

В качестве дополнения, следует отметить, что предложение авторов о внедрении в школах занятий о трудовом законодательстве страны, встретило положительный отклик на конференции Международной организации труда [3]

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3 Bolat Tatibekov Policies measures to facilitate transition from informal to formal employment: the Kazakhstan model. Materials of 3<sup>rd</sup> conference: Regulating for Decent Work: regulating for equitable and job-rich growth, ILO, Geneva, July, 2013.

УДК 331.5:331.56/.57

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#### **ANALYSIS OF LABOR MARKET AND UNEMPLOYMENT INSURANCE IN THE CASE OF REPUBLIC OF KAZAKHSTAN**

**Abstract:** The research deals with the overview of recent Unemployment insurance structure of Kazakhstan. It focuses on the theoretical of impact of UB payments on workers incentives to be employed and discuss its influences on Unemployment rate. Moreover provides overview of current situation regarding labor market of Kazakhstan

**Keywords:** Labor Market, Unemployment insurance, Unemployment benefits.

#### **Introduction**

As everybody know one of the main indicators showing the degree of economic development of any country is related to human resources or simply to say, to the efficiency of the labor market. In a broad sense, the labor market is a system of socio-economic and legal relations in society, rules and institutions, to ensure the normal continuous process of reproduction of labor power and the efficient use of labor force [1]. According to economic theory, which studies the adverse developments in the economy, including unemployment, unemployment is regarded as one of the main characteristics of the labor market. Currently, unemployment is present in all parts of the world in a variety of volumes, forms and duration. Almost all the countries, irrespective of developed, developing, or underdeveloped, in the world are suffering from unemployment [2]. To cut a long story short Social insurance system of any country could be used as a tool to solve illegal unemployment framework [3].

#### **Unemployment insurance system in Kazakhstan**

Kazakhstan has a multi-level social security system including obligatory social security contributions and obligatory pension contributions, which are aimed at improving the welfare of a whole population. In 2005, the Republic of Kazakhstan (RK) introduced compulsory social insurance as a supplementary form of a social protection. With the transition to the new

standards of social security, the State Social Insurance Fund (SSIF) was created in the form of a joint-stock company (JV) with 100 percent participation of the State. SSIF produces accumulation of social security contributions and payments to the participants of the obligatory social insurance system in respect of which occurred in case of social risk

According to the Legislation of the Republic of Kazakhstan, each citizen is required to participate in social insurance system. Compulsory social insurance system is divided into the following types: Old-age disability benefits, sickness and maternity, work injury and unemployment. Our analysis will be mainly focused on unemployment insurance system. The formula is as follows:

$$UB = AME * IRR * CPR \quad [1]$$

Where:

- UB- Amount of the unemployment benefit
- AME- Average monthly earnings, accounted as the subject for calculation of social security contributions, determined by dividing the summation of earnings for the last 24 months from which social contributions were paid by 24. Formula is as follows:

$$AME = \frac{\sum_{i=1}^{24} ME_i}{24} \quad [2]$$

- ME- a monthly income counted as a subject for calculation of social security contributions
- IRR- Income Replacement Rate, which is equal to 0.3.
- CPR- The coefficient of covered period, which is based on the length of time for making social contributions.

Table1

**Variation of coefficient for the covered period**

Covered period ( in months)	6-12	12-24	24-36	36-48	48-60	60 and more
Coefficient of covered period	0,7	0,75	0,85	0,9	0,95	1,0
Duration of UB payments(in months)	1	2	3	4	4	4
Source: State Social Insurance Fund [6]						

According to Table 1, The duration of the benefit depends on the period for which the insured was covered. The participant of obligatory social insurance system is entitled for UB for the following period:

1. One month - when social contributions for him was made from six to twelve months;
2. Two months - when social contributions for him was made from twelve to twenty-four months;
3. Three months - when social contributions for him was made from twenty-four to thirty-six months;
4. Four months - when social contributions from him was made from thirty-six months or more.

In case of receipt of social security contributions for the same month from two or more payers, monthly income from each payer should not exceed 10 times the minimum wage rate.

Similar to other emerging economies Kazakhstan is also sharing the unemployment problem (See Figure 1).

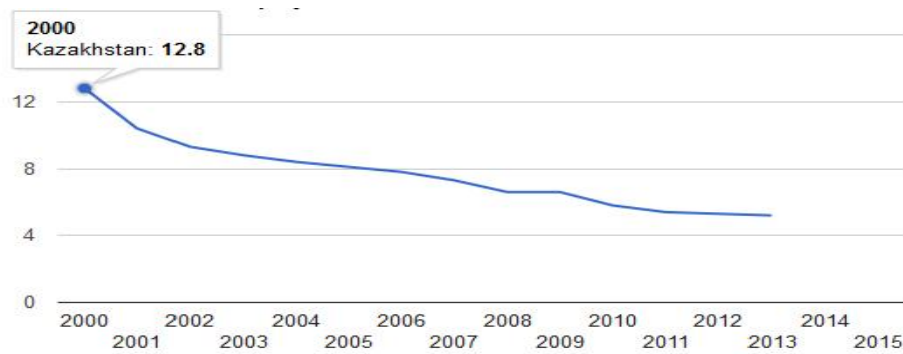


Figure 1- Unemployment rate in Kazakhstan for 2010-2014 [4]

According to figure 1, we can see that even if the unemployment rate is decreasing it's still at a high rate. In 2015, the official rate of unemployment was equal to 5.2%. The unemployment rate in Kazakhstan and other countries defined as the number of unemployed people as percent of the labor force. The labor force includes the people who are either employed or unemployed, i.e. who don't have a job but are actively looking for one. The labor force does not include people who are not looking for work, children, and the retired. In addition, unemployment is not only the problem that causes the emergence of illegal labor market in Kazakhstan.

Kazakhstan attracts attention of citizens from less developed countries. All kinds and forms of labor migration, with complex manifestations, are actively presented in Kazakhstan. The Republic of Kazakhstan is country of origin, transit and destination of labor migration. Large numbers of people move through this territory. According to the United Nations, report [5]. Kazakhstan is on 16th place among of countries receiving migrants. Simply, country possesses the entire set of problems linked with labor migration. Labor migration profile of the country is extremely interesting. Because of the richness of natural resources and the need for technical workforce, become an attractive center. Informal employment is common among migrant workers. Nearly all forms of illegal labor migration can be seen in Kazakhstan [6].



Figure 2-Dynamics of people migration in Kazakhstan [6]

According to figure 2, we can see the positive trend of people migration in Kazakhstan. In 2012, the migration rate increased by 0, 42% compared to 2011, and was relatively stable during the next four years. The net migration rate indicates the contribution of migration to the overall level of population change. High levels of migration can cause problems such as increased unemployment and potential ethnic strife (if people are coming in) or a reduction in the labor force, perhaps in certain key sectors (if people are leaving).

While analysing existing literature, we identified negative relationship between UB and UR, if the benefits too generous, extensions of UB contributed to an increase in the unemployment rate by 1.2 percentage [7].

Therefore, it was decided to graphically illustrate the trend of UB receipts and amount of payments with the aim to visually track the development of UIS in KZ (see figure 3).

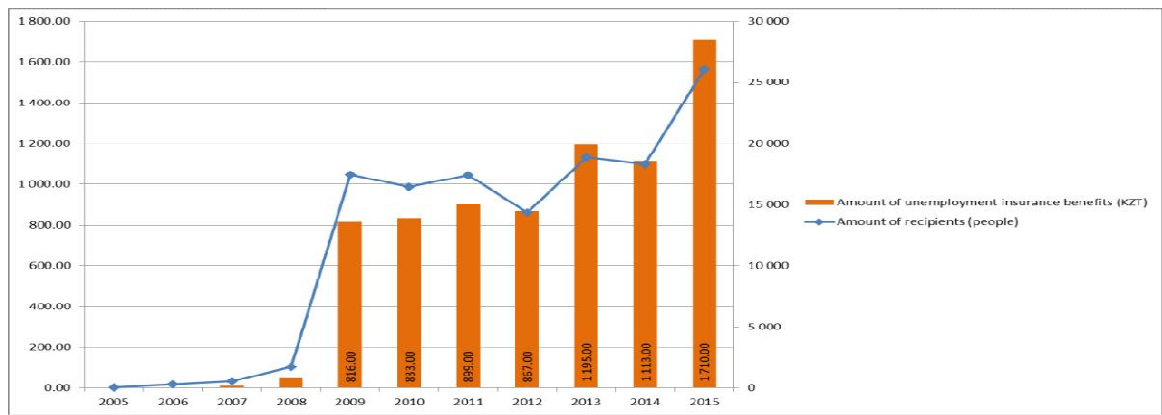


Figure 3-Dynamic of recipients and unemployment insurance benefits amount from state fund of social security for period [6, Pp.2]

The Figure 3, shows bond between amount of recipients and unemployment insurance benefits from state fund of social security for period 2005-2015 years. There is the slight increase in numbers from 2005 till 2008 years. For the next period we can observe dramatic growth and then we can observe stable little fluctuations for the 2009-2011 years due to economic recession. And again growth in 2013, 2014 years till the year when number increased wildly in 2015 year.

In addition (see figure 4) it was decided to see the relationship between the change in UR and change in UB paid.

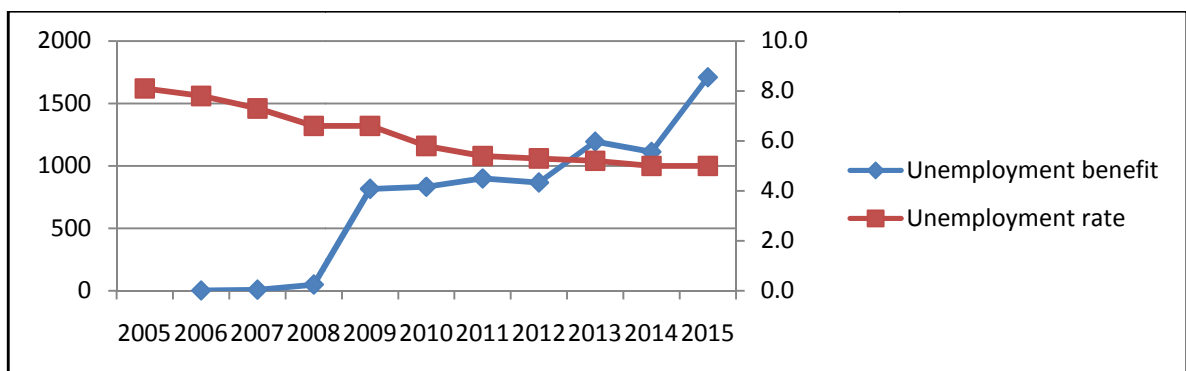


Figure 4-Relationship between UR and UB in KZT [6, Pp.3]

The figure 4, above shows the number of Kazakhstan's unemployment people in recent years. It shows a steady downward trend for the period of 2005-2015. It can be observed that our findings contradicting theory stated by Nakajima[7]. The reason can lay in the fact that unemployment benefits are not high in Kazakhstan.

However based on this analysis we cannot derive the exact conclusion about the impact of UB on UR. Therefore, it was decided to use job search model to identify optimal UB scheme by using moderating effect as incentives of unemployed people to find new job through CPS.

### Conclusion

Unemployment insurance system of any country are relatively complicated process which required detailed analysis and knowledge in legislation, one of the main reasons for that is dependence of compulsory insurance programs types from each other and opportunity to move from one program to another (ex. From unemployment to disability). Another important issue, particularly for UISsecurityin Kazakhstan is that several social payments paid from 55 of social contributions made by employer based on monthly income of employees. Simply to sayunemployment

As a result, governments need to guard against benefits that are too generous, which can discourage job searching. Governments also need a system for monitoring job search intensity, to reduce negative side effects on the unemployment rate and job creation.

Therefore, it was decided to use job search model to identify optimal UB scheme by using moderating effect as incentives of unemployed people to find new job and to conduct surveys and questionnaires among population of the RK.

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УДК378.1

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#### **НЕКОТОРЫЕ АСПЕКТЫ ИССЛЕДОВАНИЯ ПРЕДПОСЫЛОК «НЕФОРМАЛЬНОЙ» ЗАНЯТОСТИ В КАЗАХСТАНЕ**

**Abstract.** The article examines aspects of the emergence of informal employment, which is directly connected with the growth of unemployment in the country and entails not only the increasing socio-economic instability, but also a lot of economic problems for the state. Low wages, does not allow the family causes workers to seek additional sources of income types or go to the "informal" employment.

Явление безработицы представляет собой сложное социально-экономическое явление, когда часть экономически активного населения не занята в общественном производстве товаров и услуг, не может реализовать свои физические и умственные способности при помощи рынка труда, и это отражается на снижении их жизненного уровня и, несомненно, повышает вероятность роста криминала в стране. Как следствие, безработица влечет за собой не только возрастающую социально-экономическую нестабильность, но и множество экономических проблем государства. В любой ситуации безработица напрямую связана с процессами производства, распределения трудовых ресурсов и уровнем экономического развития общества, то есть влияет непосредственно на стабильность экономики и уровень благосостояния общества.

Очевидно, что в условиях рыночной экономики, с ее непостоянностью и неопределенностью, безработица является одной из ключевых проблем экономики, и