

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of World Economy



Master Thesis

Unemployment in Kazakhstan

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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DIPLOMA THESIS ASSIGNMENT

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World Economy

Thesis title

Unemployment in Kazakhstan

Objectives of thesis

The main objective of the Diploma Thesis is to run an in-depth analysis of unemployment level in the Republic of Kazakhstan. The author is focused on analyzing the regional development of Kazakhstan (Karaganda region) from economic perspective and see how dynamic of unemployment developed, based on the regional development, the time series is based on annual data: from 2000 up to 2020.

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- 1) What investment policies are implemented by the Republic of Kazakhstan?
- 2) Foreign Direct investments and its prevalence in the territory of Kazakhstan, how does that impact the unemployment level?
- 3) Regional development and regional unemployment level, are they correlated?
- 4) Causes of inflation on unemployment rate.
- 5) Causes of COVID-19 on unemployment rate?

Methodology

The main methodological tool of the practical part is the survey which consisted of 14 questions to gather the data. Eventually, the author analyzes the data and run a Test of dependencies where the following hypothesis will be either accepted or rejected:

- 1) The higher educational level achieved will lead to the higher income.
- 2) The more skilled and experienced the person is, the fewer time he/she needs to find a job.
- 3) The less expectation in income leads to a faster job finding.

Those hypotheses will be approved by the help of Contingency tables, which will be structured and explained in the methodology part of the Diploma Thesis.

Eventually, the author structured the SWOT analysis in the summary of the practical part about unemployment in Kazakhstan and its selected region.

The proposed extent of the thesis

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Regional unemployment, gender gap, frictional unemployment, average income, number of enterprises, economic diversification.

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- A.C. Pigou (2016): The Theory of Unemployment 1st Edition. Published by: Routledge. ISBN: 978-1138990272.
- B. Shmitt (2021): Inflation, Unemployment and Capital Malformations. Published by: Rutledge. ISBN: 978-1138369801
- K.G. Knight (1987): Unemployment. Published by: Routledge. ISBN: 978-113-83-911-47
- R.M. Solow and J. B. Taylor (1999): Inflation, Unemployment and Monetary Policy. Published by: PaperBack Inc. ISBN: 978-0262692229
- S. Nugerbekov (2016): The Kazakhstani labor market is characterized by dynamism. *Kazakhstanskaya Pravda*, № 354-355 (27173-27174) 10/16/2016

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Declaration

I declare that I have worked on my master thesis titled "Unemployment in Kazakhstan" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master thesis, I declare that the thesis does not break any copyrights.

In Prague on _____

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I would like to thank my thesis supervisor for his advice and support. I appreciate the time of **doc. Ing. Vladimír Krepl, CSc.** spent correcting my work and directing my thoughts back on track. I am happy to study from such a great teacher, and qualified specialist as **doc. Ing. Vladimír Krepl, CSc.**

I also want to thank my family for the biggest support for the past 2 years. My mother, who motivated me to finish the master's degree.

Unemployment in the Republic of Kazakhstan

Abstract

The master thesis is devoted to analyzing the unemployment rate in Kazakhstan among youth generation. An examination of the unemployed population between the ages of 15 and 29 was conducted out using the questionnaire to test dependencies among several factors.

The author states several research questions which answered them on the base of secondary sources and previous research that concerned unemployment rate. The research discovers the macroeconomic background of a country and especially the author pays a closer attention of the development of Karaganda region and its time series analysis from 2003 – 2020. All macroeconomics indicators were analyzed from the from the comparative perspective such as year to year change.

Based on the reviewed literature, the author suggests recommendations and could be taken by the government of Kazakhstan, especially from the perspective of Foreign Direct Investments and how it relates to the unemployment and economic growth potential.

Additionally, the conducted survey helped the author analyze how interrelated factors impact the unemployment perspective and whether and educational aspect is important in relation to “Youth unemployment”.

Finally, the author draws a SWOT analysis to demonstrates all the sides of the Republic of Kazakhstan, from the economical perspective as well as its future potential and red flags, which could be considered by the government of the Republic of Kazakhstan.

Keywords: Regional unemployment, gender gap, frictional unemployment, average, income, number of enterprises, economic diversification.

Nezaměstnanost v Republice Kazachstán

Abstrakt

Diplomová práce je věnována analýze míry nezaměstnanosti v Kazachstánu u mladé generace. Zkoumání nezaměstnané populace ve věku 15 až 29 let bylo provedeno pomocí dotazníku k testování závislostí mezi několika faktory.

Autor uvádí několik výzkumných otázek, které na ně odpověděly na základě sekundárních zdrojů a předchozích výzkumů, které se týkaly míry nezaměstnanosti. Výzkum odhaluje makroekonomické pozadí země a zejména se autor blíže věnuje vývoji regionu Karaganda a jeho analýze časových řad v letech 2003 – 2020. Všechny makroekonomické ukazatele byly analyzovány z komparativního pohledu, jako je meziroční změna .

Na základě recenzované literatury autor navrhuje doporučení a mohla by být přijata vládou Kazachstánu, zejména z pohledu přímých zahraničních investic a jejich vztahu k nezaměstnanosti a potenciálu ekonomického růstu.

Provedený průzkum navíc pomohl autorovi analyzovat, jak vzájemně související faktory ovlivňují perspektivu nezaměstnanosti a zda je ve vztahu k „nezaměstnanosti mládeže“ důležitý vzdělávací aspekt.

Nakonec autor kreslí SWOT analýzu, aby demonstroval všechny strany Republiky Kazachstán z ekonomického hlediska i její budoucí potenciál a červené vlajky, které by mohla vláda Republiky Kazachstán zvážit.

Klíčová slova: Regionální nezaměstnanost, genderová mezera, frikční nezaměstnanost, průměr, příjem, počet podniků, ekonomická diverzifikace.

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1 Introduction

Everyone is aware that one of the key markers indicating a nation's economic success is the availability of human resources, or more simply put, the effectiveness of the labor market and its economic indicators which is “Unemployment”. In a broader sense, unemployment indicates the wealth of economy, how it ensures the normal processes of re-production of labor power and the efficient use of labor force. Based on the economic theory which mostly studies the development of economy and its diversification, unemployment is regarded as the main characteristic of labor force. At this moment, unemployment exists everywhere in the world in different quantities, manifestations, and durations. Unemployment affects nearly every nation in the globe, whether they are developed, developing, or undeveloped.

Kazakhstan is considered as a developing state, which successfully managed to overcome the collapse of USSR, has built its own economy, and used its potential to accelerate the economic importance on a global arena. Today, Kazakhstan has successfully passed its 30th independence and still makes future plans to improve current conditions. However, the high dependency on natural resources is being the main challenge for Kazakhstan (Ipek, P., 2007).

The main way of boosting social wealth and raising standards of living, as well as the most crucial prerequisite for the growth and fulfillment of human resource potential and closing the gaps of unemployment by providing with a decent work. This is the foundation for social protection of the people and nation. Young people without formal training currently face the biggest challenges in the country in seeking employment. Due to several factors, the primary one being a deficiency of specialization or training, citizens between the ages of 15 and 24 belong to a demographic group that is not socially protected. It is unacceptable to undervalue the role and position of young people in state development since they represent one of the most socially engaged and high-potential parts of the population. This thesis is focused on explaining the theoretical background of unemployment and its prevalence in the territory of Kazakhstan, and how Kazakhstan has been dealing with “Unemployment” since its independence. However, the main part of the thesis is to evaluate the development of unemployment and how it impacts the whole population.

2 Objectives and Methodology

2.1 Objectives

The main objective of the Diploma Thesis is to run an in-depth analysis of unemployment level in the Republic of Kazakhstan. The author is focused on analyzing the regional development of Kazakhstan (Karaganda region) from economic perspective and see how dynamic of unemployment developed, based on the regional development, the time series is based on annual data: from 2000 up to 2020.

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2.2 Methodology

The main methodological tool of the practical part is the survey which consisted of 14 questions to gather the data. Eventually, the author analyzes the data and run a Test of dependencies where the following hypothesis will be either accepted or rejected:

- 1) The higher educational level achieved will lead to the higher income.
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Those hypotheses will be approved by the help of Contingency tables, which will be structured and explained in the methodology part of the Diploma Thesis.

Eventually, the author structured the SWOT analysis in the summary of the practical part about unemployment in Kazakhstan and its selected region.

3 Theoretical Part

This chapter is focused on explaining different articles of secondary data that directly or indirectly researched the “Unemployment” phenomena. The sources reviewed by the author, such as: internet sources, books, magazines, institutional magazines, annual reports of OECD etc. were considered to structure this part.

3.1 Overview of unemployment

An individual who is unemployed is defined as someone who does not have a job, is actively searching for job, but is unable to get one. It is crucial to note that the person is presently employed, proving that he or she is not disabled. Given that they are not actively seeking employment, mothers on maternity leave are not considered to be jobless. The unique category of unemployed persons includes those who choose to quit their jobs or decline offers of employment due to unfavorable working circumstances, low pay, etc.

Chappelow (2020) argues that unemployment happens when an individual is actively looking for a job to be employed, however, a little level of unemployment indicates the health of the economy. He supported the thought of Mlatsheni and Leibbrandt (2011) who paid enormous attention to the extraordinary prevalence of unemployment and people who are jobless as considered as a single biggest cause of the widespread and significant continuance of social isolation. In order to measure the unemployment rate, the U.S. Bureau of Labor Statistics (2020) simply rates it as an overall number of unemployed people divided by the number of people who are employed, See, **Formula – 1**.

Formula 1: Unemployment rate formula

$$\text{Unemployment Rate} = \frac{\text{Unemployed Workers}}{\text{Total Labor Force}} \times 100\%$$

Source: [Quora \(2022\)](#).

The unemployment is not entirely a new phenomenon, it exists in the classical era¹. Corry (1996) in his book of “Unemployment and Economists” he claims that Keynes who first paid attention on importance of “mercantilists literature” which later was covered by other economists. However, the problem of unemployment was not an issue for the period of classical era, it would be rather named as poverty, instead of unemployment. However, the importance of both became priorities already in the late 19th century. It became very relevant issue by the mid-20th century especially during and after World War II.

The Keynesian theory and neoclassical theory are two theories which describe the basis of unemployment. However, neoclassical theory is more focused on the supply and demand of labor market and considers unemployment as a “disequilibrium occurrence” that results from the frequency of salaries that are greater than what the labor is capable of supporting. Unfortunately, there are a few reasons of why labor market will never adjust to the full employment, such as: minimum wage legislation, union negotiations, efficiency of wages etc. However, according to Keynes's theory, unemployment arises when aggregate demand and supply are balanced at a level that is sufficiently low to need the process is established of the full labor force. The solution is to enhance aggregate demand by applying the fiscal and monetary policies, such as reduction of taxes, more public expenditure, or rapid monetary expansion. Tariffs and subsidies in the area of international commerce can also assist the issue by shifting demand from imported to domestic products and services. It is believed that some level of unemployment can be healthy for economy, which was done by (International Labor Organization, 1996). It is believed that when unemployment rate increases it is acceptable in order to balance the economy. However, everyone tries to achieve a full employment, as any individual wants to be rewarded. Unemployment has enormous potential psychological repercussions, which might result in social evils imprinting personality and harming communities for a very long time. Corry (1996) claimed that in 20th century, the unemployment rate articulated many alarming issues, however, people eventually would blame economy and

¹ Classical era - Between the Baroque and Romantic eras is the Classical era. Compared to Baroque music, classical music has a lighter, crisper texture and a more sophisticated use of form.

for not creating a full employment, however, economists state that “they do not have a control for policies and hence cannot be pilloried for the failures of economic systems”. Later, unemployment was mostly focused on gender factor, especially at the end of 19th century, when economies oriented on industrialization and hence, more males were employed for a full-time job, while female would be employed as for a part time or seasonally.

Chappelow (2020) describes a few informative impacts of unemployment on economy:

- When people who want to work but can't find employment, it reduces economic production with the consideration that those people still need to survive somehow.
- Extremely low unemployment rates may indicate an overheated economy, whereas high unemployment rates are a symptom of economic crisis.
- There are several types of unemployment, including structural, cyclical, structural, and frictional. There is a particular chapter that will be covered later on.
- Government agencies gather and release unemployment statistics in different ways.

3.2 Unemployment and its essence

Unemployment is a key economic indicator which is not considered as a bad thing, nor it is considered as a good thing, a certain level of unemployment is present in any country, whether developing, developed or in-transition (Chappelow, 2020). It indicates a worker's ability to quickly find a job and contribute to the economy within taxation system.

Van Aardt (2012) suggested that those trends might impact the world recession on output growth and employment, to structural changes in total output and eventually destroy marginal utilities of labor due to cost pressures. Hence, the correlation he concluded is rather opposite, with the higher unemployment, there is less economic production and vice versa. He further claims that a high level of unemployment has lower level of production and usually is followed by a low level of consumption, meaning that, high and persistent unemployment level might raise serious economic suffering that eventually cause social and political unrest.

Unemployment entails enormous economic and social costs. The partial loss of qualifications and skills is the most significant consequence of unemployment, especially in a long run. People might switch jobs around and even work in a completely different field of economy, however, unemployment diminishes valuable skills, which are mostly gained in practice. Thus, being employed according to the major achieved, is one of the essential requirements of economy (Veselovskiy, 2014). He also claimed that young population suffers the most with the work experience, especially at the time of post-graduation. Employees are reluctant to hire young people due to lack of work, which leads this group of population not only to the lack of working experience but also a missing opportunity to gain such experience.

Yet, Carl et. el. (2003) stated that unemployment is never evenly distributed among population in any country, thus, it is important to assess in what labor group it is prevalent. He claims that the highest unemployment rate is usually noticed among young population, elderly people and women. This is because this group belong to a marginal group² and its employment might involve some restrictions. Therefore, each state should focus on promotion of young employment for two main reasons, firstly, almost in each state, young population make about one third of the whole population and secondly, it is a future of a country and economic growth.

Van Reenen (2017) states that consequences of unemployment are doesn't last for a short period of time, it rather disorders society and prolongs the "ripple effect"³ starting at a very low level and then covers almost the whole society with its extensive effect and eventually might even reach the globe in the long run.

Et el., Carl (2003) claims that it is highly important to be able to distinguish between the "unemployment rate" and "unwillingness to work". Usually, macroeconomic level of a country begins to be volatile, such indicators as: inflation is a good indicator of unemployment. When inflation rate is stable through years and unemployment rate increases, there is an indication

^[2] Margional group - in a relatively homogeneous country or community, a distinct group that is not assimilated into the social mainstream because it differs (or is viewed as differing) in one or more significant ways, as in its religious or cultural beliefs.

^[3] Ripple effect - a situation in which one event causes a series of other events to happen.

that people are just unwilling to work due to many reasons. Thus, the inflation plays a key role in identifying the reasons of unemployment. In their research, they described all indicators and their potential impact on unemployment. Their conclusion is to look at the economic indicators firstly and then analyze the reasons of unemployment increase/decrease.

3.2.1 Previous unemployment studies

The studies of Jahoda et al., (1933/1971) Backe (1933) and Komarovsky and College (1940/1973) demonstrated an animated way life where unemployment affected the life of the of people in the period of the economic crisis in 1930s in Austria, England, and the USA. Besides economic impact, they were the first to discover the effect of unemployment on the individual's social life, identity and mental well-being, those impacts were negative. The unemployment raised to such a level, when people were not able to pay costs that a social life usually brings alone. Such a downturn of economy would lead to depression, resignation and feeling useless as a human being. Families have registered strained relationships due to unemployment. The relationship that was already negative, before unemployment situation, have worsen. Both, Jahoda (1933) and Backe (1933) actually lived among unemployed people. Since, their studies considered to be effective, however, at the same time, there were weaknesses as well. Their sampling of people, who experienced unemployment was not random. Their focus was mostly on poorly educated men and geographical areas were chosen already with the high unemployment rate. Additionally, they analyzed the effect only for a short time, it would be better to do the same research for a longer period of time.

However, unemployment has been studies each decade, and more modern studies have assessed different impacts of unemployment. Moreover, in comparison to the studies of 1930, the studies of Olsen (1985) were mainly prone to the psychosocial side of unemployment, instead of economic. Majority of those studies were done in between 1970s and 1990s focused on mental well-being among the unemployed people. All studies, however, have one thing in common, unemployment does lead to an individual deterioration and hence impacts the family well-being. However, some studies claims that unemployment doesn't necessarily has to possess a negative impact, especially in a short time. Especially, in the constantly growing economy, the

unemployment can be used as a break, for having some spare time activities (Maccoby, 1998; Meidner, Jahoda 1982; Olsen, 1985).

Even though, most studies point out about a negative impact of unemployment, some studies found a positive impact of unemployment. Some studies found an absolute different reaction to unemployment which is caused by the fact of different groups of people. Olsen (1985) compared an unemployment for men and women and found that, men's reaction to unemployment is much suffering than women. A main explanation for that back at that time was that women would be unqualified for certain jobs and were mostly involved in the housekeeping work and thus, didn't miss employment much as men did. On the other hand, Ezzy (1993) discovered the opposite, women missed employment as much as men did, however, years later. Other research papers indicated negative consequences differ because of occupation, age categories, rural and urban areas.

The degree of job participation, or non-financial commitment to be employed, has been shown to be one mitigating aspect of the detrimental effects of unemployment. The definition of employment commitment is the level to which individuals would really like to be involved in paid labor generally, therefore it is not associated with a particular job (Warr et al., 1979). According to studies, there is a significant link between mental health and the degree of non-financial employment commitment. People who are unemployed but very motivated to find work have worse mental health than those who are less driven. The degree of employment commitment has also shown to be influenced by variables including the state of the labor market, gender, and age. Regarding the nature of the differences, the findings are inconsistent. For instance, the bulk of studies examining gender differences suggest that males are more driven than women to engage in paid labor, but some studies reveal that women are at least as committed to their jobs as men. Additionally, some research indicate that working people have a deeper dedication to their jobs than jobless people do, while other studies demonstrate the opposite.

3.2.2 Consequences of unemployment

The functionalist method created by Jahoda (1982) is the most often utilized scientific paradigm for explaining the implications of unemployment. She considers the psychological significance of employment while examining the meaning of unemployment. In addition to the economic or evident function, Jahoda claims that a paid employment also serves five psychological or hidden purposes. First, employment gives a time plan that organizes daily activities. This provides a time framework. Even though this structure is in some ways perceived as a burden, it is frequently distressing for the person when it is gone. A compensated employment additionally offers social interaction. Adults interact with others most frequently outside of their families at work. Third, employment also provides involvement in communal goals, which implies that a paid job provides the chance to collaborate with others to achieve communal objectives. The fourth latent purpose of employment, according to Jahoda, is the requirement for individuals to engage in a regular activity. Lastly, in a culture where employment is viewed as the norm, it also offers status and identity. The primary reasons of the adverse individual impact of unemployment are the loss of these functions.

With his vitamin idea, Peter Warr attempts to address some of the issues with Jahoda's theory (Warr, 1987). This idea has been applied to analyze both employment and unemployment experiences. Warr begins by proposing that both work and unemployment have advantages and disadvantages. This indicates that he does not automatically assume that employment is beneficial to a person. The idea states that there are nine characteristics of a healthy activity that are essential for people's wellbeing. The minimum role that the individual, or the actor, is expected to perform, however, is likely the most significant criticism leveled against both Jahoda's thesis of the hidden functions of work and against Warr's vitamin theory. The theories place more emphasis on how social environment variables impact people than on how people perceive, understand, and interact with their social structures. Additionally, they do not account for the fact that individuals may have various psychological requirements that are likewise subject to change over time. The degree to which the individuals' inability to accomplish what they perceive as objectives is therefore what determines the consequences of unemployment on mental health. Agency theory is helpful in analyzing the varied effects of unemployment, but it

could also be used to clarify how a person 's health develops over the course of, like, a longer term of unemployment.

The minimum role that the individual, or the actor, is expected to perform, however, is likely the most significant criticism leveled against both Jahoda's thesis of the hidden functions of work and against Warr's vitamin theory. The theories place more emphasis on how social environment variables impact people than on how people perceive, understand, and interact with their social structures. Additionally, they do not account for the fact that individuals may have various psychological requirements that are likewise prone to changing over time.

However, the theory of Fryer's has been criticized for its unclearness. Whereas the criticism of Jahoda and Warr, were mostly due to over-emphasizing the relevance of the social structure, Fryer was blamed for over-emphasizing the role of the individual and not paying a sufficient attention to the social environment restriction. However, Ezzy highlighted the gaps of their researchers and made an adequate conclusion that it is not whether an individual is super active or passive, or whether an individual is drive nor a driver, it is usually both. In Ezzy's theory of (1993) there are both factors considered, structural factor and agent factor. He claims that mental health of an unemployed individual is largely determined by how subjectively each person interprets the objective social environment. The individual's subjective interpretation of their social surroundings depends on both their prior and current events. Unemployment will have a bigger negative impact on wellbeing if a person's paid work is essential to their social identity than if losing their job does not interfere with their ability to maintain a good self-image. In his theory if a person is unemployed, it still depends on how that person maintains a positive attitude and socially identity. Ezzy (1993) claims that people live in the society where employment is considered as a satisfying factor as well as a societal status. Employments is a central source of that satisfies socially defined needs of the employed individual. If an employment is taken as a main strategy of individual that help him/her to succeed in life, it can be difficult to maintain a social position and identity in interaction with other people who are unemployed. In such cases, employed people would usually judge those who are unemployed and take those as miserable people. However, if a person might satisfy his own social needs through the leisure time (chores, taking care of children etc.) and not mainly through

employment, the chances to maintain good relationships between those are higher. It is also possible that over time, an individual might change his/her opinion about unemployment and its strategy and behavior, to maintain a positive attitude. It is also possible to explain changes in mental well-being among those who are always unemployed.

3.3 Types of Unemployment

This chapter is devoted to describing the types of unemployment and under what circumstances they usually occur. According to (Corry, B., 1996) there are 4 types of unemployment:

- Cyclical Unemployment
- Frictional Unemployment
- Seasonal Unemployment
- Natural Unemployment.

Shifts in the degree of economic activity over the course of a business cycle might result in *cyclical unemployment*.

Those who are looking for employment but cannot find it because the economy is in a slump will find that there are fewer jobs accessible to them. This is because there is less demand for products and services. Companies that are seeing a decline in customer demand can decide to cut down on the number of employees they have by either laying off current employees or employing fewer new staff. Hence, *cyclical unemployment* refers to a significant portion of the job losses that occur whenever the economy enters a period of contraction. As an example, the rate of unemployment skyrocketed to as high as 25 percent during the Great Depression. It equates to one individual out of every four who was ready, willing, and able to work but was unable to get employment. A significant portion of this unemployment was categorized as cyclical unemployment. After some time, there was a decline in the rate of unemployment. To make a short conclusion, at least some of the mystery surrounding unemployment may be resolved by taking a closer look at the cycles and its development, often known as the rises and falls of the economy (Warsame, 2017).

A rise in cyclical unemployment may be an indication that the economy is not doing as well as it can do. Since there are now more individuals looking for work, firms may decide to provide salary increases that are smaller than usual, which would help bring inflation down. Since companies that are experiencing better demand are likely to hire more staff members, policies that increase aggregate demand, such as expansionary monetary policy, may assist alleviate this sort of unemployment and eventually decrease it (International Labour Organization., 2001).

The regular turnover that exists in the labor supply combined with the time needed for employees to find new employment can lead to a status known as *frictional unemployment*. Those who are temporarily unemployed between jobs are said to be frictionally unemployed. The institutional structure of the labor market may have a significant impact on the length of such stretches of joblessness. There is a plethora of examples of such institutions. The duration of joblessness is often cut short by organizations that provide information to both potential employees and potential employers. It's possible that employees' efforts to find jobs will be impacted by how unemployment insurance distributes its benefits. The ability of companies to be selective in who they hire may be limited by job protection legislation (Layard, Nickell, and Jackman, 2005).

The length of time that workers are unemployed on average is a good indicator of the strength of the labor market's underlying institutional structure since it shows how efficiently the labor market functions. The rate of frictional unemployment is a function of the evolution of the pool of people who are looking for jobs. Let's say that this pool is composed of those who are now looking for employment and that the aggregate labor supply is compared with number of people who are actively working. The growth rates of both the aggregate labor supply and employment are what decide whether the unemployment level goes up or down. In a stable state, their rates of increase will be identical. The unemployment rate at the steady-state level is always the same, and it becomes greater the more quickly the labor supply expands. Younger people, who may not have committed to a certain line of work and who may be job-hopping or working in the new economy, are especially vulnerable to the effects of seasonality.

The phrase "*seasonal unemployment*" refers to a sort of unemployment that is only transitory in nature and is widespread in specific businesses that provide products and services that are tied to the various times of the year. During some periods of the year, there is a temporary imbalance between the amount of labor that is needed and the amount of labor that is available due to changes in the demand for labor. This results in seasonal unemployment.

As a result of the fact that the demand for labor is directly proportional to the demand for goods and services, the shifting structure of demand which occurs over the course of a year is the key to understanding seasonal unemployment (Stephen A. Woodbury, Carl Davidson, 2003). The construction and tourist industries are especially vulnerable to seasonal unemployment during respective "off" periods, which are often the wintertime but officially begin with the first quarters of the year. This kind of unemployment is known as "peak unemployment." Food production is likewise seasonal, and like other industries, there is a decrease in need for labor during the winter months (International Labor Office, 2021).

3.4 Youth unemployment and its meaning

Yu (2013) claimed that number of people actively looking for work who are not already employed serves as the basis for grouping and classifying unemployment rates. On the other hand, inside that cluster of categories, thus, it can be reliably determined by the amount of young people who are jobless by sampling out our entire data in the country. With "Youth" being technically and academically determined simply as those persons within a population lying under the "*= or > 18 up to or = 29* years" criterion, "Youth" refers to those who are between the ages of 18 and 29 (UNECA, 2010). As a result, given that analysts must access accurate statistical data, to be able to confidently hypothesize, express opinions, provide suggestions, and offer assessments on nearly any topic relevant to youth unemployment.

3.4.1 Reasons of "Youth Unemployment"

According to the relevant research, there are simultaneously microeconomic and macroeconomic factors that contribute to unemployment among young people. The productivity level as well as the unemployment rate among the overall population are examples of macroeconomic causes. A sustainable growth rate (Ryan, 2001), a declining unemployment

rate (Eichhorst et al., 2015), crisis (Banerji et al., 2015), labor costs (Banerji et al., 2015), population growth, the shift from college to job hunting, and a disparity among educational requirements and labor market demands are all factors that contribute to youth unemployment (Conenjaerts et al., 2009). Although the most common reasons at the microeconomic level include a lack of appropriate work skills (Conenjaerts et al., 2009) and a propensity for young people to quit their jobs (O'Higgins, 2001; Gorlich et al., 2013), macroeconomic factors may also play a role. The literature provides explanations for the consequences of youth unemployment in terms of economic, social, and psychological repercussions. The impacts of youth unemployment on the economy include a decrease in overall production, an increase in the level of poverty, and a decrease in human capital (Morris, 2006). The consequences of unemployment rates on society involve social instability, criminal activity, illegal trade, immigration, brain drain, and human and drug trafficking (ILO, 2015b). The psychological effects of youth unemployment include mental diseases, despair, and even attempts at suicide, as well as a sense of hopelessness, inactivity, and uselessness, as well as an alienation from society (Bolton and Oatley, 1987; Taris, 2002).

Several different microeconomic and macroeconomic variables are thought to be responsible for unemployment among young people. The primary macroeconomic indicators provide a lack of knowledge and expertise, a parental status (people from poorer families are more inclined to have a lower schooling and enter the labor market prematurely, while people with self-employed parents and higher parental incomes are more likely to become self-employed) (Hout & Rosen, 2000; Mlatsheni & Rospabe, 2002), and in rarer cases – gender, with males being more likely to engage in self-employment than females. The discrepancies seen between education systems and the employment market (Manyande, 2006), the aggregate demand (Frankjovi et al., 2015), wages in particular, minimum wages (OECD, 2017), and the size of the young labor force (Escudero & López Mourelo, 2013) are the primary macroeconomic determinants. As a result of the mismatches that exist between the educational system and the labor market, there is a greater supply of labor than there is demand for it. This, in turn, leads to increased rates of unemployment. Even factors can explain aggregate demand is a reflection of the status of the whole economy, a decrease in the purchasing power leads to a subsequent

decrease in the demand in the labor force, which results in an increase in the rate of unemployment. According to Manyande (2006), the rate of unemployment among young people is far more vulnerable towards shifts in aggregate demand than adult unemployment is. This is due to the fact that the views of unskilled graduates are less prone to be safeguarded by law or trade unions. The changes in the minimum wage have a substantial impact on teenage unemployment because occupations that pay the lowest wages are often filled by young people who have less skills and less experience in the workforce. Finally, according to Escudero and López Mourelo (2013), the larger the size of the young labor force, the more the interest there is for new employment opportunities.

3.4.2 Business Cycle effect on “Youth unemployment”

While trying to understand (un)employment in overall and young unemployment in specifically, one of the most important factors to consider is the influence that the *business cycle* plays. The unemployment rate among young people is often well greater than the rate among adults. The economic crisis had a disproportionately greater effect on younger generations. The study of the relevant literature provides more evidence that demonstrates the significance of using this variable in analyses that compare the effects of various causes. The fact that the business cycle is included in most of the overview studies is a reflection of the evident relevance of this cause. Maybe it is also a reflection of the fact that globally agreed upon indicators and data are easily accessible. According to the studies, the business cycle is of vital and preeminent priority for “Youth employment and youth unemployment” and the relationship between the two is crystal clear and indisputable for each measure that was used: an expanding economy leads to an increasing YU, while a contracting economy leads to a decreasing YU. Only Bruno, Marelli, and Signorelli (2013) found that there is little to no difference in the effect of GDP on youth in general and on NEET⁴s throughout the years of 2000-2008 and 2009-2011. According to Tomi I. (2016), nations with relatively slow GDP

^[4] NEET - The term "NEET," which stands for "not in education, employment, or training," is used to describe a person who does not have a job and does not participate in educational or professional development programs.

growth, low construction share, and large public debt seem to have a more prominent youth unemployment rate.

3.4.3 Demographic structure and “Youth unemployment”

In general, the structure of the population of the nation or the area has a considerably lower significant influence on youth unemployment. Nevertheless, in certain types of locations, characteristics that have a particularly large or small percentage of young people in the population may be a crucial driver for youth unemployment. In the research published by Ramon Gomez-Salvador and Nadine Leiner-Killinger (2008) shown that a greater percentage of young individuals would be jobless if the percentage of youth’s individuals in the entire population is also greater, and inversely. It appears that this characteristic has gained some of its importance as a result of the increasingly elderly populations that may be found in the majority of EU Member States. This factor could still play a much more major role at the regional scale; however, it should be noted that research also reveals that its effect is overwhelmed by the impact of the economic cycle. This is something that should be taken into consideration. One of the most important aspects that sets different areas apart from one another is the regional population trends that are reflected in the degree of urbanization or the presence of metropolises. Because of the educational and employment options they provide, the average age of a city's population is often lower than that of its surrounding suburbs. For these and other related reasons, a comparatively significant number of young people now call places that are located in close proximity to the nation's capital home. On the other hand, older people have a greater propensity to leave large cities and go to rural areas or smaller towns farther out in the suburbs. In general, more isolated and rural areas have lower population numbers, a higher rate of youth emigration, and an increasingly elderly population, all of which have negative effects on the quality of services provided and the region's overall appeal. Changes in population have an effect on economic efficiency at the local scale, in addition to having social, economic, and environmental repercussions. (Eurostat, 2016 and Eurostat, 2018)

Moffat, John, and Roth, Duncan (2014) investigated whether or not the projected decrease in the proportion of the population that is comprised of younger generations over the next several

decades would inevitably result in an increase in the likelihood that young people will find employment. They conclude that this will in fact be the case, even when they investigate the matter beginning at the regional level. Yet, changes to the macroeconomy will once again have the bigger impact on the employment rate and unemployment rate of young people.

3.4.3 Protection and legislation in regards of unemployment

Before the most recent economic crisis, research has already shown a link between employment laws and institutions and the rate of (young) unemployment. Andreas Sachs and Werner Smolny analyzed data for 17 OECD nations between the years 1982 and 2005 for their 2014 study. They employed a set of twelve indicators to assess the labor tax system, employment protection, the unemployment compensation system, and the wage negotiation system, in addition to a demographic component and an educational element.

They arrived at the conclusion that "institutions matter," not just for unemployment in general but also for unemployment among young people. In addition to this, their results are in line with what is known as an insider perspective of the institutions that make up the labor market. In this setting, those who are older are considered to be part of the group, while those who are younger are considered to be on the outside. According to the findings of their research, strong unions and a coordinated wage negotiation system are beneficial to older individuals but are detrimental to younger people.

Regulations meant to preserve occupations that are held on a more permanent basis have a significant impact on the rate of unemployment among young people. On the basis of a comprehensive literature assessment, Dietrich (2012) draws the conclusion that much research support the hypothesis that job protection law has an effect on young unemployment. Nevertheless, Dietrich emphasizes that the conclusions of these studies are not always totally evidence based.

On the converse hand, the European Economic Advisory Group (EEAG, 2013) published a study on the economy of Europe in 2013 that shows the degree that cyclical sensitivity of young unemployment is considerably greater in labor markets which are less inflexible. They point out that although labor market stiffness typically results in large numbers of unemployed young

workers, it serves to minimize the number of seniors entering the labor force into unemployment, which is especially true during economic downturns. Another major research, this one including 29 OECD nations, of whom 24 are Member States of the EU, likewise finds that tougher job protection law has a detrimental influence on the employment of younger people. They review that it is tougher for youngsters to incorporate into the labor market in countries with stricter employment protection legislation and, as a result, a more influential separation among those who are part of the labor force. The data they used came from European Social Survey and were collected in 2002, 2004, 2006, and 2008. (Lange, Marloes, de Gesthuizen, Maurice, and Wolbers, Maarten, 2012).

Signorelli, Marcello (2017) provide evidence that supports the necessity of job protection laws for (youth) individuals in economy that are undergoing transition. In addition to the unemployment rate, they call attention to the influence that it has on the amount of worker turnover and the length of time spent unemployed. Greater employment protection for permanent and complete employment is often connected with greater labor market dualism. Gôrlich, Stepanok, and Al-Hussami (2013) call attention to the reality because job protection is weaker with short term contracts or even dropped during crisis in so many countries. This is something that has to be addressed. In the other direction, Banerji, Angana, Saksonovs, Sergejs, Lin, Huidan, and Blavy, Rodolphe (2014) demonstrate that increased protection for short term contracts is correlated with decreased unemployment rates including both young people and adults. Nonetheless, youngsters have a greater chance to be harmed since they are more likely to be employed under short term contracts.

3.4.5 Educational aspect

According to Yu, "young individuals who are searching for job might not have a good education since they left school early in their lives owing to factors such as poverty and an inability to keep up with their studies" (2013). An inadequate secondary education is insufficient to ensure work in economic terms since the economy requires fully skilled labour owing to the deepening of capital and the progress of technical breakthroughs (Yu, 2013). According to the research of Profoundly Yu (2013), even though there has been an increase in the number of young people

who are attending school over the course of time, there is still a sizeable and consistent percentage of young people who are not attending school and are not participating in the labor force.

"Young people with less education and skills who already have trouble finding work in the official sector may be able to make it through life by getting involved mostly in informal sector" (Yu, 2013). In spite of this, unofficial employment is hampered by a number of entry-level obstacles including but not limited to the presence of criminal activity, a lack of access to formal or even informal loan, a lack of access to infrastructure and services, an inadequate provision of training facilities, and a lack of provision of market access and business development programmers (Yu, 2013).

Furthermore, the presence of certain of these obstacles may be linked to the fact that the government assistance programming for small, medium, and microenterprises are slanted towards the groupings of small and medium-sized businesses, skipping over micro - enterprises and the irregular companies (Yu, 2013).

Yu (2013) also argues in support of the Sector Education and Training Authorities, stating that such officials have a tendency to emphasize the requirements of the companies that expect to be paid the skills levy (which is contributed towards the National Skills Fund); this refers to certified businesses operating in the formal sector. As a result, the formation and expansion of informal businesses, as well as their subsequent contribution to the provision of job opportunities, especially employment opportunities for young people, are hampered (Yu, 2013).

According to the researchers (Sachs, Andreas, and Smolny, Werner, 2014) and their study, school systems have strong ties to the local labor market generally related with reduced rates of unemployment among both young people and adults of all ages. Additionally, under these types of arrangements, it is far simpler for young people to obtain work and avoid being unemployed (Lange, Maurice, and Wolbers, Maarten, 2012).

In nations in which the conventional sequential system is replaced by a dual structure, there is a connection between schooling and employment that has the potential to have the most much

further effects. In a consecutive approach, students get their university educational services and effort vocational training one after the other, but in a dual system, students receive both types of education simultaneously. The dual-track educational concept is characteristic of Germany and other nations in Europe. Et. el. Cahuc (2013) highlighted key features for Germany system, such as:

- The dual apprenticeship system
- Less prominent labor market segmentation
- The absence at the time of a national statutory minimum wage
- A more efficient approach of the public employment service towards youths

Since young individuals have the opportunity to get job experience and learning at the same time (Signorelli, 2017), the dual system is seen as being better. Also, younger folks have capable of filling any gaps in their experience with on-the-job learning. The abilities that young people learn via dual education also improve the fit with the talents that will be needed after by their prospective employers, which in turn facilitates a better start to work.

Also, the dual system has improved young people's employment opportunities by reducing the amount of risk that businesses have when taking on new workers without first having the opportunity to evaluate their previous performance and skills (Signorelli, 2017).

3.4.6 Characteristics of young individuals

As the information on youth unemployment are broken down and analyzed, it becomes abundantly evident that some aspects of an individual's personality are related with either success or failure in the workplace.

After an assessment of the relevant research, Dietrich (2012) draws the conclusion that socioeconomic status effects performance in the labor marketplace through access to resources, ambitions, and views of possibilities. There is a direct correlation between one's social status and the likelihood of achieving one's goals. A student's socioeconomic status may influence not just the degree of education that they get but also the kind of education that they receive and how well they do in school.

Younger individuals frequently possess a better level of education than older people, as shown by research conducted by Marcello (2017). One of the reasons why young individuals are more likely to become jobless is due to the fact that younger folks possess fewer competencies and do not possess the same amount of working experience as senior individuals.

Kramarz, Francis, and Viarengo, Martina (2015) find that there is a negative significant relationship among the level of schooling achieved, the level of skill competency, and the rate of young unemployment for EU Member States. The percentage of young people who are neither in school nor working is likewise greater between those with lesser educational attainment compared to among those with tertiary education. It is important to note that nations with extremely high levels of unemployment also have higher rates of unemployment among those having higher levels of education.

Researchers also bring focus to the reality that youngsters without jobs (and those who are not in education, employment, or training) often come from disadvantaged socioeconomic homes, such as those of immigrants or from impoverished neighborhoods. Dietrich cites low levels of education and the presence of a family history of immigration as other variables that contribute to young unemployment (2012). It is also suggested that one's skill level might have an effect on their resistance. (ESPON, 2014) A problem of its own is the abilities gap that exists among young job applicants and the demands of companies. While considering the significance of human capital for the expansion of the economy and the growth of nearby communities, E. Marelli, D. Sciulli, and M. Signorelli (2014) bring up the issue that it is additionally potential possibility of receiving an excessive amount of education. While though universities may play an essential part in the development of a "learning area," persistent and elevated levels of young unemployment might well be caused by a gap in between skills acquired and the skills demanded by employers. This imbalance might well be caused by factors such as over-education.

Young individuals might be inclined to voluntary resign from their jobs, according to Gôrlich, Stepanok, and Al-Hussami (2013). This is because youngsters reach an era in which higher education "is a much more instinctual and feasible option" for them, and they might would like

to look into other possibilities before settling down. Additionally, young individuals have less people who depend on them. On the opposite hand, the labor market confronts individuals significantly greater entrance hurdles due to their absence of skills, and the option of becoming self-employed is made more difficult for them since their creditworthiness are shorter and they do not have a link to company connections.

Tomich (2016) identifies various reasons that, even though they may not represent the all-pervasive part that the other variables have, nonetheless have the possibility of playing a significant component in nations that have relatively significant levels of young unemployment. Homeownership, which leads to reduced mobility, high levels of remittance from overseas, members of the family who earn a small amount, and less possibilities for people to live independently from their parents are some of such factors.

The article by Dietrich (2012) brings focus to the function that travel plays in helping with the entry of young people into the labor market. Those who are young with a greater education are more likely to relocate throughout the nation in search of career or training opportunities. This involves the quest for internship positions among young people, for example in Germany.

3.4.7 Region specific factors behind youth and its unemployment

The vast majority of the research involving general issues that were made accessible at the international level lacked a regional element. This fact that there are very few outliers, however, demonstrates that such a line of reasoning leaves out an essential component of the investigation: it would prove foolish to believe that perhaps the reasons of YU have the identical relevance at the regional scale as they do at the national scale. The very few studies that have attempted to account for geographical variation all come to the same conclusion.

For instance, Daniel Rauhut and Petri Kahila (2012) conducted an assessment of the manner in which public policy intends to tackle the implications that ageing would have on the local labor market in Sweden. One of their findings is that strategies of this kind are unsuccessful since they did not take into account the differences in the effects of aging that may be seen throughout the different areas of Sweden. In their study of youth unemployment in transition economies, Signorelli (2017) recognize the increasing amount of research revealing that geographic (sub-

national) discrepancies in rate of youth unemployment are especially relevant for unemployment levels and continuous over period. Specifically, they focus on the way these distinctions affect youth unemployment.

An investigation on all 248 of the EU's areas was conducted out by Perugini and Signorelli (2008). Researchers also discovered what they called a "strong temporal persistence and spatial pattern of labor market success." The research demonstrates that there is, indeed, a negative correlation with levels of development and employment, and it also reveals that greater rates of young unemployment are seen notably in places with a large concentration of urbanization. When it comes to the topic of young unemployment, this once more demonstrates how important it is to differentiate across areas.

A case study of Poland: done by (dr Łukasz Sienkiewicz, Szkoła Główna Handlowa w Warszawie).

The state of the labor market for young people varies greatly from area to region. The south-eastern region of Poland had the highest reported youth joblessness rate at the end of 2017, which is defined as a proportion of jobless people aged up under 25 that is included in the general unemployment rate. According to the MRPIPS⁵ database, the percentage of young individuals who were jobless in country places in 2017 was 16.8 %, whereas the proportion of young people in urban areas was 9.7 %. There is additionally a correlation between gender and unemployment: towards the end of 2017, in rural areas, for every 100 males who were jobless, there were 155 women who were unemployed. The economic and social disparities that exist throughout Poland's many areas are really the root trigger of the country's varying unemployment rates. The eastern region of Poland is seen as having a lower level of development since the standard of living is lower and there are fewer employment opportunities. In contrast, there really are substantial gaps in progress between both the urban regions and the rural communities that surround them. Even while remote regions are

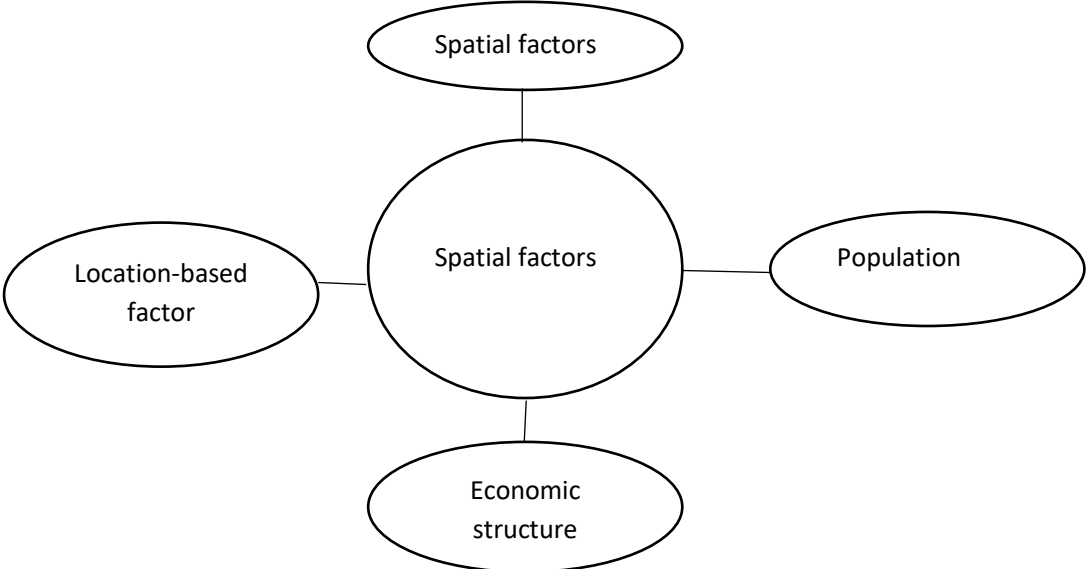
^[5] [Ministerstwo Rodziny i Polityki Społecznej](#)

experiencing an ever-increasing rate of progress, it is important to note that perhaps the rate of development in remote regions is noticeably lower compared to urban areas.

Along with the local perspective makes it possible to have a deeper comprehension of how economically vulnerable and resilient different areas are. A capacity of a regional sector to endure and recover from the impacts of shocks is what is meant to be understood by the term "regional economic resilience" as it appears in this study brought on by economic openness. In general, resilient regional (and local) economies are anticipated to just have robust labor markets, and one may thus anticipate that they will be more resilient when confronted with crises.

Several of the regionally unique elements that contribute to young unemployment are included in the criteria that are stated for regional resilience. The given diagram offers a summary of such region-specific factors that contribute to the problem. In the subsequent subsections, we will go into greater detail regarding these regionally specific causes.

Figure 1: Region specific causes of youth unemployment



Source: et el Kenneth, W. (2019).

Three of the four intrinsic attributes that ESPON (2014) identifies as trying to shape a country's capabilities to react to an external downturn are depicted in the figure which was just presented

above: place (location - based characteristics of the physical environment), business (form and structure of the economy), and people (a country's inhabitants).

Moreover, ESPON (2014) includes neighborhood benefits in its list. In hypothesis, having strong social bonds as well as favorable tiers of community-based capital, which can include business connections and cross social capital, can play a significant role in facilitating the results of adaptability efforts. On the other hand, there is a general lack of substantiation on the topics, as well as the majority of it is largely qualitative.

3.5 Economic structure

The economic cycle was perhaps the most important element among some of the overall factors which determine the quality and length of unemployment among young people. In a similar fashion, the shape and economic structure are by far the most significant of the elements that are distinctive to the area. The economic cycle was perhaps the most important element among some of the overall factors which determine the quality and length of unemployment among young people. In a similar fashion, the shape and economic structure are by far the most significant of the elements that are distinctive to the area. ESPON (2014) discusses the significance of such a component for regional resilience in overall but features like the state of the market and availability to a bigger international marketplace, a diversified economic model, and just not relying on a few specific industries or business owners are indeed influential in determining the labor market environment of youngsters. Innovation capability is another component that plays a role in this.

3.5.1 Structure of a sector

Whenever it emanates to the supply of labor and, as a result, the choices available on the labor market for young people who are unemployed, the structure of the economy is one of the most important factors. It is also anticipated that the framework of the industry will have an effect upon these opportunities for young people to gain professional experience and participate in employment education. Researchers Angana Banerji, Sergejs Saksonovs, Huidan Lin, and Rodolphe Blavy (2014) looked at the issue of youth unemployment in developed European economies. They hypothesize that perhaps the vulnerability of young unemployed to a

weakening market could be attributable to the predominance of youth unemployment across sectors which are cyclically vulnerable as well as in small and medium enterprises (SMEs). Industrial production, wholesale trade, as well as the hospitality and food service industries, are the most common types of jobs held by young people. When there is a recession, these kinds of industries are hit the hardest. But at the other hand, the existence of certain industries may also bring about the existence of opportunities or impediments for young people seeking to join the workforce. Certain industries, such as tourism, information and communications technology (ICT), social services, and environment protection, give the impression of being “youth-friendly”.

It's indeed essential to keep in mind that professional gender disparity is a common trend in labor markets, and this is something that must be taken into consideration. According to the research of Marcello (2017), in sectors of the economy that are undergoing transition, increasing specialized skills in agricultural production was found to provide greater job prospects for young women only. Male teen pregnancy rates were found to be significantly lower in areas that had a higher level of industrial specialization. Countries with such a significant presence of conventional commercial services (like retail sales, for example) were related with higher rates of female youth unemployment, but countries with the a bigger proportion of social programs had such a detrimental effect across both sides.

The research conducted by Perugini, Cristiano, and Signorelli, Marcello (2008) offers compelling evidence of the effects that the local industrial system has on YU. Thus according research results, bigger proportions of the primary sector and industry favor fewer YU, as well as the identical impact happens in the event of a rising significance of commercial and corporate operations. Furthermore, less YU is favored when there is a higher percentage of the primary sector and industry. According to this research, YU also benefits positively from the provision of public services. This disagreement with the results from Signorelli, which were discussed earlier, may perhaps be caused by the disparity in the eras analyzed as well as the shifts that have occurred in the public sector over different times. From the other hand, increases in YU are typically associated with expanding renovation sectors.

3.5.2 Location based factors

Following is a discussion on the proof that is currently available regarding the resistance of 3 main types of regions to changes in the economy as well as the effect that this has on YU. In the event that no data had been discovered that dealt particularly with young generation, the data on the effects of overall unemployment is reported as a first suspicious index for such effect that location - based features have on YU.

The majority of Europe's elderly inhabitants may be found in very tiny communities throughout the continent. On either side, youth are more inclined to reside in the areas that are located near to a country's capital city and perhaps other significant towns in that nation (Eurostat, 2016).

Both options for work and education that are available in cities are the primary factors that draw young people to live there. On the other hand, not every city has the same level of success in this regard. Cities with higher incomes often have a greater appeal than ones with lower incomes. Thus, a significant number of young people leave places with low incomes to move to cities with higher incomes (European Commission, 2016). It is also important to remember that even while regions offer numerous work options, the levels of unemployment and poverty may still be rather high in certain locations. The proportion of younger individuals who were not in education, employment, or training (NEET) was much greater in the cities of many western EU States than it was in rural regions. It seems that prospects are stronger in cities, particularly in the eastern and southern parts of Mississippi (Eurostat, 2016).

The research that Capello, Caragliu, and Fratesi (2015) conducted sheds significant new light on the complex nature of the interaction that exists between urban centers and the regions that surrounding them. A model was built by these experts in order to investigate the degree toward that major cities get a favorable effects on the economic resilience of the area in that they are situated. Their model suggests that areas that had a significant number of cities went through a more rapid gain (or a slower decline) in GDP growth even during financial crisis. Because of this, the expenses of the recession are significantly reduced for the flocculated areas in which there are big cities represented. The authors claim that large cities are "pushing their particular shares to the greatest socioeconomic achievement," and this is true for all of the areas. The

second significant result from their research is that Metropolitan European Growth Areas, or MEGAs, are locations that experience less loss (or greater growth) than flocculated areas do. MEGA towns are locations that have operations that provide a greater value-added good or service, production elements of a greater quality, a greater population of external connections and cooperative connections, and a higher quality of urban infrastructure. Because of this, it is reasonable to assume that the rate of young unemployment in an area is less likely to be reduced in the wake of a crises whenever the territory hosts a big city or towns, and in particular where they hold the sort of roles outlined above.

3.5.3 Population

The domain of abilities was the one in which the ESPON (2014c) research on the crises and the resiliency of areas identified the strongest proof upon that link between demographic factors and resilience. Regions with people who have a higher average level of education likely to have far more positively resilient results. They also noted the beneficial impact that was performed by mobility in labor markets in assisting areas to adjust to the continued financial crisis. The findings of the research conducted by Perugini, Cristiano, and Signorelli, Marcello (2008), which contrasted eastern and western areas, provided support for the notion that younger generations are more inclined to join adaptable labor markets. On the other hand, they find that men and women are treated quite differently in this regard. When it comes to their success in the labor market, young men often benefit more from having part-time, temporary, or even self-employment jobs. Nevertheless, only part-time work is indeed capable of reducing the unemployment rates among women, making it the worst option off these three. One more fascinating discovery concerns the impact that it has on a province to have a comparatively large percentage of people working for themselves. Their research indicates that increased rates of YU are present with this phenomenon. The authors indicate that individuals who are still in their younger years face challenges due to the fact that self-employment appears to require a high degree of skill, experience, and the willingness to take risks.

3.5.4 Spatial factors

Additional geographical elements, such as the diversity or interactions of areas, are crucial for analyzing distinct patterns in unemployment at the regional level, as well as for knowing the

reason of these trends and the political consequences of those changes. There are many other linkages that bind regions together, such as commerce, investment, transportation, and movement of laborers. Distance, as well as the resemblance or complementarity of the industries and people of such different areas, are the primary factors that influence these spatial relationships.

It has been shown via experience that spatial interaction may result in spatial dependency across labor marketplaces. It indicates that areas of high unemployment and low unemployment tend to congregate spatially together. To put it another way, unemployment rates tend to be concentrated within certain geographic areas. It is a pertinent assumption since it helps to explain that perhaps the scenario of neighboring areas is more critical for the growth of a European region than the situation of the country it is located in (Grekousis, George, "The Circumstance of Neighboring Regions and the Advancement of European Areas") (Grekousis, George (2018) "The Situation of Neigh). So, taking into consideration the larger labor markets and, more specifically, those of the surrounding areas is made easier by the inclusion of geographical elements. This is significant because it provides chances for regional authorities to address the issue of (youth) unemployment within their own regions.

4 Analytical part

This part is devoted to analyzing the numerical part of Kazakhstan and shortly describe the unemployment rate, its dynamics, sectoral economy of Kazakhstan as well as its policies towards unemployment, the correlation of foreign direct investments and unemployment and the regional development of Kazakhstan.

4.1 Overview of the Republic of Kazakhstan

The outcome of the chapter is a systematization of the phases of change that the job market in Kazakhstan has gone through both in the course of its history and at the current time. These are the following, see **Table – 1**.

Table 1: Stages of transformation

Stages	Outcome
1991 – 1998	Shifting into the transitional economy
1999 – 2008	Transformation of an economic recovery and potential growth
2009 – 2019	Adjustment of ups and downs in the economy whist ongoing pandemic
2020	Adjustment according to a given circumstances given by the epidemiological situation in the world (spread of the covid – 19)

Source: Mussayeva and Vichnevskaya (2021).

Kazakhstan with its economic potential have gone through challenging times in a fast pace. With its reserves of natural resources such as oil and gas, it has rapidly gained it competitiveness on a global market. After gaining its independence in 1993, Kazakh’s government discovered a big reserve of natural resources which resulted in attracting the foreign direct investments from western countries, such as: Canada, Italy, United Kingdom, USA and many more Mussayeva and Vichnevskaya (2021).

4.2 Macroeconomic analysis of the Republic of Kazakhstan

The chapter represents the main macroeconomic variables of Kazakhstan.

Year	Annual growth in GDP %	Unemployment %	FDI net inflow (percent of GDP)	Inflation Rate (%)	Population
2000	9,8%	12,8%	7,60%	6,75%	14 883 626
2001	13,5%	10,4%	6,50%	5,25%	14 858 335
2002	9,8%	9,3%	10,50%	6,02%	14 858 948
2003	9,3%	8,8%	6,80%	7,44%	14 909 019
2004	9,6%	8,4%	9,60%	14,55%	15 012 984
2005	9,7%	8,1%	4,50%	6,67%	15 147 029
2006	10,7%	7,8%	9,40%	6,71%	15 308 085
2007	8,9%	7,3%	11,40%	5,85%	15 484 192
2008	3,3%	6,6%	12,60%	5,10%	15 776 938
2009	1,2%	6,6%	12,40%	8,42%	16 092 822
2010	7,3%	5,8%	5%	7,40%	16 321 872
2011	7,4%	5,4%	7,30%	7,32%	16 557 202
2012	4,8%	5,3%	6,85%	17,14%	16 792 090
2013	6,0%	5,2%	4,30%	10,85%	17 035 551
2014	4,2%	5,1%	6,70%	8,72%	17 288 285
2015	1,2%	4,9%	7,50%	7,58%	17 542 806
2016	1,1%	5,0%	12,50%	6,88%	17 794 055
2017	4,1%	4,9%	2,66%	6,44%	18 037 776
2018	4,1%	4,9%	1,29%	5,84%	18 276 452
2019	4,5%	4,8%	2,06%	8,35%	18 513 673
2020	-2,5%	4,9%	4,21%	13,18%	18 755 666

Source: WorldBank, IMF World Economic Outlook database (2022).

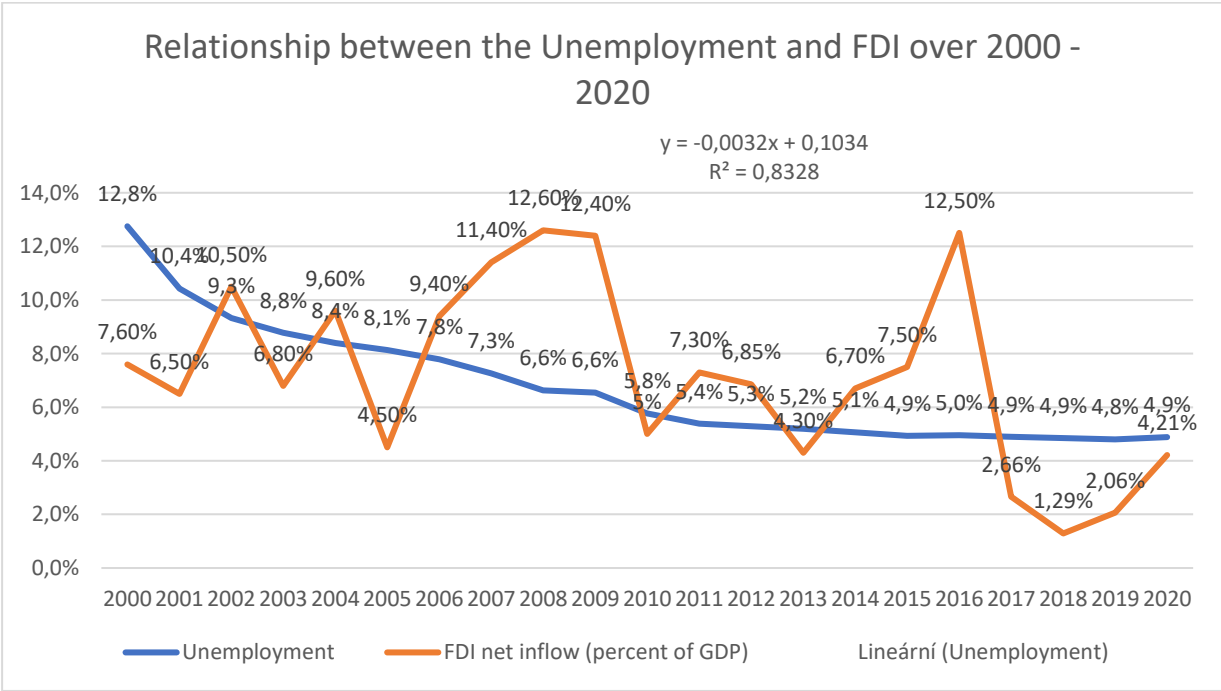
Based on the table, we could see that Kazakhstan's demographic data has been constantly increasing, which demonstrates a positive sign. At the beginning of 2000, the unemployment rate was relatively high, and kept around 10 – 7 percentage. However, after the global crisis, it has stabilized, however, the rest of the variables were undermined, such as GDP growth rate and government debt, which isn't mentioned in the table however, according to the International Labour Office (2015). During the years leading up to the financial crisis, Kazakhstani banks received a significant amount of money through banks in other countries in order to finance a fast growth of lending. This growth was primarily focused on the building and real estate

industries. As the economy was affected by the global economic meltdown, money stopped coming into the nation, real estate values dropped dramatically, and a large number of loans turned out to be non-performing. The financial industry plunged into serious problems, considerably cut down on its lending to the business sector, and in the end required assistance from the government to get back on its feet.

In a situation that seems to defy logic, the level of direct investment from outside increased at the time of the financial crisis and recession in the economy, but it has significantly decreased since 2010 (International Labour Office, 2015).

Strong economic growth has contributed to the reduction of unemployment and creation of new jobs over the period of 2002 and 2012. However, after 2012, the unemployment rate gained its stability, varying from 4.8 to 5.2 %. However, a certain unemployment rate indicates a healthy economy, which functions in on-going process. According to the (Aghion, P., and P. Howitt., 1994) claimed that FDI’s inflow will reduce the unemployment rate. Thus, the author run a correlation analysis with the help of trendline function in Excel, to demonstrate the relationship.

Graph 1: Relationship of Unemployment and FDI over 2000 - 2020

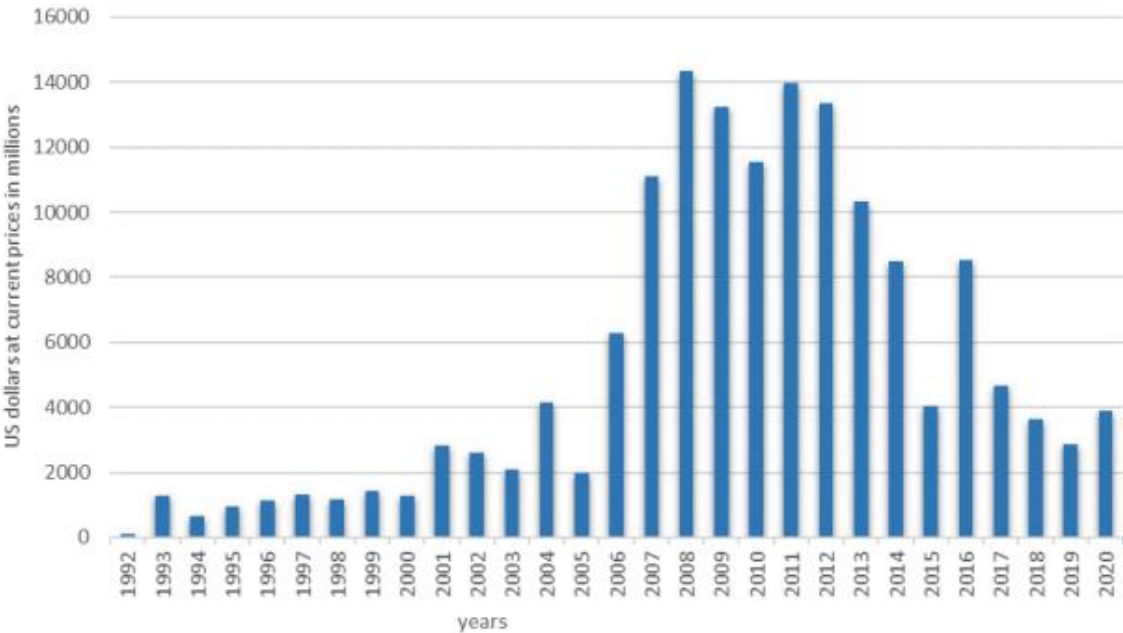


Source: Own processing, based on the data of Worldbank (2022).

The **Graph – 1**, demonstrates the development trend of unemployment rate and FDI's, from the period, 2000 – 2021. The **R – square** equals to **83 %**, which demonstrates the contribution of FDI's on “Unemployment rate”. According to (International Labor Office, 2021) foreign direct investments reduce unemployment rate.

The numbers demonstrated in **Figure – 2**, depicts that Kazakhstan is the most appealing location for foreign direct investment (FDI) in the Central Asian area, and that the state of the nation is successfully pursuing a strategy that seeks to connect the economic growth to the wider globe. This assertion is substantiated by the fact that the Regulatory FDI Restrictions Index (also known as the FDI Index) has had an upward trend in value after it was first computed by the OECD in 2003. (World Investment Report 2021).

Figure 2: Foreign direct investment in Kazakhstan: a success story over the years of independence of the Republic



Source: (UNCTAD 2021).

The OECD's Investment Division and Economics Department collaborated to create the FDI index, which is used to tracking shifts in the emphasis placed on various aspects of product business control. The indicator may take on values between **0** and **1**, with higher values

indicating nations that are highly restrictive of FDI inflows and lower values indicating greater openness to FDI. As Kazakhstan had committed to joining the top 30 countries worldwide by 2050.

Table – 2, displays information on the Republic (note from author: decreasing values indicates increasing dynamics).

Table 2: Kazakhstan’s FDI Index for the period 2010 – 2020.

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Index	0.149	0.148	0.146	0.139	0.138	0.140	0.113	0.113	.112	0.111	0.113

Note: (reduction of values means positive dynamics – author’s note)

Source: World Investment Report (2021)

Kazakhstan’s FDI Index numbers demonstrate the efficacy of government decisions to handle and cooperate with foreign investors, and in that respect the nation has considerable advantage, in compared to other countries in the Central Asian (CA) area. The FDI Index is used to measure the degree to which a country's FDI policies are limited in order to determine its eligibility to join the OECD. It is considered that being an OECD member nation, is an essential and vital aim for Kazakhstan in the future. Kazakhstan seems to have an unmatched edge when it comes to collecting FDI in Central Asia, as indicated by the UNKTAD data collection just at end of October 2021: in the time frame from 1992 to 2020 Kazakhstan drew FDI totaling \$ 153.23 billion, that is 69 percentage of the overall value of Investment in Central Asia.

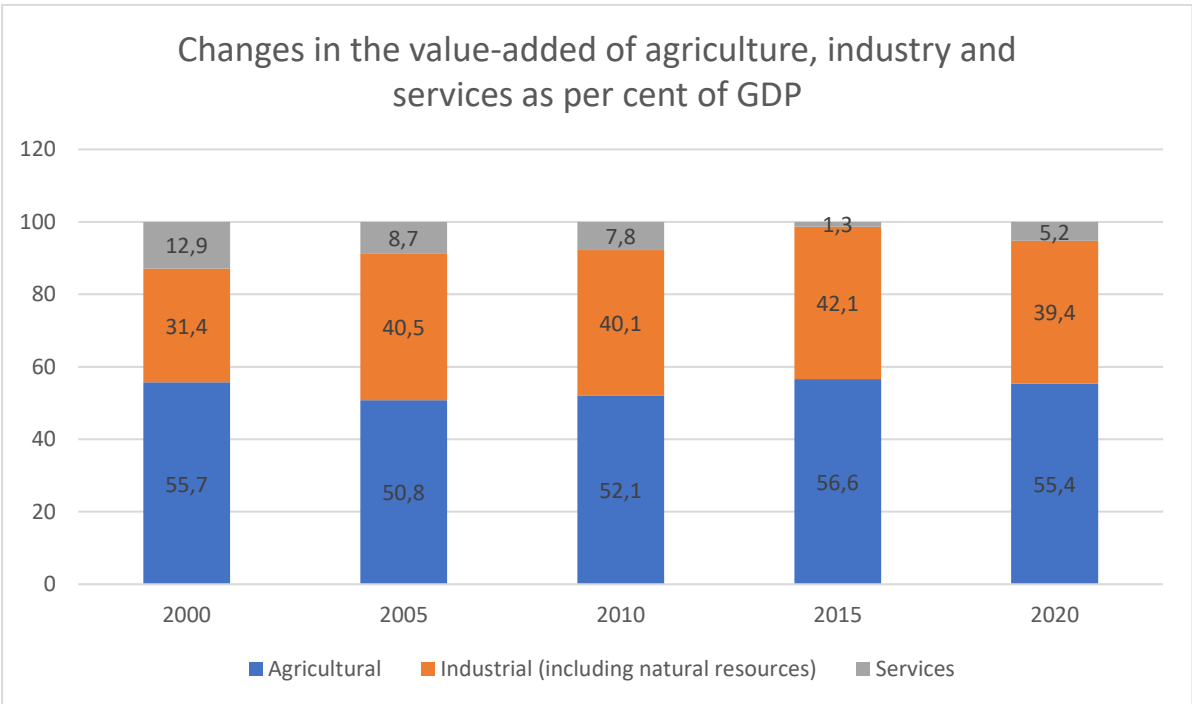
The Republic of Kazakhstan's National Investment Plan aims to improve effectiveness by attracting development and fostering an environment conducive to business (NIS GP, 2015). Three key strategies for reaching this objective were established.

- Improvement of the investment climate of Kazakhstan.
- Investments may be attracted via the implementation of efficient operational measures and the creation of novel techniques.
- Whether or not the privatization strategy and PPP procedures line up with the objectives of luring foreign direct investment.

4.2.1 Sectoral development

After its independence, Kazakhstan's national economy underwent profound structural changes, as seen in this, **Figure – 2**. It is seen that contribution of agricultural sector on GDP is massive and contributes around 50 up to 55 %. However, the author also highlights an attention on the increase of contribution of industrial sector to GDP. This is explained by the transitional period, where Kazakhstan even nowadays demonstrates an over dependency on extraction of natural resources. So far, the policy of diversification hasn't been changed towards technological development of a sphere of IT. The research of (Felipe and Rhee, 2017) demonstrates that for the past 10 years (2005 – 2015) its comparative advantage hasn't changed. Out of 1240 commodities, Kazakhstan takes a lead in only 127 products.

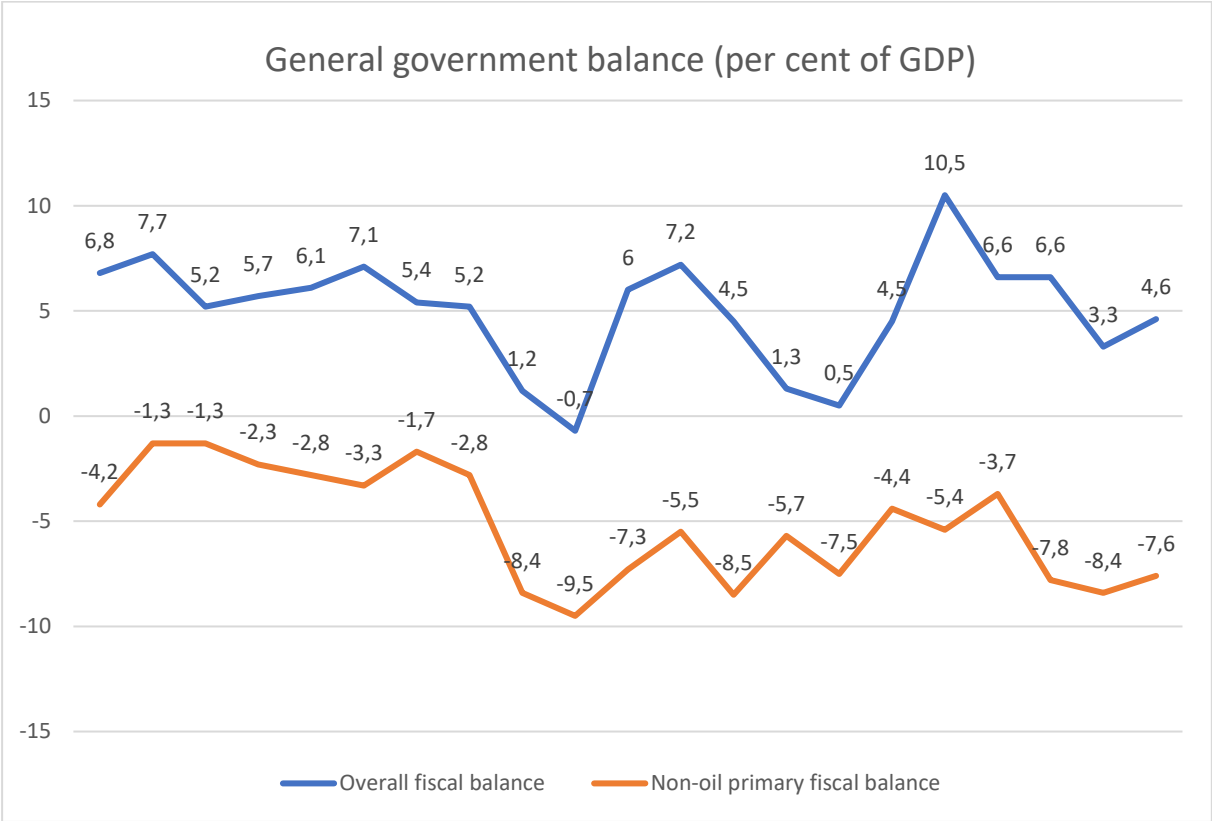
Figure 3: Changes in the value-added of agriculture, industry and services as per cent of GDP (2000 – 2020)



Source: World bank, economic and social data.

The dependency of a national economy is seen on the Figure – N, where the overall oil revenue leads its balance into revenue gaining, however, if excluded, the balance demonstrates deficit.

Figure 4: General government balance (percent of GDP) from 2000 to 2020



Source: World bank, economic and social data.

4.3 Demographical characteristics of the Republic of Kazakhstan

The population of Kazakhstan is accounted for 18.5 million people for 2020, where 52,3 % are women and 47.7 % are men.

The demographic age distribution and its historical trends are shown in **Table - 2**. Similar to countries with strong economies, the under-15 population share is rapidly declining while the 15-24 share is decreasing more slowly, the 15-64 proportion of the population is relatively steady, and the over-65 population share is rapidly growing. Although these tendencies are present in Kazakhstan, they are less than they are in nations with strong economies.

Table 3: Structure of population main age groups

Age group	2000	2005	2010	2015	2020
0 – 14	27.7	24.7	24.9	23.2	22.1
15 – 24	18	19.6	18.4	17.1	18.4
15 – 64	65.5	67.7	68.4	67.9	66.4
65 +	6.6	6.7	6.6	10.3	10.4
Old age dependency ratio	9	10	11	10	12

Source: Statistical Agency of the Republic of Kazakhstan (2022)

The large percentage of college graduates is encouraging since it indicates strong human capital, which is crucial for the expansion of the economy. Yet, the organization of school education branches also important since the labor market's ability to absorb graduates with specific specialties (mostly social and humanistic sciences, finance, and law) is diminishing, while graduates with diplomas in technical fields are scarce. Statistics from the Ministry of Education and Science in the Republic of Kazakhstan (2019) show that in 2018, 55.5% of university graduates had degrees in political science, law, finance, or educational studies, while only 19.5% had degrees in science and engineering disciplines or science. This is a contributing factor to the fact that only 66% of college grads are now employed, and that many of those people are doing occupations unrelated to their field of study. Nowadays, 75% of students are enrolled in postsecondary schools that charge tuition fees.

4.4 Regional unemployment of Kazakhstan

The chapter is devoted to explaining the regional unemployment of Kazakhstan, its peaks and downs across regions and also answer the research questions number 3.

Natural and cyclical unemployment, among others, are both seen in Kazakhstan. The applicant's chances of being hired are nil since their skillset doesn't match what employers need. Almaty, Shymkent, and the Turkestan area in the south of the nation had the greatest rate of unemployment in 2018 (5.2%). There is an oversupply of workers in such areas since self-employment is common and the jobless have inadequate skills.

The western areas of Atyrau (4.6%), Mangystau (4.5%), and Northern Kazakhstan (4.5%) have the lowest unemployment rates in the nation. Production of oil and the manufacturing of oil and gas equipment are particularly advanced in these areas (Kuleeva, 2018).

The bulk of Kazakhstan's jobless people, which accounts for 58% of the country's total, can be found in the country's urban areas, while the remaining 42% reside in the country's rural communities. However, under the impact of a variety of variables, such as the sectoral structure of the economy, population density, migratory movements, and degree of professional training, operation of firms, and activity in the public sector, each area creates its own labor market.

Kuleeva (2018) explained that geographical characteristics in Kazakhstan are closely related to the unemployment rate. She states that availability of natural resources and favorable climate conditions are both, have a big impact on the economic growth of the region, which eventually has a substantial impact of the employment rate. She claims that prior to the reforms, the Republic of Kazakhstan has been focused on more of production specialization, where northern and central Kazakhstan were home to the majority of the country's coal mining and metallurgical industries, while southern Kazakhstan was the center of the country's light chemical sector and consumer goods manufacture.

When considering territorial structure, the share of unemployed population (58 %) live in cities and the rest (48 %) in rural areas. However, the labor force has dramatically increased by 740 thousands of people for the past 10 years, 2012 – 2021. (Labor market of the Republic of

Kazakhstan, 2021). Out of this, 57 % are economically active population. However, for the same time period, the rural labor force has decreased by 184 thousand people, or by 4.5 %. Which indicates that urbanization process of Kazakhstan is motivated by growth of the labor force in cities, due to a high migration from rural – urban areas. In regards of a gender, the proportion of men who were unemployed by 2021, was 52.2 % (241 thousand people) and 47.8 % by women (222 thousand people). The proportion of youth unemployment was 19 %, or (99 thousand people). 71% of the population that is jobless has some level of education (higher education institution, technical or vocational education), 26% of the unemployed population has a secondary education, and just 2.2% of the unemployed population has not finished a higher education. In addition, 26% of the population has completed some college, 2.2% of the population has completed some college but not all of it, 45% of the population has completed secondary school, and 27% of the population has completed primary school. (Labor market of the Republic of Kazakhstan, 2021). The **Table – 4**, demonstrates the indicators of a labor market of Kazakhstan.

Table 4: The main indicators of the Kazakhstan labor market

Indicator	2016	2017	2018	2019	2020	2021
Labor force, thousands of people	8 887	8 998	9 138	9 221	9 180	9 254
Share of total population	71,3	71,5	71,1	70	69,2	69,5
Employed population, thousands of people	8 443	8 555	8 695	8 732	8 804	8 901

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan (2021).

4.4.1 Karaganda region and its development

Karaganda region is considered to be relatively low focused on agricultural aspects of production and more related to the strong industrial sector, which includes coal, cooper, aluminum, steel and electricity. However, Karaganda is centrally located in the Republic of Kazakhstan, see **Appendix – 1**.

The Karaganda area of Kazakhstan may be found in the country's geographic center. The territory included by this region makes it the most extensive one in the nation. The Karaganda area is recognized as one of the most important industrial hubs in the nation. To begin, the mining and metallurgical complex that dominates the area is a significant contributor to the economy of the region. Coking coal comes almost exclusively from deposits in the Karaganda coal basin. Companies such as ArcelorMittal Temirtau JSC, Kazakhmys Company LLP, ShubarkolKomir JSC, Saryarka Energy LLP, and Satkomir GRK LLP are among the most successful in the coal mining industry.

Based on the data obtained from (The Committee on Statistics of the Republic of Kazakhstan, 2020; Development program of the Karaganda region for 2021-2025, 2020) the author has adopted the table to see the development of a few quantitative dimensions which depict the innovative activities of different enterprises and organizations within the region. The Table N demonstrates, the data.

Table 5. Indicators characterizing the innovative development of the Karaganda region for the period from 2003- 2020

Year	Number of enterprises	Number of innovational Enterprises Units	Share of enterprises with innovations %	The number of organizations engaged in research and development work Units	The number of organizations engaged in research and development work Mln, tenge	Internal costs for research and development work Mln ,tenge	Volume of innovative product,mln teng	Number of people employed
2003	980	16	2	33	67 157	673,1	34 798	3 450
2004	715	30	4	43	65 650	823,3	37 483	3 135
2005	934	42	4	51	153 438	1 037	56 239	8 501
2006	894	57	6	51	134 157	1 170	59 871	10 112

2007	981	60	6	46	151 887	1 190	16 473	15 554
2008	086	64	7	40	210 247	1 206	14 412	16 990
2009	908	56	6	29	214 006	939	14 897	12 566
2010	963	67	7	28	211 085	1 528	14 388	17 158
2011	982	71	7	29	253 048	2 947	30 891	20 159
2012	2046	72	4	26	323 816	3 407	53 731	24 980
2013	1957	18	8	23	405 015	4 048	21 578	29 987
2014	1902	159	8	31	411 852	3 597	18 442	35 907
2015	2340	216	9	32	343 351	4 279	31 327	41 698
2016	2235	238	11	33	317 571	3 488	32 048	47 908
2017	2309	257	11	29	363 267	3 508	54 778	55 980
2018	2289	336	15	28	489 030	4 543	74 007	80 980
2019	2175	293	14	31	811 433	4 221	66 221	102 980
2020	2089	313	13	30	817 445	4 608	69 448	95 089

Source: Electronic resource: Data of the Committee on Statistics of the Republic of Kazakhstan for 2014-2018. //www.stat.gov.kz

Several state and regional initiatives, as well as territorial development programs, are currently under way in the Karaganda region with the goals of bolstering the local economy, fostering innovation and the growth of innovative infrastructure, strengthening ties between the region's industrial and academic sectors, and so on. It's worth noting that regional innovation indicators have been on the upswing recently, which is due in part to increased company activity but also to the efforts of the regional akimat⁶ and its subunits to implement regional innovation strategy.

- small towns: Karkaralinsk, Priozersk;
- single-industry towns: Balkash town, Zhezkazgan town, Karazhal town, Saran town, Satpayev town, Temirtau town, Shakhtinsk town, Abai town (The Committee on Statistics of the Republic of Kazakhstan, 2020).

Only the city of Temirtau has a high economic growth potential, according to the Program for the Development of the Regions of the Republic of Kazakhstan until the Year 2020; the other cities and regions only have a capability that is mediocre. In addition to high rates of unemployment and self-employment, poor earnings, and demographic change, there is also a

⁶ Akimat is the head of a local government in Kazakhstan

possibility for a rise in social tension, as indicated by the recurrent labor demonstrations and government pleas made by inhabitants of towns that are dominated by a single industry.

The ability of the area to successfully attract investments is a key factor in the region's ability to thrive. The volume of capital expenditures on fixed assets of SMEs reached 212.9 billion tenge by the end of 2018, that represents 45.3% of the overall quantity of investment brought to the Karaganda area. For the first twelve months of 2018, investment in fixed assets totaled 469.8 billion tenge, representing a growth rate of 120.7% when comparing to the level observed during the same time in 2017.

The level of success that has been achieved in cultivating an atmosphere that is conducive to luring investment flows to the Karaganda area is a significant factor in determining the degree to which the region's territories will grow. The establishment of this kind of atmosphere is contingent upon the existence on the market of businesses that are responsible for the creation of extremely effective infrastructure for business operations, upon the fruitful labor of governmental bodies that contribute to its development, and upon the activity of municipal businesses and corporations that are in search of new funds with which to advance their operations. As a result, the following aspects are included in the creative development of regions strategy:

- creation of competing technologies, labor, and services, as well as diversification, regeneration, and modernization of the economy's technical foundation.
- One of the criteria assuring excellent growth is the construction and development of the infrastructure of innovative activity.

4.5 Analysis of a survey

This part is devoted to analyzing the results of a survey that the author conducted. With the help of gathered data, the author will be able to detect co – independencies between two factors.

4.5.1 Data collection

The author conducted an online survey with 14 questions, participants were able to answer according to their will. The survey consisted of a multiple-choice answer.

4.5.2 Research purpose

The author analyzes the data and run a Test of dependencies where the following hypothesis will be either accepted or rejected:

- H1: There is no dependency between higher educational level achieved higher income.
- H1: There is to dependency between skilled and experienced the person and time for looking for a job.
- H1: There is no dependency between expectation in income and time of finding a job.

Whereas H0 states that there is no dependency between *F1* and *F2*, *whereas:*

F1 – stands for Factor 1, and F2 – is the second factor.

Those hypotheses will be approved by the help of Contingency tables. The significance level is taken for **0.05 %**.

4.5.3 Participation breakdown

The chapter is devoted to demonstrating the breakdown of the participants that have answered the questions. We could see a slight prevalence of the males; however, it is minor. Most of the participants were aged between 20 – 24 years old, followed by 15 – 19 years old, and the last place was taken by 25 – 29. Most of the participants were single (64 participants) and married and divorced were split equally, by 37 participants per each category. Participants from urban and rural area were almost equal 70 and 68. The total number of samplings was 138. See the **Table – 6**.

Table 6: Demographic data of respondents

Demographic data of respondents	N – 138	Percentage
Gender		
Male	71	51.45
Female	67	48.55
Age		
15 - 19	43	31.16
20 – 24	59	42.75
25 – 29	36	26.09
Marital status		
Married	37	26.81
Divorced	37	26.81
Single	64	46.38
Region (Urban / Rural)		
Urban	70	50.72
Rural	68	49.28
Educational level achieved.		
Primary school	6	4.35
Secondary school	6	4.35
High school	28	20.29
First year of university	23	16.67
Second year of university	9	6.25
Third year of university	17	12.32
Bachelor Thesis	20	14.49
Master Thesis	25	18.12
PhD.	4	2.90

Source: Own processing.

4.5.4 Testing of hypothesis

The author tests the following hypothesis with the help of cross tabulation analysis.

- H0: There is no dependency between higher educational level achieved higher income.
- H0: There is to dependency between skilled and experienced the person and time for looking for a job.
- H0: There is no dependency between expectation in income and time of finding a job.

The fist hypothesis assumes that the higher educational level would lead to a higher income level.

Table 7: Cross tabulation of higher education achieved, and income received.

The highest educational level achieved. * What was your real income when you started the job? Crosstabulation

% of Total

		What was your real income when you started the job?									Total
		up to 50 th.kzt	50 001 - 100 000	100 001 - 150 000	150 001 - 200 000	201 000 - 250 000	250 001 - 300 000	300 001 - 400 000	400 001 - 500 000	9	
The highest educational level achieved.	Primary School	0.7%	0.7%	1.4%		0.7%			0.7%		4.3%
	Secondary school		0.7%	2.2%			1.4%				4.3%
	High School	0.7%	2.9%	2.2%	5.1%	3.6%	1.4%	2.2%	1.4%	0.7%	20.3%
	First Year of university	2.2%	2.9%	5.1%	1.4%	0.7%	1.4%	2.2%		0.7%	16.7%
	Second year of university		0.7%	3.6%		0.7%	0.7%		0.7%		6.5%
	Third year of university		1.4%	4.3%	2.2%	0.7%	1.4%	0.7%	1.4%		12.3%
	Bachelor Degree	0.7%	0.7%	5.8%	2.9%	2.9%		0.7%		0.7%	14.5%
	Master Degree	0.7%	0.7%	7.2%	4.3%	3.6%	0.7%			0.7%	18.1%
	Ph.D.	0.7%			2.2%						2.9%
Total		5.8%	10.9%	31.9%	18.1%	13.0%	7.2%	5.8%	4.3%	2.9%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	65.151 ^a	64	.436		
Likelihood Ratio	74.458	64	.174		
Fisher's Exact Test				.043	.026
Linear-by-Linear Association	.549	1	.459		
N of Valid Cases	138				

a. 75 cells (92.6%) have expected count less than 5. The minimum expected count is .12.

Source: SPSS IBM 64.

Based on the results, the test has violated the count of expected frequencies, where a lower value based on the **Table – 7**, is .12. Thus, the author takes a Fisher’s test to identify the dependency. By looking at the results, the Fisher’s test equals to **0.43** which is lower than .05 significance level. Which indicates a dependency between a higher achievement of education and higher achievement of income. Result is: **H0 is rejected**.

The following hypothesis is the more experienced a person is the less time it takes for a person to find a job.

Table 8: Crosstabulation of years of experience and time it takes to find a job?

Years of experience * How long it took you to find your current job? Crosstabulation

% of Total

		How long it took you to find your current job?						Total
		1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	Year and a half	still unemployed	
Years of experience	1 year	13.0%	6.5%	1.4%	0.7%	1.4%	0.7%	23.9%
	2 years	0.7%	1.4%	5.8%	1.4%	1.4%		10.9%
	3 years	2.2%	2.9%	5.8%	5.1%	1.4%		17.4%
	4 years		1.4%	5.8%	2.2%	1.4%	1.4%	12.3%
	5 years	2.9%	4.3%	1.4%	2.2%	1.4%	0.7%	13.0%
	6 - 8 years	1.4%	1.4%	1.4%	2.2%		0.7%	7.2%
	9 - 12 years		0.7%	0.7%				1.4%
	Without experience	4.3%	6.5%	1.4%	1.4%			13.8%
Total		24.6%	25.4%	23.9%	15.2%	7.2%	3.6%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1-sided)
Pearson Chi-Square	64.932 ^a	35	.002		
Likelihood Ratio	70.937	35	.000		
Fisher’s Exact Test				.578	.417
Linear-by-Linear Association	.096	1	.756		
N of Valid Cases	138				

a. 41 cells (85.4%) have expected count less than 5. The minimum expected count is .07.

Source: SPSS IBM 64.

Again, we could see the violation of the frequencies, where the lowest value is .07. Thus, the author considers the Fisher's Exact test to identify the dependency. The Fisher's Exact test equals to 0.578, which is higher than 0.05 significance level, meaning that there is no dependency between the stated factors. Thus, **H0 is accepted.**

The last hypothesis claims that there is no dependency between the expectation of income and the time of finding a job.

Table 9: Expectation of income and time to find a job.

What was your expectation about an income right after the graduation/left the school or got expelled/ purposely left the school/ found an opportunity to work instead of studying? * How long it took you to find your current job? Crosstabulation
% of Total

		How long it took you to find your current job?						Total
		1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	Year and a half	still unemployed	
What was your expectation about an income right after the graduation/left the school or got expelled/ purposely left the school/ found an opportunity to work instead of studying?	up to 50 th.kzt	0.7%						0.7%
	50 001 - 100 000	1.4%	1.4%	2.9%	1.4%		0.7%	8.0%
	100 001 - 150 000	11.6%	6.5%	2.9%	4.3%	0.7%	1.4%	27.5%
	150 001 - 200 000	8.0%	8.0%	8.7%	3.6%	1.4%	1.4%	31.2%
	201 000 - 250 000	0.7%	4.3%	2.9%	0.7%	2.2%		10.9%
	250 001 - 300 000	0.7%	1.4%	2.9%	1.4%			6.5%
	300 001 - 400 000	0.7%	2.9%	2.2%	0.7%	1.4%		8.0%
400 001 - 500 000	0.7%	0.7%	1.4%	2.9%	1.4%		7.2%	
Total		24.6%	25.4%	23.9%	15.2%	7.2%	3.6%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	40.264 ^a	35	.249		
Likelihood Ratio	40.938	35	.226		
Fisher's Exact Test				.665	.221
Linear-by-Linear Association	5.146	1	.023		
N of Valid Cases	138				

a. 40 cells (83.3%) have expected count less than 5. The minimum expected count is .04.

Source: SPSS IBM 64.

Again, the computation of expected frequencies was violated, the lowest value is .04. Meaning that the author uses Fisher's Exact Test, to compare with the significance level. Thus, the value

of a Fisher's Test equals to .665 which is higher than significance level of 0.05, meaning that there is no dependency between the expectation of an income and time to find a job, thus, the **H0 is accepted.**

4.6 SWOT Analysis

The chapter demonstrates a short SWOT analysis in regards of unemployment in the Republic of Kazakhstan. Since Kazakhstan's unemployment rate has been stable for the past 10 years, the author has considered the main points that should be overlooked by the government.

Table 10: SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> - Economic potential, natural reserves. - Diversification of economy. - Location and its land. - Heterogeneous demographic and structure of cultural values. - Diversified social space. - A part of UN, CIS, WTO, communities. 	<p>Weaknesses</p> <ul style="list-style-type: none"> - High corruption rate. - Unskilled labor force. - Lower level of education. - Relatively high level of migration. - Large number of farms without investment opportunities. - Undeveloped infrastructure. - Little value added to final products.
<p>Opportunities</p> <ul style="list-style-type: none"> - Technological development. - A big reserve of chemicals. - Land territory is favorable for agriculture. - Development of a domestic tourism - Development of entrepreneurial ecosystem. 	<p>Threats</p> <ul style="list-style-type: none"> - High dependency on natural reserves (potential Dutch disease). - Volatile exchange rate. - Low level of return on investments. - Low level of diversification leading to stagnation. - Increased threat of pandemic (COVID – 19) example, resulting in

<ul style="list-style-type: none">- Increased level of Foreign Direct Investments.	<ul style="list-style-type: none">prohibition of travels outside the place of residence.- High dependency on FDI's.
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Source: Own processing.

5 Discussions and Recommendations

The author has researched a topic of “Unemployment in Kazakhstan” among youth generation. Initially, the author set the research questions which are mentioned in [Chapter – 2.2](#).

First of all, the Kazakhstan republic is considered to be heavily dependent on a production of oil and gas, thus, its currency is being volatile, when the prices for natural resources and precious metals change. This instability might eventually lead to a recession. The pandemic case demonstrated the world, what could happen if, the whole supply chain will terminate. The effect of such scenario is very dangerous for Kazakhstan.

However, looking back, when Kazakhstan had gained its independence, I must say, that the government has achieved impressive results in terms of economic growth which was mainly stimulated by oil sector. However, looking back at the **Figure – 4**, where the balance of trade is demonstrated. If non – oil revenues are not considered, the country is being in a constant trade deficit.

The unemployment rate certainly depends on the prosperity of its economy. However, the causes of unemployment in Kazakhstan are so vivid and unfortunately, government hasn't taken any steps further to dissolve the problem of unskilled labor force, lack of technicians and etc. The author run a survey with the employment – related questions, which helped identified the dependency between two factors. Even though the sample size was small, still on such a small sample size, the author detected a dependency between the “Higher education achieved” would lead to a “Higher income level”. The author believes that this hypothesis holds true for pretty much every state around the world, however, it also indicates that the educational system of Kazakhstan lags behind. The study of Cahuc et al., (2013) concluded that dual educational system, potentially rises a nation of workers, builders and innovators. His case was applied on the Federal Republic of Germany. Indeed, Germany is a developed country, which also depends on a supply of natural resources from Russia, however, it proved to establish a good background with its educational system.

5.1 Research questions

At the beginning of this research, the author stated a few questions that are needed to be answered. As all macroeconomic variables are linked among each other, thus, the aspects of a country, either demographical, regional, economical, social and other, also do link with each other. The research question stated were answered with the help of secondary sources mainly.

- 1) What investment policies are implemented by the Republic of Kazakhstan?
- 2) Foreign Direct investments and its prevalence in the territory of Kazakhstan, how does that impact the unemployment level?
- 3) Regional development and regional unemployment level, are they correlated?
- 4) Causes of inflation on unemployment rate?
- 5) Causes of COVID-19 on unemployment rate?

Investment policies:

Kazakhstan is indeed an attractive place for investors. It has gained a lot of attention in 1993, when big corporations such as Eni (Italian oil and gas company) BP (United Kingdom), (Shell – USA), (Toyota tires – China) and many more came into Kazakhstan due to its cheap workforce and excessive natural reserves, chemical, metals and other raw materials. Kazakhstan then, tried to establish a good investment environment that would help to boost its economy and decrease unemployment rate, which is a subject of this Master Thesis. All in all, the author has taken the data of comparative advantage in regards of FDI's and calculated it in [Chapter – 4.2](#), **Table – 2**. FDI Index has been decreasing from 2010, which means that every year, the government has loosened the conditions for investors to enter the marketplace.

Foreign Direct Investments and its impact on Unemployment rate:

Well, it is believed that the inflow of FDI's potentially reduces the unemployment rate, however, it increases the dependency of a state on its foreign funds, thus weakening the domestic economy, domestic producers of any kind, and potentially could be damaging for the

state. However, the author run an linear regression analysis, where FDI inflow demonstrated the impact on the unemployment rate for over 83 %, see **Graph – 1**. It is hard to judge whether FDI's decrease the unemployment rate, the author suggest to run a MLRM to see the effect in a more detailed view.

Regional Development:

Looking back to the theoretical background Perugino, Cristiano, and Signorelli, Marcello (2008) who investigated 248 small regions across EU. The author has taken as an example the region of Karaganda, and its time series of 2003 up to 2020. There is a certain indication that the better off the region, the less likely there is an economic pressure. The Table – 5 indicates the number of people employed on an annual basis. It is certainly correlated with the fact that the number of enterprises also grows along with the time.

Causes of inflation on unemployment rate:

This question answered it – self in [Chapter – 4.2](#). Due to the reason that Kazakhstan's economy is dependent on natural resources and its price. The inflation rate seems to be increasing when the price for oil decreases and vice versa.

Causes of Covid – 19 un unemployment:

Apparently the covid – 19 impacted the whole supply chain and hence had an effect on unemployment rate. The inflation rate depicted in the **Table – 2**, hasn't changed much in between 2019 and 2020. It certainly had a short – term effect, where people who are mainly involved in the customer service sector were affected, however, still the effect was minor and didn't last long. Economy didn't experience any long – term recession and recovered quite quickly.

6 Conclusion

The thesis was devoted to the topic of “Unemployment in Kazakhstan”. The author has covered the definition of unemployment and its types, such as: Seasonal, frictional, cyclical and natural in order to link, what types of unemployment is the most prevalent in the Republic of Kazakhstan.

The analytical part is focused on analyzing the numeric data of Kazakhstan and shortly describe the unemployment rate, its dynamics, sectoral economy of Kazakhstan as well as its policies towards unemployment, the correlation of foreign direct investments and unemployment and the regional development of Kazakhstan. The chapter helped the author to understand the dynamics of economic development and its macro indicators. Analytical part is fully devoted to answer research questions, that are more described in [Chapter – 5.1](#).

For the practical part, the author has conducted a survey to test the dependencies of two factors that are mentioned in [Chapter – 2.2](#). The factors are mostly related to personal data, which helped the author to see, how educational background might benefit in terms of employment. Moreover, the author has taken a Karaganda region for a closer demographic analysis, regional analysis and how two correlated with the unemployment rate of Karaganda region. There were mostly secondary data used to see the correlation which helped to draw a conclusion.

Finally, the author summed up all the results in a SWOT analysis, where each factor that has been described within the theoretical part, has been considered and analyzed. Thus, the Republic of Kazakhstan should monitor the inflow of Foreign Direct Investments into the Kazakh’s economy, in order to prevent a full dependency on the oil and gas sector, as most of the investors are lured to the sector. The economy should be more diversified and fortunately, the Foreign Direct Index, demonstrates that the policy that Kazakhstan has established are more welcomed and so called possess a “Fostering environment” for investors. Which doesn’t indicate a good thing, however, nor the bad thing, everything should be balanced. Unfortunately, when considering the Balance of Trade as a % of GDP on annual basis, the data demonstrated that if non – oil sectors is excluded from the calculation of BOP, the BOP always

indicates a trade deficit, which indicates a weakness of Kazakh's economy, hence the volatility of employment rate.

Another problem which relates to the diversity of economy is a sectoral development, that demonstrated the Kazakhstan lacks a comparative advantage in most of the commodities.

Overall, the unemployment rate is a consequence of a long – term dependency on oil and gas sector and it should be mentioned that Kazakhstan, lags behind. All the planed reforms to 2020, 2030 and 2050 have been constantly postponing by governmental regime, which probably will some time in the future, experience the consequences of such decisions.

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Questionary

- 1) What is your gender?
 - a) Male
 - b) Female

- 2) What is your age?
 - a) 15 – 19
 - b) 20 – 24
 - c) 25 – 34
 - d) 35 – 44
 - e) 45 – 54

- 3) What is your marital status?
 - a) Married
 - b) Divorced
 - c) Single
 - d) Widowed

- 4) What region you are coming from?
 - a) Urban
 - b) Rural

- 5) The highest educational level achieved.
 - a) Primary school
 - b) Secondary school
 - c) High school
 - d) First year of university (dropouts)
 - e) Second year of university (dropouts)

- f) Third year of university (dropouts)
 - g) Bachelor Thesis
 - h) Master Thesis
 - i) PhD.
- 6) How long it took you to find your current job?
- a) 1 – 3 months
 - b) 4 – 6 months
 - c) 7 – 9 months
 - d) 10 – 12 months
 - e) Year and a half
 - f) Still unemployed
- 7) What was your expectation about an income right after the graduation/left the school or got expelled/ purposely left the school/ found an opportunity to work instead of studying?
- a) Up to 50 000th tenge
 - b) 50 001 – 100 000 tenge
 - c) 100 001 – 150 000 tenge
 - d) 150 001 – 200 000 tenge
 - e) 200 001 – 250 000 tenge
 - f) 250 001 – 300 000 tenge
 - g) 300 001 – 400 000 tenge
 - h) 400 001 – 500 000 tenge
- 8) What was your real income when you started the job?
- a) Up to 50 000th tenge
 - b) 50 001 – 100 000 tenge
 - c) 100 001 – 150 000 tenge
 - d) 150 001 – 200 000 tenge

- e) 200 001 – 250 000 tenge
- f) 250 001 – 300 000 tenge
- g) 300 001 – 400 000 tenge
- h) 400 001 – 500 000 tenge
- i) Unemployed

9) What kind of economic sectors you are involved in?

- a) Government worker (Policeman, doctor, law, Firefighter,
- b) Agricultural sector
- c) IT sector
- d) Oil and Gas
- e) Private company oriented of re-sales
- f) Heavy Industry
- g) Engineering
- h) Telecommunications
- i) Accounting or Administrative sector
- j) Self – employed
- k) Unemployed

10) Have you been accepted to your current job position because of experience, if so, please tick how many years of experience did you have? If not complete, round the number (For example, 2,6 > 2 years of experience).

- a) 1 year of experience
- b) 2 years of experience
- c) 3 years of experience
- d) 4 years of experience
- e) 5 years of experience
- f) 6 – 8 years of experience
- g) 9 – 12 years of experience
- h) 13 – 17 years of experience

i) Without any experience

11) What is the number of your household?

- a) 2 people
- b) 3 people
- c) 4 people
- d) 5 people
- e) 6 people
- f) Up to 10 people

12) Did the recent pandemic situation has caused troubles with your employment? If so, what exactly?

- a) My salary was cut by 15 – 30 %
- b) I was fired
- c) Didn't affect me at all
- d) I was promoted
- e) I found a job while covid pandemic.

13) How long have you been working on your current job?

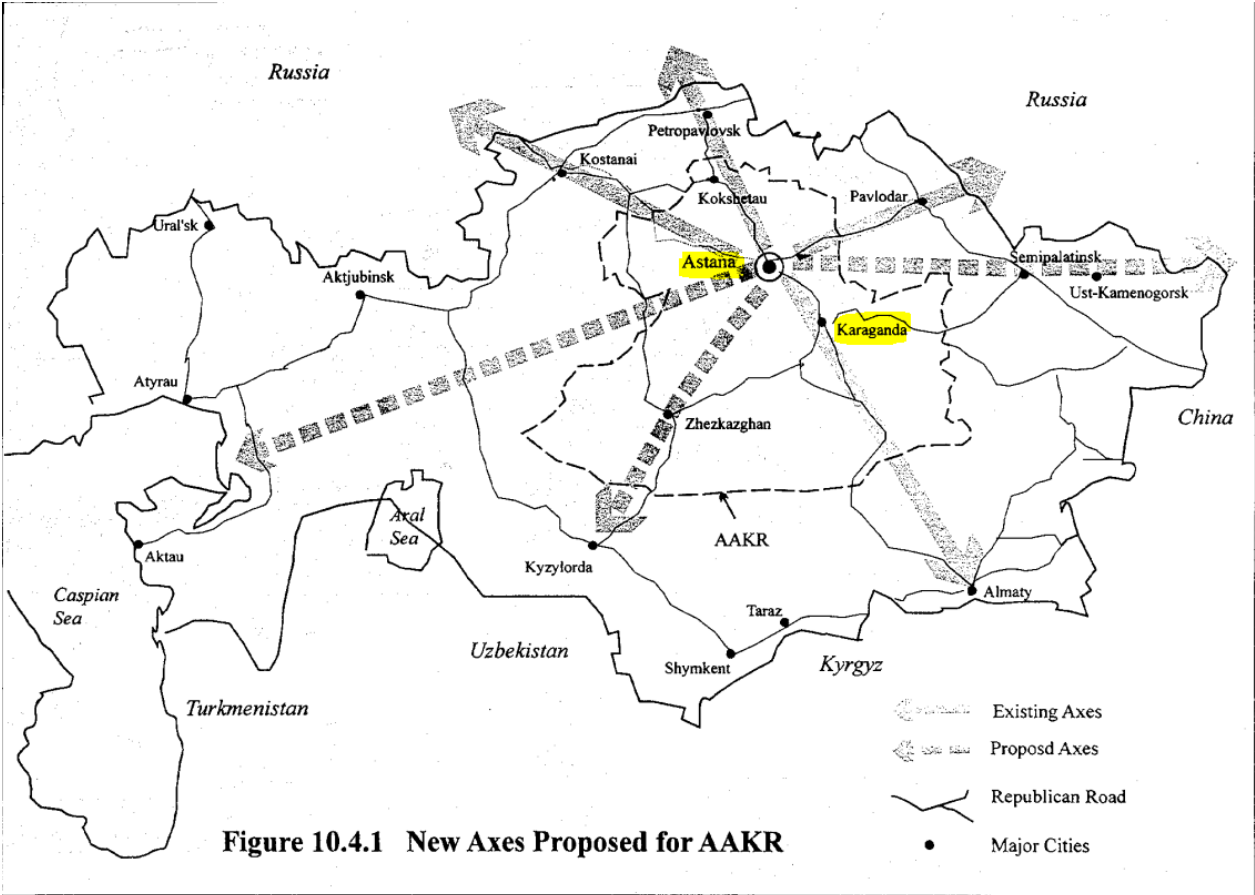
- a) Up to 1 year
- b) 1 – 2 years
- c) 3 – 4 years
- d) 5 – 7 years
- e) 8 – 10 years
- f) 11 – 16 years
- g) 17 – 25 years

14) What was the reason you actually left your previous job?

- a) Low pay
- b) Felt stressful

- c) I was not promoted
- d) No potential growth
- e) Bad management
- f) Didn't have enough experience
- g) Found a better job
- h) Other (please fill in the option).

Appendix – 1



Source: (International Labour Office, 2015)