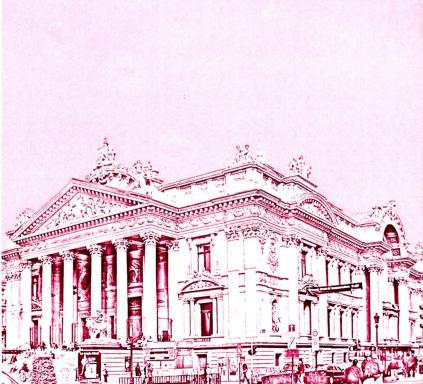


# The Fifth International Conference on Economic Sciences

5<sup>th</sup> February 2015





### The Fifth International Conference on Economic Sciences

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# Section 4. Regional economy

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## Social modernization in Kazakhstan in conditions of external instability

Social modernization is the main vector of Kazakhstan's development in the coming years. The issues of social development in the context of the global financial crisis are of a special concern. The life quality of people in the country depends on solution of the social issues. The following main areas of social modernization may be distinguished: employment program, afford able housing for Kazakhstani people, development of human resources, development of the regions of Kazakhstan, improving the quality of public services, development of agriculture, reform of the pension system, modernization of the judicial and law enforcement systems.

The Program of forced industrial-innovative development is realized in Kazakhstan, where the solution of social problems has a special place. The first phase of the program began in 2010 and ended in 2014. The second stage will be carried out in the period from 2015 to 2019. The main outcomes and results of the program and main directions of further development are analyzed by the Leader of the Nation in his annual addresses to people.

In his address to people of Kazakhstan from 11.11. 2014 "Nurlyzhol-the way to future," President Nazarbayev N. A. stressed that at this stage there will be the development of social infrastructure. "First of all, the solution of problems is in the emergency schools and three-shift learning. The program of industrialization identified

universities on the basis of which there will be provided a link between science and economic sectors and training for high-tech industry.

N. A. Nazarbayev has noted that further work is needed to support small and medium-sized businesses and business activity. Today 100 billion tenge are fully utilized from the National Fund to support and lending to small and medium-sized businesses. This allowed the creation of 4.5 thousand jobs. Demand for these funds exceeded supply by 23 billion tenge. The unprecedented conditions are created for lending to small businesses just fewer than 6% for 10 years. Our country did not experience such conditions before. The work on the development of small and medium enterprises as drivers of economic growth and increased its share to 50 percent of GDP by 2050 should be continued".

In addition, the President of Kazakhstan, N. A. Nazarbayev has outlined the global trend of social modernization in the Programmatic article "Social modernization of Kazakhstan: Twenty Steps to a society of universal labor"<sup>2</sup>.

Social modernization of Kazakhstan should be aimed at improving the quality of life far all Kazakhstani people, reducing the number of poor and prevent social exclusion. The basic principles on which the social modernization is established is the principle of universal responsibility, professionalism, partner participation and incentives.

One of the main directions of solving social issues is the salary reform.

Directions of state salary regulation in Kazakhstan are:

- creation of legal and social protection of population in salary matters;
- establishment of reasonable minimum salary corresponding to at least a subsistence level;
- establishment of assessment index for the calculation of pensions, allowances and scholarships;
- definition of poverty level and provision of targeted social assistance beyond that level, fight against poverty and unemployment;
- creation of legislative and methodological bases of salary reforming in the companies of different ownership forms;
- creation of the effective system of salary taxation of economic sector workers;
- signing the General Agreement on the governmental level in order to further the development of social partnership;
- development of measures to mitigate the negative inflation for workers;
- development of measures to regulate the import of foreign labor;
- establishment of employer liability for late payment of salaries.

<sup>&</sup>lt;sup>1</sup> The Address of President of the Republic of Kazakhstan N.A. Nazarbayev to the People of Kazakhstan "Nurlyzhol – the Way to Future" – 2014.

 $<sup>^2</sup>$  Nazarbayev N.A. "Kazakhstan's Social Modernization: Twenty Steps to a Society of Universal Labor". – 2012.

The minimum subsistence level, which is determined in the Republic of Kazakhstan and set annually for inflation by law in the national budget for the relevant financial year, is the basis for establishing the minimum monthly salary, minimum pension and basic social benefits.

In addition, the state guarantees of salary include: minimum hourly salary, determined in accordance with the Article 122 of the Labor Code of the Republic of Kazakhstan<sup>1</sup>; minimum standards for salaries; payment for overtime work; payment for work on holidays and weekends; payment for night work; size limit deductions from the employee's salary; state control over full and timely payment of salaries and implementation of state guarantees in the field of work pay; procedure and terms of salary payment. The monthly salary of a worker is set differently according to the employee's qualification, complexity, quantity and quality of work and working conditions<sup>2</sup>.

In accordance with the objective economic law the productivity growth should outpace wage growth. Only in this case it can be said about the expanded reproduction. In this connection, in the current post-crisis conditions in Kazakhstan, the great attention is focused on the increasing productivity and employment programs of population. The state program "Productivity – 2020" is aimed at the realization of the objective economic law of priority growth of labor productivity in comparison with the growth of wages. It has been developed by the Ministry of Industry and Trade, with the active participation of business structures, large-sized native entrepreneurs, banks and international organizations. The program is one of the tools for implementing PFIID (program of forced industrial – innovative development) and it is directed to help enterprises to improve their efficiency through cost reduction, including for technological modernization, and increasing productivity<sup>3</sup>.

In addition, Kazakhstan implements the state program "Employment-2020". The main goal of the program "Employment – 2020" is raising incomes by promoting sustainable and productive employment. The program is aimed primarily at training, employment, assistance in organizing their own business in the community, and in the absence of such opportunities — to promote the voluntary relocation in terms of economic growth. The program will be implemented in three directions: training and assistance in finding employment of self-employed, unemployed and low-income population in the labor market; promote the development of entrepreneurship in rural areas and increasing mobility of labor forces.

The Program will be implemented in three stages.

 $<sup>^{1}\,</sup>$  The State Program of Forced Industrial -Innovative Development of the Republic of Kazakhstan.

<sup>&</sup>lt;sup>2</sup> Labor Code of the Republic of Kazakhstan. 07.05. 2007//Almaty, issue. Lawyer. – 2009.

 $<sup>^3\,</sup>$  State Program of the Republic of Kazakhstan "Productivity – 2020". – 2010.

2011 was considered a pilot one, within its period mechanisms for implementation of the program and its legal support were worked out. Second stage: 2012–2015, and the third stage from 2016 to  $2020^1$ . In 2015 it is expected to cover 1.5 million people by the proposed measures of the new program of employment. Its implementation will reduce poverty to 6% (from 8.2%), while the unemployment rate will not exceed 5.5%.

We believe that for the further implementation of social modernization in Kazakhstan it is necessary to continue the reform of wages, to improve legislation on labor issues, to reform the tax system, and to implement social programs in order to support vulnerable layer of population.

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