



## ECONOMIC AND LEGAL ASPECTS OF LABOR MARKET REGULATIONS IN THE MODERN KAZAKHSTAN

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*Received 28 August 2013; accepted 15 October 2013*

**Abstract.** This article is devoted to study of the economic and legal aspects of the labor market regulations in the modern Kazakhstan. The article discloses the advantages of the state policy in the area of the economic and legal aspects of the labor market regulations, population employment and development of the practical recommendations in regards to improvement of the legal regulations mechanism. Directions of improvement of the legislative regulations of the labor market and the mechanism of the population employment regulations are proposed. The article also represents the methods of assessment of the population employment level as the indicator of the living standards.

**Keywords:** and legal aspects, labor policy, regulations, labor market, manpower, unemployment, market economy.

**JEL Classification:** J08 – Labor Economics Policies.

### Introduction

In the message of the President of the Republic of Kazakhstan to the nation of Kazakhstan as of December 14, 2012 Strategy “Kazakhstan – 2050” New policy of the established state” it was emphasized that everyone in country can find a job if he wishes so, “we establish the Society of the Universal Labor, where unemployed people will not just receive allowance, but learn new trades, where disabled people will be able to be actively engaged and – create decent working conditions for them” (2012).

Reform of the labor relations in the frames of the development trends, determined by N. A. Nazarbayev, pursues the most important goals – to enforce the real protection of working rights of employees, to serve legitimate interests of employers, to increase rate of remuneration and population employment. The labor market became an integral part of any effective system. The human capital, harmonically distributed and efficiently functioning in

the labor market, establishes the basis for a stable development of regions and the country as a whole. Kazakhstan has set a course for establishment of the socially oriented state, which is differentiated by the effective industrial growth, its drive for a person and his increasing demands (Nazarbayev 1994). In this context the change occurred over the period from 2010 till 2020 to the Concept of the legal policy of the Republic of Kazakhstan, approved by the Decree of the President of Kazakhstan #858 dated August 24, 2009, the Concept that established that in the market economy conditions the issue of the labor relations was becoming actual (2009).

**The aim of the article** is to study the economic and legal aspects of the labor market regulations in the modern Kazakhstan.

Tasks specify the aim of the research:

- To determine essence of the concepts “labor market” and “employment”;

- To analyze regulative and legislative framework of the labor market regulations and mechanism of the population employment regulations.

### **1. To review certain indicators used for the employment assessment, as an indicator of the working standards**

#### **An overview of the literature**

Methodological basis of the research is comprised of the generally recognized abstract and theoretical, logical, statistical methods and assessment. The works of the following scientists are devoted to the labor market study: Bekisheva, G. S. (2013), Dzhumambayev, S. K. (2000), Meldekhanova, M. K. (1999), Shokamanova Y. K. (2005) and others.

Amongst the legal experts the most interesting researches of the different aspects of the labor market in the Republic of Kazakhstan and other countries are the academic works of Dimitrova, S. A. (1998), Zaynalova, D. R. (2012), Nurgalyeva, E. N. (2001), Medvedev, O. M. (1994), Nurmagambetov, A. M. (1998), Golovina, S. Y. (2004), Morozov, P. E. (2012).

Despite of the state of study of the issue, the economic and legal aspects of the labor market in the modern reality of Kazakhstan are not quite studied and require close attention of the scientists that predetermined the writing of this article.

### **2. Optimal capital structure and its influence**

It is appropriate to determine the concept of the “labor market”, understood as the system of public relations (including legal), norms and institutions, providing reproduction, exchange and usage of the labor. Such a definition of the labor market presents this category as well as a market form of the labor organization and the population employment. In particular, O. Yu. Mamedova writes that it is necessary to have “availability of the labor markets”, goods and capitals, movement of which gives a required impulse to the market economy. The labor market providing optimal employment and continuing education of the modern manpower is of the special importance (Mamedova 2011).

In the market conditions the full employment is considered not as mass employment, but as the employment with an acceptable level of unemployment in the given socio and economic conditions. And achievement of the mass employment is not a goal in itself, but the way of satisfaction of a demand of the working population in the sphere of the public labor, with unconditional respect of employers’ interests. The system of the employment regulations includes economic and legal mechanisms to influence the labor market. O. M. Medvedev states the concept of the legal regulation of the employment problem and indicates that to

a significant extent it must be a part of the regulation of the labor market itself. He limits economic and legal influence on the labor market, emphasizing their equal opportunity (Medvedev 2008).

M. A. Vinokurov has also stated: “The labor market is the system of economic relationships, arising in regards to forming and redistribution of the manpower, its employment and remuneration, regulated by the legal norms emerging as a method of resources management” (2011).

In the labor law science there is another approach to regulation of the labor market. From the perspective of S. P. Mavrin the labor market in the absolute sense is the socio-economic relations, in the frames of which the interactions of market members are being carried out influenced by supply and demand of a certain market product, at that the latter is the labor, as the object of relationships of employer and employee (Khokhlova 2001). The situation on the labor market is constantly changing, nearly all institutions of the labor law are involved in it, and we can confirm that the labor law regulates the labor market matters. The important part in the formation of the civilized labor relations in the market conditions is given to the Labor Code of RK (hereinafter referred to as LC RK), approved on May 15, 2007.

With the developed economy the legal regulations of the employment is based on the adequate material and financial security and is more efficient in terms of its practical implementation. The distinctive feature is the development and establishment of the system of the legal regulations of the population employment in RK (as well as other countries) in the conditions of the market economy, revolutionary, but not evolutionary in form and in content, denial of succession and positive experience, accumulated in the USSR, in particular, the right to labor and replacement it with the freedom of labor concept. The employment means in fact that a citizen realizes his freedom to choose a trade and his right to labor. S. A. Dimitrova believes that the matter of a legal nature of the right to labor, if considered to a wider level, right to employment, has grown stale due to the fact that effective Constitution of RK in the article 24 has enforced not the right to labor but right to freedom of labor (2001). Acceptance of an individual’s interests’ priority is necessary to solve the issue of voluntariness and obligation of the labor to ensure effective employment. At the same time the right to labor is required to be connected to the public demand in the manpower. It should mean a free selected employment, as the right of unlimited selection of trades and work spheres, region in any sector of the economy.

Insufficient legal support of the new model of employment is conditioned by a declarativity of the articles of the Constitution in regards to the problems of the employment, separate provisions of the employment programs, their disagreement with social projects of development and

usage of the labor potential of the country. The lack of those shows the insufficiency of the traditional measures of the employment policy and becomes apparent in lack of other sources of income amongst the majority of the employed population, except for a salary, low starting level of the salary, that provokes secondary, most of the time inefficient employment, high tension in the labor market.

The necessity of strengthening of the state origin in regulation of the employment model is justified by preservation of the significant share of the state sector in the industrial structure in the transition economy. That's why the role of the state, as the owner, in regulation of the employment is significant and shouldn't be reduced, at least, in the mixed economy of the transition period (Le Thang Bin 2005).

We agree with A. M. Nurmagambetov that "integration of the Republic of Kazakhstan into the international labor market is defined by the intrinsic requirements of the Kazakhstani economy, necessity to effectively use the labor potential. It allows, on one part, studying and implementing the international experience of regulation of the labor relations, on the other part – recognizing gaps in the current legislation regulating the international labor; that makes law-making in this area more relevant" (1998).

Constitutional framework of the legal regulation of the labor market have been translated into the Law of the Republic of Kazakhstan #149-II dated January 23, 2001 "On population employment" (2013). The normative acts on the population employment establish objectives, means, principles of the employment policy, basics of the employment services, which is justified by the fact that primary task of the decent work is defined as creating jobs. In the labor laws of foreign countries the national objective in the employment is determined as support of full, productive and freely selected employment. It is considered from the perspective of the economic growth stimulation and development, improvement of living standards, satisfaction of manpower demands and liquidation of unemployment and underemployment.

Starting from 1991, the labor market and employment regulations in RK were carried out mainly in the format of the special programs of the population employment: Programs on poverty and unemployment control, Programs on the population employment in the Republic of Kazakhstan. In the international practice the active programs on the labor market (hereinafter referred to as APLM) are being used to resolve such problems. APLM are carried out through development of the manpower resources (professional training and further training), increase of the manpower demand (subsidizing of salaries / employment, public works), improvement of the labor market regulation (foundation of the employment services, informational support), combination of the activation of the labor efforts with the system of the social support, implemented by the state (strategy of "rights

and obligations" or "mutual obligations", when the state is obliged to provide high quality employment and training services, and a participant of APLM is obliged to conduct an intensive job search).

Initially, such programs were used during the economic depression and high level of unemployment, currently, used to ease the negative influence of the industrial restructuring in countries with transition economies and integration of the exposed population groups, farthest from the labor market.

For the first time ever, the law on employment was passed in the USA in 1946, which declared the necessity to create job opportunities, but no right to work was guaranteed (Chizhova 1996).

Starting from 1991, the labor market and employment regulations in RK were carried out mainly in the format of the special programs of the population employment: Programs on poverty and unemployment control, Programs on the population employment in the Republic of Kazakhstan. In 2008–2010 Action plan for improvement of the population employment system in the Republic of Kazakhstan was developed and approved by the Decree of the Government of the Republic of Kazakhstan #1114 dated November 20, 2007, it was intended for prevention of unemployment growth, support of the productive employment growth, increase of manpower quality and protection of the national labor market.

Today the condition of the national labor market is mainly determined by the employment policy carried out by the state. The state pursues the population employment policy, including further training of employees, support on job search, subsidizing of new jobs. Over the last 10 years the number of the employed population increased from 6698.8 thousand up to 8141.4 thousand people, and unemployment level has decreased from 12.8% in 2001 to 5.5% at the end of 2012 (Central Statistical Agency of the Republic of Kazakhstan 2012).

The number of unemployed in May 2013 was 480.3 thousand people. The unemployment level totaled 5.3% of the number of the economically active population. The number of people, registered in the employment authorities as unemployed totaled 66.9 thousand people by the end of May 2013 or 0.7% of the number of the economically active population. The level of the hidden unemployment is estimated at 0.4% of the economically active population (34.2 thousand people) (Central Statistical Agency of the Republic of Kazakhstan 2013). Over the last decades the labor market development in Kazakhstan was under immediate influence of the internal economic development and economy globalization. Stable economic growth and relevant structural changes of the economy (starting from the end of 1990's and up to 2008) were accompanied with increase of the national labor

market capacity and its structure change. The manpower demand increase, in some degree, was connected not only to expansion of the industry, but to preservation of relatively low rate of labor capacity and possibilities of use of the cheap labor.

Starting from 2008 under the influence of the world economic crisis the reduction of production output has started in the Republic of Kazakhstan, as well as inflation growth, employment decrease and accordingly, decrease of the population income. In such a situation a special Strategy on employment and further training of employees (Approved "Employment road map-2020" 2013) was developed, aiming to ensure employment, prevent unemployment growth, preservation and creating jobs. It is presented by a complex of simple economic decisions, directed to implementation of the population employment and stimulation of the demand growth and production of consumer commodities with the help of the state.

Wide use of the active forms of the employment support under the Road map, such as social jobs, youth training, further training and qualifications upgrade have caused activation of the relevant population, and level of the youth unemployment records (4.7%) were lower than the overall unemployment level in the country, for the first time. The main results of the Road map included implementation of nearly 9 thousand projects, creation of 392 thousand jobs, training and further training of nearly 150 thousand people, half of which are employed, employment of more than 192 thousand people to social jobs and workplaces under the youth training (ibid).

Short-term strategy of the population employment implemented in the conditions of the crisis has allowed not only preventing the unemployment growth but achieving some decrease of its level. The employment growth predetermined the increase of the population income and decrease of the poverty level. The share of the population with income lower than subsistence minimum decreased from 46.7% in 2001 to 18.2% in 2006 and 6.5% in 2012 (Central Statistical Agency of the Republic of Kazakhstan 2013). In order to develop the effective legal framework for implementation of the population employment strategy the Ministry of Labor and Social Security of RK has amended some legislative acts of the Republic of Kazakhstan on the employment matters and obligatory social insurance, providing for social support of the citizens by means of active support of the employment. The Law of RK "On state procurement" was amended and supplemented to ensure simplification of the procurement procedure for local executive authorities for the purposes of implementation of this program. In addition to the mobilization of the state finances the stimulation of the private enterprises *became active* under the "Road map" to invest in diversification and innovations introduction into the infrastructure of economic sectors and industries.

Nevertheless, despite the positive changes, the national labor market is not balanced. While there are unemployed people, the open vacancies are available; there is no objective forecast of economic sectors' specialists demand. There is a manpower deficiency, first of all, qualified personnel, technical and service workers due to the low quality of manpower and lack of real connection between production and education. Approximately one third of the employed population doesn't have vocational education.

The share of independent employment in the structure of the employed population is 33.3% or more than 2.7 million people (ibid). The main part of the self-employed people lives in the countryside and is occupied in a private farming, the income is at the level of the subsistence minimum usually. In their majority the self-employed people are not covered by the system of the social security and support.

Development and implementation of the special measures to preserve the jobs and support employment under the Road map have allowed maintaining high level of the employment during the years of the temporary economic constraints due to the influence of the world financial crisis (2008–2010).

Transition to the accelerated industrial and innovative development carried out in present time, on one hand, expands possibilities of further growth, and on other hand, requires development and implementation of new approaches to involve internal manpower reserves into the labor market, to increase quality and economic activity of the manpower.

On June 11, 2013 the Government of Kazakhstan has approved the new complex program Road map of employment, designed until 2020 and aimed at increase of Kazakhstan labor market efficiency. The program includes both operational anti-crisis actions in case of the world economy situation deterioration and systematic actions to ensure productive population employment (Dawson 1907).

The program provides for implementation of three main lines: employment through development of the infrastructure and Housing and Utility Sector, employment through development of agricultural entrepreneurship, employment through education and migration (Approved "Employment road map-2020" 2013).

The international treaties of countries, first of all, conventions of the International Labor Organization (ILO) play significant role in the labor market regulations. The reference to the ILO Program of decent work is of apparent significance; it is an adequate response to the globalization challenges in the labor market, and that's why the creative use of its objectives implementation can increase efficiency of the legal regulation of the labor and other associated relationships in the Republic of Kazakhstan (Rampell 2009).

In 1999 at the 87<sup>th</sup> Session of the General ILO Conference the International Labor Organization has approved the

Program of decent work, where the decent work is given a center stage in the development of the national economic and social policies, and the key role in provision of equation and social equity. “Decent work is first of all safe, high efficiency, well organized, and, of course, highly and equally remunerated labor” (Pozdnyakov 2013).

Integration of every taken country into the world society leads to the situation that in the current conditions the Labor Law of the country is developed along with the world trends, determined by the ILO Program of decent work, which represents the response to the globalization challenges in the labor market. Since then, the concept of the decent work has overcome some changes, which have influenced the new definition of the objectives of the decent labor. The basis for the writing of the National program on decent work for 2013–2015 was the theoretical views of O. Dawson (1907) and J. S. Mill (1907). The concept of the decent work is focused exactly on the labor relations and includes four main trends:

- Creating jobs;
- Guaranteeing rights at work;
- Extending social protection;
- Promoting social dialogue.

Besides, in January 2007 EU countries have approved a new concept “Quality of work and employment in Europe”, which is the development of ideas, set in the ILO Program of the decent work with consideration of the European Social Model at the higher level (Quality of work and employment in Europe 2007).

The relevance of the issue under review is justified, at least, by three circumstances. First, the Program of decent work became one of the priorities in ILO over the last years, it is mentioned in the Declaration on social equity in conditions of equal globalization 2008, developing common principles of the international law at work. In accordance with the first report on discussed issues in regards to employment problems general overview of 2010 covers six key norms related to employment: Convention on policy at work as of 1964 (122), Convention on development of human resources as of 1975 (142), Convention on organization of employment service as of 1948 (88), Convention on private employment agencies as of 1997 (181), Recommendation on creating jobs at small and middle businesses as of 1998 (189) and Recommendation on promoting of cooperatives development as of 2002 (193) (Quality of work and employment in Europe 2007).

Experts committee states that despite a change of economic policy models of 80-s and 90-s “... nearly all countries are committed to increase level of productive employment” (MKT 2010). It is reflected in the references in regards to creating jobs and in the legislation on social and labor matters; approval of special laws; and in their key program

documents. Countries more often develop and accept national working policy, unifying various measures, programs and institutions, that influence supply and demand of the manpower and functioning of the labor market. In accordance with review of the main discussed working issues and three-party approved conclusions, defined at the latest round of the regional meeting, youth employment issue becomes one of priorities, followed by the issue of negotiation of consequences of the globalization for employment. Industry policy also becomes one of the priorities, determining sectors with high potential of employment growth and strategies to eliminate barriers on the way of creating a bigger number of quality jobs.

Programs of decent work accepted in different countries are the main way of expression of needs of three-party participants at the national level, and also satisfaction of these needs. As a rule, they unify employment programs with national development plans, strategies of alleviation of poverty (SAP) and country employment strategies.

The Republic of Kazakhstan accepted the Program on decent work (NPDW), which is developed in cooperation with three-party partners of the Republic of Kazakhstan and is the continuation of jointly conducted work on promotion of the principles of the decent work in Kazakhstan, in order to provide stable socio-economic development and improvement of standards and living standards for men and women.

The program is guided by provisions of Millennium development goals (2007), UN Development Assistance Framework (UNDAF) and ILO Global Working Compact. The program is also based on the national priorities, determined in the Development strategy of the Republic of Kazakhstan up to 2030, mid-term and long-term Government strategies, such as Concept of Kazakhstan transition to a stable development until 2024 and Strategic plan of the Ministry of Labor and Social Security of the Republic of Kazakhstan for 2010–2014. The program became a continuation of the previous cooperation programs of socio-working relations with consideration of the world financial crisis influence. The major employment reforms will aim at promotion of the ILO Global compact principles at workplaces in the national employment policy. The key indicators and strategies required for achievement of the set goals and results in three directions are stated in the program: regulation of working relations issues in accordance with the international standards; support of effective employment; further development of three-party collaboration and social dialogue.

Lately the problems of the legal regulations of different forms of non-standard and atypical employment are the mostly discussed not only in international, but national literature (Tucker 2002). Non-standard employment traditionally means all forms of employment, varying from

full day recruitment on the basis of open-end labor contract under immediate management of employer or authorized representative. During the soviet time as a result of the formal domination of the overall equality idea the concept of the non-standard employment itself didn't have a right to exist, despite the legislative consolidation of some of its variations in the Labor Law. The situation has changed only at the beginning of 90-s of the last century, along with transition from the socialistic to the market system of economic management. First the necessity of the labor regulations, including application of various forms of the non-standard employment, was mentioned the economic and then in the legal literature. Emphasis was given to those widely spread in the world; however, it lasted until legislative consolidation of, in particular, temporary agency work and telework in the Labor Law. These forms of non-standard employment are usually classified as unstable (precarious employment), associated with deterioration of involved employees, decrease of level of their working rights and guarantees (Standing 2011). This, in its turn, determines necessity for a special protection of appropriate employees by the state, adoption of special legal arrangements, aimed at provision of decent work to them. There is no single viewpoint reached in regards to the legal prospects of the temporary agency work in the Kazakhstani science and in practice.

Researches conducted by the ILO during the last year reflect main trends of the EU countries labor market development and study latest reforms, undertaken by different countries to improve situation in the labor market. Employment remains dyspeptic in the majority of the countries of the European Union, and other 4.5 million jobs can be lost, underdetermining primacy of financial goals as a basis of the political strategy (ILO 2012. EuroZone job crisis: trends and policy responses). Global financial crisis and prospects of the on-going economic decline in 2013 badly influence levels of unemployment and partial employment of different groups of population. These factors financially press systems of the social security, frameworks of taxes and fees of which are reduced, while their expenditures for allowances payment should increase. All this complicate the situation in the world (Employment and social protection in the new demographic context 2013).

### 3. Research methodology

Due to transition to market relations, establishment of labor market and development of new system of socio-labor relations the USSR ratified the ILO Convention #160 "On labor statistics" in 1990, that determined transition to the international statistics norms in the labor market research. In accordance with these norms economically active population, employed and unemployed people became the main economic categories for methodological assessment of the labor market (1988).

In this connection labor market condition and various research assessment indicators were defined (Eliseeva 2002).

The major of those include:

1) level of economic activity of population ( $Y$ ), defined as ratio of number of economically active population to economically inactive population:

$$Y_{\text{эаН}} = \frac{\Psi_{\text{энаН}}}{\Psi_{\text{эаН}} + \Psi_{\text{энаН}}} \cdot 100\%, \quad (1)$$

where:  $Y_{\text{эаН}}$  – level of economic activity of population;  
 $\Psi_{\text{эаН}}$  – number of economically active population;  
 $\Psi_{\text{энаН}}$  – number of economically inactive population;

2) level of economic inactivity of population ( $Y_{\text{энаН}}$ ), defined as ratio of number of economically inactive population to economically active population and economically inactive population:

$$Y_{\text{энаН}} = \frac{\Psi_{\text{энаН}}}{\Psi_{\text{эаН}} + \Psi_{\text{энаН}}} \cdot 100\%, \quad (2)$$

where:  $Y_{\text{энаН}}$  – level of economic inactivity of population;  
 $\Psi_{\text{эаН}}$  – number of economically active population;  
 $\Psi_{\text{энаН}}$  – number of economically inactive population.

At that the following equation applies:

$$Y_{\text{эаН}} + Y_{\text{энаН}} = 1; \quad (3)$$

3) employment level, calculated as ratio of employed population ( $\Psi_3$ ) to total number of economically active population ( $\Psi_{\text{эаН}}$ ):

$$Y_3 = \frac{\Psi_3}{\Psi_{\text{эаН}}} \cdot 100\%, \quad (4)$$

where:  $Y_3$  – level of population employment;  
 $\Psi_3$  – number of employed population;  
 $\Psi_{\text{эаН}}$  – number of economically active population;

4) unemployment level defined as a share of number of unemployed people ( $\Psi_6$ ) in the number of economically active population ( $\Psi_{\text{эаН}}$ ).

Duration of unemployment and duration of job search, defined as duration of period during which an unemployed person searches for a job (Shaikin 2012):

$$Y_6 = \frac{\Psi_6}{\Psi_{\text{эаН}}} \cdot 100\%, \quad (5)$$

where:  $Y_6$  – level of unemployment;  
 $\Psi_6$  – number of unemployed;  
 $\Psi_{\text{эаН}}$  – number of economically active population.

At that the following equation applies:

$$Y_3 + Y_6 = 1. \quad (6)$$

The figure 1 shows the levels of unemployment in Kazakhstan.

As per the data of the Statistics Agency of the Republic of Kazakhstan number of economically active population, 15 years old and older, totaled 9.0 million people in the 1<sup>st</sup> quarter 2013, which is 0.9% higher than in the same period in 2012. 8.5 million people or 67.8% of the population 15 years old and older were occupied in the economy of the Republic. This number increased by 83.6 thousand people (1.0%) in comparison to the 1<sup>st</sup> Quarter of 2012 (Table 1).

In accordance with implementation of the industrial and innovative development strategy the priority is a creation of the basis for the future competitiveness of the economy of Kazakhstan by means of highly qualified human resources training for relevant professions.

It is worth to be noted, that in the course of the human resources training, demands of the national labor market are not taken into account in full. The situation on the

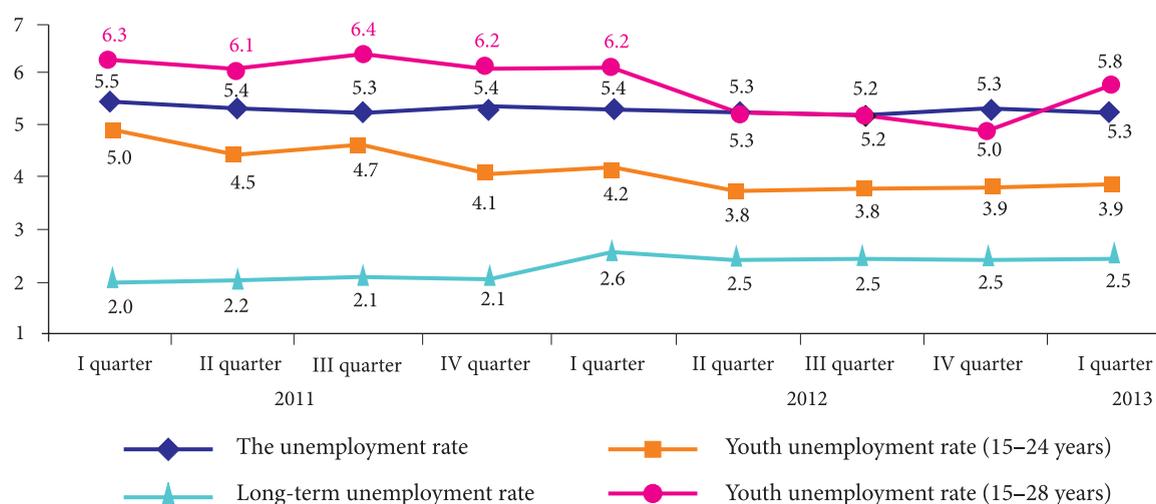


Fig. 1. Unemployment levels in 2011–2013 in % (Bekisheva 2013)

Table 1. On situation in the labor market in the Republic of Kazakhstan

	Population age 15 y.o. and older			
	I Quarter			IV Qtr. 2012
	2011	2012	2013	
Economically active population, in thousand people	8610.4	8941.0	9020.6	8974.7
Level of economic activity of population, in %	71.2	71.4	71.5	71.7
Employed population, in thousand people	8134.5	8462.5	8546.1	8499.9
Employment level, in % to:				
Population, age 15 years and older	67.2	67.6	67.8	67.9
Economically active population	94.5	94.6	94.7	94.7
Hired personnel, in thousand people	5465.9	5759.4	5911.4	5847.2
Share of employed population, in %	67.2	68.1	69.2	68.8
Self-employed, in thousand people	2668.6	2703.1	2634.7	2652.7
Share of employed population, in %	32.8	31.9	30.8	31.2
Unemployed population, in thousand people	475.9	478.5	474.5	474.8
Unemployment level, in %	5.5	5.4	5.3	5.3
Unemployed, age 15–24 y.o., in thousand people	60.6	54.2	46.7	47.6
Level of youth unemployment, in % (age 15–24 y.o.) <sup>1)</sup>	5.0	4.2	3.9	3.9
Unemployed age 15–28 y.o., in thousand people	160.8	167.3	156.1	132.9
Level of youth unemployment, in % (age 15–28 y.o.) <sup>2)</sup>	6.3	6.2	5.8	5.0
Level of long-term unemployment, in %	2.0	2.6	2.5	2.5
Economically inactive population, in thousand people	3487.8	3580.5	3589.7	3545.9
Level of economic inactivity (passivity) of population, in %	28.8	28.6	28.5	28.3

1) As per standards of the International Labor Organization.

2) As per the Law of RK “On state youth policy in RK”.

Kazakhstan labor market is associated with a number of problems, the most important of which in the formal labor market are a shortage of manpower, first of all, of qualified personnel, technical and service workers due to low qualification of manpower and lack of actual connection between industry and education, occurrence of inefficient employment (high ratio of employed in labor-intensive industry sectors). In the structure of the employed population, the share of self-employment is pretty high – 33.3% or more than 2.7 million of people. The main part of the self-employed people lives in the countryside and is occupied in a private farming, the income is at the level of the subsistence minimum usually. In the vast majority the self-employed people are not covered by the system of the social security and support. Increase of the population employment efficiency is restricted by insufficient small and middle businesses' growth rate. While there are unemployed people, the open vacancies are available; there is no objective forecast of economic sectors' specialists demand. Current situation means underuse of available in the country manpower regardless of the growing manpower demand in the conditions of transition to a new stage of the market economy

Transition to implementation of the state program of accelerated industrial and innovative development of the Republic of Kazakhstan (Decree of the President of Kazakhstan #958, 2010), on one hand, extends opportunities for further employment growth, and on the other, requires development and implementation of new approaches to involvement in to the labor market of internal manpower reserves, increase of quality and economic activity of the human resources.

In the world practice active programs in the labor market (APLM) are used for resolution of such problems. APLM are carried out by means of development of human resources (professional training and further training), increase of manpower demand (subsidization of salary/employment, public works), improvement of the labor market regulation (creating employment services, informational support), combination of activation of labor efforts with the system of the social support, executed by the state (strategy of "rights and obligations" or "mutual obligations", when the state is obliged to provide high quality services in regards to employment and training, and a participant of APLM is obliged to carry out intensive job search).

Initially, such programs were used during economic depression and high level of unemployment; currently they are applied to ease negative influence of industrial restructuring in countries with transition economies and integration of exposed population groups, farthest from the labor market.

Positive results, achieved on these grounds, make development and application of the active programs relevant in Kazakhstan labor market as well.

The main goal of the new program of Kazakhstan population employment "Employment strategy 2020" is population's incomes increase by means of stable and productive employment, which is to be achieved by resolution of the following tasks: involvement of self-employed, unemployed and disadvantaged population into the active employment programs; development of personnel potential for implementation of industrialization program, improvement of the system of targeted social assistance ("Employment strategy 2020" 2011).

The program implementation started in 2012. It is intended to involve more than 1.5 million people into the program by 2015. It will allow reducing level of poverty in the republic to 6%, and unemployment level will not exceed 5.5%. It is expected that share of the self-employed as a part of the employed population will decrease from 33.3% to 26% (ibid).

Implementation of the program, first of all, is aimed at training, employment, support in opening and expansion of private business at place of residence, and in case of lack of such possibilities, assistance of voluntary migration from low economic potential settlements to high economic potential settlements and centers of economic growth with the purpose of extending access to productive employment.

In this connection, the program implementation will be carried out in the following directions:

1. Training and employment assistance for self-employed, unemployed and disadvantaged population.
2. Assistance to rural entrepreneurship development.
3. Increase of human resource mobility.

Mutual obligations of the participants of the program will be consolidated by the social contracts. The social contract will be signed with every participant; it will be the contract on mutual obligations, including employment. Priorities to participate in the program are given to the rural youth.

The automated database of current and future jobs will function in on-line mode for use of existing and future jobs firstly on the projects of Industrialization Map and program "Road map of business – 2020".

It is required to consider that deficiency of the manpower is forecasted (long term from 2013 till 2020) due to unfavorable demographic situation in 1990-s. As per experts' assessments demand in a foreign manpower by 2015 will total approximately 1.2 million people. "Transparency" of the borders, visa-free entry of neighboring countries' citizens, having several times lower level of income in comparison to population income level in Kazakhstan, and existence of informal labor market clarifies a significant volume of unregulated labor migration in the Republic of Kazakhstan. The lag in level of the labor remuneration in comparison with more developed countries is preserved. At that, jobs are very differentiated and plural under this

indicator. The upper segment is presented by highly paid employees of financial sector and employees involved in mining, who have 1.5–2 times higher average monthly salary comparing to the average monthly salary in the country as a whole. Two priorities, unchanged through the years, are absolutely obvious: sectors related to natural resources production and distribution and types of economic activities with no new cost creation – financial. The lower segment of the labor market, involving less qualified workers, women, oralmans (ethnic Kazakhs-repatriates, migrating from the neighboring countries), agricultural workers is represented by the unstable employment, and much lower salary level in comparison to the average salary in the Republic. The make-up of the employed population based on employment status, distribution by activities and economy sectors allows evaluating the depth of the market relations, and also the level of the economy preparedness to implement the plans of the transition to innovative development line.

One of the main indicators of employment quality is the high level of labor output. In general due to significant growth of professionalism of economically active population of the country, it would be fair to expect a significant increase of the labor efficiency, however, it didn't happen. One of the reasons of such a situation is a low quality of basic and professional education of the employed personnel. Due to lack of well-organized training system of personnel required by organizations, the biggest part of economically active population remains non-demanded. A paradoxical situation occurs, when in the conditions of lack of available human resources there is an imbalance of labor supply and demand. Such situation is mainly a consequence of disagreement between professional training centers' actions, which train unrequired manpower, and enterprises, being insufficiently active in terms of the further training of personnel.

The problems of the manpower provision for innovative processes need to be resolved both at the level of certain enterprises and economy sectors, and on the national scale. Legal and financial security of these problems resolution can significantly accelerate the society modernization. Changes in the employment structure become a more important factor of the innovative development in the nearest years.

### Results of the research. General overview

System problems of the economic and legal aspects of the labor market regulation, emerged in this direction, on the national scale, need to be considered in a complex and to be overcome with the help of development and implementation of various state employment programs. The legal infrastructure of the labor market must be determined with international treaties, first of all, convention of the International Labor Organization (ILO): Convention

of slavery as of 1926, Convention on Abolition of Forced Labor as of 1957, Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment as of 1984.

The next priority of the labor market relations regulation can include various types of cooperation of the state and private structures, interested in enhancement of the manpower potential for the successful innovative development. It is required to maintain a focus on problems of regulation mechanism, including elaboration of effective measures to influence demand, supply and price of manpower for purposes of development of the perspective labor market model in Kazakhstan. The words of Maltus *et al.* (2001), who declared that capitalist economy possesses most likely not natural aspiration to growth and balance, but aspiration to cycles, periodical misbalance and chronic attacks of stagnation, are relevant as never before. J. M. Keynes in his work "General theory of employment, percent and money" in the course of analysis of the population employment drew a conclusion that "establishment of the centralized control, necessary for provision of the full employment, will definitely require significant expansion of the traditional government functions" (Keynes 1937). Creating new technologically advanced jobs in post-crisis perspective must be considered as a priority direction of the labor market regulation in the country. In the modern labor and employment market of Kazakhstan the population employment is the most important condition for development and implementation of the manpower potential as combination of abilities and capabilities of the personnel to ensure effective functioning of the organization system, achievement of current and long-term goals in the interests of the state.

Elaboration of the agreed measures, on one part, from the state authorities, and on the second part, from professional unions and, on the third part, employers and their associations is certainly of significance in resolving the issues of assistance to the population employment. It is required to find a consensus to ensure functioning of the civilized labor market instead of accidental one, where used by employer labor remains unsecured, as there are no social payments, work conditions and its remuneration are being violated (Yerimbetov 2009). Based on the necessity of development of the flexible labor market, each of social partners must in some degree change his traditional role in the socially oriented state. In order for employers to create new jobs, they must actively search for qualified personnel; employees must actively search for new forms of work application. Traditional risks in regards to content and training of inefficient employees, laid only on employers previously, started to be redistributed: the state's role became more significant in creating vital social security system under the principles of the private-public partnership.

Thus, the following conclusions are drawn in the article: The state actively participates in the processes of foundation and development of the labor market and social security of unemployed people. Legislative and regulatory framework in terms of the labor market, work relationships and social partnership regulation is being improved;

New members of the market appeared – entrepreneurs, their unions, private employment agencies, training centers; Employment structure has changed, new business segments have come into existence; Kazakhstan labor market is more dependent on the development of not only internal but global economy.

Kazakhstan-2050 must become a strong and stable state, the social basis of which consists of the middle class, as the share of small and medium business will be doubled in the economy of the country, and by 2050 it will become prevailing. First of all, the country will possess the state-of-the-art technologies; secondly, this country is with flexible and efficient political system, based on the democratic principles and fair competition.

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