

«Today, there is an overabundance of humanitarian specialists and a shortage of technical personnel in the labor market of Kazakhstan, and therefore foreign workforce specialists are a temporary alternative solution to promptly meet the needs of enterprises for highly skilled labor», - Zamira Zholdaskyzy, an analyst at the Center for the Development of Labor Resources of the Republic of Kazakhstan, a participant of the CABAR.asia School of Analytics from Nur-Sultan.

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A brief overview of the article:

- In Kazakhstan, various types of unemployment are observed, such as natural and cyclical unemployment. Due to the mismatch of demand in the labor market on a specialty or qualification, the applicant has no opportunity to find a job;
 - The highest unemployment rate in 2018 was registered in the south of the country - in Almaty, Shymkent and the Turkestan region (5.2%). These regions are labor-surplus, where self-employment is widespread, and the level of training for the unemployed population does not match the needs of employers;
 - Low level of unemployment is recorded in the west of the country in Atyrau and Mangystau regions (4.6%) and in the North Kazakhstan region (4.5%). Primarily in these regions, oil production and the oil-and-gas machine building are well developed;
 - By territorial allegiance, the majority of the unemployed population (58%) live in the cities of Kazakhstan, the rest (42%) - in rural settlements of the country;
 - Each region develops a unique labor market under the influence of various factors, such as the sectoral structure of the economy, population density, migration processes, and level of professional training, activity of enterprises, and activity of the public sector.
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Career fair for youth in Shymkent. Photo: Dilara Issa (RFE/RL)

One of the main factors that is taken into account while elaborating a strategy for the country's socio-economic development is - the employment of the able-bodied population. According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan (SC MNE RK) in 2018,^[1] the employed population in the country amounted to 8.7 million people, and the unemployed population of the republic was 444 thousand people.

It should be noted that in the terminology of international literature there are many definitions regarding unemployment in the labor market. According to the definition of the International Labor Organization (ILO), the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, unemployed people are those who do not have a job, are 15 years old or more and economically active, and who are looking for a job and are ready to get started. In addition, people who produce products in their personal subsidiary plots only for their own consumption, pupils, students, and retirees are also considered as unemployed. People with disabilities are counted as unemployed in case, if they are looking for a job and are ready to start it.^[2]

Official statistical information on the unemployed population is formed in the following groups: by type of area of residence, by region, by gender, by age group, by level of

education, for reasons of unemployment, and according to the duration of unemployment^[3].

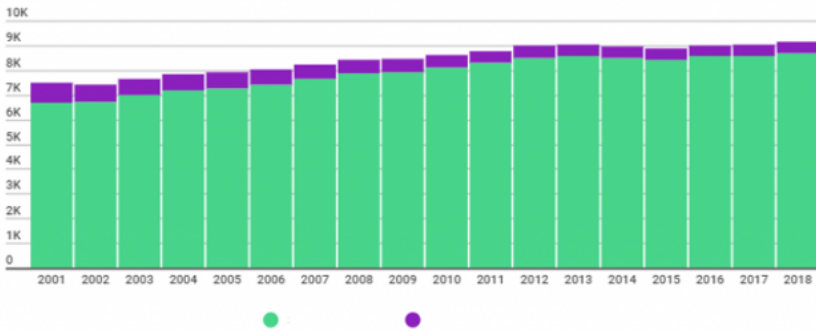
Employment and unemployment are the main characteristics of the labor market. There are various theories that reveal the causes and essence of unemployment. They highlight positive and negative socio-economic and psychological consequences of unemployment. In this regard, the problem of rising unemployment requires new methods, ways and approaches to its solution. Thus, in the labor market there are various types of unemployment. One of the most widespread types is natural unemployment (frictional, structural) and cyclical/seasonal unemployment.

The natural rate of unemployment includes frictional and structural unemployment. This type is not associated with the dynamics of a country's economic growth, and is due to natural causes, such as staff turnover, migration, and demographic reasons. In the meantime, seasonal unemployment is due to the fact that it is caused by seasonal fluctuations in the output of certain industries.

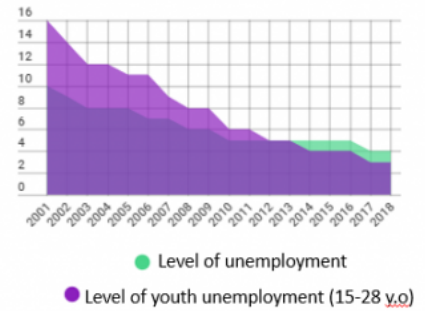
In Kazakhstan, various types of unemployment are observed, such as natural and cyclical unemployment. Due to the mismatch of demand in the labor market on a specialty or qualification, the applicant has no opportunity to find a job. Seasonal demand is also noticeable in the construction and agricultural sectors.

As a result, in 2018 the unemployment rate in Kazakhstan was 4.9%. Analysis of dynamic indicators demonstrates the annual decline in the country's unemployment rate. In general, if we consider the period from 2001 to 2018, the unemployment rate jump was recorded in 2001 (10.4%). Further, there is a subsequent decrease in this indicator and it reaches a level of 7.3% in 2007. In 2008-2009, there is a stagnation of the relative number of unemployed in Kazakhstan at the level of 6.6%. Thus, over the past 17 years, an increase in the unemployment rate has not been observed, except for 2015, when the unemployment rate rose to 5.1% (in 2014 it was 5%).

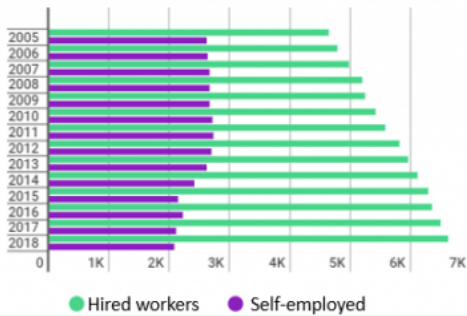
Total number of employed and unemployed population, 2001-2018



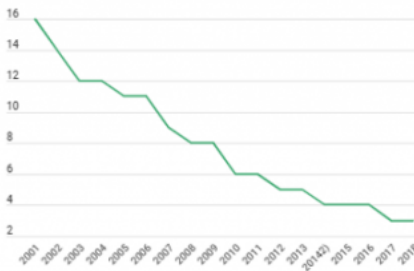
Unemployment level, 2001-2018 (%)



Total number of hired and self-employed population, 2005-2018



Level of youth unemployment, 2001-2018 (%)



Total number of labor force, 2018



Fig.1. The main indicators of the labor market for the period 2001-2018. The diagram is provided by the author.

Regionally, the situation of the unemployed population is as follows:

Today, the highest unemployment rate in 2018 is registered in the south of the country - in Almaty, Shymkent and Turkestan Oblast (5.2%). These regions are labor-surplus, in which self-employment is widespread, and the level of training of the unemployed population does not match the needs of employers. However, according to the “Enbek” portal * in 2018, Almaty, Nur-Sultan and Shymkent entered the top three with the most vacancies announced by enterprises through the portal.

* The electronic employment bureau (enbek.kz) is a unified digital platform for employment in Kazakhstan, which provides for finding work and assisting in the selection of personnel. This portal brings together information from public and private employment centers, resumes and information about vacancies submitted by citizens and employers themselves. [4]

At the same time, a low level of unemployment was recorded in the west of the country in Atyrau and Mangystau regions (4.6%) and in the North Kazakhstan region (4.5%). Oil production and oil-and-gas machine building are mainly developed in these regions. In this

connection, it is one of the country's leaders in attracting external and internal cash infusions. Correspondingly, the main part is in the oil and gas sector. In addition, in 2010-2017, 309 thousand skilled workers from abroad were attracted to the Republic of Kazakhstan to implement major international projects in the construction, mining and manufacturing industries. In addition, the main flow of foreign workers comes from China. This is due to the construction of the Western Europe-Western China highway. In addition, in the structure of direct investment among Asian countries, the main share falls on China. 73% of the foreign labor has come to Atyrau oblast, Nur-Sultan, Almaty and Mangistau oblast.[\[5\]](#)

Candidate of Economic Sciences, Professor Zh.A. Kulekeev explains the regional features of unemployment in Kazakhstan as follows: the economic development of the regions of Kazakhstan depend on the available natural resources and climate conditions of the region, which in turn have a significant impact on the level of employment and unemployment. For example, before the start of large-scale economic reforms, the regions had a bright expressed tone of specialization of production. By industry, coal mining and the metallurgical industry were concentrated in northern and central Kazakhstan, and light chemical industry and consumer goods manufacturing in the south.[\[6\]](#)

By territorial allegiance, the main share of the unemployed population (58%) lives in the cities of Kazakhstan, the rest (42%) - in rural settlements. Also, note that the urban labor force since 2010 increased by 742.3 thousand people and made up 57% of the total economically active population. At the same time, the rural labor force in the course of 8 years decreased by 183.6 thousand people or by 4.5%.[\[7\]](#) In other words, urbanization processes in Kazakhstan are accompanied by both the growth of the labor force in the cities due to the increasing flows of rural-urban migration and the increase in the total number of unemployed in the structure of the urban population.

In terms of gender, the proportion of men in the number of unemployed in 2018 was 45% (198.5 thousand people), women - 55% (243.1 thousand people).

Moreover, the proportion of youth aged 15-28 was 19% (81.9 thousand). The youth unemployment rate at the age of 15-28 years old was at 3.8%.[\[8\]](#)

However, the largest number of unemployed prevails at the age of 29-34 years old, accounting for 28% (122.9 thousand) of the total number of unemployed.

Among the unemployed population, 71% have an education (higher education institution, technical and vocational education), 26% have a secondary education and 2.2% have not

completed a higher education. Moreover, 26% have higher education, 2.2% incomplete higher education, 45% secondary and elementary vocational education, 27% secondary education.

Thus, noting the results of the study done by Joint-Stock Company “Center for the Development of Labor Resources” of the Ministry of Labor and Social Protection of the Republic of Kazakhstan, in the gender aspect, women in Kazakhstan are more likely to practice the profession (in which they had been trained) than men: (57% among women and 53% among men).

As a result, despite the overall quantitative superiority of employed men over employed women by 332 thousand people, the number of “employed in the specialty” of men and women is at the same level. Moreover, specialists with higher education more often work in their specialty than cadres with vocational education and training (VET). Therefore, those with higher education work in their specialty in 84% of cases, whereas “VET” receivers - only in 66% of cases.

Reasons: individual and general

According to the Statistics Committee of the MNE of the Republic of Kazakhstan on employment issues for 2018, many factors were found that affect the difficulty in finding a job or the reasons for lack of work.

Among the most important reasons for lack of work, the most common in the Republic of Kazakhstan are the following:

- Self-dismissal (23%);
- No opportunity to find a job (22.5%);
- Family reasons (11%).



Source:

Fig.2. The dynamics of the causes of unemployment for the period 2001-2018.

At the same time, in the regional context, the situation looks a little different. People leave their workplace based on self-dismissal mainly in the northern regions. This is due to the fact that the tendency of internal and external migration is noticeable. The main countries of destination are Russia, Ukraine and non-CIS countries (especially Germany, the USA). The negative balance prevails in the north-eastern and central regions of Kazakhstan – the regions where Russian population lives predominantly.

According to the statistics database of the population sample survey on employment in 2017 (477,493 observations, including 15,469 unemployed) of their identified factors, the following can be noted:

For example, the highest rate is in Pavlodar region – 80% of residents left their workplace based on self-dismissal, and only 5% of the population have no opportunity to find work. Further, based on the above mentioned reason, there is Kostanay region (35%), North Kazakhstan region (34%) and East Kazakhstan region (26%). At the same time, 77% of the South Kazakhstan population (current Turkestan region) region cannot find a job or there are no opportunities to do so. In the Almaty region and in the city of Nur-Sultan, this figure

is only 3%.

The Almaty region (32%) and Karaganda region (24%) have the highest unemployment rate due to family circumstances. Presumably, in this context, the circumstances arising from marital status or kinship ties are understood, which may be valid reasons for not working. This group includes caregivers for the elderly or people with limited abilities, people who have their own household, etc.

During the above-mentioned survey, in Almaty, a large number of respondents (19%) replied that they quit job due to staff reductions. At the same time, in comparison with other regions, this figure shows 20%. In the Turkestan region, the causes of unemployment are referred to other reasons: 77% of respondents replied that they have no opportunities to find a job. While in the regional context, this figure was 26%. Kostanay region and East Kazakhstan region are in a similar situation (11%).

Low unemployment rates today are recorded in the city of Nur-Sultan (4.6%) and Almaty region (4.7%). As part of the survey, the majority of residents of Nur-Sultan responded that they have quit their job due to the termination of the employment contract (23%), another 21% indicated the reasons: "completion of business activities" and seasonal nature of work (21%). In the regional context, among those who "completed their business activity" are unemployed in the city of Nur-Sultan (31%) and Akmola region (20%).

In addition, it should be noted that in the Almaty region the number of people who do not work due to personal circumstances has dramatically increased (32%), while in other regions this value does not exceed 24%.

In the western regions of the country, such as Aktyubinsk, Atyrau and West Kazakhstan regions (2017), on average, 20% of those surveyed are unemployed due to the - liquidation of organization and reduction or expiration of the contract period. This year, more than 26 thousand people turned out to be unemployed in the western regions of the country due to staff reductions. Also, this reason is common among the unemployed in cities of republican status.

In Mangystau oblast, 41% of the unemployed left their previous job in connection with the household management, in Almaty - 27%, which is owing to the predominance of women in the overall structure of the unemployed regions (70% and 69%).

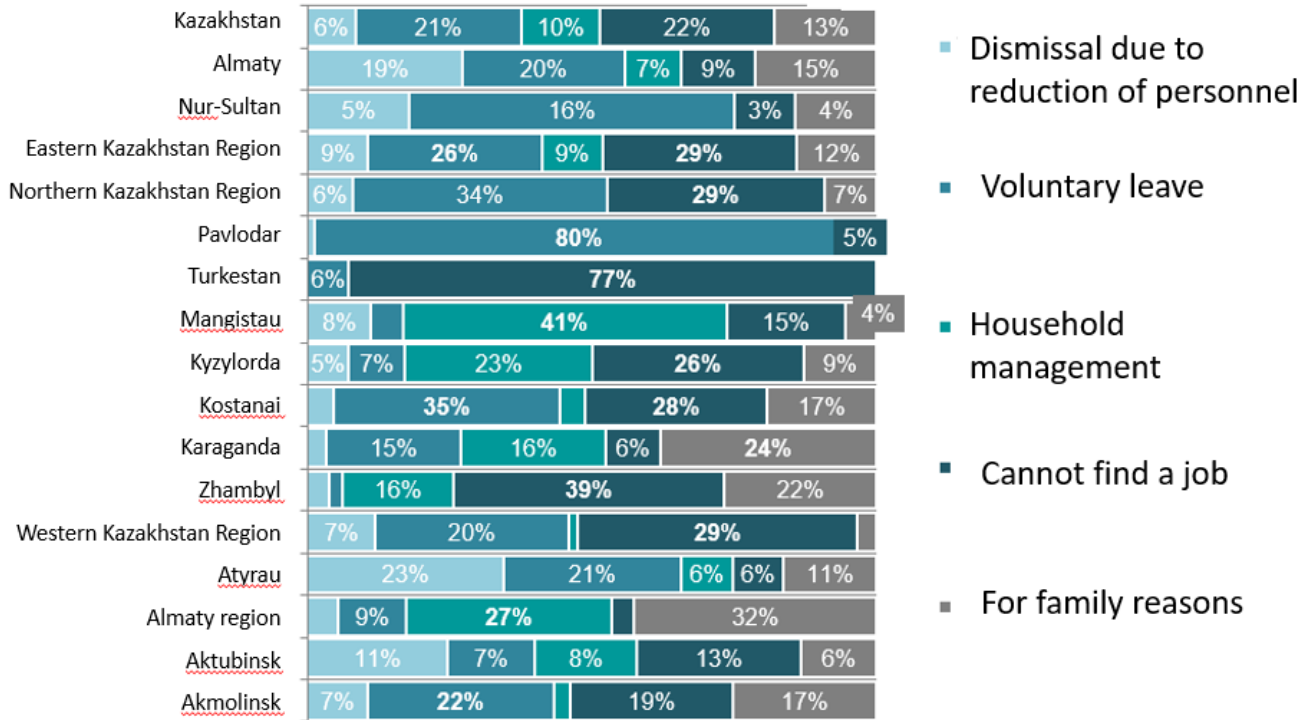


Figure 3. Reasons of unemployment in Kazakhstan in a regional context, 2017

Thus, each region has a unique labor market developed under the influence of various factors, such as the sectoral structure of the economy, population density, migration processes, the level of professional training, activity of enterprises, the activity of the public sector, etc.

There are also opinions that today the country’s education system does not provide a sufficient level of training for young people for the labor market. There is a significant imbalance between demand and supply of labor.

It should be noted, another important factor that is discussed at the level of university and VET. At the end of 2017, a total of 52 thousand young people remained for various reasons without qualification (university and VET). One of the main reasons based on the data for 2017/2018 academic year were financial reasons (20%) and the failure rate (19%) among the students of that time.

In the regional context of Kazakhstan, there is a tendency of increase in youth migration with the goal of studying outside the country and in the future remaining there for permanent residence. In addition, a high degree of tendency is the migration of young

people from the village to the city. In this regard, youth unemployment is effectively fought in the country. According to the Statistics Committee, the MNE of the Republic of Kazakhstan at the end of 2018 was 3.8% for the same period of 2016 - 4.1%.

As for the Republic of Kazakhstan, compared with 2010, the number of emigrants from the country increased by 42%. In 2017, 37.7 thousand people left the country, out of which 54% are qualified personnel.

Moreover, today in the labor market of Kazakhstan there is an overabundance of humanitarian specialists and a shortage of technical personnel, therefore, foreign labor force specialists are a temporary alternative solution for promptly meeting the needs of enterprises for highly skilled labor.

In this regard, labor migration in Kazakhstan occurs in two formats:

- The official involvement of foreign labor force;
- Spontaneous labor migration, which occurs mainly from the countries of Central Asia and Russia and which is difficult to assess in the framework of the EEU and illegal employment.[\[9\]](#)

The first need for foreign labor force in Kazakhstan arose in the transformation period of the early 90s, when there was a massive outflow of qualified specialists from the country. However, for the years 2014-2017 the number of labor migrants decreased by 10.7% mainly due to this restriction. It is worth noting that the crisis of 2014 had a permanent effect on attracting foreign workers. In the second half of 2015, the demand for foreign specialists fell. Moreover, due to the devaluation, by the end of the year, a top manager with a salary in US dollars began to leave Kazakhstan. Also, in order to optimize costs, companies transferred certain business processes to the other countries.

As a result, today in the country there is a tendency of replacing “expensive” expats from Europe and America with relatively cheap labor from Asia and the Middle East. Experts say that the outflow of foreign specialists does not guarantee that Kazakhstanis will receive vacancies, since employers now prefer to hire specialists from Russia and other EEU countries. This is due to the fact that they have international experience and request a relatively less salary.[\[10\]](#)

Totally, during the period of 2010 - 2017, around 308, 6 thousand foreign workers were recruited in Kazakhstan. They have been carrying out labor activities in various spheres of

production, as well as occupying management positions in the companies. The main share is accounted for by highly qualified specialists since they are making up the deficit in the local labor market.

From figure No. 4, it can be noted that the number of attracted employees changes annually. During 2010-2017 the maximum number of permits issued for the foreign employees was recorded in 2011 - 54 thousand units, and the minimum in 2017 - 27.7 thousand units.

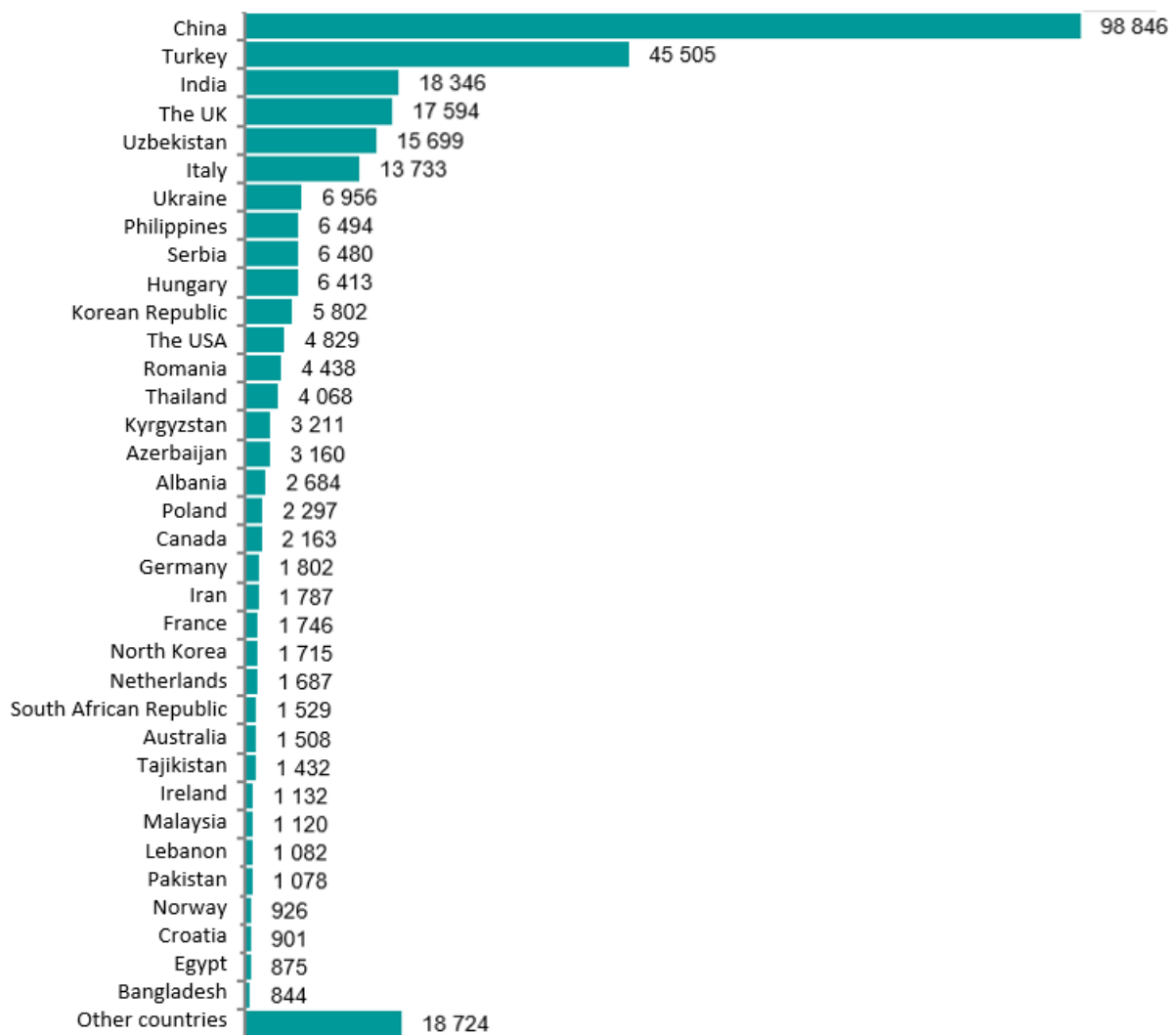


Figure 4. The number of foreign employees in Kazakhstan in the context of countries in 2010-2017, pers. Source: AIS "foreign employees" RK

By the number of foreign experts from 2010 to today, China leads the list of the TOP countries (31.2% foreign workers). This is due to the construction of the motorway of

Western Europe – Western China. In addition, in the structure of direct investment among Asian countries, the main share falls on China.

In addition to China, other countries that provide Kazakhstan with foreign labor are represented by citizens of such countries as Turkey, India, the United Kingdom, and Uzbekistan. The smallest number of foreign labor comes from Pakistan, Egypt, Bangladesh and the countries of Central and North Africa.

As a result, global uncertainty and lack of jobs along with other factors, cause disruption of social stability in many regions of the world.

Thus, according to international experts, in macroeconomic terms, immigration brings significant benefits to the host country. Also, international labor migration brings certain advantages to a donor country:

- The unemployment rate and the costs of its social services are reduced;
- Citizens working abroad improve the balance of payments;
- Business is reviving. Part of the emigrants is returning home with capital to start a business;

The negative consequences of labor emigration include:

- National resources that have been spent for the population;
- Mainly migration is done by the competitive part of the population and the brainpower (scientists and technical specialists), thereby weakening the national economy and adversely affecting the scientific potential of the country
- Imbalance in the demographic situation.

In turn, the Kazakhstan labor market, faced with such a factor as, the outflow of skilled labor force. In particular, since 2015 there is a noticeable trend of leakage of highly qualified specialists. Also, inflation, pressure on the social sphere of society, etc.

As a result of the above mentioned, the main causes of unemployment among young people in Kazakhstan's labor market should be noted: the lack of a system for distributing university graduates to workplaces in accordance with the specialty received and the difference between the required specialties in the labor market and graduates' specialties. To solve youth unemployment, international experts argue that with the requirements of digitalization it is necessary to develop remote work, also for developing countries the main source is small and medium businesses. In this regard, it is necessary to pay attention to the

revitalization of the private sector. Assistance is also needed to travel to areas where there is a shortage of labor, or vice versa.

Thus, the state is implementing the State Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021, “Enbek”. Moreover, together with the existing measures of state support for young people on behalf of the First President of the Republic of Kazakhstan N. Nazarbayev, announced at the opening ceremony of the “Year of Youth” on January 23, 2019. This year it is planned to launch the National Youth Support Project “Zhastar El Tiregi” with coverage of 1 million young people over three years. The program provides expanded state support through employment, improving the quality of education and development of young people entrepreneurship, and of low-income large families.

This article was prepared as part of the Giving Voice, Driving Change - from the Borderland to the Steppes Project implemented with the financial support of the Foreign Ministry of Norway. The opinions expressed in the article do not reflect the position of the editorial or donor.

[1] http://stat.gov.kz/faces/wcnav_externalId/homeNumbersLabor?

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[4] <https://www.enbek.kz/ru/vac/regions>

[5] Foreign specialists in Kazakhstan: who are they and where are they from? // <https://iac.enbek.kz/ru/node/552> //

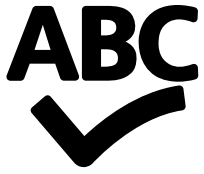
[6] J.A. Kulekeev “Labor market and employment in Kazakhstan” // Almaty, 2016

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[8] Express information about the situation on the labor market in 1Q2018, MNE RK Statistics Committee

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