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THE DEVELOPMENT OF SELF-EMPLOYMENT IN KAZAKHSTAN

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Abstract. The article analyzes the current state of the labor market of the Republic of Kazakhstan, including the self-employment, and presents factors for its further development. The relationship between the self-employment market and the national economy is studied. On the basis of the Statistics Committee of the Ministry in national economy, a comparative analysis on the indicators of the economic is carried out. The self-employment market is justified, the motivating factors, i.e. the catalysts of development, are explained, and an individual description is given. The government will consider the state program of mass population's employment. The analysis of the advantages and disadvantages, risks and opportunities for further development of self-employment as a non-standard form of employment is carried out in relation to individuals and considered by the state. In addition on the impact of the pandemic on the labor market of Kazakhstan, which the global crisis will be considered. It is envisaged that under the influence of the sanitary and epidemiological restrictive measures introduced by the government, many enterprises and business entities have stopped their work and reduced jobs. The conclusion based on the analysis will be aimed at justifying the need for further development of the self-employment market in Kazakhstan.

Key words: unemployment, self-employment, labor force, entrepreneurial ability, economic development, labor market.

Introduction. Assessing the labour market as an important element of the national economy makes its problems more relevant. The labour market is characterized by a positive annual trend and a low unemployment rate. However, the share of self-employed remained stable at 25 %.

According to world economists, the concept of «self-employed» is not clearly defined in the international classification. Employed persons include employers, self-employed persons, members of production cooperatives, family workers. Therefore, in defining the self-employed, it is not possible to systematically analysis statistical data. However, in almost all countries this category is found as a form of non-standard employment, both legal and illegal. Non-standard employment is a requirement of time, technological progress, flexibility to respond to employers' current needs [1].

In developing countries, the self-employment market is characterized by its own characteristics compared to developed countries. Here it has a broad character and plays a positive

role in eliminating the negative consequences of the transition period, although it often occurs in the shadow economy.

The development of a modern labour market capable on responding to changes in the global world is a key condition for the development of a market economy in Kazakhstan. An increase in the number of self-employed will increase the incomes of the population and the middle class. It is therefore necessary to stimulate entrepreneurship and to increase the interest of the unemployed in self-employment.

Methodology. The study uses methods of comparative and statistical analysis with the participation of authors and takes into account information and analytical data from the Statistical Committee of the Republic of Kazakhstan and other sources of literature within the research topic.

Discussion and results. In general, the level of employment in a country depends on the state of the economy and the rate of economic growth. Consider this on the basis of a comparative analysis of economic development indicators of Kazakhstan (Figure 1).

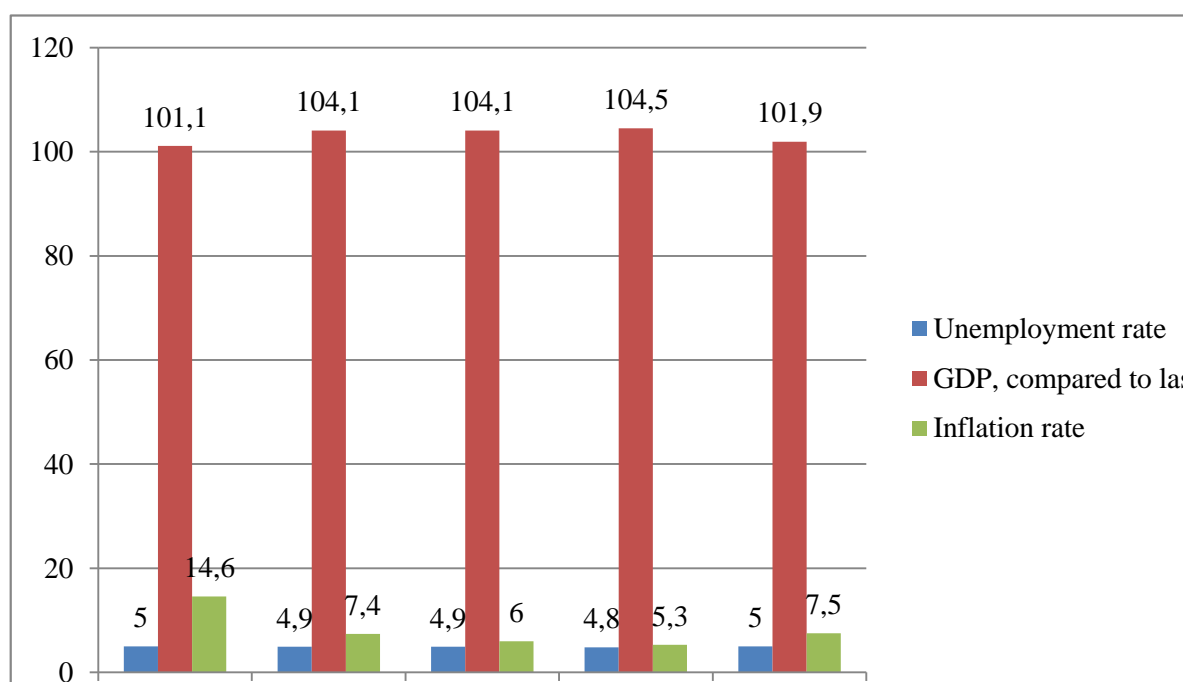


Figure 1 - Dynamics of economic development indicators

Note: [2] Compiled by authors from literature.

As shown in Figure 1, in 2016-2019, the economy developed at a progressive pace. For 4 years, the unemployment rate decreased by 0.2%. The gross domestic product increased by 46% over the same period, and the inflation rate decreased by 63.7%. However, due to the epidemiological situation in 2020, there was a post-pandemic global crisis, the level of gross domestic product in Kazakhstan decreased by 2.6% and amounted to \$67,724.8 billion tenge. The

crisis has had an impact on the labour market: the introduction of emergency measures and the restrictive measures adopted to deal with the effects of the pandemic have led to the closure in many enterprises and job losses. As a result, the unemployment rate returned to its 2016 level of 5.0 %.

The 2020 quarantine measures fundamentally changed the state of the labor market. The shift to the remote format of work, the reduced wages, job closures and the losses of economic entities increased the desire of the population to profit in other formats. There were two reasons for the deterioration on the situation of the self-employed: first, the decline in real wages. A positive indicator is observed only in public sector employees (teachers, doctors). Secondly, the decline in business activity in the trade and services sectors. This is a consequence of the reduction in wages for employees and the introduction for a quarantine regime.

However, while one sector was in decline, the other was growing. Some of the dismissed employees work in new service areas such as online sales, home delivery services, remote access systems, etc. The industry has expanded and added new employees. This contributes to the expansion of the self-employment market.

In addition, the technological change and globalization have changed the needs of employers and employees. Kazakhstan and other developing countries face the challenge of further developing the self-employment market as a means of reducing unemployment, which will increase in 2020, and in response to modern changes.

Conditions for the development of the self-employment market:

- Unstable economic situation in the country, as a result of which the material situation of the majority of the population is low;

- Changing the role of incentive wages. Because of the lack of a link between an employee's contribution to his work and his salary, the employee loses motivation to improve his skills and work effectively. As a result, the labour force and potential of the population will decline and the economy will become a shadow economy.

People are vulnerable to economic changes and crises, with low levels of social security [3]. These conditions will enable the population to move away from standard forms of employment and to choose more flexible forms of work. Several factors influence the further development of the self-employment market. Catalysts for the development of the self-employment market:

1. Technology development: increasing access to remote work through the Internet, increasing technical literacy, automating production processes, and providing online exchange services;

2. Changing employer requirements: need for quick selection of highly qualified specialists, striving for value engineering;

3. Changing employee requirements: the desire to control income, the desire for comfort;

4. The crisis: rising unemployment, declining incomes, rising inflation and rising social benefits, etc. [4]

Technology development. The active development of mobile technologies and the Internet is contributing to the development of the self-employment market. As a result, companies can attract highly qualified professionals who can work remotely (unique software developers, analyst engineers). The transition to a high-technology society, as well as significant advances in artificial intelligence and machine learning, has resulted in automation and decentralization. According to the report of the World Economic Forum «The Future of Jobs» (January 2016), automation of production processes in many industries will cost \$2 million. It will create new jobs and provide 7 million people with medium-skilled professionals sweep away the space.

Technological progress and, as a result, technological literacy has helped to expand the self-employment market to various categories of citizens. The younger generation tries to explore non-traditional career paths and use online platforms to test themselves in various professional fields. Parents who know computers use remote work to spend more time with their families and earn money.

Crisis situation. In the World Bank's economic report on Kazakhstan, experts predicted the consequences of the post-crisis. The poverty rate is projected to increase by 12.7 % and the poverty rate to increase. The pandemic and measures to mitigate it have a strong impact on the labour market, especially in low-skilled sectors. People living below the poverty line fall into poverty due to COVID-19 and job loss. This would be a major blow to the emerging economy, which is important to the middle class.

The economy of the state is still dependent on raw materials, so changes in world oil reserves cause another reaction in the economy. In conditions of such economic instability, companies aim to reduce their costs. As a result, many officially employed people become unemployed. Thus, in response to cuts and reduced income, residents begin to look for a new or additional source of income (Figure 2).

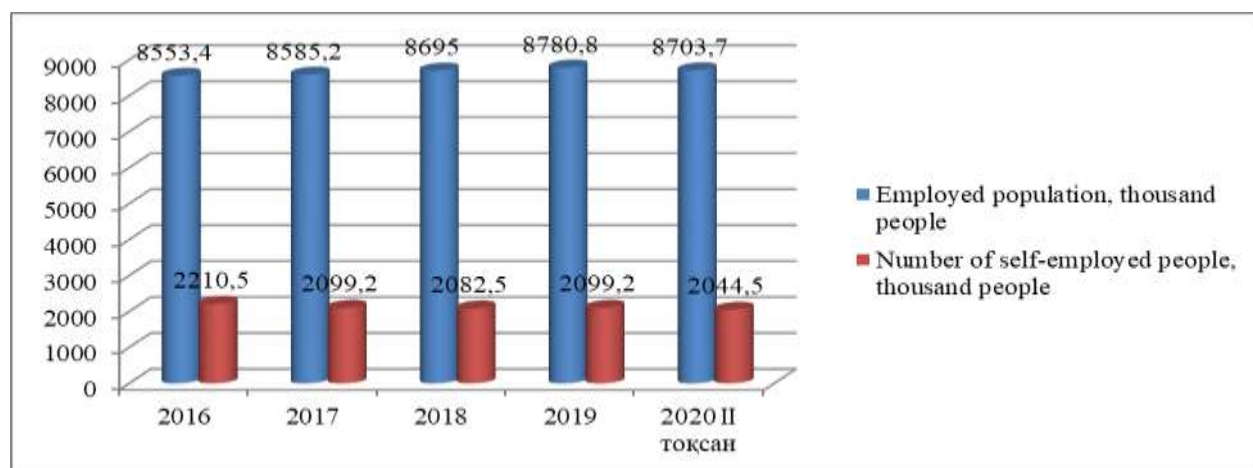


Figure 2 - Dynamics of the self-employed market of the Republic of Kazakhstan

Note: [2] compiled by authors based on literature

As shown in Figure 2, the share of the employed population increases annually by 0.9-1.2 %. However, the share of the self-employed in the employed population is not stable. From 2016 to 2018, there was a downward trend, and since 2019 the number of self-employed has been increasing (the share of the 2nd quarter of 2020 - 23.5%). There is reason to believe that this was motivated by the approval of the state program «Enbek». The «Business Opening» project was introduced on the basis of this program to teach entrepreneurship, increase microcredit, guarantee credits, grant state grants for the introduction of new business approaches, etc. effective measures were taken. According to the program targets, the share of underemployment among the self-employed decreases every year. In 2017 - 10.4 %, in 2018 - 9.3 %, in 2019 - 8.9 % [3]. In order to achieve the targets for underemployment (no more than 10.2 %), unemployment (no more than 4.8 %) and active SMEs (10 % growth), efficiency gains are needed [5].

The self-employment market has its advantages and disadvantages in terms of its impact on the state and people. This can be seen in full SWOT analysis.

Table 1 - SWOT analysis of self-employment

Disadvantages	Advantages
1. Fierce competition in market conditions;	1. Flexibility of work schedule;
2. Volatility of social transfers;	2. Convenience of working conditions;
3. Wage dependency on income;	3. Control source of income;
4. The need for separate transfers of taxes, insurance contributions and pension fund	4. Simplified form of taxation;
	5. Job Renewal;

payments.	6. Reduction of unemployment in the country.
Risk	Opportunities
1.Lack of experience due to lack of experience; 2. Intolerance of market competition; 3. Expansion of the informal economy due to the lack of official registration with public authorities; 4. The emergence of a staffing deficit in budgetary areas.	1. Upgrading skills in new areas; 2. Enterprise development; 3. Rapid adaptation to economic changes; 4. Increase in tax revenue from productive self-employment.

According to the SWOT analysis, self-employment has a number of disadvantages for citizens, but the positive impact on the national economy is significant. This will help citizens to increase their income, raise their standard of living, reduce unemployment in the country, and modernize the labour market. Systematic work with the support of the state and the commitment to continually improve their knowledge and skills will prevent the risks associated with analysis and open up new opportunities.

The country is actively implementing state support measures for the self-employed. In the address of the first president of Kazakhstan, Elbasy, which defined the opportunities for development in the new world on January 10, 2018, an instruction was given to legalize the activities on the self-employed [6]. In this regard, changes were made to the relevant legislation, and a new tax "single aggregate payment" was introduced for the self-employed in 2019. This change made it possible to bring unproductively employed people out of the "shadow", legalize their activities, fully analyze the labor market and systematize state support measures for them.

Conclusion. Self-employment in the modern economy is not only a way to reduce unemployment in the labour market, but also a way to solve the social and economic problems of the population. Self-employment is the basis for the formation of the middle class as a form of transition from employment to entrepreneurship. World experience shows that in no country can a state or a large business create enough jobs. Special attention should therefore be given to the development of small and medium-sized businesses based on self-employment. Through state support programmes in this area, conditions will be created for the effective system of skills and competencies in the labour market, the massive development of entrepreneurship and an effective model of labour mediation, including support for vulnerable groups. The development of economic

and institutional instruments to support the development of self-employment should be gradual. The first challenge in this area is to implement the territorial support strategy. Its building blocks are:

- Preparation on regulations governing the activities of self-employed persons;
- Development of a regional programme to stimulate the development of micro-business;
- Financial and credit regulation, risk reduction.

The issue of self-employment requires further study, as the transition on the economy to a new type of information and communication will lead to an increase in the number of non-standard forms of employment.

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РАЗВИТИЕ РЫНКА САМОЗАНЯТОСТИ В КАЗАХСТАНЕ

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Аннотация. В статье анализируется текущее состояние рынка труда Республики Казахстан, в том числе рынка самозанятости, приводятся факторы его дальнейшего развития. Изучается связь между рынком самозанятости и национальной экономикой. На основании официальных данных Комитета по статистике

Министерства национальной экономики проводится сравнительный анализ показателей экономического развития государства. Обосновывается необходимость развития рынка самозанятости, дается понимание мотивирующих факторов, то есть катализаторов развития, дается индивидуальная характеристика. Также рассматривается государственная программа массовой занятости населения, инициированная правительством. Проводится анализ преимуществ и недостатков рынка самозанятости как нестандартной формы занятости, также рисков и возможностей дальнейшего развития как в отношении физических лиц, так и со стороны государства. Кроме того, рассматривается влияние на рынок труда Казахстана пандемической ситуации, вызвавшей мировой кризис. На основе проведенного наблюдения выявлено, что под влиянием введенных правительством санитарно-эпидемиологических ограничительных мер многие предприятия, субъекты бизнеса были вынуждены приостановить свою работу, в последствии которого наблюдалось сокращение рабочих мест. Заключение, сделанное на основе рассмотренного анализа, позволило сделать выводы о необходимости дальнейшего развития рынка самозанятости в Казахстане.

Ключевые слова: безработица, самозанятость, рабочая сила, предпринимательские способности, экономическое развитие, рынок занятости.

ҚАЗАҚСТАНДА ӨЗІН-ӨЗІ ЖҰМЫСПЕН ҚАМТУ НАРЫҒЫНЫҢ ДАМУЫ

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Андатпа. Мақалада Қазақстан Республикасының еңбек нарығын, соның ішінде өзін-өзі жұмыспен қамтудың ағымдағы жағдайына талдау жасалып, оны одан әрі дамытудың факторлары келтіріледі. Өзін-өзі жұмыспен қамту нарығы мен ұлттық экономиканың арасындағы байланыс зерделенеді. Ұлттық экономика министрлігінің Статистика комитетінің ресми мәліметтері негізінде мемлекеттің экономикалық даму көрсеткіштеріне салыстырмалы талдау жүргізіледі. Өзін-өзі жұмыспен қамту нарығын дамытудың қажеттілігі негізделіп, оған түрткі болатын факторлар, яғни даму катализаторларына түсінік беріліп, жеке сипаттама беріледі. Үкімет тарапынан қолға алынған халықты жаппай жұмыспен қамту мемлекеттік бағдарламасы қарастырылады. Стандартты емес жұмыспен қамту формасы ретінде өзін-өзі жұмыспен қамтылудың жеке тұлғаларға қатысты және мемлекет тарапынан қарастырғандағы артықшылықтары мен кемшіліктері, тәуекелдері мен одан әрі даму мүмкіндіктеріне талдау жасалады. Сонымен қатар, Қазақстанның еңбек нарығына әлемдік дағдарысқа себеп болған пандемия жағдайының тигізген әсері қарастырылады. Үкімет тарапынан енгізілген санитариялық-эпидемиологиялық шектеу шараларының әсерінен көптеген кәсіпорындардың, бизнес субъектілерінің өз жұмыстарын тоқтатып, жұмыс орындарының қысқаруы байқалғандығы қарастырылған. Жүргізілген талдаудың негізіндегі қорытынды Қазақстандағы өзін-өзі жұмыспен қамту нарығын одан әрі дамыту қажеттілігін негіздеуге бағытталады.

Түйін сөздер: жұмыссыздық, өзін-өзі жұмыспен қамту, жұмыс күші, кәсіпкерлік қабілет, экономикалық даму, еңбек нарығы.