

## Some Approaches to Formation of the Balanced Labor Market of the Republic of Kazakhstan

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**Abstract:** At the present time, staffing support of the national economy is an important social and economic problem, affecting all sectors of economic activity in the Republic of Kazakhstan. This problem is conditioned, firstly, by quantitative and qualitative unbalance of labor force demand and supply. The main tendency of the contemporary labor market is the structural unbalance of the existing volume and quality of educational potential to the pattern of demand, presented by employers. It becomes apparent not only in structural unemployment, but also in significant retardation of educational sphere development level from the real needs of the labor market. The necessity for staff training in new specialties and updating of actual education programs are conditioned by the fact, that this will promote the raise of economic competitiveness and keep the high and stable rate of growth. For successful work in creation and promotion of the innovations to production and increase of innovative activity, it is necessary to prepare the staff for the innovation sector, including the technical specialists with modern instruments. One of the vital problems of the existing education is revealed in unbalance of the level of specialists, graduated from universities, to the needs of society and the dynamics of its development. The solution of this problem will be promoted by the integration of education with the companies, participating in specialist training by means of field trips organization and execution of innovative projects together with the universities.

**Key words:** Labor • Labor market • Demand and supply • Employer • Employees • Unemployment • Education • State regulation

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### INTRODUCTION

Strategic priorities of the country in social and economic development are mainly connected with qualitative changes in employees' qualification, their readiness and ability to respond to new tasks in professional activity in conditions of increasing competition [1].

In modern conditions, staffing support is a key factor, providing stable economic development of economic entities, countries and regions. Efficient use of human resources is impossible without task-oriented personnel policy.

At the present time, the presence of diploma or the fact of current studying at the university is not a criterion for the employee to be accepted to the skilled work. When receiving the prestigious work, these attributes are insufficient; however, they are very necessary at labor market [2].

One of the main problems at the labor market of the modern Kazakhstan economy is in acute shortage of highly skilled specialists, unbalance of the level of specialists, graduated from universities, to the needs of society and the dynamics of its development.

Updating and technological development of national economy are impossible without prediction of rational use and development of labor forces. The labor market, which does not meet modern requirements, becomes a break on the way of innovative economy development as a result of absence of the required personnel, able to provide the innovative constituent [3]. It is possible to solve these problems by means of prediction of demand and supply at the market of labor and educational services, implementation of predicting training programs. The developed countries (the USA, Germany, Great Britain, Netherlands, Australia, Canada) rather actively predict the state of labor market and use the results [4].

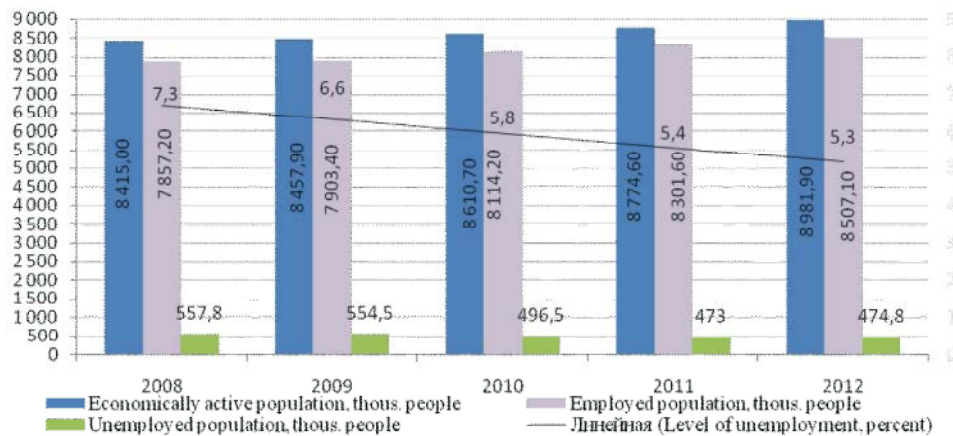


Fig. 1: Indicator dynamics of the labor market for the period from 2008 to 2012.

Source: Statistical Agency of the Republic of Kazakhstan

**Procedure:** Statistical method, comparison method, sociological method.

**Main Part:** Labor is the basis of human life and activity. A need in labor is laid in human nature, as a required and natural life condition [5]. That is why the employment problems shall be constantly studied and solved subsequently. The employment state is expressed in balance of specialists, working or involved in job search and the working places, occupied or vacant. It shall be noted that the demand for one or another personnel is constantly changes. It takes place in parallel with changes in Kazakhstan economy, with the emergence of innovative technologies, emergence of novel products etc.

As a result of carried out social and economic transformations, the dynamically developed labor market was created in the country. Analyzing the dynamics of main indicators of the labor market of the Kazakhstan Republic for the period from 2008 to 2012, presented in Fig. 1, it follows that the economically active population of the Republic increased from 8415,0 to 8981,9 thous. people, the growth of employed population was observed from 7857,2 to 8507,1 thous. people and the quantity of unemployed reduced from 557,8 to 474,8 thous. people. [6]. This positive tendency is explained by the growth of the national economy for this period.

As per the data of Kazakhstan Republic Agency according to the statistics in 2012 the Kazakhstani labor market shows the growth dynamics in personnel needs in Kazakhstani companies (growth by 18% as compared to 2011). Rapidly growing Kazakhstan sectors are the following ones: industry; information technologies/ Telecom; medicine/ pharmacy services; consumer goods. In 2012 the maximum dynamics of demand for employees

in relation to gross growth showed the industrial sector (55%) as compared to 2011. The second place in growth of demand is taken by the IT sector/ Telecom with the index equal to 21%. A little less dynamics shows the sector of medicine and pharmacy (18%). The top four is rounded out by the sphere of production and sale of national consumption goods, where the demand for employees increased by 12% [6].

If to consider the dynamics of demand for employees as per the executing functions, it is possible to note that the maximum growth (45%) is shown by the specialists, involved in marketing sphere. This tendency is conditioned by the fact that the international companies continue to enter the territory of Kazakhstan and their main goal is to promote the goods at the local market with the help of mature marketing specialists. At the same time, the demand for highly skilled marketing specialists increases on the part of local companies, which are more and more sharply in want of keeping and strengthening of their positions at the competitive market of goods and services. The second place in terms of gross growth (26%) is taken by sales managers, whilst they continue to be the leaders in terms of the request quantity.

There are a lot of reasons of economic, political and social character, affecting the dynamics and structure of the labor market and forming its specificity. For instance, it is sharply felt not only the deficit of specialists, but the employable population in whole, connected with the sharp reduction of birth rate in the 1990s - one of manifestations of demographic crisis. The number of so-called blue collar workers and highly skilled specialists reduces year by year. The enterprises are ready to deliver to their production sites such specialists from different outlying regions and countries. On the one hand, there is

a critical business need in specialists and a great amount of vacancies and on the other hand, there are many people, who are not such specialists for a number of reasons and are not ready to become them.

Due to creation of the Common Economic Space (of CIS countries) in the first half of 2012 the flows of specialists between the Commonwealth countries increased. On the one hand, a significant staff inflow to Kazakhstan from Ukraine and Russia is observed. On the other hand, labor mobility resulted in the outflow of highly skilled specialists from Kazakhstan and also the outflow of the best school graduates, who enter the Russian universities and stay in Russia after graduation. This applies especially to professionals in narrow sectors, for instance, fuel and energy sector; some of them are literally worth their weight in gold.

The labor market of Kazakhstan solves serious problems for a long time, connected with the staff deficit in different sectors. Firstly, it is subject to technical specialists and managers of different levels. Kazakhstan notably stands out from the Commonwealth countries in the great number of expatriates from the whole world, working in leading positions, as consultants, councillors, highly skilled workers for high-quality production, resulting in significant changes in market structure.

The state pays much attention to the development of system of technical and professional education, promotion of professions and specialties, trained by organizations of professional and technical education. In the Republic of Kazakhstan staff training is carried out in 139 high educational institutions and in 896 institutions (325 vocational schools, 571 colleges) of professional and technical education, with 185 specializations and 495 qualifications. At this 13,7% of the total number of students go to institutions of technical and professional education [7]. In Kazakhstan the state order (educational grants) for staff training with professional and technical education annually increases. Annual year-end bonuses and state scientific educational scholarships are provided for the talented youth.

As per the data of the Agency of the Kazakhstan Republic based on statistics in 2012 8,5 mln. people, or 67,9 % of population aged 15 or older, were employed in different economic spheres. Unemployment level among the youth aged from 15 to 28 was equal to 5,4% in 2012 (in 2011 – 6,3%) and it was equal to 3,9% among the people aged from 15 to 24 (in 2011 – 4,6%) [6]. Unemployment is a global problem of modernity, adversely affecting each person and especially, the young generation, because, it usually have neither the required work experience, nor the required qualification level.

At present, the unemployment problem is urgent among the certified specialists not only of the developed countries, but also of the developing ones [8]. In the estimation of most investigators, the proportion of unemployed among the graduates of high educational institutes is higher than among people with lower level of education, for whom it is easier to find the job for the first time and who stay unclaimed for the less time.

The unemployment problem among the higher school graduates is not a new one. In some countries in specific economic conditions it emerged as early as 1960. Today it is based on the other reasons, which are connected not only with the economic situation, but also with the education itself, with the speed of changes, implemented by technological innovations to the structure of labor market and to the required knowledge and skills. Insufficient dialogue between the high educational institutes and the labor market (frequently, its full absence) does not solve this problem.

It shall be noted that the unemployment among the graduates of high educational institutes in some spheres of activity is accompanied with their shortage in others. Furthermore, some graduates do not hurry to agree to medium-level posts, which nowadays require high education due to technological progress and complication of labor conditions.

Unemployment of young graduates, on the one hand and their state of demand at the labor market to the posts of medium (manufacturing) level, on the other hand, are frequently considered in some circles as a manifestation of "excess education" in the society itself or, as per U.Taykhler expression, as "overeducation" [9]. Unemployment among the graduates of high educational institutes and their shortage at the same time in the vital spheres indicates of some violation in relations between the high education and the labor market.

A gap between the high education and the labor market is mainly explained by tardiness, which characterizes the correction of training courses and programs, aimed to meet new demands, appearing as a result of the technologic changes. Such innovations are frequently the result of new knowledge, got during the research works, carried out in the high educational institutions. This situation makes some authors agree that the high education, especially the university one, is a novator, promoting the accumulation of knowledge as a result of carried out investigative activity and , at the same time, a conservative, concerning the educational activity. The reason of the observed dysfunctions is inadequate - in relation to society needs - distribution of streams of students between different traditional fields of

knowledge in high education. It is impossible to place the responsibility fully on the high educational institutions. Many countries are unable to allocate sufficient funds on enhancement of acceptance to faculties, the graduates of which will be in demand and competitive.

Finally, not the last role is played by the orientations and requirements of some employers, who tend to support the aligning of high education to their up-to-the-minute demands, wherefore, prefer more narrow specialization of candidates upon entry into employment. As a result, there are peeled apart the specialists with wider education, stimulating creative work, multifunctionality, ability to prediction, innovations and changes, which are very valuable qualities and skills for the flexible labor market.

Parallely undertaken by many high educational institutes, in reply to new requirements, on the one hand and the development of types of qualification, skills and personal qualities, required at the labor market, on the other hand, indicate of the process, which can result in positive shifts.

Many enterprises-employers understand the necessity of tight cooperation with education institutes, fulfilling the function of training the brain workers, who are an important constituent of company's intellectual capital. That is why there is a necessity in creation of cooperation "High Educational Institute - Enterprise" [10]. With this form of cooperation the full-time students will be able to combine the studies and the work in specialty in the form of field trip (pregraduation etc), which allows them to get wide knowledge in the selected sphere and multifunctional competence and also to find the employment later. Under cooperation "High Educational Institute - Enterprise" it is necessary to motivate the enterprises for participation in specialist training by means of introduction of amendments to the Tax Code in terms of tax base reduction for the corporate income tax.

Thus, taking into consideration the requirements of labor market and strengthening the links with it, high education shall not be subordinate to the market, but act in comply with the needs of society and people, helping the wishful to get the professional multifunctionality and abilities, allowing to "swim" in this variable sea, named by market.

According to the latest studies, the world of economy depends on the high education much more, than it is believed. Such dependency is explained by the progress and technical inventions, knowledge in management sphere, social and other relations, the investigations of which are widely carried out in universities; it is also connected with highly skilled staff (trained in high educational institutions), without which

neither progress, nor development of modern economy are possible.

Each country has its own specifics and state intervention can affect one or several aspects of life and functioning of the high educational institutions, in particular, their administration, correspondence of their programs and educational courses to the social demands, orientation of research works (for instance, to satisfy the demands of economic development). A degree of intervention can vary in dependence on the type of high educational institutes - state or private; in the state ones it depends on whether they are autonomous in the narrow meaning of this word (as it is in some countries) or supported by the state. The relations between the state and private educational institutions vary in dependence on whether they get the financial or other support from the state sources.

The relations with state and its role in education create the leading direction in the interaction of high school with the society. In wide degree this interaction is determined by the level of centralization or decentralization of the state power and its functions, the level (national, regional or local) of state authorities, affecting the education and, frequently, the presence of autonomy, recognized by the law for the high educational institutions and/ or formed historically of traditionally. Such situation varies not only in dependence of the country; it can also vary within the country during the time.

Stabilization of social and social-economic life of the country is directly connected with creation of efficient, highly skilled, socially mobile and socially oriented labor market, where the youth represents the main labor in modern conditions, being the main social reserve and potential of the country, able to adapt more quickly and successfully in the field of rapidly changing information technologies and economic realias. It is the youth, who should become the object of careful attention on the part of the state policy in the area of regulation of employment relations and labor behavior.

## **CONCLUSION**

The problem of modern Kazakhstani labor market is the necessity to overcome the contradictions between the existing need of innovation-based economy in adequate, balanced staff structure and the established subjective professional and educational youth ambitions. Practically all subjects of labor and service market are interested in solution of this problem. First of all, it is the enterprises, the successful development of which directly depends on

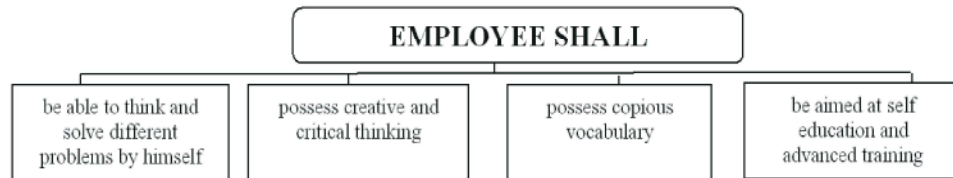


Fig. 2: Employer's requirements to the employee

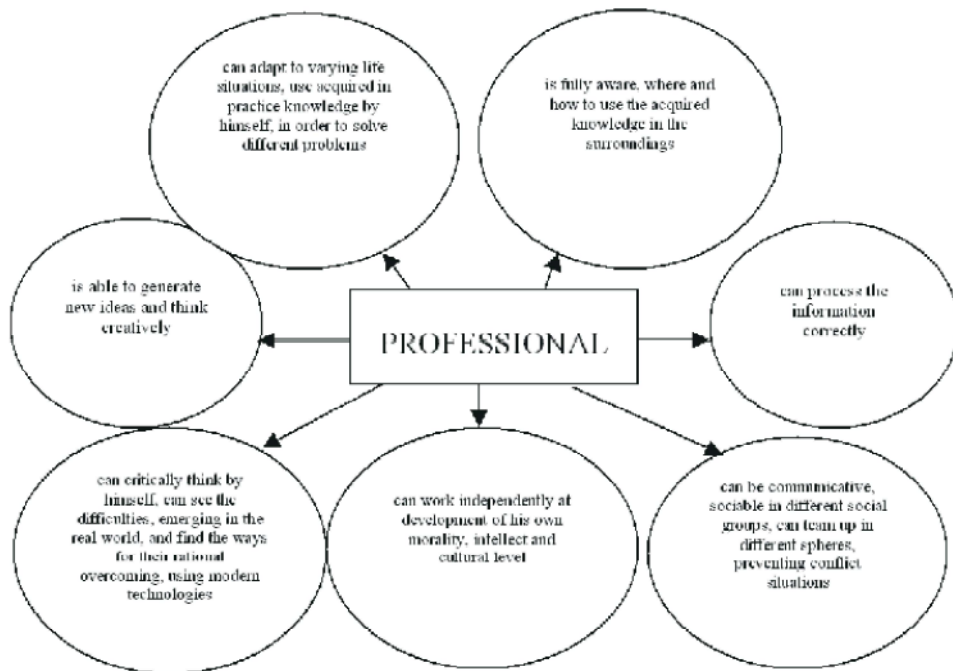


Fig. 3: Professional's personal qualities

provision of highly skilled personnel, adequately reacting to the requests of manufacture innovative development. A modern specialist is required to have not only knowledge and skills, but also a full number of professionally significant qualities. The majority of employers orientates at the personnel with work experience, who have several related professions or specialities, allowing to be more mobile in professional activity. In modern society an employer puts forward specified demands to the employee (represented in Fig. 2).

Alongside with that, in modern society a professional should possess certain personal qualities, in particular, presented in Fig. 3, to be competitive and in demand at the labor market.

Balanced labor market can be characterized by the correspondence of expectations of both employer and employee. Today many skilled employees put forward raised requirements to the employer. It includes constantly rising salary, good working conditions, package of social services, payment of trip to working place, free dinners and vacations at the company's

expense once a year. At the same time the majority of employees is less exacting to the working conditions and is content with the duly paid salary, annual vacation and presents for important holidays. However, the requirements to the employer are very important, because, if the HR manager knows them, he is able to hold a lot of people inside his organization. It is another matter that these requirements shall be rational. Among the most frequent reasons, why the employees changed their job, were the following ones: dissatisfaction with job compensation; absence of perspectives for further career growth; monotonous functions and tasks of work execution; bad atmosphere in team; inconvenience in terms of transportation and also insufficient social package.

At the same time the most frequent reasons to change the job are the following: increase of incomes as compared to the previous job; opportunities for development and growth (for this people are ready to change not only the region, where the job is located, but also the city and the country); new tasks and functions,

absent at the previous job. The important parameters also involve reputation of the employer, when the employee is ready to change the job to become an employee of the prosperous and promising company. Thus, to find and to hold a valuable employee, the employer should be aware of all, even non-standard requirements.

**Summary:** Based on the foreign experience of labor market regulation and the analysis of formation and development of the labor market in the Republic of Kazakhstan, to balance the labor force demand and supply, the current article suggests the following:

- to update vocational training according to the needs of labor market;
- to carry out the monitoring of the demand and supply for the labor force;
- to predict the demand and supply at the market of labor and educational services (volume, specialization and period of specialist training);
- to increase competitiveness at the labor market due to vocational training, advanced training and retraining of the unemployed;
- to make amendments and additions to classifications of professions (specialties) of elementary, secondary and high professional education;
- to make amendments to the Tax Code in terms of tax base reduction for the corporate income tax for the enterprises, accepting the students for practice;
- to develop professional orientation of pupils, increase their motivation to the work activities by professions, specialties, which are in demand at the labor market.

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