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# FACTORS OF A NEW MODEL OF SOCIAL AND LABOR RELATIONS FORMATION

Abstract. In the process of transition to an innovative economy, changes in the current structure of employment are taking place, accompanied by emergence of new professions requiring workers with high qualifications so as to also have the ability to consistently work in new conditions. Their effective adaptation to the new conditions of the globalized world requires a new mechanism of regulation of social and labor relations. System transformations dictate changes in the state's role in the adoption of measures adequate to current conditions in the changed economic environment. Taking into account these aspects the article deals with the issues of state regulation of social and labor relations in the labor market of Kazakhstan; describes the current model of labor relations and its basic parameters; determines the external and internal factors; specifically, the influence of the new labor law on its further development in the direction of democratization and the establishment of social partnership as a regulatory institution in the labor relations field.

Keywords: social and labor relations, regulation, models, external and internal factors, labor law.

The state regulatory policy on social and labor relations is determined by the parameters of the national labor market, which is the complex of relationships of its members concerning terms of employment, use, exchange and remuneration of the labor force. That is, the labor market is a reflection of the socio-economic processes taking place in the country.

In the process of transition to an innovative economy a change takes place in the current structure of employment, accompanied by a reduction in inefficient jobs, redistribution of workers between economics sectors, expansion of the services sphere, the development of innovative activities and the emergence of new areas of employment. Analysis of the situation in the Kazakhstan labor market shows that there is still the tendency for training not to correspond to the needs of the developing economy. In particular, according to a survey conducted by the Institute of Economics of the Ministry of Education and Science of the Republic of Kazakhstan (RoK), 64% of respondents perform jobs which do not correspond to their education. That is, we are talking about existing and rising imbalances between demand and the labor supply. Modernization to date and renewal of basic capital has already revealed the lack of highly skilled professionals in a number of industries, particularly in mechanical engineering, metal processing etc., which the national labor market still cannot provide. In this connection, foreign oil companies operating in Kazakhstan and opening new, western-style facilities, with advanced production technology, widely employ their own expat experts due to the lack of suitably qualified Kazakh personnel. Based on the fact that the balance between supply and demand of the relevant labor force is one of the most significant components of an innovative economy, we believe that the current situation indicates the weak work of currently operating labor institutions.

Meanwhile, the analysis of the economically active population of the RoK by level of education, shows the following: of the employed population, 37.8% have higher and incompleted higher education, 35.5% - secondary vocational (special) education and 19.8% - have secondary education, i.e. a fifth of the labor force are unskilled workers [1]. It is clear that the low professional level of labor potential is a serious problem for the country. It is quite obvious that this will be exacerbated with the further modernization of the economy in the sense that the part of the employable population due to their low quality of their qualifications will not be able to find their place in the labor market. This is prone to an increase in its intensity.

A number of social, cultural peculiarities and traditions specifically impact the employment of women. In particular, despite their relatively high initial vocational education, many of them, combining a career with raising a family and motherhood, have limited opportunities to improve their skills or gain new skills and become, over time,

less competitive in the labor market. All this leads to the fact that women, who have not worked for a long time or have been compelled to change their profession, have a reduction of socio-labor skills of communication. In such cases of long-term unemployment public social security services should take targeted measures to such persons to involve them in social interaction. An important factor to mitigate these problems is the creation of psychological services at the centers of employment.

Speaking of youth unemployment, amongst the negative consequences of this, it is important to note that the lack of work experience of young people implies a lack of socio-labor relations skills in the work group. Here it should be said that there is a long overdue need to create a service in the country, coordinating the work of professional orientation and providing assistance to youth in choice of profession, based on the needs of the economy.

One of the unusual subjects of the labor market is represented by the self-employed. The scope of the employment of this category of citizens has a great diversity and low transparency. These people do not work under a contract, are not registered as entrepreneurs and at the same time are not unemployed. Statistics show that the proportion of self-employed is relatively high in the country, accounting for about a third of the population. This form of employment, so-called "self-employment", plays an essential role in social and economic life, especially in the sphere of small business. It is this informal employment sector, giving a livelihood to millions of people, which absorbs "surplus" labor in conditions of scarcity of resources for the development of the economic and social spheres and the lack of a sufficient number of "formal jobs". It developed in the country between 1990 and 2000, when there were jobs lost in all categories (scientific staff, workers of all specialties, medical personnel, teachers, agricultural workers, etc.) and people passed into the category of self-employed.

Self-employment in the country is concentrated mainly in rural areas - at the level of 47%. Moreover, its share is higher in the less industrialized regions of Kazakhstan with limited employment opportunities in the formal sector. Of these, 62% are employed in the agricultural sector, i.e. they are mainly unskilled workers. Analysis of statistical data shows that 77.1% are self-employed in productive employment, i.e. producing products, including those for sale. The share of the nonproductive employment is 22.9%, which indicates the low parameters of social and labor relations in this segment of the labor market. Nevertheless, despite the appreciable difference in favor of the first category of the population, indicators of its activity are clearly not sufficient to fulfill the mission of a significant role in the social and economic life of the country. This is confirmed by the official statistics: the self-employed, constituting 27.4% of the employed population, produce only about 10% of the country's GDP, their productivity is almost 6 times lower in comparison with hired employees.

Analysis of the core meaning of the concept of "self-employed" has shown that in the CIS countries, including Kazakhstan, issues of border definition of the concepts of social differentiation components are methodologically poorly designed. There is still no clear definition of the categories: self-employment, entrepreneurship, informal employment.

The definition of "self-employed", given in the Republic of Kazakhstan Law "On Employment" [2], is essentially identical to the international standard for categorizing employees in countries with developed market system, in which the resulting income is directly dependent on the production of goods and services, at the same time products produced for self- consumption are considered to be a part of the income. When identifying the concept of "self-employed" in terms of Western practice, it is difficult to find out the specific numbers, composition and structure in the country, the flow of migrants, replenishing their ranks, as well as social needs and orientation of certain social groups that form the phenomenon of "self-employed". All this has its negative side. Thus, in particular, there are many cases when the unemployed are counted as the self-employed, which, firstly, significantly distorts the statistics on the real unemployment rate and on hidden unemployment. Secondly, it is not possible to determine the true number of Kazakh households involved in the actual process of trade. Finally, the self-employed, often being the subject of informal (shadow) employment, fall out of the system of state regulation of social and labor relations, as they are not subject to the social obligations of the state. This applies to a large extent to the productive self-employed. They are not covered by labor contracts, which makes them vulnerable in the labor market, whilst being totally dependent on the employer, not having social security, pension and insurance benefits. Nonproductive self-employment leads to a loss of skills of social interaction in the process of labor and marginalization.

Thus, it would be right to apply here the thesis on the low efficiency of use of labor resources, which speaks for the lack of organization of the labor market and the absence of understanding of social and labor relations amongst certain categories of workers.

The development of innovative technologies is accompanied by the emergence of new professions requiring entry level skills of sufficiently high qualification for quick learning of these new skills. The qualification skills undergoing the biggest changes are those in engineering professions, management and administration, and services. In Kazakhstan, for example, the tendency has been formed for there to be a certain deficiency of highly qualified managers and executives of the new management style. This can be considered as a new and growing challenge in the market of the employers. This is also confirmed by the WEF global competitiveness report for 2015-2016 [3]. In

labor market efficiency rating Kazakhstan occupies the 18th place out of 140 countries. However, the low positions on such indicators as management professionalism – 79th and the country's ability to retain talent – 57<sup>th</sup>, indicate a lack of effectiveness of the management of social and labor relations to ensure high standard of living, in which every worker is interested. In this respect particularly important is the issue of training future innovators in business, as local entrepreneurs will produce competitive products not only for the domestic market but also to come up with the products which are in demand abroad. It should be noted that the situation inherent in the Kazakh market, is that despite a certain shortage of skilled workers, a strong demand for a highly educated skilled labor force has not yet formed.

Summarizing the risk characteristics of the labor market, we can draw the following conclusion about the realities of the Kazakhstan market. Imbalance when, on the one hand, there is an excess of workers in professions with low demand today, and on the other hand – there is a lack of qualified personnel needed to provide and support modern technology. This is exacerbated by the condition of the large number of jobs, not adequately adapted to the significant issues of qualified personnel required to operate in an innovative economy.

In the context of the above, the provision of balanced supply and demand in the labor market needs effective state regulation, which is capable of bringing the structure of labor supply to the market to a state capable of meeting the demand.

Integrating into the global economic system, Kazakhstan is becoming increasingly dependent on the trends in world processes. The principles for the development and implementation of the state policy management of social and labor relations are shaped under both external and internal factors.

As external factors there are the recommendations and conventions of the UN and ILO, agreements concluded as part of the EAEC and the WTO, governing the development of the labor market and labor relations. Kazakhstan, as a member of many international organizations, has joined various international agreements related to the regulation of social and labor relations. Accordingly, the ongoing reform of the labor legislation is based on the principles of international labor law [4, 5].

The internal factors include labor law, based on the Constitution of the Republic of Kazakhstan and comprising the Labor Code, as well as all legal acts of the state, aimed at achieving a balance of interests of the participants of social and labor relations, the implementation of their constitutional rights, social stability and public consent. In our opinion, the emerging mechanism should involve less government intervention in the event of negative phenomena, as a mechanism to prevent them. Accordingly, its main task is to develop preventive measures, with a clear definition of the principles of their functioning.

According to the study results, for the years of economic reforms, according to phased development of the labor market model, social and labor relations have also undergone a significant transformation. At the initial stage of formation of the labor market (in mass redundancies resulting from closure of enterprises and spontaneous reallocation of labor force between sectors of the economy and spheres of activity) in the conditions of rising unemployment, the Kazakhstan model of the labor market had features of European (liberal) model, with a predominance of passive measures in employment policy.

In subsequent years, with the stabilization of the economy, the focus has shifted to the use of elements of the Swedish model - along with measures to combat unemployment and poverty, work is activated on improving the legal framework for transforming the labor market. As a result of this symbiosis a new social policy appeared, the criterion of which was poverty reduction, in conjunction with the operation of a full-fledged labor market and with the strategic goal of improving people's welfare.

With further social and economic development, the process of the labor market adaptation to new realities continues, in particular organizational innovation in employment, especially in the field of social and labor relations. Kazakhstan, as a country on the path of innovative development, modernizes its economy and its social sphere. The current processes have an impact on social and labor relations in terms of improving them relative to society's needs, with the aim to improve the living standards of the entire society. Naturally, all of this affects the content and nature of work. The individual elements of the Japanese model can be traced and are represented by the onset of a trend in which large companies take up the costs of training and professional development of the employees, with the emergence of elements of the lifetime employment system in some large enterprises. There is a growing tendency for labor force mobility, with access of a skilled labor force to foreign labor markets, which is characteristic of the American model of social and employment partnerships.

The results of the criteria selected in the course of the study for the identification of models of social and labor relations in developed countries (including the state policy in the labor market, system control type, social equality or inequality of the participants, the dominance of individual, group or public interests [6]), allow us to define the modern Kazakh national model as basically collective and paternalistic, with a predominance of the public interest over the individual's interest, which is not fully consistent with the trends emerging in developed countries.

At the same time, in our opinion, the originality of the Kazakh model is that it retains some elements of the socialist past, whilst embodying elements of the models of developed countries that certainly were the impetus for

the improvement of labor market model and therefore, the model of social and labor relations. Thus, the results of our analysis, coupled with the diversity of modern elements that have grown in society, allow us to conclude that a new *Eurasian combined model of social and labor relations* is being formed in Kazakhstan . However, some of its components, such as pay, occupational safety and professional standards, still require modernization.

It should be noted that in the post-Soviet countries, including Kazakhstan, economic reforms and now its transformation are initiated from above. There is a situation when the legislature sets objectives and principles of construction, which "pulls" the subjects of social and labor relations. However, as originally established work values differ from the values on which the market system of social and labor relations is based, the institutions are changing faster than the perception and understanding thereof.

Changed conditions of economic development, against the backdrop of the active involvement of Kazakhstan in globalization and integration processes and the need to build a modern democratic model actualized the need to modernize the institutional framework for the formation of civilized social and labor relations.

On January 1, 2016 a new Labor Code of the Republic of Kazakhstan was introduced [7], aimed at the formation of an up to date new model of social and labor relations, based on supporting business, taking into account the interests of employees and the social responsibilities of the state, employers and employees. Our analysis and systematization of the changes show that the Labor Code, defining the boundaries of government intervention, the minimum standards of employment and basic guarantees for employees, is aimed at the liberalization of labor relations. Moreover, at a first glance there is an impression (which was addressed repeatedly in the media in the discussion of the new Labor Code), that the minimization of the rights of the employee greatly expanded the powers of the employer. Indeed, a certain simplification of recruitment procedures, human displacement, dismissal, etc., on the one hand, facilitate more opportunities for an employer. However, on the other hand, the document provides for the possibility of extending and fixed basic labor guarantees and rights of employees, concluded through individual and collective contracts, agreements and negotiations. This means that under the new Code, the labor relations of employers and workers should be based on the principle of self-regulation, in which the important role is given to collective contractual relations.

The positive aspect of the development of the Labor Code is the use of the elements of the Anglo-Saxon model, regulating methods and standards of social partnership to ensure the rights of both workers and employers. Implementing them is promising, because in essence and in content, they fit in with the tasks Kazakhstan is facing, that is of democratization and improvement of legal regulation of labor relations.

In particular, according to one of the innovations, today the effectiveness of the implementation of social and labor relations will largely depend on the activity of trade unions, their ability to defend the interests of workers versus the employer, to take collective action in case of violations, according to the trade union powers defined in the Law "On trade unions", adopted in 2015. The positive of this provision is to strengthen the role of trade unions. This is obvious, based on the fact that the trade unions have long been using the negotiation process, acting as the regulator to address conflict issues of the widest spectrum related to the improvement of social and labor relations between employers and employees.

Moreover, as demonstrated by a case study, the majority of workers surveyed noted the poor performance of trade unions. 51.2% consider the problem to be due to the personal qualities of the trade union committee representatives and union members- qualities such as passiveness, lack of initiative, poor responsibility, lack of competence and professionalism. The remaining 48.8% believe that the ineffectiveness of the trade union is linked to the factors affecting their activity, such as the dependence of the chairman of the trade union on the employer, his ignoring the suggestions and opinions of trade union members and the lack of support for the actions of the trade union committee.

Simultaneously with the Labor Code in 2016 (April) was adopted a new law "On Employment" [2], which regulates the legal, economic and organizational relations in the labor sphere. The law is designed to meet the fundamental principles of the International Labor Organization, as well as employment patterns inherent in the OECD countries, and aims primarily at the development of labor market institutions and the adoption of international standards for its regulation. The law retains the focus on the achievement of sustainable and productive employment with the reduction of unemployment and maintaining it at a socially acceptable level.

Among progressive innovations of the Law should be noted the change in the procedure for the determination of an unemployed status. This sets out a clear procedure for a whole range of supporting activities - from the first application of the unemployed until his employment. An applicant to the Employment Center is originally assigned to the status of person seeking work. Based on the experience of OECD countries employment centers, each applicant has an individual employment card designed for him/her.

Very important is the emphasis on strengthening the responsibility of the unemployed himself. In particular, the receipt of social support implies the conclusion of a social contract between the unemployed and employment center with commitments: the state - to provide social support and to direct the recipient to participate in programs to promote employment, the unemployed - to obtain a profession, participate in youth practice, work on social

workplaces, etc. Targeted social assistance will be paid only with the active participation of the recipient in measures to promote employment. In addition, for each category of persons appropriate active support measures are defined. Thus, it should be noted, that the social status of "unemployed" is temporary. With the assistance of the employment service and their own job search, a person finds a place in the world of work as a hired employee or in a business where social and labor relations are regulated.

Of course, then with compliance with the above measures, both material and moral support of the unemployed will be effective in many aspects: firstly, due to the growth of motivation and therefore the number of the applicants, and that will enhance the status of the employment service; secondly, it will significantly reduce employment seeking times; and thirdly, increase the accuracy of the accounting statistics.

Noteworthy is the definition of measures aimed at reducing regional labor market disparities due to voluntary relocation for employment to the regions with high potential for economic and social development, based on the employer's needs, as well as in accordance with the Law of RoK "On Migration" in the regions identified within the regional quota to receive immigrants. The positive effect from the realization of this point is obvious. On the one hand, increase of labor mobility is very important in terms of labor force deficits and regional imbalances. At the same time moving to labor deficit areas will boost the country's economy and at the same time raise the real possibility of migrant employment and improve the financial situation.

There should be noted another positive point. Statutory transition to international standards for measuring labor market indicators, will bring national statistics in line with international standards. This concerns in particular the definition of the number of self-employed. More accurate identification of self –employed will allow them to be assisted either in the official registration of their activities or by providing targeted support.

Thus, analysis of the updated labor legislation gives us grounds to conclude that it is orientated towards the formation of a fundamentally new model of regulation of labor relations (with the creation of the necessary legal environment for social interaction between employers and workers), in a complex of measures for the establishment of an innovative economy.

The need for modernization of social and labor relations dictates active involvement of Kazakhstan in the integration processes. In particular, Kazakhstan's membership in the Eurasian Economic Union (EAEC) brings its own features to the process of regulation of social and labor relations in the framework of the common labor market. In a similar process, the European Union legally, through the gradual merger of national labor markets, has formed a major international labor market, defined as a supranational structure, which permanently serves buyers and sellers of foreign labor.

The situation currently forming in the labor market of EAEC is well ahead of the development of institutions to manage the world of work. The problem of the common labor market in the EAEC as a regional grouping is that it has not formed to date all the necessary mechanisms to confront a variety of different-scaled internal and external challenges facing it.

It is evident that the functioning of national labor markets of Member States will inevitably be affected by both internal and external factors. Especially because the national labor markets have a number of similar internal problems, in particular: the imbalance in the labor market, inefficient employment, unemployment, etc. and they are all under the influence of the economic crisis and the deepened recession in the real sector of the economy. It is clear that the emerging labor market by itself cannot solve the issues of liberalization of labor and the democratization of social and labor relations throughout the territory of the economic space. Entering the international labor market must be accompanied by consistency and synchronicity of action for social inclusion, in particular, the implementation of measures for the harmonization of legislation in the sphere of labor and social relations and the achievement of international standards in the field of social and labor conditions for its citizens.

Kazakhstan's participation in the EAEC, WTO accession implies openness of the labor market. In the long term, on the one hand, it opens up opportunities for access to the latest technology and exchange of experience in various specializations, which will help improve the skills of the national workforce but on the other hand it is inevitably increases competition from foreign specialists with higher qualifications for the newly created job positions. This dictates the need for businesses to adapt measures to the new conditions- the development of retraining and staff development programs.

In general, all of the above imply a change in the content, form and conditions of work with all their components, representing a total system of social and labor relations which is the key to an innovative economy.

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## ӘЛЕУМЕТТІК-ЕҢБЕК ҚАТЫНАСТАРЫН РЕТТЕУ МОДЕЛІН ҚҰРУ ФАКТОРЛАРЫ

Аннотация. Инновациялық экономикага көшу проңесінде қалыптасқан халықты жұмыспен қамту құрылымында өзгерістер орын алады, ол жұмыскерлерден жоғары білікті қабілеттен басқа жаңа жағдайда келісілді жұмыс істеуді қажет ететін жаңа мамандықтар туындауына байланысты болады. Олардың жаңа жаһандық элем жағдайларына тиімді бейімделуі элеуметтік-еңбек қатынастарын реттеудің жаңа тетігін талап етеді. Жүйелік өзгерістер өзгерген экономикалық ортадағы қазіргі жағдайларда мемлекеттің оңтайлы ісшаралар қабылдаудағы рөлін өзгертуді талап етеді. Осы жағдайларды ескере отырып, мақалада Қазақстанның еңбек нарығындағы элеуметтік-еңбек қатынастарын мемлекеттік реттеу мәселелері қарастырылады; әлеуметтік-еңбек қатынастарының қолданыстағы үлгісі мен оның негізгі параметрлеріне сипаттама берілді, сыртқы және ішкі факторлар айқындалды, атап айтқанда жаңа еңбек заңнамасының демократияландыру және элеуметтік серіктестіктің еңбек саласындағы қатынастарды реттеу институты ретінде қалыптасу бағытында ары қарайғы дамуына ықпалы анықталды.

**Түйін сөздер:** элеуметтік-еңбек қатынастар, реттеу, модельдер, ішкі және сыртқы факторлар, еңбек заннамасы.

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### ФАКТОРЫ ФОРМИРОВАНИЯ МОДЕЛИ РЕГУЛИРОВАНИЯ СОҢИАЛЬНО-ТРУДОВЫХ ОТНОШЕНИЙ

Аннотация. В пронессе перехода к инновационной экономике происходит изменение сложившейся структуры занятости населения, сопровождающееся возникновением новых профессий, требующих от работников помимо высокой квалификании способности согласованно работать в новых условиях. Их эффективная адаптация к новым условиям глобального мира требует нового механизма регулирования сониально-трудовых отношений. Системные преобразования диктуют трансформацию роли государства в принятии адекватных современным условиям мер в изменившейся экономической среде. С учетом этих аспектов в статье рассматриваются вопросы государственного регулирования соңиально-трудовых отношений на рынке труда Казахстана; дается характеристика действующей модели соңиально-трудовых отношений и ее основных параметров, определяются внешние и внутренние факторы, в частности, влияния нового трудового законодательства на ее дальнейшее развитие в направлении демократизании и становления соңиального партнерства как института регулирования отношений в трудовой сфере.

**Ключевые слова:** соңиально-трудовые отношения, регулирование, модели, внешние и внутренние факторы, трудовое законодательство.