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EFFECTS OF LABOUR MARKET NEEDS ON PUBLIC EDUCATION SYSTEM

The paper analyzes government regulation at the labour market in Kazakhstan and the needs of the labour and educational markets. The analysis of the most popular professions and the correlation with labour market demands is carried out. Directions for improvement of the system of providing high quality educational services, as well as the model of the relationships between the education system at the labour market are suggested.

Keywords: government regulation; education; labour market; employment.

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ВПЛИВ ПОТРЕБ РИНКУ ПРАЦІ НА СИСТЕМУ ДЕРЖАВНОЇ ОСВІТИ

У статті проаналізовано державне регулювання ринку праці в Республіці Казахстан, потреби ринку праці та ринку освітніх послуг. Здійснено аналіз найбільш затребуваних професій та їх співвідношення із запитами ринку праці. Запропоновано напрями удосконалення системи надання якісних освітніх послуг, а також модель взаємозв'язку системи освіти з ринком праці.

Ключові слова: державне регулювання; освіта; ринок праці; зайнятість населення.

Форм. 2. Табл. 2. Рис. 2. Літ. 15.

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ВЛИЯНИЕ ПОТРЕБНОСТЕЙ РЫНКА ТРУДА НА СИСТЕМУ ГОСУДАРСТВЕННОГО ОБРАЗОВАНИЯ

В статье проанализированы система государственного регулирования рынка труда в Республике Казахстан, потребности рынка труда и рынка образовательных услуг. Осуществлен анализ наиболее востребованных профессий и их соотношение с запросами рынка труда. Предложены направления усовершенствования системы предоставления качественных образовательных услуг, а также модель взаимосвязи системы образования с рынком труда.

Ключевые слова: государственное регулирование; образование; рынок труда; занятость населения.

Problem statement. Providing sustainable economic development through education is a top priority under the power of state. Effective employment in Kazakhstan and the creation of new jobs is determined by the quality of education, and the correlation between education system and labour market requirements are of greater importance under the present conditions of economic development.

Latest research and publications analysis. The main trends and features of labour market are studied by R.A. Baizholova (2012), G.G. Melikyan and R.P. Kolosova (1996), G.A. Shamgunova (2011), R.R. Tikzhanova (2011) and others. Education system was studied by T.N. Saytimova (2011), L.A. Filatova (2004) and others, but to date these problems are not sufficiently addressed in scientific literature, especially in terms of compliance of training areas with the conditions of labour market, thus preconditioning the topicality of our research.

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The objective of this research paper is to study the impact of labour market needs on the education system of the Republic of Kazakhstan.

State employment policy is the system of principles, approaches and practical measures of state to meet its needs in voluntary choice of activity, providing decent work through vocational qualification training in accordance with the needs of the economy.

Key research findings. In Kazakhstan the greatest difficulties in finding a job are experienced by young people who do not have sufficient training. Accordingly, entrepreneurs are least interested in such unskilled labour. In this case, it is the state that can arouse employers' interest in hiring youth without definite occupation. And it can do so by providing certain guarantees and subventions to entrepreneurs (for a particular period) or partially removing cost burdens, for example, by special tax benefits (Tikzhanova, 2011). In this case, the main objective of the Education Development Programme of the Republic of Kazakhstan for 2011–2020 (approved by the President's Decree of the Republic of Kazakhstan No. 1118 of 07.12.2010) is to reach high quality level in higher education meeting the needs of the labour market, the goals of industrial and innovative development of the country and individuals in correspondence with the best international practices in education (Program for Education..., 2010).

The message of the President of Kazakhstan "Building Future Together" (January 28, 2011) mentioned the following conditions to improve employment of specialists at the labour market: the projects for construction of new enterprises will be formed; a set of measures to promote rural entrepreneurship will be worked out; obtaining grants for education of the unemployed; increased government funding in 2012–2015 for microcrediting for establishing of own business (Building Future Together..., 2011). In the "Program of Employment 2020" it was planned that in 2016 the poverty rate would fell from 8.2% to 6.0%, the unemployment rate would not exceed 5.5%. The share of self-employed in working population would decrease from 33.3% to 26% (Employment Program 2020, No. 316, 31.03.2011). In this regard, the Program will cover the following areas: training and employment assistance to self-employed, unemployed and low-income population, entrepreneurship promotion in rural areas, increased labour mobility.

If to analyze the development of the education system and labour market conditions in Republic, it can be stated that during 2004–2013 the share of population with higher education increased by 30.4%. This reflects the positive trends in the development of educational services market. Table 1 shows an increase in average and minimum wages, increased volume of educational services provided by universities in Kazakhstan. Unemployment rate in general decreased from 658.8 ths people in 2004 to 466.4 ths people in 2013. There is also positive dynamics in youth unemployment rate which fell from 12.6% in 2004 to 5% in 2013.

We estimate the youth unemployment rate for 2014–2016 using the trendline equation, which results indicate positive trends of reducing the level of youth and graduates unemployment in the Republic of Kazakhstan (Figure 1).

Using the trendline equation we make a projection of youth unemployment rate for 2014–2016. Trendline equation of youth unemployment is calculated by using the formula:

$$y = -0.909x + 13.57:$$

$$2014 = -0.909 \times 11 + 13.57 = 3.57\%;$$

$$2015 = -0.909 \times 12 + 13.57 = 2.66\%;$$

$$2016 = -0.909 \times 13 + 13.57 = 1.75\%.$$
(1)

Table 1. The key indicators of education market and labour market in the Republic of Kazakhstan, 2004–2013

Indicator	2004	2007	2010	2011	2012	2013	Deviation, %
Average monthly nominal wage, KZT	28,329	52,479	77,611	90,028	10,126 ₃	108,64 ₀	383.4
Minimum wage, KZT	6,600	9,752	14,952	15,999	17,439	18,660	282.7
Unemployed population, ths people	658.8	597.2	496.5	473.0	474.8	466.4	70.7
Youth unemployment (15–28 years old), %	12.6	9.7	6.6	6.1	5.4	5.0	39.6
Volume of services provided by educational organizations, bln KZT	219.4	463.4	756.7	948.4	1,103.8	115.3	526.8
The share of graduates, % of all unemployed	7.6	3.6	2.8	2.9	2.9	2.7	35.5

Source: Calculated by the author based on (The services provided..., 2014; Key indicators..., 2014; Issue of higher..., 2014; Employed population by..., 2014).

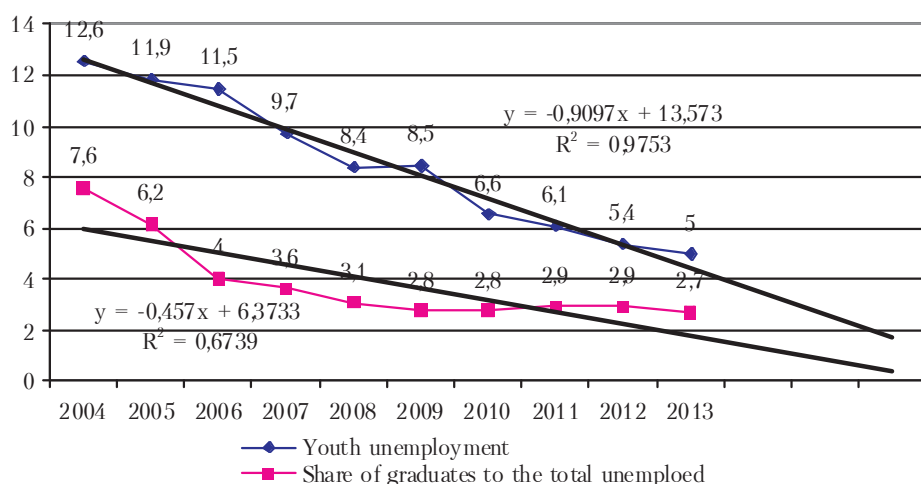


Figure 1. Youth unemployment estimate (15–28 years) and share of graduates to total unemployed in Republic of Kazakhstan, 2004–2013, %, calculated by the author basing on (Key indicators..., 2014)

Trendline equation of the share of graduates to the total unemployed is calculated by using the formula:

$$y = -0.457x + 6.373:$$

$$2014 = -0.457 \times 11 + 6.373 = 1.34\%;$$

$$2015 = -0.457 \times 12 + 6.373 = 0.88\%;$$

$$2016 = -0.457 \times 13 + 6.373 = 0.43\%.$$
(2)

The dynamics of graduates redistribution and the needs of the economy in the Republic of Kazakhstan in the labour force in 2013 shows a significant excess in the

needs of the economy in the following training areas: agriculture (25.9%), education (23.3%), medicine (7.8%), law (26.2%), other industries (9.14%), economics (8.01%) (The presence and movement..., 2014).

Currently, the most labour and resource intensive are the following sectors of the economy of the Republic of Kazakhstan: manufacturing, education, construction, healthcare, wholesale and retail trade, transport and logistics, science, financial services and agriculture. At the same time, the least resource-intensive industries include: arts and culture, social work, tourist agent activities, insurance. In general, companies' need in the labour force is so low that the number of graduates exceeding this need is the norm of economic development in Kazakhstan. As of January 1, 2014, 1 position in the Republic of Kazakhstan is on average aspired by 11 people looking for a job. State of the market in terms of the most popular specialties is shown Table 2.

Table 2. Rating of the most popular and most sought-after professions and specialties in the Republic of Kazakhstan, developed by the author

No.	The most popular at the educational market	In greatest demand at the labour market	Promising
1	Translation studies	Industry	Ecology
2	International relations	Management	Chemistry
3	Economics	Education	Biology
4	Basic military training	Medicine	Education
5	Geography	Law	Economics
6	Education	Economics	Engineering
7	Economics	Warehousing	Industry
8	Law	Transport	-
9	Engineering	Wholesale and retail trade	-
10	Transport	Construction	-
11	Medicine	-	-
12	Architecture	-	-
13	Agriculture	-	-

While establishing the training areas for students the following objective factors should be taken into account:

1. Perspectives – demand at the labour market. Among the industries the following ones are in greatest need for workers: education (691,030 people), medicine (365,557 people) and transport (227,304 people). Most highly paid job is that in manufacturing (74,365,877.4 ths KZT), education (54,656,203.8 ths KZT) and medicine (25,793,149.8 ths KZT) (The presence and movement..., 2014).

2. Monetary principle – the selection based on future income. Thus, the average wage per 1 employee in manufacturing is 349 ths KZT, in construction – 96.8 ths KZT, in financial activities – 148.9 ths KZT, in public administration and defense – 127.8 ths KZT, in education – 79.1 ths KZT and in medicine – 70.5 ths KZT (The presence and movement..., 2014).

3. Stability – this principle provides for guaranteed employment and constant demand at the labour market. The following state-concerned professions can be attributed to the stable ones – sociologists, tax inspectors, specialists in municipal management.

Geography of the labour market development should also be taken into account, for example, the largest number of workers was recruited in 2013 in the following regions of Kazakhstan: Almaty – 16,293 people, Astana – 9,590 people, the East

Kazakhstan region – 5,278 people, the South Kazakhstan region – 5,213 people, the Karaganda region – 7,222 people. At the same time, the largest share of education institutions by the regions is the following: Almaty – 158,467 people, the South Kazakhstan region – 77,774 people, the Karaganda region – 52,158 people (The presence and movement..., 2014).

In Kazakhstan, there is a need to develop effective incentives for employers through: tax relief; refunds to employers engaged in social payments; establishing decent wages which would automatically increase the volume of contributions and create reserve funds for social payments and discontinue "payments in envelopes" practice.

Priority tasks today include creating and improving innovative approaches in education (Filatova, 2004): theoretical (strategy of development and legislative provision); methodological (fundamental research and development of new approaches to education reform); methodical (formation of administrative, economic and financial mechanisms and the introduction of innovative methods); practical (training of qualified professionals, cooperation with business).

In today's conditions of changing economy, the correlation of needs in quality education in accordance with labour market requirements and the system of government regulation of educational relations should be shaped. At the same time, educational process must be affordable, efficient and competitive.

The basic requirements dictated by the labour market in Kazakhstan are: strengthening the responsibility for providing quality services by educational institutions; increasing the transparency of universities (access to wide public in the evaluation of their performance).

Compliance with these requirements will increase the demand for skilled workers, and it will change the position of employers in the form of better offers for college graduates (Figure 2).

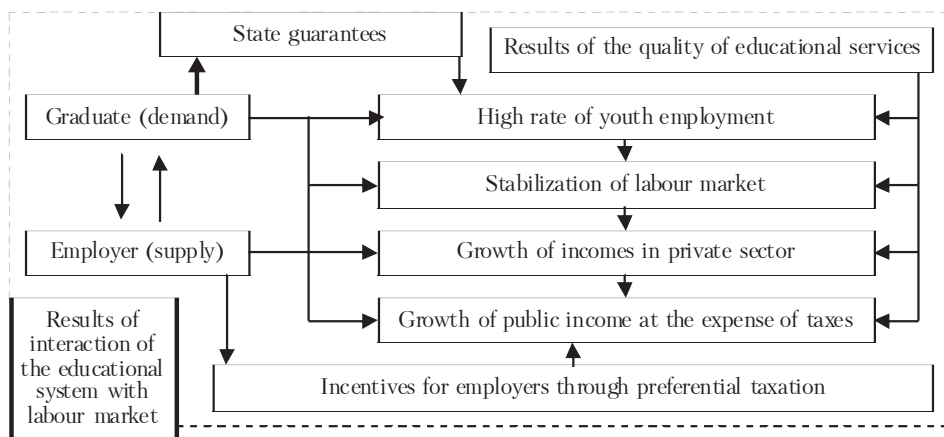


Figure 2. Model of correlation of the education system with the labour market and the government influence, developed by the author

The regulation of educational activities by prospective areas for labour market should be implemented through public demand, budget funding, establishment of the

standard volume and purpose of expenditure of budget funds, providing financial assistance in the form of grants, subsidies, subventions for the development of promising activities etc.

Conclusions. Having studied the effect of labour market needs on the education system of the Republic of Kazakhstan, we outlined the key areas of government assistance in support of employers and workers, which in complex will improve the country's economic situation. Firstly, it is necessary to stimulate the activity of employers to attract young professionals for internships and employment, participation of employers in the process of training (through conducting practical trainings and seminars for young professionals) and in the process of formation of government demand for specialists' training. Educational institutions need to introduce innovative (advanced) training techniques, improving the quality of training and building effective partnership with businesses. Labour force competitiveness is an equally important aspect of both education and business development.

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Стаття надійшла до редакції 17.06.2014.