Analysis of the youth labor market in the Republic of Kazakhstan in the context of global challenges

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The purpose of research paper is to analyze the structure of youth employment for 2014-2018, determine the impact of the pandemic on the development of national and regional labor markets, highlight the problems of imbalance in the youth labor market, identify the peculiarities of internal migration of the young population in the labor market of Kazakhstan.

Methodology. The research methodology includes general scientific, private, empirical and theoretical research methods. Methods and tools of statistical analysis, comparative, structural, and factor analysis were used.

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Introduction

The need to assess the situation of young people in the national labor market is determined by their role in the socio-economic development of the country. Ensuring successful integration of young people into society solves a wide range of tasks, including achieving social reproduction, increasing labor productivity, and increasing the competitiveness of young professionals.

Ensuring youth employment has an impact on the country’s economic growth and socio-economic modernization and is considered as one of the most important factors determining the quantitative and qualitative parameters of the total labor force reproduction [1].

Review of literature

The special interest of foreign scientists in the study of theoretical and applied problems of youth employment development is confirmed by scientific works: Aguilar-Palacio I. [2], Youth B. [3], Blinova T. [4], Bohlinger S., Wolf S. [5], Bruno G. [6], Crisp R. [7] and others, prepared in major research and statistical centers. However, their research does not address the problems of youth and their employment in the Republic of Kazakhstan.

In Kazakhstan, fundamental and applied research in the field of youth employment, job creation, modernization of the education system, identification of promising professions, forecasting the need for qualified personnel, etc. is carried out by the Institute of Economics of Committee of Science of Ministry of Education and Science of the Republic of Kazakhstan and in particular the Department of Social Policy and Human Capital Development [8; 9; 10; 11].

Main part of the research

The research methodology includes general scientific, private, empirical and theoretical research methods. Methods and tools of statistical analysis, comparative, structural, and factor analysis were used in the preparation of the article. Methods of tabular and graphical representation of data are used as statistical tools.

The youth of Kazakhstan represents the population aged 15-28. According to the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan, in 2018, out of 2.1 million employed youth, 95.0 % belong to the age group 20-28 years old and make up more than a quarter of the economically active population of Kazakhstan. Moreover, for 2014-2018 the level of youth unemployment decreased by 0.4 % to 3.8 % (in absolute terms, the number of unemployed youth decreased by 22.0 thousand people). In parallel, there was a gradual decrease in the level of long-term youth unemployment from 2.4 % in 2014 to 2.1 % in 2018, which positively characterizes the decline of the share of unemployed youth who have been unemployed for one year or more in the number of economically active youth (table 1).

It should be noted that during the period under review, the growth in the level of employment among young people was accompanied by an increase in the quality of the structure of employed youth. Thus, the number of unproductively self-employed youth in 2016-2018 decreased by 47.7 %, or 39.7 thousand people, while the number of productively employed people remained almost unchanged (427.7 thousand people). As a result, the share of young people who are productively employed (independently) increased from 84 % in 2016 to 91 % in 2018. There has been a reduction in the number of unproductively employed youth. For example, among inactive self-employed on an individual basis by 19 thousand people, among active and registered with income below the subsistence minimum – by 7.8 thousand people, reducing the number of unproductive employees in his household with incomes below the subsistence minimum amounted to 11.3 thousand people, and the number of unpaid family workers – 13.7 thousand (table 2).
Table 1 – Main indicators of the youth labor market in Kazakhstan for 2014-2018*

| Indicator                                         | 2014    | 2015    | 2016    | 2017    | 2018    |
|--------------------------------------------------|---------|---------|---------|---------|---------|
| Labor force, ths people                          | 2 445,0 | 2 379,9 | 2 275,5 | 2 141,0 | 2 119,6 |
| Employed population, ths people                  | 2 341,1 | 2 275,3 | 2 182,7 | 2 057,3 | 2 036,7 |
| Employees, ths people                            | 1 673,8 | 1 734,8 | 1 669,7 | 1 564,8 | 1 460,5 |
| Self-employed, ths people                        | 667,3   | 540,5   | 513,0   | 492,5   | 471,3   |
| Unemployed population, ths people                | 103,9   | 104,6   | 92,8    | 83,7    | 81,5    |
| The level of youth unemployment, %               | 4,2     | 4,4     | 4,1     | 3,9     | 3,8     |
| Long-term unemployment rate, %                   | 2,4     | 2,6     | 2,2     | 2,1     | 2,1     |
| Persons who are not part of the labor force, ths people | 1 460,5 | 1486,7  | 1 454,3 | 1 429,1 | 1418,2  |

*Note – compiled according to the source [12]

*According to a sample survey of employment of the population aged 15 years and older. The upper age limit is specified in accordance with the law of the Republic of Kazakhstan «On state youth policy in the Republic of Kazakhstan» and includes persons under the age of 29 (28+).

Table 2 – Structure of self-employed youth in Kazakhstan for 2016-2018

| Name                                                                 | 2016      | 2018      | change, % | change, abs |
|----------------------------------------------------------------------|-----------|-----------|-----------|-------------|
| Self-employed                                                       | 512 986   | 471 266   | -8,1      | -41 720     |
| productively employed                                               | 429 733   | 427 747   | -0,5      | -1 986      |
| employers                                                           | 17 308    | 15 696    | -9,3      | -1 612      |
| on an individual basis (registered and active) with incomes above the subsistence level | 320 087   | 333 033   | +4        | 12 946      |
| in a personal subsidiary farm, production of products for sale (exchange) with incomes above the subsistence minimum | 92 058    | 78 464    | -14,8     | -13 594     |
| cooperative members with incomes above the subsistence level         | 280       | 554       | +97,9     | 274         |
| unproductively employed                                              | 83 253    | 43 519    | -47,7     | -39 734     |
| on an individual basis (inactive from the number of reg. and unreg.) | 40 569    | 21 498    | -47       | -19 071     |
| in a personal subsidiary farm, production of products for own consumption | -         | -         | -         | -           |
| unpaid employees of family businesses                                 | 3 560     | 2 046     | -42,5     | -13 672     |
| on an individual basis (registered and active) with incomes below the subsistence level | 13 527    | 5685      | -58       | -7 842      |
| in a personal subsidiary farm, production of products for sale (exchange) with incomes below the subsistence minimum | 25 597    | 14 290    | -44,2     | -11 307     |
| cooperative members with incomes below the subsistence level         | -         | -         | -         | -           |

*Note – compiled according to the source [12]

The reduction of unproductively employed youth, the decrease in the number of employers among productively employed youth by 1.6 thousand people, and the weak growth of active young people with incomes above the subsistence minimum by 12.9 thousand people or (+4 %) indicate the existing problems in the formation of a high-quality and competitive class of self-employed youth. Lack of experience and skills in running their own business forces young people to choose employment. Official data from The Committee on statistics show that the country still has a high percentage of self-employed young people, about 23 %. This feature is inherent not only in the youth labor market, but also for the entire employed population as a whole. At the same time, about 40 % of the self-employed population are unproductively employed, i.e., in essence, they are employed in a personal subsidiary farm in the production of products for their own consumption.
Of the total number of self-employed people, only 13 % were engaged in the production of products for sale, and many of them had incomes below the subsistence minimum.

Among self-employed youth, 41 % were unproductively employed in 2013, 31 % in 2014, 24 % in 2015, 16 % in 2016, and 9 % in 2018. Despite the positive trend of decrease in unproductively employed young people, their share is still quite high.

It is obvious that the industry structure of employment characterizes its quality. The analysis showed that the main part of economically active youth (2.1 million people) is employed in such sectors as trade (18.5 %), agriculture (12 %), industry (11 %), education (11.4 %), transport and warehousing (7.1 %), construction (6.6 %), public administration (6.0 %) (table 3). At the same time, in 2012-2018, there was an industry-wide flow of employed young people.

Table 3 – Employed youth aged 15-28 years for the 2nd quarter of 2018-2019 (thousand people)

| Indexes                                                      | 2019     | 2018     | Growth, % |
|--------------------------------------------------------------|----------|----------|-----------|
| Total:                                                       | 2099,2   | 2038,8   | 3,0       |
| Wholesale and retail trade; repair of cars and motorcycles   | 388,8    | 335,9    | 15,8      |
| Agriculture, forestry and fisheries                         | 253,1    | 276,7    | -8,5      |
| Education                                                    | 239,7    | 229,2    | 4,6       |
| Transport and warehousing                                   | 149,9    | 137,1    | 9,3       |
| Building                                                     | 138,6    | 149,5    | -7,3      |
| Public administration and defense; mandatory social security | 125,1    | 133,6    | -6,4      |
| Manufacturing industry                                       | 121,1    | 129,4    | -6,4      |
| Health and social services                                   | 114,3    | 109,8    | 4,1       |
| Activities in the area of administrative and support services| 82,3     | 73,3     | 12,4      |
| Provision of other services                                 | 81,6     | 70,7     | 15,5      |
| Professional, scientific and technical activities            | 66,6     | 61       | 9,2       |
| Financial and insurance activities                          | 60,1     | 60,7     | -0,9      |
| Mining and quarrying                                         | 56,8     | 48,3     | 17,6      |
| Accommodation and food services                              | 52,9     | 45       | 17,6      |
| Information and communication                               | 47,1     | 52,4     | -10,3     |
| Arts, entertainment and recreation                          | 42,6     | 38,4     | 11,0      |
| Real estate transactions                                     | 38,5     | 43,9     | -12,3     |
| Electricity, gas, steam and air conditioning                 | 27,3     | 30       | -8,9      |
| Water supply; Sewerage system, control over waste collection and distribution | 12,8 | 14,1 | -9,0 |

Note – compiled according to the source [12]

So, if in 2012 28.9 % of young people were employed in the «agriculture» sector, in 2019 the most popular type of economic activity is wholesale and retail trade (388.8 thousand people), agriculture, forestry and fisheries (253.1 thousand people), education (239.7 thousand people), transport and warehousing (149.9 thousand people), manufacturing (121.1 thousand people). The lowest level of employment is in such industries as mining and quarrying (56.8 thousand people), information and communication (47.1 thousand people), in the field of art, entertainment and recreation (42.6 thousand people), as well as in the field of water supply, sewerage system, control over the collection and distribution of waste (12.8 thousand people) [13].

The total number of unemployed young people aged 15-28 years decreased to 81.1 thousand people at the end of the 2nd quarter of 2019 (-1.6 %) compared to the same period in 2018 (82.4 thousand people) (figure 1).

In the regional aspect, most of the unemployed youth is observed in Almaty (16.9 thousand people), Almaty and Karaganda regions (8.1 thousand people and 6.5 thousand people, respectively) (Figure 2).
In the first half of 2019, the lowest level of youth unemployment between the ages of 15 and 28 is observed in Atyrau (2.4 %), Zhambyl (2.4 %) and Aktobe (2.5 %) regions, the highest level is in Almaty (6.3 %), in the Karaganda region (5 %) and in Nur-Sultan (4.5 %).

According to the Ministry of Labor and Social Protection of the Population, in the first half of 2019, 186 thousand jobs were created in the country in trade, construction and agriculture, which is 7 % more than in the same period in 2018. About 30 % of created jobs are in the city of Almaty, Almaty and Mangistau regions, 42 % or 77 thousand jobs were in the countryside [14].

The development of the labor market in Kazakhstan in 2020 was influenced by the COVID-19 pandemic. Thus, according to the Electronic Labor Exchange Enbek.kz, compared to 2019, there was a decrease in the number of resumes and vacancies during the state of emergency from 35 % to 23 %, respectively, and as the strict restrictions were lifted within the
framework of quarantine measures in May their number increased 1.6 and 3.5 times, respectively. New vacancies were offered by the construction industry in accordance with the implementation of anti-crisis measures, the Employment Roadmap, and their number was increased from 8% to 43%.

In the regional context, in the cities of Almaty, Nur-Sultan, Kostanay, 29% of all vacancies were created in May this year. Turkestan, Zhambyl and Almaty regions became leaders in the number of resumes from the total number of job seekers. In terms of professional groups, the most affected by the pandemic were service workers with low qualifications and unstable jobs, including waiters, movers, cleaners, salespeople, kitchen workers, etc.

The youth labor market in Kazakhstan shows an imbalance, which manifests itself in the following:

- employment of young people in low-productivity sectors such as trade, agriculture, education;
- unattractiveness of youth entrepreneurship (young people mostly work as hired workers in cities (64.2%) ;
- in the educational level of employed youth (42.9% with higher and incomplete higher education are hired workers, 25.2% with higher education are self-employed);
- in the differentiation of wages, which for the majority of young workers is almost 2 times lower than the average monthly nominal wages in the economy as a whole, especially in agriculture, health care, and public administration.

Analysis of the internal migration of the young population showed a significant outflow of young people from the southern region of Kazakhstan (with the exception of Almaty), where the migration balance in 2016 amounted to 24,297 people, which is significantly higher than other regions: The Northern region (-497 people), Central region (-368 people), Eastern region (-2154 people) and Western region (181 people).

A consequence of the regional concentration of youth is an increase in the surplus of labor resources in large cities. Thus, in 2013–2016, more than 234 thousand young people left the countryside, which led to an increase in internal migration to cities by 36.7%. This trend may become a factor in increasing the level of social tension in cities and increasing the load on the socio-economic infrastructure of large cities.

The regional imbalance in the labor force of young people reinforces the continuing imbalance of supply and demand in the labor market for various professions, which, in turn, is due to insufficient information about modern relevant specialties in various sectors of the economy. Moreover, the lack of an effective assessment and forecast of the required specialties leads to a discrepancy between the specialties produced and the modern needs of the labor market.

The current crisis has forced many governments to increase funding for the health care system and cut spending on other sectors, including education, which will not allow to fully implement the initiatives of states aimed at the development of the vocational education system, vocational guidance of young people, their socialization, employment for decent work, the creation of high-quality jobs, reduction of youth unemployment, etc.

This, in turn, increases the risk of an increase in the number of the most vulnerable group of the population and affects the development of the country’s human capital, in the long term it will lead to professional idleness of young people, temporary and underemployment, lower wages and loss of income, career opportunities, and social crises. According to some experts, one school year lost by a young person leads to a decrease in lifetime income of up to 10%.

Research results

For a comprehensive solution to the problems of youth employment, the following directions can be proposed:

- increasing competitiveness by creating opportunities for gaining practical work experience for graduates of educational institutions;
- introduction, on a legal basis, of the obligatory hiring of a certain number of graduates;
- quota of wages. Creation of a mechanism for financing graduate salaries 50% payment from the employer, 50% from special employment agencies within six months in those specialties where the lowest level of remuneration is observed. For example, specialties are agricultural, medical, education and science;
- increasing investment in science and education to raise the level of salaries of scientists and teachers;
- attracting young people to the scientific and educational sphere in order to improve the status and prestige of the professions of a teacher and scientist in society;
- development of a mechanism for the transparency of granting grants for research work in order to support young scientific personnel;
- creation of a unified database of vacancies for young specialists;
- analysis and monitoring of the number of unemployed, employed, the level of unemployment and employment, the structure of employment, and other target groups: self-employed rural youth, long-term unemployed youth, young unemployed disabled people, orphans, etc.;
- activating youth by attracting them to participate in social activities, volunteering, various activities to develop personal qualities, spiritual and cultural level, etc.;
- improving the institutional framework;
- development and implementation of a mentoring program in youth entrepreneurship with the involvement of successful people with experience in building sustainable business structures, organizing regular meetings and business consultations;
- development of flexible mechanisms of financial support for students and graduates of universities. For example, an increase in the size of scholarships (for example, in the United States, 14 billion US dollars were allocated for these purposes, in Germany - 100 million euros), the suspension of the accrual of interest and penalties on educational loans, automatic repayment of borrowers’ loans until October 2020, the provision of interest-free loans for students who have lost their jobs, in the amount of 650 euros per month until March 31, 2021, the creation of additional jobs for university graduates; subsidizing employers and providing tax incentives to employers when hiring or training young specialists, making temporary changes to labor relations to attract young people with higher or vocational education in various specialties and jobs (part-time work, teleworking), providing 3 thousand euros to companies, who have entered into contracts for internships and professional practice, etc., for parents who work part-time, maintain the benefit and partner bonus, provide a child benefit of 300 Canadian Dollar per child (Canada), a one-time payment of € 300 per child for all families and a monthly benefit of € 185 for low-income families (Germany) and others [15];
- psychological and consulting support for young people who lost their jobs during the pandemic;
- development of a program for the relocation of youth to the village in such specialties as programmers, analysts, designers, accountants who can work remotely, the creation of work and public sites for them with a developed infrastructure, high-quality and high-speed Internet, the provision of comfortable housing, places in kindergartens and schools for children;
- development of small business in agriculture and processing, in the field of tourism;
- creation of peasant farms on the basis of family orphanages for the social adaptation of orphans, attracting them to work and living in the countryside;
- the use of a new tool for ensuring employment and the format of interaction between the state and the population in the post-pandemic period, as a social contract.

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