

Policy Brief

The Policy of Exporting the Labor Force: Challenges for Kyrgyzstan

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During the past decade, Kyrgyzstan has come to supply significant manpower to the labor markets of Russia, Kazakhstan and other CIS countries. Acknowledging the weakness and vulnerability of the national economy, the Kyrgyz government has rested its hopes on labor migration, believing this will reduce tension in the domestic labor market while returning stable cash remittances to the Republic. The nation is currently taking measures to protect the rights of migrant workers in the countries of their work, along with steps to regulate and legalize emigration. At the same time, there is an increasing focus by the government on regulating the export of manpower to ensure migrant workers have the skills to be competitive in the most in-demand professions of recipient countries. This article examines the factors that determine the prospects of improving policies related to the export of skilled manpower.

Previous studies identified the many challenges of achieving efficient implementation of policies of labor migration. The main challenges are a) problems of marketing the labor force and studying trends of development in domestic and foreign labor markets, and b) the problem of the high cost and complexity of reorienting the vocational-education system to reflect market conditions. Concurrently, labor migration removes from Kyrgyzstan workers of high-demand trades; the domestic labor market is characterized by this kind of increasing distortion.

Clearly, in the present circumstances the most appropriate measures to increase the benefits of labor migration include a preliminary explanation to potential migrants of the problems of work activities, and improving their knowledge of the Russian language. To develop the domestic labor market, and to implement more effective marketing of manpower for export, the nation must create and systematically use analytical tools to research labor markets in Kyrgyzstan and the CIS. The reform of the vocational-education system should focus primarily on the requirements of the domestic labor market.

Labor migration from Kyrgyzstan and trends in its regulation

In the past decade, Kyrgyzstan has actively supplied a labor force to Russia, Kazakhstan, other CIS countries and some foreign countries. An analysis of the current situation predicts an continuation in the trend of the outflow of “new” emigrants, along with significant numbers of “old” emigrants. It also suggests that the destinations of migrants will remain the same, albeit with some diversification. For example, the destinations chosen by potential migrants recently have included Turkey and Korea.¹ The main flow of migrant workers remains beyond organized, regulated migration. According to various estimates, 80 to 90 percent of migrant workers have been leaving the country through unofficial channels.

Currently, demographic factors have meant that 70-100,000 people annually enter the labor market of Kyrgyzstan, although the absorption capacity of the domestic labor market is limited. In the current situation, in which the economy is developing slowly, the living standards of the population remain low while the level of poverty remains high. This explains why the

¹ Here and further the author refers to the data of a research “Utilization of human resources of Kyrgyzstan”, which is yet to be published. The research was conducted on the order of ILO in May-July 2008 by a team of researchers under the supervision of the author of this article.

state encourages citizens to find work abroad, earn more money, and return remittances through official channels.

Along with such efforts to legally regulate foreign labor migration, the government of Kyrgyzstan has taken some steps to protect the rights of migrants in the countries of their work, based on international conventions and various bilateral and multilateral agreements. Those efforts to control labor face serious difficulties.

The following argument has become nearly axiomatic: in connection with the inevitability of emigration from Kyrgyzstan for work because of the national economic conditions, efforts should be made to maximize the benefits of migration—for both the state and for migrants. The expected benefits include the possibility of reducing tension in the domestic labor market (due to the outflow of a part of the working population), and significant cash remittances sent by emigrants back into the country. To maximize the benefits of migration, some suggest making the labor resources of Kyrgyzstan more competitive in foreign labor markets, in particular Russia and Kazakhstan.

It is well-known that migrants from Kyrgyzstan (and from the whole of Central Asia) are employed in Russia and Kazakhstan, mainly in low-paid, undervalued jobs. These jobs, using international terminology, fit the so-called “Three Ds” category: dirty, difficult, dangerous. In other words, the jobs that citizens of recipient countries do not want to do. Managing the export of the labor force means that migrant workers should have the knowledge, skills and qualifications demanded by foreign labor markets. This training may improve their competitiveness, allowing them to apply for work that calls on specific skills that are, consequently, better paid. Higher wages mean greater incomes of migrants and larger transfers of money to home. It also implies that skilled workers are better protected from exploitation and violations of their rights .

Kyrgyzstan is not alone in choosing the strategy of focused, managed export of skilled manpower. Many poor countries with an abundant labor force implement such policies, improving the marketing of their workforce. One of the most vivid examples is the Philippines, often described as a successful example of maximizing the benefits of migration.

In accordance with the selected policy, the government of Kyrgyzstan is now working on legalizing labor migration from the Republic, and is concluding bilateral agreements with some countries. An example is the treaty with Korea, concluded in 2007, which established a quota of 5,000 people. It is difficult to say whether this program will be successful, since few specialists in Kyrgyzstan now know the Korean language well enough.

In formulating and discussing the policy of exporting a labor force, one should understand that the success of the strategy depends on the demands of the labor market in the CIS and other countries chosen by migrants in search of employment.

The success of this strategy demands certain conditions: identifying the needs of the labor markets of recipient countries, predicting changes in these markets, and taking measures to meet the specific needs of customers, i.e. providing foreign employers of workers who have a desirable profile and quality. This represents a kind of marketing of domestic human resources.

Although the strategy of regulated export of skilled manpower from Kyrgyzstan might seem very attractive at first glance, realizing it is problematic.

Challenges for the strategy of exporting skilled manpower

As mentioned above, effective marketing of a labor force requires identifying the needs of the labor markets of foreign countries. This involves determining which countries, in which segments of the labor market, and in which industries and geographic regions have a demand for manpower. It is also necessary to better define which occupations are in demand, and the size of the gap between demand and supply of labor force in the targeted trades. The next step should be a serious analysis of the prospects of the labor market—in particular, how stable the identified trends are, the future demand for labor force of particular trades, and the dynamics of the labor

market and the economy as a whole. Having in this way determined the niches that migrant workers might occupy, it is necessary to evaluate the condition and quality of the workforce who now enter foreign labor markets, and to determine what is needed to ensure that workers will meet current and anticipated requirements of foreign employers.

Which instruments do Kyrgyzstan presently have to market its human resources? We must recognize that, Kyrgyzstan is now only in the initial stages of working to market its labor force, as well as conducting labor market analyses, forecasting and tracking of the dynamics of its development in modern labor conditions.

This area has little development of the institutional mechanisms of regulation, as well as policies on migration and employment in a transitional economy. In addition, specialists have limited analytical tools to understand the labor market, including regional statistics. While in other parts of the world economics of labor is an applied science in great demand, in CIS countries the economics of labor are only now evolving, and faces many difficulties. These countries, whose policies include exporting labor force, pay considerable attention to the study and constant monitoring of foreign labor markets, the main recipients of manpower. Kyrgyzstan, in that sense, has a minimal potential, because it does little to systematically study even its own domestic labor market. After the USSR collapsed, the system of statistical and scientific tools of analyzing labor market collapsed into a crisis. For example, planned economies had time-tested methods to study and analyze trends in the labor market. It was very easy to keep track of employment, labor force and its profile, since all the enterprises were public. Information on the balance of labor resources was based on a strict system of reports prepared by each enterprise. With the emergence of the private sector, a “black labor market” and other changes that accompanied the transitional economy, old methods no longer reflected the real picture, yet new methodology and tools for analyzing the labor market were not yet developed.

The National Statistical Committee of the Kyrgyz Republic, with support from DFID, conducted a labor force research in 2002. Based on household data, it was the first research that used a new methodology for analyzing employment and labor throughout the country. Unfortunately, such studies have not become systematic. Unsurprisingly, currently labor market analyses are based on very rough estimates or judgments, not on more-reliable statistics.

For similar reasons, studies of foreign labor markets face even worse conditions. These are mostly a variety of research projects supported by international organizations. Such projects are clearly valuable when there is a general lack of information and data. However, they tend to have a particular focus, narrow scope and limited resources, as well as imperfect methodologies, because of the novelty of the issue and various organizational difficulties. In the same way, almost no organizations monitor the dynamics of the labor markets.

Private employment agencies in labor-exporting countries play an important role as intermediaries in the labor market, and possess information and tools for analyzing foreign labor markets. Kyrgyzstan has few employment agencies, which are not institutionally developed and do not always have the necessary information and links to employers. In most cases, their resources are insufficient to maintain affiliates in recipient countries, or to keep constant contact with the employers there. Another difficulty is that private employment agencies, which face bureaucratic obstacles to their work, must often work illegally. Thus, Kyrgyzstan has few effective tools for analyzing labor markets as the basis for a sound policy of labor export.

Efforts to train competitive personnel with the knowledge and skills demanded and recognized in recipient countries, also experience many problems. A recent ILO study of the use of human resources has conducted interviews with employers in Moscow, Yekaterinburg, Almaty and Astana. Employers were asked which trades are in demand, the extent of the gap between demand and supply of workers in these occupations, whether they employ citizens of Kyrgyzstan, which types of work the migrants do, whether qualifications granted in the emigrants' nation are recognized, etc. Judging from the responses to this survey, the trades in greatest demand in Russia and Kazakhstan are construction workers, housing and communal services, catering and clothing manufacture.

The list of occupations in demand among Kyrgyzstan's employers was very similar. It is interesting that, in the domestic market, demand for many trades is only partially satisfied, and employers constantly complain that there are not enough workers of many professions. Thus, the domestic labor market in Kyrgyzstan essentially competes with the labor markets in the CIS countries in trying to get workers with comparable skills. Kyrgyzstan loses in this competition because it loses desirable human resources to foreign labor markets, where the pay is several times higher, although this pay does not meet the expectations of migrant workers.

However, the ILO study raises the paradox that employers in Kyrgyzstan, despite complaining about a shortage of workers, are unwilling to pay higher wages. Proposed salaries are usually 100-200 US dollars, which does not meet the basic needs of people with the current inflation rate. This forces them to seek better wages in other nations. Also, employers, who constantly say that the vocational education system must be reformed to meet the needs of the market and employers, are reluctant to collaborate to develop a system of specialized vocational training. Almost 80 percent of the employers who participated in the study do not invest their resources in training. They are only nominally involved in joint discussions and development of curricula that reflect changes in the labor market, and tend to place all responsibility on the state. In addition, the local employers admitted hiring new employees based on the recommendations of relatives or friends. They did not mention hiring on the basis of qualification. This raises the question whether the "manpower shortage" problem is fictitious? In other words, is there a true shortage in the labor force, or is this issue more related to cultural and historical employment practices? Such paradoxes and questions offer rich potential topics for researchers of labor migration.

It should be noted that in the practical world, technical and vocational education is expensive, especially when related to learning and using advanced technologies. Industrial trade associations and employers' organizations are actively involved in developing qualification standards, certification, and accreditation of educational institutions.

In recent years, discussions of labor migration tended to emphasize the quality of training in Kyrgyzstan, and the need to reform primary vocational education, because the quality of the latter has a great impact on the prospects for effective utilization of labor resources, both within the country and outside of it. Responsible governmental organs and international agencies are taking some steps in this direction. However, the education of working staff continues to be based on outdated programs and qualification standards adopted during the Soviet era. In general, the system of vocational training still plays the social role of an undervalued "shelter for the orphaned"².

Burdened by an outdated logistical base and technical equipment, and with a stronger emphasis on theoretical training, the vocational education system requires major modernization. Even with effective use of grants provided by international organizations, it is impossible to improve vocational training in the near-term. Statements by politicians on the necessity to restructure the system of vocational education, so it can train the workers in those occupations demanded by Russia or Kazakhstan, are somewhat naive. Primary restructuring of the system requires enormous resources and time. Orientation of the system of vocational training to external labor markets is also controversial, since many industries in the domestic market also experience a workforce shortage. Another option is short-term courses that teach potential migrants basic skills or qualifications. These courses might play a positive role in improving the quality of labor exported from Kyrgyzstan. However, it seems reasonable to ask "how much retraining or short-term training can be justified? Will the job qualifications of Kyrgyzstani workers be recognized in foreign countries, and how can such courses increase the likelihood that migrants will get well-paying jobs?"

² The "shelter for the orphaned" expression was used in the material: "Vicious pen" on education: Vocational technical schools – shelters for the orphaned, or a forge of middle class?". Source: "AKIpress" news agency, 11 July, 2006. <http://www.akipress.org>

An analysis of the current situation shows that a large portion of migrants (65.5% of people working in Kazakhstan, and 37.2% of those working in Russia) is employed in jobs that do not require any qualification. Approximately 33% of emigrants to Russia, and 19% of emigrants to Kazakhstan, had to be retrained in the workplace. In five cases out of ten, employers in Russia are not interested in an immigrant's qualifications. Moreover, when asked about the prospects for the labor market and future demand for workers, employers in both Russia and Kazakhstan noted that, in the coming decade, the demand for workers with limited or those with low qualifications (handymen, cleaners, janitors, etc.) will largely remain unchanged. These data show that Kyrgyzstani migrant workers are employed in unskilled work; these include those who have secondary, primary vocational or even higher education. Because of the nature of labor migration, where migrants occupy those niches that are not occupied by the citizens of recipient countries, qualified specialists engaged in unskilled jobs, lose their skills and qualifications. Those migrants who can compete with labor forces from other countries are likely to face increasing competition.

The problem of recognition of qualification is serious. In most cases, employers in Russia or Kazakhstan do not recognize qualifications awarded in Kyrgyzstan. If a migrant claims to deserve work that requires certain qualifications, his certificate is not important, since his skills are checked in practice. The biggest problem of migrant workers, especially those in the "new" wave, is poor knowledge of Russian language.

Kyrgyzstan is simply unable to train its workers with internationally-recognized qualifications, especially since labor migration occurs a mass scale and in such a short time. Meanwhile, among "new" migrants an increasing proportion of those who completed only high school or have incomplete high education-- that is, those who had no time or did not want to get any qualification. In such circumstances, it would be better to focus primarily on improving language training and intensifying orientations for the migrants on various issues of their work activities.

As for reforming the system of vocational education, this priority must be given to the interests of national, rather than foreign, labor markets. To effectively regulate the labor market, reforms in the area of statistical records of employment and labor market analysis are needed.

In general, to optimize the migration processes and to use human resources more efficiently, and to confront challenges in the case of Kyrgyzstan's continuing policy of exporting skilled labor, some recommendations may be suggested.

Conclusions and recommendations

- A successful strategy of export of skilled manpower requires the marketing of labor in relevant foreign labor markets. To do this effectively, systematic research must be conducted in the domestic and foreign labor markets where most emigrants head for, to determine the trends and the dynamics of supply and demand for various labor categories. Present tools of labor market analysis are fragmentary and unsystematic, and face many challenges both in terms of their financial security and methodology, including the governmental statistics.
- It is necessary to study the international experience and select those tools of market analysis that are realistic and do not require large resources. Many studies in Kyrgyzstan are now funded by international organizations, but the state should also assume some responsibility for carrying out systematic studies of the labor market. For example, monthly or quarterly analytical newsletters describing the trends in the economy and labor market can be based on secondary sources which do not require large resources. Appropriate government authorities, in cooperation with research organizations, employer's associations and other partners, should initiate such publications. In addition, employers and professional associations can be engaged in sectoral assessment of changes in the labor market.

- Introduction by Kyrgyz embassies and consulates of individuals in an “attaché” position and working on labor market issues, especially in Russia and Kazakhstan, could also play a positive role. Labor attachés could not only analyze the trends of development of foreign labor markets, but also help public and private employment agencies to establish connections with employers.
- Today Kyrgyzstan, with its limited resources, cannot conduct proactive marketing of its labor force in Russia and Kazakhstan. Comparing Kyrgyzstan with many other nations that export their labor forces is not very constructive, because the population of Kyrgyzstan is so small compared with, for example, the Philippines, India, Sri Lanka or Pakistan. Some problems could be solved through measures to develop the domestic labor market. Analysis of the current situation in Kyrgyzstan’s labor market shows the origins of such phenomena as growing unemployment and an increasing proportion of partial, secondary employment and self-employment. Clearly, these changes may be caused not only by the surplus of labor force *per se*. Instead, these phenomena emerge due to the imbalance between various sectors of the economy, hyper-urbanization, conservative system of vocational education; these do not meet the requirements of the labor market under such new conditions as a lower quality of education and problems with legal regulation of labor relations.
- It is important to locally create and develop the science of labor economics. For example, a current topical issue that deserves serious consideration is the problem of wage formation. Despite a shortage of specialists in many professions, Kyrgyzstan is unable to keep workers with high-demand skills in the country, losing them to emigration pressures caused by significant wage differentials. Moreover, the decisive role in the process of hiring is not the qualifications of the worker, but rather relationships or other social ties. This makes it essential to discover whether the problem of unmet demand for labor is truly a problem of a shortage of specialists, or it is connected with other properties of the local labor market. This is an outstanding field for social scientists who want to study the dynamics of the labor market at the micro level— i.e. the enterprise level.
- In the near future, Russia and Kazakhstan will remain the main destinations of labor migration from Kyrgyzstan. Since poor knowledge of Russian remains a major problem, recognized by both employers and emigrants, a high priority remains improving language training among potential emigrants. This is an initial, very practical step towards the marketing the labor force and thus improving the situation and working conditions of migrant workers.
- Analysis shows that cooperation between employers of Kyrgyzstan and vocational training system remains weak, exacerbating the problem of broken linkages of vocational training with the labor market. For example, employers who criticize the system of vocational education are often reluctant to help educational institutions elaborate new curricula, introduce new qualification standards, and establish certification and accreditation. The vast majority of employers do not invest in the system of vocational education, tending instead to consider the state responsible for this reform. In this context, it is important to build real relationships between employers and educational institutions; as part of this effort, planners should consider mechanisms that increase multilateral interest in such cooperation. It is necessary, at least sectorally, to begin forming a new system of qualification certification and standardization of the labor force.
- Modernization of vocational education should be considered a national priority that focuses on the needs of the domestic labor market, accompanied by reforms of all levels of the educational system.