenge), Mangistau region (250 787 tenge), Nur-Sultan (212 848 tenge), and Almaty (178 678 tenge). The lowest level of wages is observed in the following regions: Zhambyl region (96 044 tenge), North Kazakhstan region (97 344 tenge), and South Kazakhstan region (99 182) tenge [2]. This can be explained by the fact that enterprises located in the certain region affect the level of wages. For example, in the Atyrau and Mangystau regions there are large highly profitable oil companies, such as LLP Tengizchevroil, Atyrau Oil Refinery, Kazmunaiteniz Offshore Oil Company, JSC Mangistaumunaigaz and others. The level of wages in the capital of Kazakhstan – Nur-Sultan, where all ministries and large enterprises of the republic are concentrated, should correspond to the standard of living of the population. Almaty, in its

turn, being the southern capital of the republic and the metropolis of the country, also affected the increase in the level of wages of the population.

A similar analysis on data of the Kyrgyz Republic showed that the highest level of wages is observed in Issyk-Kul region (19,800 soms) and Bishkek (18,185 soms). The lowest salaries are in Osh (9 950 soms) and Talas regions (10 625 soms) [1]. The level of wages in Kyrgyzstan was mainly influenced by the type of activity. So, Bishkek, being the capital of the republic, concentrated all financial organizations in the center, and therefore, the level of wages was higher than in other regions. Issyk – Kul region, being a resort city, also affected the increase in wages.

Today, in terms of socio-economic instability, the level of education is the important point for decent wages. Thus, according to the Figure 4, the largest percentage of workers in Kazakhstan is highly educated – 36.5 %, the smallest – with incomplete higher education – 1.20 % and basic general education – 0.1 %.

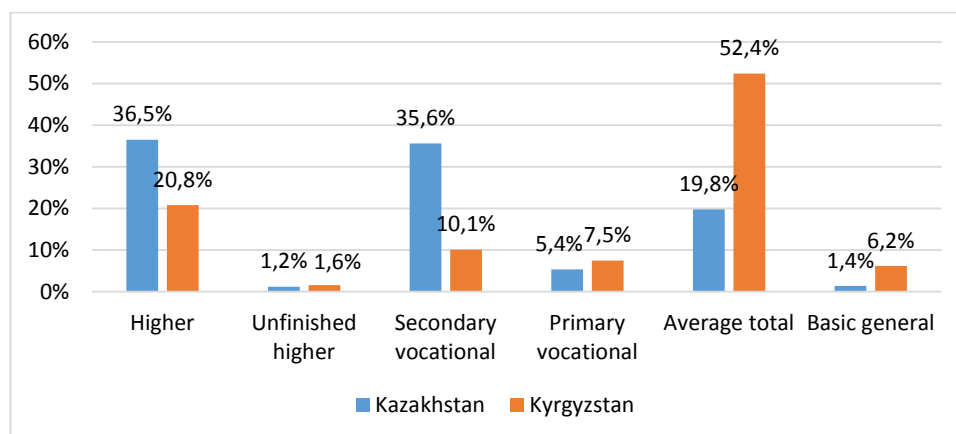


Figure 4. Percentage of employed population by educational level in Kazakhstan and Kyrgyzstan in 2016

Essential part of workers in Kyrgyzstan are characterized with a secondary education – 52.4 %, workers with an incomplete higher and basic general education are 1.6 % and 6.20 % respectively.

Thus, the population with higher education in Kazakhstan prevails over other categories of citizens. It should be pointed out that a large percentage of the population with higher education, one way or another, indirectly affects the decline in the birth rate in the country. The reasons are in the globalization of the labor market, as having received a decent education, the population seeks to realize their ambitions in the professional field, therefore, the issue of creating a family and having children is not a key aspect of life.

In Kyrgyzstan, the percentage of the employed population with higher education is much lower and equal to 20.80 %. It is noteworthy that in Kyrgyzstan most of the able-bodied population prefer secondary general education and amounts to 52.4 %. If the share of the population in Kazakhstan with secondary vocational education is 35.60 %, then in Kyrgyzstan – the number of people receiving education on working specialties is only 10.1 %. Thus, in the countries there is a shortage of specialists of working professions.

In conclusion, it should be mention that labor market of Kazakhstan is characterized by a high level of employment and a low unemployment in comparison with Kyrgyzstan. However, the birth rate in the republic, on the contrary, is much lower, and the mortality rate is higher than in Kyrgyzstan. The average monthly wage in Kyrgyzstan is 2 times less than in Kazakhstan, however, the wages level in Kazakhstan does not correspond to the level of modern society development and does not stimulate the population interest in labor results.

Moreover, today labor resources of two states are absolutely not mobile. Thus, in certain regions of the two countries there is a sharp decrease in the number of economically active population. Therefore, today, taking into account the difficult demographic situation in the states, in particular, in Kazakhstan, the mobilization of human resources is one of the most important aspects on the path to sustainable economic development.

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