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Socio-economic factors in labour market regulation

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Abstract

In the current economic literature, there is a lack of research on the labour markets of developing countries in Central Asia. This study offers both statistical and theoretical analyses of the labour markets of Kazakhstan and Kyrgyzstan. We aim to identify the main socio-economic factors that influence the labour markets in Kyrgyzstan and Kazakhstan. The article provides an overview of the current situation in the labour market and describes positive and negative trends there. This analysis reveals the factors to address challenges in the labour markets and the economy. The article is likely to be useful for understanding these markets in order to formulate public policies.

Keywords: *Unemployment; migration; welfare; wages; trade; Central Asia*

Introduction

Labour markets are critical components of economies and economic models. Economists have treated this economic category differently in the past, and it has always been given special attention in research. Smith (2016) believed that labour creates the value of all goods: "... labour is the real measure of the exchangeable value of all commodities...". In turn, his followers had a different opinion about labour and its influence on value. Say (2000) disagrees with this idea. He believes that value is created on the basis of three factors of production, land, labour, and capital and that the owner of each of them should receive an appropriate profit. Marx (2015) cited the role of labour in the absolute: "... price is the money-name of the labour objectified in a commodity...". Thus, the idea of the essence of labour and its importance has evolved and changed over time.

In the contemporary world, globalisation processes greatly impact employment and labour market development (Pasieka et al., 2019; Yaremko, 2020). The benefits of globalisation are as many as its problems. Migration remains one such challenge for many countries. According to the 2021 World migration report (2021), 3.6% of the population were international migrants. The migration composition changes from country to country. However, some common trends can be seen in a particular group of countries. Developing countries have a

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diametrically opposite problem. A large proportion of the population, especially able-bodied, highly-skilled citizens, are migrating out of the country to highly developed countries. There is a so-called "brain drain" so that developing countries' economies do not perform at their full potential. The migration policies of these two types of countries differ radically. Although living standards are not the only reason for people to go abroad, the economic factors of migration are the most common. Specialisation is another outcome of globalisation. In general, it increases the efficiency of the world economy by allowing each country to make the most of available resources.

Many economists, including Kling (2016), believe that specialisation and trade are keys to economic prosperity. It creates increased demand in a country's labour market for certain occupations, which also changes its structure. However, it also causes large unemployment, as industries that remain uncompetitive on international markets effectively cease to develop. In addition, there are many factors within the country that also seriously affect the labour market. (Usanov, 2019) These include economic growth, unemployment rates, production volumes etc. Although there are a lot of such factors, only some have a significant impact on the situation in the country. The object of the study will be these factors and their impact on the labour markets of Kazakhstan and Kyrgyzstan. The novelty of the article is that it contains both statistical and theoretical analyses of the labour markets of Kazakhstan and Kyrgyzstan, as well as that not much attention has been paid to the labour markets of developing countries in the current economic literature (Lykholat et al., 2020; Morozov et al., 2021).

Materials and Methods

A range of tables is used in the paper to describe and characterise the phenomena and factors under study. To a large extent, the paper uses research methods such as induction, deduction, theoretical analysis, retrospective and cross-sectional analysis to explain the data obtained and analyse the labour markets in Kazakhstan and Kyrgyzstan. Research methods: historical; abstract-logical; statistical; analysis; monographic; economic and mathematical methods; modelling. In order to conduct this study, it was necessary to identify the resultant factor and factors, as well as the factors whose impact will be investigated.

GDP (gross domestic product) per capita was chosen as the resultant factor (the notation in the study is X1). There are several reasons for this: first, this factor characterises the average economic welfare of the population; second, it is easy to use and intuitive. Based on other research on the labour markets of Kazakhstan and Kyrgyzstan, several factors were identified, the interaction of which will be studied. They are: average monthly nominal wage (X2), the volume of industrial production (X3), agricultural production output (X4), number of employed as individual entrepreneurs (X5), unemployment rate (X6), natural population growth (X7), migration balance (X8), retail trade turnover (X9), direct foreign investment (X10). Correlation and regression analyses were conducted to determine the significant factors. Correlation analysis is used to determine the relationship between the factors. The factors will be further considered only if the correlation between them is close to or greater than 0.7.

Subsequent regression analysis will screen out even more factors based on the P-value, the critical value of which in this study is 10%, and construct appropriate regression equations to determine the strength and nature of the impact on the resulting factor. Based on the regression analysis, conclusions about socio-economic factors are drawn. This study can be

divided into three parts. The first part analyses migration processes in Kazakhstan and Kyrgyzstan, analysing the migration balance indicators since 2011 and the impact of this on the economies and labour markets of the countries. The second part examines the structural changes in the labour market in these countries, mainly in terms of employment in different sectors. Furthermore, unemployment and wages by region are analysed. In the third part, using the methods described above, the dependence of socio-economic factors governing the labour market is analysed. Among all the factors, for each country, those that have the most significant impact on the welfare are identified. The paper concludes with a summary of all three parts of the study.

Results and Discussion

For a better understanding of the labour markets in Kazakhstan and Kyrgyzstan, it is necessary to closely examine the migration situation in these countries. It has already been shown above how the number of emigrants in a country affects the structure of the labour market. Table 1 and 2, which characterise the migration situation in these countries, are provided below (Agency for Strategic Planning..., 2021; National Statistical Committee…, 2021).

Table 1. Characteristics of the migration situation in Kazakhstan 2011-2020, persons

Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Arrived	8159	13936	14904	16034	18053	17448	30245	35565	52364	11400
Departed	19315	20326	21335	23990	26950	33705	47558	47266	67199	29100
Balance	5096	-1426	-279	-12162	-13466	-21145	-22130	-29121	-32970	-17718

Source: Agency for Strategic Planning and Reforms of the Republic of Kazakhstan Bureau of National Statistics (2021).

Table 2. Characteristics of the migration situation in Kyrgyzstan in 2011-2020, persons

Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Arrived	6337	5532	4349	3928	3559	3160	1974	1687	1400	961
Departed	45740	13019	11552	11685	7788	7125	5899	7077	7560	5822
Balance	-39403	-7487	-7203	-7757	-4229	-3965	-3925	-5390	-6160	-4861

Source: National Statistical Committee of the Kyrgyz Republic (2021)

The situation in these countries is similar in some respects but different in general (Table 1; 2). The reason being is they are both countries that were part of the Union of Soviet Socialist Republics (USSR). Their development paths overlap to a large extent. In addition, the geographical location of the regions is also quite similar. In Kazakhstan, the number of arrivals and departures has been increasing every year, except for 2020, when migration was complicated by the COVID-19 crisis (COronaVIrus Disease 2019). Nevertheless, the migration balance has remained negative in all years (except for 2011). Since 2014, the balance has passed the -10,000 person mark and continued its decline until 2019, the year of record low migration balance. Most migrants tend to live in the northern regions (Karaganda, Pavlodar and East Kazakhstan regions). As European nationalities dominate these regions, they prefer to depart for Russia, Germany and other European countries, that's why there is a considerable shortage of workers in the northern regions. The most negligible outflow of the population is observed in the Kyzylorda and Atyrau regions, which is related to the linguistic environment: the inhabitants of this region speak Kazakh when the knowledge of Russian or English is required to emigrate (Khishaueva, 2020; Paul, 2020; Kubayeva, 2021).

Another problem is the qualifications of the migrant population. Thus, a major part of immigrants is people with secondary education, while emigrants are people with higher

education. This leads to a degradation of the human capital level of the country, an increase in illegal employment, as well as problems in job search for local employees with the same education level that emigrants predominantly have. This is because it is more profitable for companies to employ immigrants, who demand lower wages. Although the migration balance had decreased in Kyrgyzstan compared to 2011, when it reached -39,000 persons, it remains negative. There is a decreasing trend in both arrivals and departures, and the overall migration balance is increasing. Although the number of emigrating populations in Kyrgyzstan is comparatively lower than in Kazakhstan, this does not suggest that the migration situation in the country is better. It's quite the opposite: if we compare the number of inhabitants in the country, Kyrgyzstan loses more population as a percentage. The main countries for immigration are neighbouring countries (Russia, Kazakhstan, Tajikistan), and distant countries are the United States of America (USA) and Israel (Ryskulov and Iliazova, 2017; Kudaiberdieva, 2021).

The main part of the migrating population is composed of European nationalities. This has led to a change in the ethnic structure of the country's population: when in 1959, the number of Kyrgyz reached 40.5% of the population, and in 2017, this number rose to 73.2% (Avdeev and Troitskaya, 2021). Both countries are losing a portion of their population to foreign countries year by year. The reasons for this, as in most developing countries, are small wages compared to developed countries, a difficult economic situation in the family and family reconstruction or marriage to foreigners. Although the positive component of emigration is that the country receives significant remittance income, this does not solve all the problems created by the emigration process. This suggests that their public policy, in general, should focus on motivating residents to stay in the country rather than leave. Another important factor affecting the labour market is its structure. Table 3 and Table 4 describe changes in the structure of the labour markets by type of economic activity in 2001-2020 in Kazakhstan and Kyrgyzstan and are provided below (Information-Analytical System…, 2021; National Statistical Committee…, 2021; Statista, 2021).

Having analysed the above data (Table 3; 4), some similar trends can be observed in the labour markets of Kazakhstan and Kyrgyzstan. The population employed in agriculture is gradually decreasing, while that employed in industry and services is increasing. This indicates a qualitative transition of the countries to a new level of development. It also means that the number of enterprises in these sectors will also increase over time, which means that more people with secondary and higher education will be required. In turn, there are some notable differences between the countries in terms of unemployment. The number of unemployed in Kazakhstan as a whole is decreasing year by year (78000 in 2001 against 450000 in 2020). The same can be said about the unemployment rate (10.4% in 2001 and 4.9% in 2020). This indicates a qualitative development and recovery of the country's economy. The majority of the unemployed live in urban areas (58% against 42% in rural areas). Looking at the regional structure of unemployment, most of the unemployed are registered in the south of the country (Almaty, Shymkent and Turkestan oblast) and the least in the west (Atyrau and Mangistau oblasts) and the north of Kazakhstan region (Zholdaskyzy, 2019).

The number of unemployed in Kyrgyzstan is not decreasing, on the contrary, it has even started to increase since 2017. The unemployment rate also remains at roughly the same levels. In general, the number of unemployed people is higher in the villages than in the cities. Most likely, such a high unemployment rate is caused by technological advancement and less need

for physical labour. Because of this, it is difficult for the poorly educated part of the population to find any kind of job.

Table 3. Labour market structure by economic activity in Kazakhstan, 2001-2020

Years	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Employment in agriculture, forestry and fisheries, million persons	2.34	2.33	2.41	2.37	2.32	2.30	2.35	2.34	2.29	2.29
Employment in industry and construction, million persons	1.11	1.11	1.21	1.26	1.30	1.35	1.42	1.47	1.47	1.52
Employment in services, million persons	3.25	3.27	3.37	3.55	3.64	3.76	3.86	4.05	4.14	4.30
Number of unemployed, million persons	0.78	0.69	0.67	0.66	0.64	0.63	0.60	0.56	0.55	0.50
Unemployment rate, %	10.4	9.3	8.8	8.4	8.1	7.8	7.3	6.6	6.6	5.8
Years	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Employment in agriculture, forestry and fisheries, million persons	2.20	2.17	2.07	1.61	1.36	1.39	1.32	1.23	-	1.18
Employment in industry and construction, million persons	1.57	1.65	1.70	1.77	1.77	1.77	1.70	1.73	-	1.72
Employment in services, million persons	4.53	4.69	4.80	5.14	5.30	5.40	5.56	5.74	-	5.84
Number of unemployed, million persons	0.47	0.47	0.47	0.45	0.45	0.45	0.44	0.44	-	0.45
Unemployment rate, %	5.4	5.3	5.2	5.0	5.1	5.0	4.9	4.9	-	4.9

Source: Information-Analytical System of the Bureau of National Statistics of the Agency for strategic planning and reforms of the Republic of Kazakhstan (2021).

A population with appropriate qualifications and education has a better chance of employment (Biybosunova and Asanbekova, 2016; Slovska, 2020; Polukarov et al., 2021). Other features of the labour market include wages. In both countries, nominal wages are increasing year by year in all sectors. At the same time, the lowest-paid sectors are health care, social services, education and agriculture. There is also a little difference in the highest-paid sectors, although the financial area, mining, transport, and communications remain the record-breakers. It is also important to note that the increase in wages is observed mainly in service areas, which indicates the evolution of countries in terms of a structural shift towards highly developed countries. Table 5 and Table 6 with the corresponding values of these factors for Kazakhstan and Kyrgyzstan are provided below (Information-Analytical System…, 2021; National Statistical Committee…, 2021).

Table 4. Labour market structure by economic activity in Kyrgyzstan, 2001-2020

Years	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Employment in agriculture, forestry and fisheries, million persons	0.954	0.916	0.847	0.788	0.812	0.772	0.755	0.756	0.733	0.717
Employment in industry and construction, million persons	0.176	0.214	0.277	0.337	0.353	0.395	0.423	0.438	0.456	0.456
Employment in services, million persons	0.656	0.72	0.806	0.867	0.912	0.929	0.974	0.99	1.028	1.071
Number of unemployed, million persons	0.061	0.06	0.057	0.058	0.068	0.073	0.071	0.067	0.061	0.063
Unemployment rate, %	7.84	12.55	9.92	8.53	8.11	8.30	8.20	8.20	8.40	8.60
Years	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Employment in agriculture, forestry and fisheries, million persons	0.717	0.701	0.883	0.897	0.873	0.824	0.791	0.796	0.764	0.746
Employment in industry and construction, million persons	0.461	0.482	0.448	0.461	0.482	0.512	0.532	0.564	0.619	0.613
Employment in services, million persons	1.01	1.102	1.089	1.105	1.171	1.208	1.266	1.308	1.348	1.366
Number of unemployed, million persons	0.061	0.06	0.058	0.058	0.056	0.056	0.056	0.071	0.076	0.077
Unemployment rate, %	8.50	8.40	8.30	8.00	7.60	7.20	6.90	6.20	5.50	7.89

Source: National Statistical Committee of the Kyrgyz Republic (2021); Statista (2021).

Table 5. Factors regulating Kazakhstan's labour market, 2010-2020

Years	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
GDP per capita, million tenge	1.34	1.71	1.85	2.11	2.29	2.33	2.64	3.01	3.38	3.76	3.77
Average monthly nominal wage, thousand tenge	77.6	90.0	101.3	109.1	121.0	126.0	142.9	150.8	162.7	186.8	213.0
The volume of industrial output, trillion tenge	12.11	15.93	16.85	17.83	18.53	14.31	19.03	22.79	27.22	29.38	27.03
Agricultural output	1.83	2.73	2.41	2.96	3.16	3.32	3.70	4.09	4.50	5.18	6.36
Number of people employed as individual entrepreneurs	416.1	589.6	573.6	660.3	694.8	882.8	736.1	747.1	809.1	855.9	857.9

Table 5. *Continued*

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Unemployment rate, %	5.8	5.4	5.3	5.2	5.0	5.1	5.0	4.9	4.9	4.8	4.9
Natural increase in population, thousand	221.7	228.4	237.7	250.9	267.0	267.6	269.5	261.3	267.4	269.2	265.5
Migration balance, thousand	15.52	5.10	-1.43	-0.28	-12.16	-13.47	-21.15	-22.13	-29.12	-32.97	-17.72
Retail turnover, trillion tenge	3.20	3.87	4.57	5.47	6.33	6.56	7.97	8.89	10.05	11.33	11.73
Foreign direct investment, % of GDP	5.036	7.144	6.562	4.231	3.301	3.567	12.545	2.825	0.047	1.828	3.516

Source: Information-Analytical System of the Bureau of National Statistics of the Agency for strategic planning and reforms of the Republic of Kazakhstan (2021).

Table 6. Factors regulating the Kyrgyz labour market, 2010-2020

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP per capita, thousand soms:											
	39.80	52.00	55.80	63.50	75.40	75.50	81.80	89.30	93.80	99.80	90.70
Average monthly nominal wages, thousand soms:											
	7.19	9.30	10.73	11.34	12.29	13.48	14.85	15.67	16.43	17.23	18.94
Volume of industrial production, billion soms:											
	124.4	164.4	137.2	169.8	171.1	181.0	209.8	237.2	257.3	284.0	319.4
Agricultural output, billion soms:											
	115.1	149.3	167.4	171.7	195.7	196.9	197.4	208.5	205.0	221.0	247.3
Number of people employed as individuals entrepreneurs, thousand.:											
	245.0	267.8	297.9	329.7	350.7	366.7	379.2	389.8	401.7	411.4	414.3
Unemployment rate, %:											
	8.60	8.50	8.40	8.30	8.00	7.60	7.20	6.90	6.20	5.50	7.89
Natural population growth, thousand:											
	109.9	113.7	118.7	120.6	126.2	128.6	124.7	120.5	138.2	140.2	118.1
Migration balance, thousand people:											
	-50.63	-39.40	-17.31	-11.70	-14.84	-17.70	-3.97	-3.93	-5.39	-6.16	-4.86
Retail turnover, billion soms:											
	136.1	177.4	202.4	233.4	277.7	310.4	324.5	356.2	384.6	407.6	356.0
Net flow of foreign investment, %:											
	9.861	11.065	3.950	8.344	4.593	17.131	9.089	-1.392	1.744	3.143	-5.190

Source: National Statistical Committee of the Kyrgyz Republic (2021).

A correlation analysis was conducted to determine the interaction of these factors. Tables 7 and 8 include the correlation values of the resultant factor, created on the basis of the data from Table 5 and Table 6, for each of the countries (Compiled by the authors).

Indeed, many factors are highly correlated with each other (higher than 0.7 or very close to this value), but not all (Table 7; 8). Therefore, for Kazakhstan, these are factors X10 (foreign direct investment as a % of GDP) and X3 (volume of industrial production). For Kyrgyzstan, there are more of them, they are X10, X7 (natural population growth), and X6 (unemployment rate). As these factors have no strong correlation, they will not be considered further in countries where this relationship has not been observed. After the regression analysis, some other factors were dropped ($p = 10\%$). Thus, the influencing factors for Kazakhstan remained as follows: X6 (unemployment rate), X7 (natural increase in population), and X9 (retail trade turnover); for Kyrgyzstan: X2 (average monthly nominal wage), X3 (volume of industrial production), X4 (agricultural output), X8 (migration balance) and X9 (retail trade turnover).

It is important to note that while the factors are different for the two countries, retail trade volume is the one factor in common, for which the P-value for both countries were the lowest among the other factors, indicating the importance of this factor in influencing the improvement in the welfare of the population as a whole. Below there are the regression equations for each of the factors (Table 9) (Compiled by the authors).

Table 7. Correlation matrix of labour market factors in Kazakhstan

	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10
X1	1	0.981	0.950	0.962	0.840	-0.884	0.786	-0.903	0.997	-0.436
X2	0.981	1	0.903	0.988	0.828	-0.841	0.763	-0.839	0.986	-0.356
X3	0.950	0.903	1	0.893	0.680	-0.813	0.636	-0.837	0.931	-0.480
X4	0.962	0.988	0.893	1	0.810	-0.805	0.703	-0.781	0.963	-0.364
X5	0.840	0.828	0.680	0.810	1	-0.893	0.901	-0.863	0.838	-0.361
X6	-0.884	-0.841	-0.813	-0.805	-0.893	1	-0.923	0.944	-0.874	0.318
X7	0.786	0.763	0.636	0.703	0.901	-0.923	1	-0.896	0.799	-0.250
X8	-0.903	-0.839	-0.837	-0.781	-0.863	0.944	-0.896	1	-0.901	0.325
X9	0.997	0.986	0.931	0.963	0.838	-0.874	0.799	-0.901	1	-0.401
X10	-0.436	-0.356	-0.480	-0.364	-0.361	0.318	-0.250	0.325	-0.401	1

Source: Compiled by the authors.

Table 8. Correlation matrix of labour market factors in Kyrgyzstan

	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10
X1	1	0.961	0.888	0.929	0.983	-0.852	0.775	0.872	0.995	-0.538
X2	0.961	1	0.950	0.968	0.974	-0.736	0.633	0.862	0.955	-0.620
X3	0.888	0.950	1	0.886	0.877	-0.700	0.527	0.698	0.875	-0.676
X4	0.929	0.968	0.886	1	0.957	-0.621	0.594	0.878	0.910	-0.592
X5	0.983	0.974	0.877	0.957	1	-0.774	0.726	0.908	0.981	-0.518
X6	-0.852	-0.736	-0.700	-0.621	-0.774	1	-0.873	-0.633	-0.874	0.323
X7	0.775	0.633	0.527	0.594	0.726	-0.873	1	0.638	0.795	-0.118
X8	0.872	0.862	0.698	0.878	0.908	-0.633	0.638	1	0.857	-0.527
X9	0.995	0.955	0.875	0.910	0.981	-0.874	0.795	0.857	1	-0.489
X10	-0.538	-0.620	-0.676	-0.592	-0.518	0.323	-0.118	-0.527	-0.489	1

Source: Compiled by the authors.

Table 9. Corresponding regression equation values for each of the influencing factors

Kazakhstan	Kyrgyzstan
y = 5.71 - 0.59X6 (1)	y = 24.06 + 3.42X2 (4)
y = 5.71 + 0.009X7 (2)	y = 24.06 + 0.099X3 (5)
y = 5.71 + 0.35X9 (3)	y = 24.06 + 0.15X4 (6)
	y = 24.06 + 0.2X8 (7)
	y = 24.06 + 0.22X9 (8)

Source: Compiled by the authors.

Table 9 demonstrates that (for Kazakhstan):

If the unemployment rate drops by 1 percentage point, GDP per capita is expected to increase by 0.59 million tenge; if the unemployment rate drops by 1 percentage point, GDP per capita is expected to increase by 29500 tenge.

With a natural population increase per 1000 persons, GDP per capita is expected to increase by 9000 tenge; with a 1% increase in population, GDP per capita is expected to increase by 15930 tenge.

If retail trade turnover increases by 1000000 tenge, GDP per capita will increase by 350000 tenge; if retail trade grows by 1%, GDP per capita will increase by 41000 tenge.

For Kyrgyzstan:

1. With an increase in the average monthly nominal wage by a thousand soms, GDP per capita is expected to increase by 3420 soms; with an increase in the average monthly nominal wage by 1%, GDP per capita is expected to increase by 648 soms.
2. With an increase in volume of industrial production output by 1 billion soms, GDP per capita is expected to rise by 99 soms; with an increase in industrial output by 1%, GDP per capita is expected to rise by 316 soms.
3. With an increase in agricultural output by 1 billion soms, GDP per capita is expected to rise by 150 soms; with an increase in agricultural output by 1%, GDP per capita is expected to rise by 370 soms.
4. With an increase in the migration balance per 1,000 persons, GDP per capita is expected to increase by 200 soms.
5. With an increase in retail turnover of 1 billion soms, GDP per capita is expected to increase by 220 soms; with an increase in retail trade of 1%, GDP per capita is expected to increase by 783 soms.

Thus, in both countries, an increase in retail trade is associated with the largest increase in GDP per capita. This means that the governments should first focus on developing entrepreneurship and businesses, increasing these scale and improving welfare for the general population (Xu and Limao, 2021). In addition, Kazakhstan would benefit from combating unemployment to the lowest possible levels and a smart social policy regarding fertility. In turn, Kyrgyzstan would benefit from increased capacity in production and agriculture, increasing wages via various methods, and reducing emigration by improving the attractiveness of its economy (Tissot, 2018).

Conclusions

The paper analysed the labour markets and migration in Kazakhstan and Kyrgyzstan. In Kazakhstan, more and more people leave the country every year, which harms the economy, as mainly well-educated young people leave the country in search of a better life in other countries. The situation in Kyrgyzstan is seemingly improving over time. Although people are still leaving the country yearly, the migration balance has risen compared to 2011. Nevertheless, the adverse effects of emigration remain. Moreover, further research demonstrated that the country should pay more attention to the issue of migration. The structure of the labour market was further investigated. In both countries, a structural shift towards the developed countries was noticed. The main indicator of this transition is the increase in employment in services and industrial sectors and a simultaneous decrease in the share of the agricultural sector. Although this points to the country's development, it also creates problems in terms of employment, as many people remain unemployed. The state needs to influence this by creating new jobs for such citizens and issuing benefits to support the population during such structural transitions. We have also identified the factors influencing the well-being of the population most. For Kazakhstan, these factors are the unemployment rate, population growth, and retail trade turnover; and for Kyrgyzstan: the average monthly nominal wage, the volume of industrial production output, agricultural

output, migration balance, and retail trade turnover. Retail trade turnover appeared to be the most important factor in both countries.

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