

# REGULATION OF LABOUR-SURPLUS RESOURCES WITHIN THE FRAMEWORK OF STATE EMPLOYMENT PROGRAMS IN KAZAKHSTAN: EXPERIENCE OF ENTREPRENEURSHIP EDUCATION

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## ABSTRACT

*Now-a-days, agriculture is one of the most significant, strategically important and priority sectors of the national economy. Entrepreneurship education enables students to acquire skills and compete in the labor market. In this regard, graduates should know the measures of state regulation of labor-surplus resources in the context of state employment programs implemented in Kazakhstan and understand their employment prospects. Therefore, the goal of the research is to investigate current issues and problems of the modern labor market and regulation of labor-surplus resources in the process of entrepreneurship education. In this regard, we have substantiated the directions and prospects for the development of productive and rational employment. Within the framework of entrepreneurial education, the ways of state regulation of labor-surplus resources have been considered. Population migration issues from labor-surplus to labor-deficient regions of Kazakhstan, namely, resettlement of population from southern to northern regions to solve the problems of labor market imbalance have been studied. We have also analyzed employment indicators, in particular by the example of the agricultural sector of Kazakhstan. The proposed analysis of labor-surplus resources within the framework of state employment programs may be included into the entrepreneurship educational programs of other higher educational institutions.*

**Keywords:** State Regulation, Labor-Surplus Resources, Employment, The Agricultural Sector, Entrepreneurship Education, Educational Programs.

## INTRODUCTION

For the successful performance of enterprises in modern conditions, it is important to search for effective and up-to-date methods of the educational process organization (Celuch et al., 2017). Advances in this area have led to the creation of a more student-oriented and experience-based learning environment that is part of academic courses and curricula (Byrne et al., 2014). As a rule, entrepreneurship education develops programs to help students better navigate modern employment conditions, as well as to focus on new trends in the allocation of labor-surplus resources and market preferences in employment (Zhitlukhina et al., 2018).

These changes in universities have become significant in recent literature. They are usually discussed from the point of view of the learning process organization, as closely as possible to real conditions (Urbano & Guerrero, 2013). Based on this definition, the central idea is that entrepreneurship education introduces innovations. Some of these innovations have commercial applications that are relevant to entrepreneurial activity and ensure social development of students.

The analysis of the situation with the improvement of educational activities of bachelors in the “*Enterprise*” profile has revealed that students demonstrate an insufficient level of competences in the labor market analysis, which is a system of diagnostic methods for the unemployment onset and its prevention; they do not fully know the current programs for the development of productive employment and mass entrepreneurship (Jackson, 2015), which serve as the basis for analyzing and evaluating the regulation system of the national labor market (Lapteva & Vorobyova, 2018).

Currently, the issues of state regulation and support of employment are of great social and economic importance. In accordance with the Message of the President of the Republic of Kazakhstan N.A. Nazarbayev to the people of Kazakhstan “*New development opportunities in the conditions of the fourth industrial revolution*” dated January 10, 2018, one of the development priorities of the country is high-quality employment and a fair social security system. According to President N.A. Nazarbayev, it is necessary to provide more opportunities to engage people in productive employment, which means to start their own business or get a new job. It is important to increase the availability of the program for the development of productive employment and mass entrepreneurship for these categories of the population. As it was noted in the Message, the process of registering the self-employed should be simplified as much as possible and the conditions should be created under which it would be beneficial to faithfully fulfill obligations towards the state. Kazakhstanis should be able to find a new job relatively quickly everywhere.

The labor market is one of the accurate detectors of the social status of the population of a country. At present, mainly, regulatory, methodological and organizational elements for the employment and unemployment regulation have been formed. They do not fully reflect the necessary system for regulating the national labor market that integrates into the international labor market. Agrarian sector of the economy is determined by the solution of economic tasks to ensure the national economy with labor resources. The versatility, complexity and inconsistency of the formation processes of the labor market in the agricultural sector of the economy are determined by the solution of economic tasks to provide the national economy with labor resources (Jussibaliyeva, 2016).

The policy of labor resources resettlement from the southern regions to the northern regions conducted by the Government of the Republic of Kazakhstan is one of the mechanisms in settling the demographic regional imbalance, and a response to the population decline in four Kazakhstan regions-Pavlodar, East Kazakhstan, Kostanay and North Kazakhstan regions. In order to provide employment in labor-deficient regions, to eliminate regional disproportions and demographic imbalances, “*The program for the development of productive employment and mass entrepreneurship for 2017-2021*” (hereinafter the Program) was developed and approved by decree of the Government of the Republic of Kazakhstan No. 919 dated December 29, 2016.

Thus, students of entrepreneurship education do not have up-to-date information about the labor market and about the regulation methods of labor-surplus resources in the Republic of Kazakhstan. Therefore, the purpose of the research is to analyze current measures of state

regulation of labor-surplus resources in the context of state employment programs and acquaint students of entrepreneurial education with the results of the analysis.

## METHODOLOGY

In our research we used macroeconomic, statistical and behavioral approaches. Firstly, we paid attention to studying state regulation of labor-surplus resources; secondly, to the problems of internal labor migration in the country; thirdly, to the main priorities of state support for productive and rational employment of the population; fourthly, to current problems in the agricultural labor; fifthly, to the main directions of employment policy in the framework of state programs implemented in this area.

For a more in-depth study of the relationship of the regional economy and labor migration, a review of the scientific literature was conducted. It showed that economic development and internal migration do not have a linear correlation. Therefore, it makes sense to consider labor migration in the context of economic development, both of the country and its individual regions, taking into account the prevailing demographic trends (Bodaukhan & Jussibaliyeva, 2018).

Labor relations, closely connected to subjective factors, are a more inert system. The insufficiently effective functioning of the labor market stems from the need for state regulation of productive employment, particularly in the context of the country's entry into the global space. In modern conditions, labor mobility is one of the most important economic parameters, which contributes to higher efficiency and productivity of the national economy.

## RESULTS AND DISCUSSION

We assume that the introduction of differentiated approaches in the educational process will be successful. Students will become familiar with the real regulation issues of short-term and long-term labor migration, which involve the use of various selection mechanisms, conditions of entry, stay and employment. They will generally contribute to the effective regulation of migration flows. We think that future graduates of entrepreneurship education should know that the state is taking a number of measures for the rational distribution of labor resources. They should learn about the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021 and the Concept of the Migration Policy of the Republic of Kazakhstan for 2017-2021.

Since 2013, the pace of urbanization in the country has accelerated. In 2018 (1<sup>st</sup> half of the year), as a result of interregional migration, the number of people arriving in and leaving the cities is 147.7 thousand and 105.9 thousand people, respectively. At the same time, the balance of regional migration reached +2.2 thousand people. Collectively, the rural population decreased by 44 thousand people due to migration last year. Table 1 presents statistical data on internal migration in the country.

<b>Kazakhstan regions</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2010-2018</b>
Akmola	-5.6	-4.8	-1.6	-0.5	-2.8	3.7	-13.6	1.5	-0.3	-24
Aktobe	2.7	-2.9	-2.7	-1.6	-0.3	-1.6	-2.6	-0.6	-0.4	-10
Almaty	3.9	2.4	5.5	1.3	-5.5	-11.5	-3.7	-6.7	-8.7	-22.9

Atyrau	-1.6	-0.9	0.1	-0.1	0.4	-0.03	-0.2	-0.05	0.001	-2.38
West Kazakhstan	-2.1	-1.1	-0.8	-0.2	-0.9	0.2	-2.5	-1.3	-0.3	-9
Jambyl	-8.5	-12.2	-7.5	-6.8	-7.8	-8.5	-15.6	-16.4	-5.7	-89
Karaganda	-1.2	-1.9	-2.1	-1.7	0.5	-0.4	-6.9	-6.3	-2.5	-22.5
Kostanay	-2.9	-2.7	-1.2	-1.3	-0.5	1.1	-4.0	-2.3	-0.3	-14.1
Kyzylorda	-3.9	-3.1	-1.7	-2.2	-2.6	-3.2	-6.6	-4.6	-1.6	-29.5
Mangystau	2.3	3.1	2.3	0.9	1.0	0.7	-2.4	-0.3	-0.07	7.6
South Kazakhstan*	-13.1	-15.9	-11.0	-12.4	-13.6	-14.5	-29.5	-15.4	1.4	-124
Pavlodar	-1.8	-2.2	-0.6	0.1	-0.3	0.3	-2.9	-3.1	-0.8	-11.3
North Kazakhstan	-3.1	-3.8	-3.0	-2.8	-2.7	-1.6	-4.7	-2.9	-0.6	-25.2
East Kazakhstan	-6.7	-7.0	-5.3	-5.0	-5.0	-4.2	-11.3	-9.8	-3.2	-57.5
Astana city	33.1	30.7	19.6	16.5	17.5	-2.5	76.9	36.5	5.7	234
Almaty city	8.5	22.3	10.0	15.8	22.6	41.9	29.6	31.7	17.7	200.1

\*Note: South Kazakhstan region-Turkestan region (-41807), the city of Shymkent (43222)

(Source: Data of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan)

Moreover, almost 88% of the population growth was in urban areas. The urban population in Kazakhstan is already 10.36 million people, +2.3% in May 2016, which is 57.5% of the country's population (+0.4 percentage points). The number of rural residents reached 7.66 million people, +0.4%. The largest share of the rural population is in Almaty (76.5% of the population) and Zhambyl (59.9% of the population) regions. The urban population prevails in the industrial regions of the country-Karaganda (79.5%) and Pavlodar (70.7%) regions.

Urbanization is the most noticeable in Aktobe, East Kazakhstan and Kostanay regions. In each of the regions, the share of the urban population grew in 2017 by almost a percentage point. It should be noted that in two of these three regions there are key city hubs: the hub of the Central-Eastern macro-region-Ust-Kamenogorsk, and the hub of the Western macro-region-Aktobe. According to the forecast, there will be five city hubs in Kazakhstan. Besides Aktobe and Ust-Kamenogorsk, there are Almaty and Shymkent, which are the hubs of the Southern macro-region, and Astana, which is the hub of the Northern macro-region.

Uneven internal migration flows and informal employment, lead to the labor market imbalance. It is predicted that by 2020 a positive trend in labor demand will grow by 16%, while positive dynamics will be observed in almost all industries. Stable demand for labor resources will be observed in large cities. Along with this, in some regions where the population of working age exceeds the population leaving the region, there is a risk of surplus labor supply. This can lead to an increase in unemployment and, consequently, migration outflow will also increase.

Internal migration is one of the means of solving social and economic problems. Currently, the strategy of encouraging internal migration is focused on the main objectives of the Forecasting scheme of the country's spatial development until 2020, approved by the Decree of the President of the Republic of Kazakhstan dated July 21, 2011 No. 118, aimed at the following tasks:

- The formation of economic growth centers.
- Formation of an optimal system of population settlement.
- Development of competitive economic specialization of the regions.
- Regional infrastructure strengthening.
- Creating conditions for improving the standard of living.

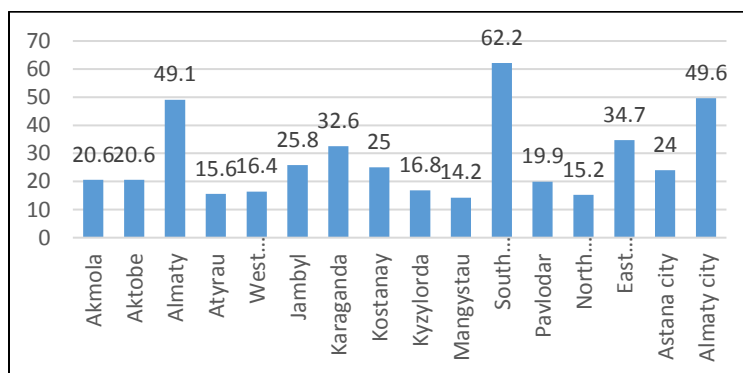
Thus, the current demographic trend in Kazakhstan will have a significant impact on the flows and directions of internal migration. It will require its controlled adjustment, in accordance with the country's strategic plans.

The labor market regulation mechanism in the Agro-Industrial Complex (AIC) is an adaptive response of production relations. It is aimed at regulation of the contradictions in the labor market functioning at various levels: macro, micro, international, regional levels. Specific forms of the labor market regulation mechanism in the agrarian sphere are forms of balancing the contradictions in the labor market functioning. These contradictions develop under the influence of ongoing changes in productive forces and production relations, which are often violated. This leads to the manifestation of new forms of labor market regulation in the AIC (Jussibaliyeva, 2016).

Human capital is a stock of intellectual abilities and practical skills acquired in the process of education and practical human activity. In economic science it is described as the ability of people to participate in the production process. Currently, “*human capital*” investments are the most effective. Human capital becomes a strategic resource of the country, the accumulation and preservation of which ensures the sustainability of its economic development.

Now-a-days, the agricultural sector of Kazakhstan is one of the most important, strategic and developing sectors of the national economy. The state is taking all necessary measures to ensure a favorable investment climate in the agricultural sector, to support agricultural producers, to create conditions for increasing the competitiveness of agricultural products, to improve the financial condition of agricultural entities, as well as to develop land matters and improve the social sector of rural areas. However, a serious obstacle to the implementation of the labor market function and the increase in the number of rural residents is the insufficient level of the social infrastructure development, partial imperfection of the housing market, working conditions in agriculture and poor motivation. The conducted research shows that the formation of labor resources in agriculture becomes more difficult in market conditions, and employment in agriculture is associated not only with demographic and migration processes, but also with the rate of employment in agricultural enterprises (Jussibaliyeva & Abdykerova, 2018).

Figure 1 presents data on the number of the unemployed in Kazakhstan in the second half of 2018.



**FIGURE 1**  
**THE NUMBER OF THE UNEMPLOYED IN THE REPUBLIC OF KAZAKHSTAN FOR**  
**THE SECOND HALF OF 2018 (THOUSAND PEOPLE)**

(Source: Data from the official internet resource of the ministry of labor and social protection of the republic of kazakhstan).

As it can be seen from Figure 1, the largest number of unemployed people is concentrated in the southern regions of the country-in South Kazakhstan region (62.2 thousand people), in the city of Almaty (49.6 thousand people) and Almaty region (49.1 thousand people). This shows that these regions of the country are labor surplus. The smallest number of the unemployed is in Mangystau region (14.2 thousand people) and North Kazakhstan region (15.2 thousand people). Based on the results of the study, it was determined that external and internal migration has a great influence on the rural labor resources change. The largest outflow of the population as a result of migration occurs in those areas where the development of many forms of economic activity has fully or partially stopped. In this connection, there has been an increase in unemployment. We have found that there is a close relationship between migration and labor outflow.

The program for the development of productive employment and mass entrepreneurship for 2017-2021, “*Enbek*” (hereinafter referred to as the Program), is of great macroeconomic, strategic, and socioeconomic importance in the state regulation of migration processes and solving the problems of employment and unemployment of the population in Kazakhstan.

Within the framework of the Program implementation, territorial mobility of labor resources is encouraged by facilitating voluntary relocation. The participants of the Program for voluntary relocation to a new place of living are citizens of the Republic of Kazakhstan, oralmans and their family members.

One of the main goals of the Program for the development of productive employment is to teach basic principles of entrepreneurship in accordance with the second direction of the program “*Development of Mass Entrepreneurship*”. Within the framework of the given direction, the basic principles of entrepreneurship are being taught under the “*Bastau Business*” project. The executor of the project “*Bastau Business*” is the Ministry of National Economy of the Republic of Kazakhstan. Training in the basic principles of entrepreneurship is provided to the unemployed regardless of their registration at the employment centers, as well as to the self-employed with entrepreneurial potential, members of agricultural cooperatives and people living in rural areas and in small cities of Kazakhstan. For example, 15 thousand people participated in the “*Bastau Business*” project in 2017. It should be noted that the participants of the Program who receive entrepreneurship training for this project receive state support for tuition, scholarships and travel expenses. Upon completion of the training, participants receive certificates on the completion of entrepreneurship training and participation in this project. Entrepreneurship training in the project “*Bastau Business*” consists of 5 stages:

1. Testing (up to 3 days).
2. Learning the basic principles of entrepreneurship in groups (up to 20 days).
3. Individual entrepreneurship training (consulting).
4. Preparation for the business project defence (up to 7 days).
5. Support in the implementation of a business project (up to 12 months).

According to the Ministry of Agriculture of the Republic of Kazakhstan, which is a state body responsible for the development and implementation of the second direction of the “*Enbek*” Program, the following aspects related the implementation of the Program at the end of October 2018 were noted: as the second direction of the “*Enbek*” Program through the subsidiaries of the National Holding “*KazAgro*” the Ministry is providing loans/microloans for the implementation of business projects in rural areas and small towns. In 2018 for these purposes, a budget loan in the amount of 44.7 billion tenge was allocated, including 13.9 billion tenge of additional funds

allocated in the framework of the fourth initiative “*Five Social Initiatives of the President*”. The budget loan is allocated to the akimats of the regions, which distribute them between such public companies, as Agrarian Credit Organization and Agrarian Financial Support Fund.

Loans are given to the unemployed and the self-employed, start-up entrepreneurs, agricultural cooperatives, participants of anchor cooperatives. The Ministry of Agriculture within the framework of the “*Enbek*” Program participates in the implementation of the “*Bastau Business*” project on business skills training for start-up entrepreneurs. The training is free and scholarships at the time of study are provided. From the funds allocated in 2018, it is planned to give 11.000 microloans, including 2.200 microloans for start-up projects. As of October 26, 2018, development in the republic is 30.9 billion tenge (or 69%) with 8778 provided microloans (or 80% of the planned figure).

Rural labor market is experiencing particular difficulties. It has features that complicate the achievement of balance and require consideration when developing state employment measures and social protection of the rural unemployed. The main features of the rural labor market are:

- Concentration of jobs, labor, lack of their territorial accessibility, associated with the transport infrastructure underdevelopment.
- Underdeveloped non-agricultural activities and areas of labor application.
- Remote location of employment centers in rural areas, poor awareness of the rural population about the availability of vacancies.
- Low horizontal and vertical labor mobility as a whole, related to such reasons as the lack of a housing market or the illiquidity of existing property, attachment to personal subsidiary farming, low competitiveness in the urban labor market, psychological factors.
- Poor commitment of the rural population to the creation and development of small business, seasonal fluctuations in labor demand.

State support for employment, labor stimulation and obtaining acceptable incomes are a priority for the partial prevention of the regional migration mobility of the rural population. Demographic processes and changes in the ratio of the number of people turning working age and those leaving it in the rural labor market have a strong influence on certain structural changes. Currently, the problem of rural unemployment is particularly relevant, since there is a considerable percentage of the unemployed among the rural population. Due to the development problems in the agricultural sector, the unemployed migrate to larger population centers, hoping to find employment opportunities in the cities (Jussibaliyeva et al., 2018).

In 2017, in order to organize the reception of immigrants from the labor-surplus regions in 2018, together with the district akimats, a Road Map was developed and approved to attract citizens from the labor-surplus regions to North Kazakhstan region. The Road map consists of the Action Plan for attracting citizens from the labor-surplus regions to North Kazakhstan region in 2018 and the Resettlement Map in the context of the region settlements.

In accordance with the Road map, measures to provide assistance in the voluntary resettlement of citizens to North Kazakhstan region are as follows:

- Determination of the need for labor resources to meet the demand of employers for labor in the context of occupations.
- Approval of the list of professions for which additional labor resources will be attracted from the departure regions.
- Monitoring of available vacancies.

- Monitoring of the availability of free housing for sale or renting to migrants.
- Determination of the availability of land property to be provided to migrants to develop gardening and livestock raising.
- Organization of trips to the departure regions for participation in job fairs and meetings with the public.
- Conducting public awareness campaign (posting information about vacancies, free housing, resettlement conditions on the district akimat websites, as well as sending this information to the departure regions).
- Organization of the reception of migrant families.
- Monitoring of arriving migrant families.

The action plan for attracting citizens from the labor-surplus regions of Kazakhstan to North Kazakhstan region includes measures to provide assistance in voluntary resettlement of citizens through identifying employers “*needs for labor, employers*” participation in job fairs in departure regions, conducting public awareness campaign on resettlement issues, selection of housing and land to be provided to migrants for gardening and livestock raising. Also, the Action Plan reflects measures to assist in the employment of arriving citizens, providing them with housing, as well as government support measures. When creating a resettlement map for migrants, the choice of settlements was made taking into account the following indicators: the potential of the population center, the possibility of providing capable-for-work family members with jobs, including the ability to engage in farming, animal husbandry or individual entrepreneurial activities, housing availability, availability of places for migrant children in kindergartens and schools (“*Road map*”).

According to the Statistics Committee of the Ministry of National Economy of Kazakhstan, it was found that in Kazakhstan as of January 1, 2018, the number of labor force aged 15 years and over reached 9 million people. In the total labor force, the urban population was 5.2 million people (57.5%), women-4.4 million people (48.3%). There were 8.6 million people engaged in economic activities of the country. The employment rate for the labor force reached 95.1%, for the population aged 15 and older-66.3%. Among the employed population, the number of employees was 6.5 million or 75.5%, the self-employed-2.1 million people or 24.5%. In the total number of the employed population, the number of men amounted to 4.5 million people. The number of women was 4.1 million people (48.1%). In the structure of the employed population, the main share of 78.2% was between the ages of 25-54 years, 11.5% are young people aged 15-24, 9.6% are people aged 55-64 and 0.7% are 65 and older.

The number of the unemployed in Kazakhstan in January 2018 amounted to 442.3 thousand people. The unemployment rate was at 4.9%. In the total number of the unemployed, the urban population was 255.3 thousand people (57.7%) and the rural-187 thousand people (42.3%). The proportion of people aged 25-34 was 38%, at the age of 15-24 years-8.7%. Among the unemployed, 117.2 thousand people (26.5%) have higher education, 108.7 thousand people have general secondary education (24.6%), 174.4 thousand people (39.4%) have secondary vocational education. Every third unemployed did not have a job due to the absence of any job opportunities, 19.1% resigned, 11.8% resigned due to family reasons. The number of people outside the labor force aged 15 and older in January 2018 was 3.9 million people. In comparison with 2017, it increased by 72.3 thousand people (by 1.9%). In the total number of people outside the labor force, men comprised 1.4 million people (37%), women-2.5 million people (63%). The proportion of people outside the labor force was 30.3%. The main share of people outside the labor force is pensioners-47% and intramural students-30.7%, are engaged in household chores-6.2%, and for health reasons-6.8%.



The unemployment rate in the country is low compared with developing and developed countries of the world. Unfortunately, a large percentage of the currently registered unemployed are women and rural residents. For the majority of registered women, the labor exchange is not a platform for finding a new job, but a source of a small cash benefit. As a rule, they are engaged in the family and household. Rural residents, who are registered as unemployed, also mostly do not seek to find a job. This is because for many of them the sale of products from their own gardens and farms is the main source of income.

Students must also study promising employment models. The models must be resistant to market conditions, provide income, professional growth, and most importantly-jobs to rural population. Efficient use of labor potential as the main driving force of modern agricultural reforms and an objective factor for sustainable development of agricultural production, along with the development of rural social and labor sphere, working potential, are of particular importance in the field of employment in rural areas (Jussibaliyeva et al., 2018).

The analysis showed that in the world practice active labor market programs are used to solve such problems. Active labor market programs are carried out through the development of labor resources (vocational training and retraining), increased labor demand (wage/employment subsidies, public works), improved labor market regulation (creation of employment centers, information support), a combination of increased labor efforts and a social support system provided by the state. In economic terms, active labor market programs mean the increased likelihood of productive employment, growth in labor productivity and wages. In social terms, they mean a decrease in unemployment, an increase in labor activity and human potential development. Initially, such programs were used during economic depression and high unemployment rate. The negative impact of industrial restructuring in countries with economies in transition and the integration of vulnerable populations most remote from labor markets (Simagin, 2018).

Currently, they are used to mitigate the negative impact of industrial restructuring in transition economies, as well as the integration of vulnerable population segment most distant from labor markets (Simagin, 2018).

The positive results achieved on this basis make the development and the use of active labor market programs relevant. Our capabilities in this regard are enhanced by the accumulated experience (Jussibaliyeva & Abdykerova, 2018).

The analysis of the current employment rate of the working-age population in rural areas for the study period (2007-2017) showed us an upward trend (from 2489 to 4679.7 thousand people). Compared with the total population, the average annual growth rate was 5%-6%. This indicates an increase in their labor activity. There have been significant structural changes in the distribution of the employed population according to their involvement in labor activity. The current age structure of the employed rural population creates favorable prerequisites for improving economic well-being and productive employment.

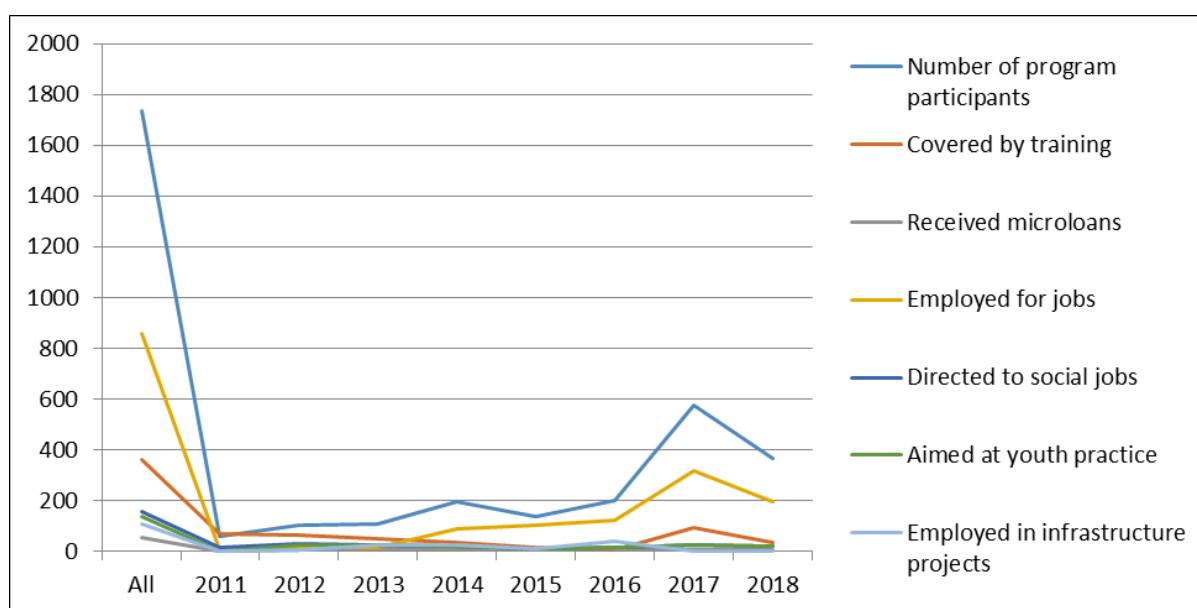
Table 2 presents the results of the implementation of state employment programs adopted in Kazakhstan from 2011 to July 2018.

<b>Table 2</b>									
<b>RESULTS OF THE IMPLEMENTATION OF STATE EMPLOYMENT PROGRAMS (THOUSAND PEOPLE)</b>									
<b>Indicators</b>	<b>Total</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 (Jan-July)</b>
Number of program	1737.1	59.2	102.4	106.4	194.4	136	198.3	572.9	367.5

participants									
Covered by training	362.7	69.4	63.2	48.6	35.7	14	7.2	92.2	32.4
Received microloans	54.2	1.4	6.5	11.2	9.6	4.4	9.7	7.2	4.4
Employed in jobs	857.6	6.3	13.8	13.2	87.3	102	122.1	315.5	197.4
Directed to social jobs	153.8	16.3	27.6	24.3	18.7	10.4	14.3	24.1	18.1
Aimed at youth practice	135.3	0	24.9	23.5	17.5	10.3	15.1	25.8	18.2
Employed in infrastructure projects	106.2	0	7.2	23.6	23.8	8.6	40.6	2	0.4
Relocated	26.5	0.2	7.9	4.6	3.5	1.2	2	4	3.1

(Source: The Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan)

The same data is interpreted in the form of a diagram in Figure 2.



**FIGURE 2**  
**DYNAMICS OF INDICATORS OF THE IMPLEMENTATION OF THE STATE EMPLOYMENT PROGRAMS**

(Note: Operated by authors).

As it can be seen from Table 2 and Figure 2, in total from 2011 to the present, within the implementation of measures to promote employment of the population, 1.7 million people were covered (367 thousand people as of August 1, 2018), of which:

- 363 thousand people received professional education.
- 54 thousand people received microloans to start or expand their own business.
- 858 thousand people were placed into regular employment without additional state support.
- 154 thousand people were placed in social jobs.
- 135 thousand people were sent to youth practice.
- 106 thousand people were employed in the framework of the infrastructure projects implementation.

- 26 thousand people relocated to a new place of living.

Despite the systematic state effort to move the population from the labor-surplus regions to the labor-deficient regions, there are certain issues and new tasks in the Program implementation.

As for the state support and regulation of the agricultural labor market, it should be noted that the unemployment and employment regulation, has been carried out mainly in the format of special employment programs since the first years of independence. Transformations into the agro-industrial complex, accompanied by denationalization and development of peasant and individual farmers, formed a self-employed category of the population, with 1.7 million people in rural areas or 48.8% of the employed population. In the structure of the self-employed rural population, employers accounted for 2.8%, members of production cooperatives-0.5%, and employees on an individual basis and employees of family enterprises-8.6% (Jussibaliyeva & Abdykerova, 2018).

The widespread use of the Active employment assistance program (social jobs, youth practice, retraining and further training) contributed to the activation of the target population groups and for the first time the youth unemployment rate (4.1%) was recorded below the total unemployment rate of the country. The main results of the Road Map implementation are:

- Implementation of almost 9 thousand projects.
- Creation of 392 thousand jobs.
- About 150 thousand people (about half are employed) were sent to training and retraining.
- More than 192 thousand people were placed in social jobs and jobs in the framework of youth practice.

The Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 has an important macroeconomic role. The program is of socio-economic and strategic importance. The purpose of the program is to promote productive employment of the population and to involve citizens in entrepreneurship. According to the operational data, provided by local authorities of Astana and Almaty, 595.7 thousand people applied for participation in this program in 2017. There were 572.9 thousand people or 96% who became the Program participants.

In accordance with the Program for the Development of Productive Employment, the analysis of the labor market and the implemented actions determines the following strengths and weaknesses, opportunities and threats.

#### **Strengths:**

- Priority in promoting employment in the activities of the Government of the Republic of Kazakhstan and local authorities.
- Availability of updated regulatory support in the implementation of state policies to promote employment.
- The allocation of significant resources to promote employment.
- Availability of institutional base, data of social and labor sphere and significant experience in the implementation of active measures to promote employment.
- Cooperation with international organizations and experts, representatives of social partners.

#### **Weaknesses:**

- Lack of a local market with a relatively small number of people living in a large area.
- An economic slowdown.

- Geographical and demographic imbalances.
- Poor transport link.
- Relatively low efficiency of the training system.

With a general decreasing trend in the number of self-employed population, there was an increase in such sectors of Kazakhstan's economy as agriculture, trade, transport and construction. In the context of the country's regions, a significant share of the self-employed population is concentrated in the southern, southeastern and northern regions of Kazakhstan. In these areas agriculture is widespread, especially in rural areas, where the share of self-employed people is more than 50% of all employed. However, despite the positive changes, the national labor market is not balanced.

In the past decade, there has been a positive trend in all key indicators of the Kazakhstan labor market. At the same time, timely holistic programs to promote employment allowed maintaining stability in the labor market and mitigating the negative effects of crisis periods. Today, the economic activity level of the country's population is relatively high. Since 2006, it has grown to 13% (in the 2<sup>nd</sup> quarter of 2018-9078.9 thousand people). The number of the employees increased by 1.8 million people (to 6.6 million people), the number of the unemployed decreased by 184 thousand people (up to 441 thousand people) and the self-employed to 563 thousand people (up to 2.1 million people). The overall unemployment rate dropped by 1.6 times to 4.9%. The youth unemployment (15-24 years old) decreased by 3.1 times. It declined to 3.8%, which is one of the lowest in the world: the United States (8.7%), Australia (11.8%), Canada (11.3%), Sweden (16.4%). The President of our country, N.A. Nazarbayev, in the next Message to the people of Kazakhstan "*Growth of the welfare of Kazakhstan: increase of incomes and quality of life*" dated October 5, 2018, noted that it is important to radically reorient the agro-industrial complex to an increase in labor productivity and growth in exports of processed agricultural products. In his message, the President instructed to increase labor productivity in the agro-industrial sector and the export of processed agricultural products by at least 2.5 times over the five-year period.

Three major cities remain the gravity centers for internal migration. They are Almaty, Astana and Shymkent, as well as Turkestan region, which account for almost half of the total inflow of internal migrants in 2018 (16% for Shymkent, 13% for Almaty, 10% for Astana and 10% for Turkestan region). With the exception of Mangystau region, where the accumulated balance of internal migration over the same period was a positive value of 7.6 thousand people. None of the regions could compensate for the number of leaving people in the first half of 2018. Since 2010, labor productivity growth in Kazakhstan has been 130%. In the last decade, the average monthly nominal wage in the country increased by 3 times—from 53.2 thousand tenge in 2007 to 162.8 thousand tenge in the 2<sup>nd</sup> quarter of 2018. One of the competitive advantages of Kazakhstan is the position in Global competitiveness index of the World Economic Forum for the "*Labor Market Efficiency*"—the 35<sup>th</sup> place with an average score of 4.6.

Today, in Kazakhstan regions there is a heterogeneous demographic situation. According to the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, 38% of the population live in the southern regions of the country, while their share in the gross regional product is only 17%. In the northern regions, 29% of the population produce 25% of the gross regional product. According to the forecasts of the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan, by 2050 the population of the southern regions will increase by 5.2 million people and the population of the northern regions may decrease by

0.9 million people. The density of settlement in the southern regions will be almost four times higher than in the northern regions.

Self-employment is very popular. For example, in Romania, Turkey, Greece, its share exceeds 30%. In terms of industry, the share of the self-employed reaches 40% in agriculture in Poland, 20% in construction in the UK, 40% in trade in Spain, 20% in professional, scientific and technical activities in Sweden, 18% in humanitarian services in Germany. It is important to note that all self-employed people in Western countries pay taxes after paying social security contributions (Vdovenko & Kiselev, 2010).

Countries are significantly different in terms of retraining and distribution of entrepreneurial skills, although there is no clear pattern between retraining and entrepreneurial skills. Investment in entrepreneurial skills and knowledge through entrepreneurial education helps people find relevant job opportunities (Kucel et al., 2016)

A study conducted by the National Association of Colleges and Employers (NACE) in 2011 shows that more than 50% of graduates worked as trainees when they were finishing their studies. Recent industry surveys of the US employers show that appropriate work experience is the most important factor for hiring. They also show that work experience, even on a part-time basis, is more important for recent graduates in business education than their coursework (Nunley et al., 2016).

Nowadays, more than 192 million people in the world are unemployed, which is 5 million people less than in 2016. The world unemployment rate is 5.6% and according to ILO forecasts in 2019, it will remain almost the same, while the number of the unemployed will increase by 1.3 million people. This fact is explained by insignificant rates of world economic growth and the superiority of the labor force over the number of jobs. In recent years, labor market indicators have improved in individual OECD countries. Based on the accumulated achievements, the labor market must adapt to the new realities associated with the Third Modernization. A number of external and internal challenges will influence the further development of the employment sphere.

It is important to note that in the world practice, economic growth is mainly observed in highly populated areas. It is there that the main investments go, talented young people strive and science and innovations are formed. Unfortunately, in our country the lowest productivity occurs in the southern regions where the concentration of the population is high. The western regions with a low population density show the highest productivity. The northern regions, for the most part, correspond to global trends. In addition, according to expert estimates, in the next 5 years there will be a slowdown in the influx of new workers due to the demographic failure of the early 90s (Bodaukhan & Jussibaliyeva, 2018; Bodaukhan et al., 2018).

Currently, the government programs are successfully implemented. These programs are aimed at improving the employment system of the Republic of Kazakhstan, as well as preventing unemployment, promoting the growth of productive employment, improving the quality of the labor force and protecting the national labor market. Among them, it is important to mention the Employment and Retraining Strategy of the “*Employment-2020*” Program, aimed at providing employment, preventing substantial unemployment growth, as well as maintaining and creating new jobs. The goal of this Program is to increase the income of the population by promoting sustainable and productive employment.

We should note that a characteristic feature of recent years is higher internal migration. Over the past 8 years, the number of internal migrants in Kazakhstan has increased from 366 thousand to 603 thousand people in 2017, up to 428 thousand people in the first half of 2018

(55% is due to regional relocation). The intraregional mobility of the population is higher compared to the interregional mobility. The interregional migration turnover increased from 139.5 thousand people in 2007 to 328.4 thousand people in 2017 (192 thousand people in the first half of 2018). The intraregional migration turnover increased from 172.2 thousand people to 602.4 thousand people in 2017 (235 thousand people in the 1<sup>st</sup> half of 2018).

The targets of the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 “*Enbek*” in the Republic of Kazakhstan are the following:

1. The unemployment rate as at 1 December, 2018 is 4.9% (in 2021 not higher than 4.8%).
2. The share of labor resources without education or only with school education as at 1<sup>st</sup> December, 2018 is 27% (in 2021 not higher than 20%).
3. The share of the unproductively employed in the self-employed population as at 1<sup>st</sup> December, 2018 is 16% (in 2021 not higher than 10%).
4. The growth of active small and medium-sized businesses as at 1<sup>st</sup> December, 2018 is 1241 thousand SMEs (in 2021-an increase of not less than 10%).

The analysis shows that in Kazakhstan for the self-employed, except through individual entrepreneurship, there is no working model for paying taxes due to low incomes of the self-employed. It should also be noted that the self-employment issue is actively studied in business education. Many advanced countries believe that entrepreneurship is a key element in stimulating economic growth and development. It leads to increased employment opportunities (Ossai & Nwalado, 2012). Entrepreneurship education can help young people gain skills and find jobs independently. For example, in Tunisia, as a result of the academic program reform, an entrepreneurship system was developed. The system provides business training and instruction to help students prepare a business plan (Premand, 2016). British universities are focused on practical skills development that increase the likelihood of employment (Carliner, 2004). Research shows that entrepreneurial education programs enhance people’s resilience and thus form an attractive alternative to classical academic education (Donnellon et al., 2014). In 2010 the Namibia University of Science and Technology (NUST) is the only university in Namibia, which offers integrated education, created a center for cooperative entrepreneurial education and adopted its first co-educational policy in 2011. The goal of joint training is to formalize the relationship between the institution and the industry. The new curriculum model has provided training for students based on real work and thus partially solved the employment problem (Reinhard et al., 2016).

## CONCLUSION

The current labor market situation in the country is characterized as a result of the active state support with relatively high employment rates and a relatively low unemployment rate. At the same time there are some negative trends in the formation of the labor supply and demand. As a result of entrepreneurial education, students learned that the formation of the Kazakhstani labor market model and the formation of its main parameters for the medium term until 2021 should take into account not only the current situation on the national labor market, but also the changed situation on the global labor market in the post-crisis era. The philosophy of the new Employment Program is to provide maximum opportunities for increasing the potential of Kazakhstani people through training that takes into account the needs of the labor market in personnel, as well as to contribute to the realization of potential through assistance in entrepreneurial activities or employment. One of the exogenous factors in the labor market

development is the innovative development of economic sectors, especially the agro-industrial complex, which presupposes its sustainable development, as well as qualitative and technological transformation.

State employment regulation and support, in economic terms, mean an increase in productive employment, an increase in labor productivity and wages. In social terms, it indicates a decrease in unemployment, an increase in labor activity and the development of human potential. Therefore, the planned measures within the framework of state programs will help to solve the problems identified through promoting productive and rational employment of the population and stimulating labor by increasing the potential of labor resources and involving citizens in entrepreneurship in accordance with the best practices of the Organization for Economic Cooperation and Development.

In Kazakhstan as a whole, thanks to government measures to promote employment, it was possible to keep the unemployment rate at an acceptable level, especially under the influence of the global crisis. It was also possible to significantly increase the competence of labor resources through training programs and to develop entrepreneurship by providing microloans to the population.

The proposed method of carrying out practical work in entrepreneurial education may be applied in the educational process of higher educational institutions.

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