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CCAMTAC- Regional Research/Analytical Economic Policy Seminar Series

“The Labor Market in Kazakhstan: On the Way to a Digital Reality”

March 16, 2023

Introduction and moderation:

Mr. Norbert Funke, Director, CCAMTAC

Presenter:

Mr. Shalkar Baikulakov, Vice President, Workforce Development Center, Ministry of Labor and Social Protection of Population of Kazakhstan

Discussant:

Ms. Maria Ustinova, Consultant in Social Protection and Labor, World Bank

The labor market in Kazakhstan will be largely affected by demographics, with many young workers entering the market, as well as digitalization, resulting in the increasing role of digital jobs. While the pandemic created a major shift in labor market demand in the past few years, a more recent migration will also affect the labor market developments in the region. In light of emerging trends, the Ministry of Labor and Social Protection of Population of Kazakhstan released [a national report](#) that explores how digitalization transforms the domestic labor market. Moreover, the study goes beyond the concept of the labor market, as it considers the scale of digitalization of economies across the world and Kazakhstan overall, as well as individual industries, and discusses the existing barriers and possible solutions to succeed in the digital race.

In his presentation, Shalkar Baikulakov gave a profound overview of the structure of the labor force, employment, and digitalization trends observed in Kazakhstan. International ratings confirm that the country has great potential and advantages in digitalization in comparison with peers. At the same time, the assessment of the impact of digitalization on the labor market, which was carried out by the Workforce Development Center (WDC), revealed that 22 percent of occupational groups in Kazakhstan, which employ 587 thousand people, or 7 percent of employees are at high risk of automation. On the other hand, as in many other countries, Kazakhstan is facing a shortage of qualified IT specialists. The data analysis showed that one in five information and communication technology (ICT) specialists work in several organizations, while the average salary of these workers in the industry tends to be higher than the median in the labor market. Overall, the evolution of digitalization trends does not mean the disappearance of professions or tasks, but rather the transformation and complexity of labor functions, which may require supporting policy.



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Shalkar Baikulakov explained that several barriers may delay Kazakhstan's technological progress including economic, technological, legal, and ethical ones. The introduction of new technologies is impossible without qualified personnel capable of working with new equipment, which requires both appropriate education and training. Currently, more than half of local ICT specialists studied at a non-IT university or college. Despite growing digitalization, ICT companies and relevant workers are mostly located in the 2-3 largest cities of the country, which promotes further income inequality among the population. The industry itself is predominantly led by male specialists and managers, while female specialists tend to earn less, which exacerbates the issue of gender inequality in the country. Various government and bureaucratic processes can complicate digitalization in the country. From the policy perspective, a smooth digital transition of the labor market will require a careful combination of education, labor market, social protection, and workplace policies.

A labor market expert Maria Ustinova confirmed that the WB works closely with the Ministry of Labor of Kazakhstan and reiterated some important findings of the study. For instance, during the pandemic, a significant number of companies started using digital applications and platforms that now require additional skills from employees and job applicants. As a result, education and social protection need to help the population of different ages develop relevant digital skills, reduce skill mismatches, and ensure equal opportunities for students with different social-economic backgrounds. Demographic trends and the informal economy in Kazakhstan must also be analyzed and considered in developing social policies.

The subsequent discussion focused on the unemployment rate during the pandemic and the methodology of estimating it, the cost efficiency of digitalization, and policy proposals for education.