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**BACKGROUND FOR SELF-EMPLOYMENT
AND ITS DEVELOPMENT TRENDS IN THE REPUBLIC
OF KAZAKHSTAN**

Abstract. The article presents the prerequisites, conditions and tendencies of development of self-employment in the Republic of Kazakhstan. The priority of business activity in the private sector and the growing interest in making profits, the responsibility of each capable labor is of particular importance in a market society. Thus, the purpose of the article is to demonstrate the development tendencies of the Kazakhstan market of self-employment, which is an element of market relations and analyze its position. Statistical analysis of the situation on the domestic labor market was carried out by studying the world practice of self-employment. The article also outlines the main directions of the state's activities to improve the efficiency of employment in the country.

Keywords: employment, unemployment, self-employment, market economy, business, entrepreneurship.

Introduction. Self-employment of the population in many countries, especially in the Soviet Union, became more urgent when the state could not fully involve people who wanted to work. And the state assistance to the people will be possible due to the active employment policy in the country.

The economic crisis that took place in the transitional economy in the 90's of the XX century aggravated the problem of employment, which is why it is very useful to use the self-employment potential in the labor market. That is, on the one hand, the realization of the people's labor and, on the other hand, the lack of success of the people. That is why it is very effective in improving the living standards of the population, orienting towards new forms and forms of self-employment in solving internal economic and social problems in the country.²

Main part. In the market conditions, self-employment of the population is a phenomenon reflecting the level of business development in the economy. Self-employment in a market economy is an undoubtedly process that is characteristic of market relations. Because, the priority of business activity in the private sector and the growing interest in earnings, the responsibility of each able-bodied population in the market community is of particular importance. Therefore, for the development of the economy, new business incentives are needed to stimulate business activity and employment. This phenomenon (self-employment of the population) has been objectively present in many developed and developing countries.

Self-employment today is widespread in all sectors of the economy. It is the only condition – should not be a major investment in the production of goods and services, and complex forms of labor organization. The practice of western countries also proves this situation. Self-employment in essence continues with the civilized development of the economy, being the main form of labor organization for centuries. The beginning of the XX century was marked by the sharp increase in the number of hired workers in the western countries. Western Europe and North America were also recognized with this. There were several reasons, which implemented for that. Firstly, due to the labor mechanization, the use of

¹Today, self-employment in the informal sector, even if the motivation is very high because of the people involved with it formally employed people to increase their income source more engaged in new forms, for example, engage in a variety of its services, tutoring on the Internet, and to engage in translation etc.)

new technologies in agriculture and the use of pesticides, major production facilities have become operational, which in turn led to the collapse of small farms. Secondly, the industry unemployed millions of labor forces. Thirdly, large warehouses and large retail outlets were evicting smaller retail outlets, and their owners often had to close their businesses, and etc.

In general, the proportion of self-employed people in economic activity was considerable, and their number was different across the country. Its number increased dramatically in the 1970s and 1980s of the twentieth century. Large enterprises have been forced to disassociate people from the post-industrial era of economics. Meanwhile many people who have been unemployed have begun to look for survival. Self-employment is a good way of working right now. In this modern information society, this type of employment allows you to build a successful career. There is no well-developed production infrastructure and self-employment in the regions with unemployment, as a rule, contributes to social tension.

Self-employment, as a major form of people's self-employment, may have contributed to the emergence of entrepreneurship in the economy, since at that time everyone was trying to break out of social tension, depending on their abilities and capabilities. At every stage of the development of the economy, a certain model of employment, which describes the nature of its nature and the essence of public processes.

The role of the state in society is to create an equal legal environment for all people to exercise their labor abilities. The state-of-the-art public policy ensures that all citizens in the community are free to choose the type of work in accordance with their professional and professional abilities, regardless of gender, religion, belief, age, political affiliation, national or social status, and in the interest of personal interests and social needs.

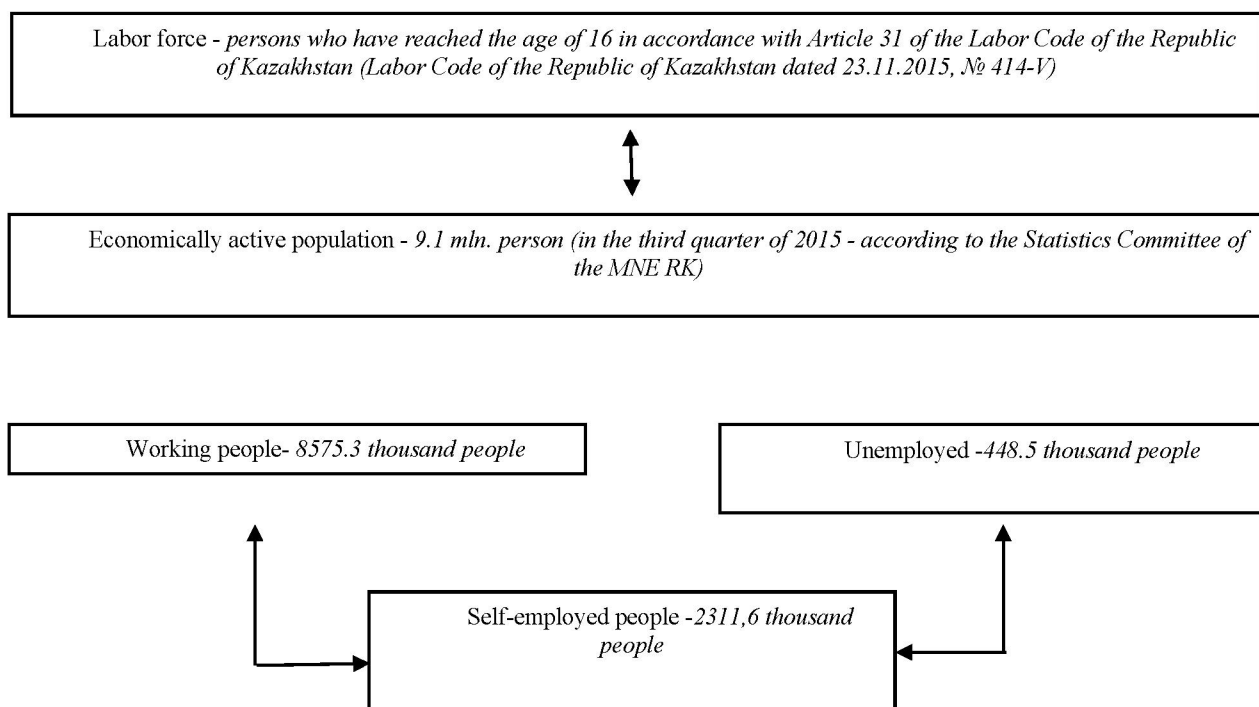


Figure 1 - Workable population composition

As you can see in the Figure 1, self-employed people are, first of all, a working-age nation, and, on the one hand, it is considered as unemployed, on the other hand, it is a working people, because it is doing different jobs and is always looking for a job, that is, economically active.

However, as they are not officially registered as unemployed, they reduce the number of unemployed in official statistics. We notice that the number of self-employed people has declined over the last few years, as in the 4th quarter of 2013 their number was 2596.0 thousand people (30.3% of the total workforce at that time). [2].

In the conditions of market economy, the phenomenon of self-employment for Russia and Kazakhstan became especially relevant. This type of employment means activity of self-employed individuals to create a certain type of employment at the expense of their own funds, to meet their individual needs for permanent or temporary income and for self-realization.

The combination of self-employment with the country's unstable economic situation has contributed to the emergence of "hidden employment" in the market. In fact, it was self-employment, but in this case, private labor and income would not be disclosed, i.e. self-employed entities avoid paying taxes and act in the shadow or partially shady economy.

Hence, the main features of employment in the market economy include:

- the degree of employment is dependent on market conditions, i.e. through allocation of labor resources (through work force demand and supply on labor market);
- efficiency and rationality of employment;
- the freedom to choose a particular deal depending on the types and forms of economic activity.

All those who do not have a job in the market can be divided into three categories: job seekers, not job seekers, and temporary unemployed. It should be noted, according international standards (International Labor Organization - ILO), unemployed people are considered as, people on work-abled age, actively searching work and willing to work, but without work. According to the Convention No.168 about "The Promotion of Employment and Unemployment" from 1998, full unemployment is understood as "loss of income of person because of the inability to find work, who can work, ready to work and who is really seeking a work" [3].

So, accordingly, employment, as an economic phenomenon, has its equivalents as do not have jobs or unemployment. The unemployment situation is as follows:

1. "no job", i.e. absence of hired work or self-employment;
2. the ability to have certain skills, ability to work and be ready at a certain time;
3. carry out practical work to find a wage job or find a job in a private enterprise.

Because of the above criteria, it can be objectively defined as unemployed, regardless of whether the relevant organizations are recognized or denied to a person as unemployed. [4]

Each criterion has its own significant load. Here the criterion "without work" allows workers to find out that they are unemployed and employed. For example, a person who has always had a casual temporary job, but who is actively looking for a permanent job, is classified as not looking for work, that is there are criteria 2 and 3, and there is no criterion 1.

Here, self-employed people are identified or neglected by this criterion, which in turn is not officially recognized as unemployed, has its own business (legal or illegal) and earns a certain income, since they are not registered as unemployed in the relevant state institutions. In other words, many self-employed people who are in the shadow or partially shady economy do not want to work legally or disclose their success, that is, they do not want to pay taxes and make pension contributions. Unfortunately, there are many such people in the country, and "armies" of self-employed people fill up in their national economy. And, in turn, the state reduces or reduces the statistics of the number of unemployed in the economy, due to which there is stable economic growth and stability in the labor market.

The "readiness" criterion (2) allows the unemployed to distinguish between jobs without any reason, that is, when the workplace is available, the unemployed must be able to start and work. If for any reason (health, family situation, voluntary social work, etc.) this is not so, add this person to the category of unemployed, but not to the unemployed. It should be noted that this criterion indicates a certain period of time when an unemployed person should begin work. The reduction of the reporting period increases the number of unemployed who are not ready to start work, that is, Remove them from the lists of the unemployed (with corresponding benefits).

The criterion "I'm looking for a job" is that people are actively looking for work, but at the moment there is no temporary or accidental income.

The peculiarity of the social and economic situation in the sphere of employment is determined by the need for a qualitative new view of the labor market, the choice of the mechanism for achieving the goals and objectives set in the era of the Fourth Industrial Revolution, the country's social and economic development strategy, and comprehensive adaptation to the system of world economic relations.

Today, in many countries around the globe, when employing data on employment and unemployment, people often use the method of selecting and choosing a job in the labor market, that is, through public opinion polls, and this method is economically inexpedient to the criteria of the International Labor Organization, unemployed and economically inactive to measure the behavior of individuals.

Study of population employment in the Republic of Kazakhstan is conducted quarterly (4 times a year) since 2001, of which about 75 thousand people aged 15 and older are covered by the statistical survey. The study covers all regions of the country.

The methodology of mainstreaming of the labor market indicators used by the Committee of Statistics of the Ministry of National Economy of the Republic of Kazakhstan meets the international standards of the International Labor Organization, including the number of self-employed population.

According to the International Classification of Occupational Profiles (ICSE-1993), employers are allocated to hired (paid) employees and self-employed. The structure of the self-employed population in statistical data is represented by the Agency of the Republic of Kazakhstan on statistics № 3 of January 10, , "Self-employed in the Republic of Kazakhstan, level of their average monthly income and methods of determining the number of unemployed population".

In accordance with this new methodology, all self-employed in Kazakhstan are divided into two groups: productive jobs (productive employment) and inefficient employment (unproductive employment). The main criterion for division into such groups is the level of monthly earnings from the production of goods and services. At the same time, the average monthly income is in line with the minimum subsistence level in each region of Kazakhstan.

In the fourth quarter of 2013, the share of productive employment in the total number of self-employed people was 64.5%, while non-productive employment was 35.5%.

Hired workers are those who work in the form of a premium (salary), who are hired (written or oral). Self-employed are those who are hired.

Separates the following groups of self-employed:

- employers;
- self-employed;
- unpaid family workers;
- members of a cooperative.

Employers are persons who are engaged in entrepreneurial activity in the form of any economic activity and are employed on a regular basis by one or more employees.

Individuals who are self-employed are those who carry out some economic activities and do not hired an employer on a regular basis.

Non-paid employees of family businesses are employees who earn remunerations for their merits based on internal family distribution rather than in wages. The members of the cooperative are the persons who are members of the labor cooperative engaged in entrepreneurial activities.

By the results of internal research of employment in Kazakhstan, in fourth part of 2013 the number of self-employed people was 2596 thousand people (it is 30.3 percent of general employed people) including employers - 160.7 thousand, workers by themselves — 2388,3 thousand, family enterprises assistants — 32,2 thousand, members of the cooperative - 14,8 thousand.

Workers, who work by their discretion, are main part of self-employed people (92%). They work with workers by themselves or with one or more partners by basis of self-employment and do not hire employees on an ongoing basis. The 63,3 % workers by themselves works individually (registered and non-registered entrepreneurs), 36,7 % produce products in their courtyard (with purpose of personal consumption and selling). More than half of people, who work in their courtyard (52,4 %) profit from sales of received products.

On the average, one self-employed person works 35 hours in one week (in 2010 - 31 hours) and only 0,4 percent of all self-employed people works 5 hours and less in one week.

While in developed countries share of self-employed people within the general employed is approximately 12-14 percentages. For example, in France - 11 percent, in Germany - 11,6, in United Kingdom - 14,6, in Czech Republic - 18,5, in Italy - 25,1, in Korea - 28,2, in Turkey - 37,1.

In 2013 on the appointment of the Head of state, the RK Statistics agency with the Ministry of Labor and Social Protection of Population, Ministry of Economy and Budget Planning, Ministry of Regional Development, Ministry of Agriculture have attached new methodology of identifying the number of self-employed people. By this methodology with the number of self-employed people, it is possible to identify the average monthly income and the number of unemployed people in Kazakhstan Republic.

The main goals of this methodology are to increase employment, by the «Employment road map - 2020» mechanism identify the categories of individuals, also, to register self-employed people and procuring with a pension and for entry into the social insurance system to make a structure formation of self-employed people. [5]

In addition, self-employed means it is a form of independent work, rewarded for work instead of work of an employee. The person, who chose the status of «self-employed», must independently work in his business.

Self-employed people formalizes labor relations in the form of contracts and are responsible for his/her work, organizes the work process, performs contract work independently or in a group of self-employed persons related to related or formulated relations.

In the economy of Kazakhstan, in April 2016 there were 8.5 million people employed. The number of employees in the same period of employment was 6.2 million (73.4% of total employed). [6]

According to the I quarter of 2016, the share of productive employment among the total number of self-employed people was 81.2%, while non-productive employment was 18.8%.

In April 2016, the number of unemployed was 439.3 thousand, the unemployment rate was 4.9%. The official number of registered in the employment agencies by the end of April 2016 was 74.7 thousand people. At the same time, the number of registered unemployed amounted to 0.8% of the economically active population. According to statistical estimates for the I quarter of 2016, the level of hidden unemployment was 0.5% of the economically active population (45.2 thousand people).

The number of self-employed in the Republic of Kazakhstan for the third quarter is decreasing - at the end of the first half of 2016 it was less than 2.2 million people. The highest number of self-employed people is registered in South Kazakhstan Oblast - about half a million people.

Starting from the 4th quarter of 2015, the number of self-employed people (employers in earnings or earnings from production and services) is continuously decreasing in Kazakhstan, on an average of 53,000 people on a quarterly basis. As a result, the absolute minimum was set in the second quarter of 2016 - 2 179 thousand people.

Along with the decrease in the total number of self-employed people, their share in the overall structure of the population is also decreasing. At the end of 2014, the share of hired workers exceeded 70%, and in the second quarter of 2016 this figure was above 74%. Accordingly, the proportion of self-employed people dropped to 25.7%, which means that citizens have reduced their desire to engage in self-employment and other successful business activities [7].

This information is based on official data provided by the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan. As can be seen in Figure 2 of this data, in recent years, the number of self-employed people has gradually declined, including the number of unproductive jobs (inefficient employment). Based on this data, the decline in the number of self-employed people means that they are actively involved in the number of people engaged in small and medium-sized businesses. The reason for this is the State Program of Productive Employment (full-time employment) and Mass Entrepreneurship Development (Employment Program 2017-2021) and Business Support Programs in the country. Because now the country has a single electronic labor exchange, electronic portals “Business territory”, consultation on opening of own business, information services online.

The proportion of men in the self-employed population is high - their number is 1.2 times higher than that of women. Compared to the 2nd quarter of 2015, the number of self-employed men decreased by 3.1%, while the number of self-employed women fell to 8.8%. In urban areas, more than 47 percent of self-employed population in the second quarter of 2016 are women, whereas 44.1 percent in rural areas.

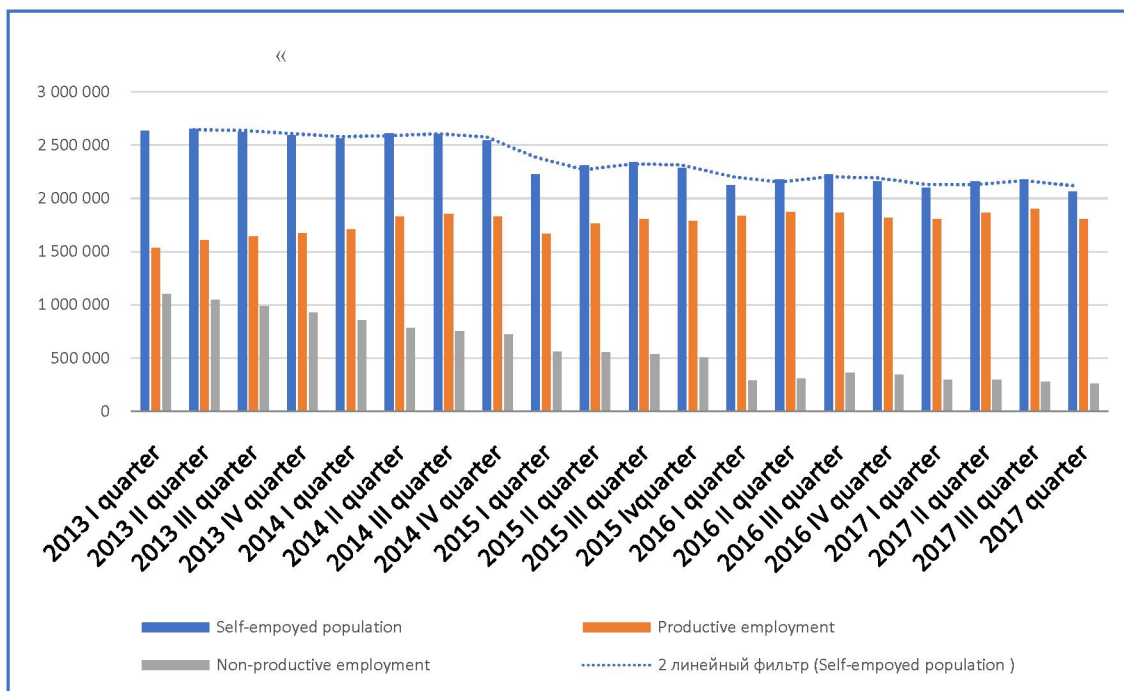


Figure 2– Dynamic of self-employed population in Kazakhstan

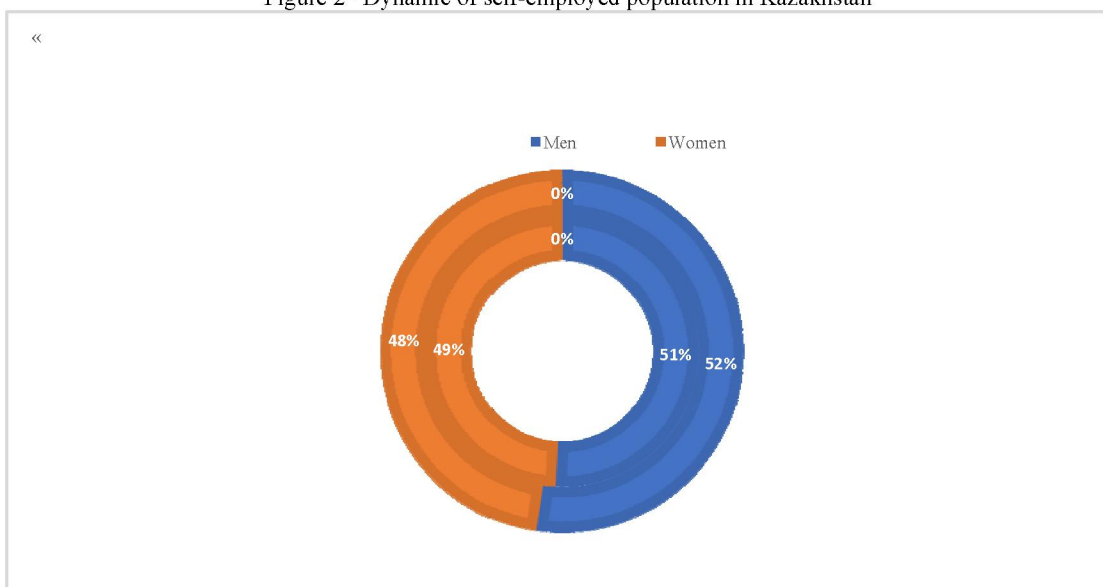


Figure 3 - Gender characteristics of the self-employed population

As shown in Figure 3, the share of self-employed men in the Republic of Kazakhstan is predominant, which is 52% in the second quarter of 2016.

Table 1 shows that the South-Kazakhstan Oblast is an absolute leader in terms of self-employed population. And it also takes the third place in the number of productive jobs - 97.0% in the II quarter of 2016 (100.0% in Astana and 98.2% after the Atyrau region). The best indicator is the fact that the number of self employed in the most economically active regions (Astana - 0.9%, Almaty - 0.2%) and in oil producing regions (Mangystau -1.3% and Atyrau - 0.0%) to be minimal.

Conclusion. Within the framework of the active employment policy of the country, the programs that promote self-employment, entrepreneurial skills and small business are becoming more and more important. Formation of the group of owners and entrepreneurs, growth of the competitiveness of the private sector in the production of goods and services will help alleviate the difficult economic situation

and solve social tension in society. For example, propagation of vocational training and retraining is one of the most important aspects of active employment policy in developed countries. This is primarily due to the high intensity of technological and organizational change in the economy, which requires continuous improvement of staff qualifications. The experience of all countries shows that the probability of unemployment is reduced as the qualifications grow. This example is focused on the Kazakhstan labor market, which is a system of training and retraining of personnel under the State Program “Business Road Map -2020”.

Table 1 - The number of self-employed in regions of the Republic of Kazakhstan

Self-employed people. Regions of the Republic of Kazakhstan. II quarter of 2016 (thousand people)								
	Self-employed		Productive employment		Self-employed growth		Share in the RK	
	2016/II	2015/II	2016/II	2015/II	2016/II		2016/II	2015/II
Kazakhstan	2 179,2	2 311,6	85,8 %	76,2 %	-132,3	-5,7 %	100 %	100 %
South-Kazakhstan oblast	498,2	507,7	97,0 %	91,8 %	-9,5	-1,9 %	22,9 %	22,0 %
Almaty oblast	248,4	272,4	72,2 %	64,9 %	-24,0	-8,8 %	11,4 %	11,8 %
Zhambyl oblast	228,7	243,8	74,9 %	63,8 %	-15,1	-6,2 %	10,5 %	10,5 %
East-Kazakhstan oblast	189,6	213,9	89,1 %	76,5 %	-24,3	-11,4 %	8,7 %	9,3 %
Kostanay oblast	176,6	183,5	85,9 %	85,2 %	-6,9	-3,8 %	8,1 %	7,9 %
Akmola oblast	144,5	138,4	87,3 %	67,5 %	6,1	4,4 %	6,6 %	6,0 %
Kyzylorda oblast	121,2	104,6	80,4 %	68,1 %	16,6	15,9 %	5,6 %	4,5 %
West-Kazakhstan oblast	118,0	118,2	85,5 %	81,9 %	-0,2	-0,2 %	5,4 %	5,1 %
North-Kazakhstan oblast	96,2	109,4	95,2 %	87,8 %	-13,2	-12,1 %	4,4 %	4,7 %
Karaganda oblast	76,4	111,7	72,2 %	54,0 %	-35,3	-31,6 %	3,5 %	4,8 %
Pavlodar oblast	75,1	92,0	91,9 %	68,0 %	-16,9	-18,4 %	3,4 %	4,0 %
Aktobe oblast	75,1	84,6	69,4 %	59,9 %	-9,5	-11,2 %	3,4 %	3,7 %
Atyrau oblast	29,4	29,4	98,2 %	88,7 %	0,0	0,1 %	1,3 %	1,3 %
Mangistau oblast	12,8	14,1	87,2 %	55,1 %	-1,3	-8,9 %	0,6 %	0,6 %
Almaty city	65,7	65,5	92,5 %	86,6 %	0,2	0,2 %	3,0 %	2,8 %
Astana city	23,4	22,4	100,0 %	95,2 %	0,9	4,2 %	1,1 %	1,0 %

Note: The calculations were made by Ranking.kz based on the data of the Committee of Statistics of the Ministry of National Economy of the Republic of Kazakhstan

Thus, an important step in the industrialization of the country was the implementation of the State Program «Employment - 2020» adopted by the Government of the Republic of Kazakhstan in 2011. Its main areas are:

- training and employment of self-employed, unemployed and people with disabilities on the labor market;
- promoting entrepreneurship development in rural areas and increasing labor mobility.

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