



Unstable employment reduces wages and well-being of Kyrgyzstan workers

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Key messages

- **New labour market policy is needed to improve employment conditions and empower women in the workplace**
- **Employment vulnerability reduces earnings and the well-being of employed and self-employed workers**
- **Working in unstable employment is even worse for women, with earnings reduced by more than a quarter (26%)**

Workers struggle with unstable employment

In Kyrgyzstan, more than 70% of the active labour force is employed informally¹. Although the level of unemployment may not be too high in the country¹, many workers face unstable conditions. Less than half (46%) of wage employees have a permanent job, the rest have short term contracts or work without any contract at all. In this landlocked Central Asian country, underemployment is also a major issue. 28% of the total employed labour force work fewer than 35 hours per week. Despite high levels of employment, there is a high poverty rate in many rural areas that is associated with underemployment^{2,3}.

A team of local PEP researchers sought to investigate the impact of employment vulnerability on the earnings and well-being of workers facing these conditions in Kyrgyzstan.

What is employment vulnerability?

The International Labor Organisation (ILO) defines employment vulnerability as the number of self-employed or unpaid workers. The research team proposes a broader, multidimensional approach using several factors to define employment vulnerability, including: job security, job stability, underemployment, unwanted jobs and unstable remuneration.

The analysis

The research team analyzed data from the “Life in Kyrgyzstan” survey. The survey was conducted annually from 2010-2013 and again in 2016. It tracks the progress of 3,000 households and over 7,000 individuals from throughout the country. The survey gathered a wide range of data including the employment status, income and expenditure of the household of those questioned. It also contained information on the well-being of individuals, including their worries and social lives. The team analyzed the information supplied by individuals who are in employment or self-employed, comparing their levels of employment vulnerability with their income and the responses about their general well-being.



¹ National Statistical Committee of Kyrgyz Republic (NSCKR) 2016 *Employment and Unemployment*, Bishkek, Kyrgyzstan

² ILO 2016 *SWTS Country Brief: Kyrgyzstan*

³ World Bank 2007 *Kyrgyz Republic: Poverty Assessment. Volume 2: Labor Market Dimensions of Poverty*

Key findings

Employment vulnerability decreases earnings and this reduction in earnings is more severe for women:

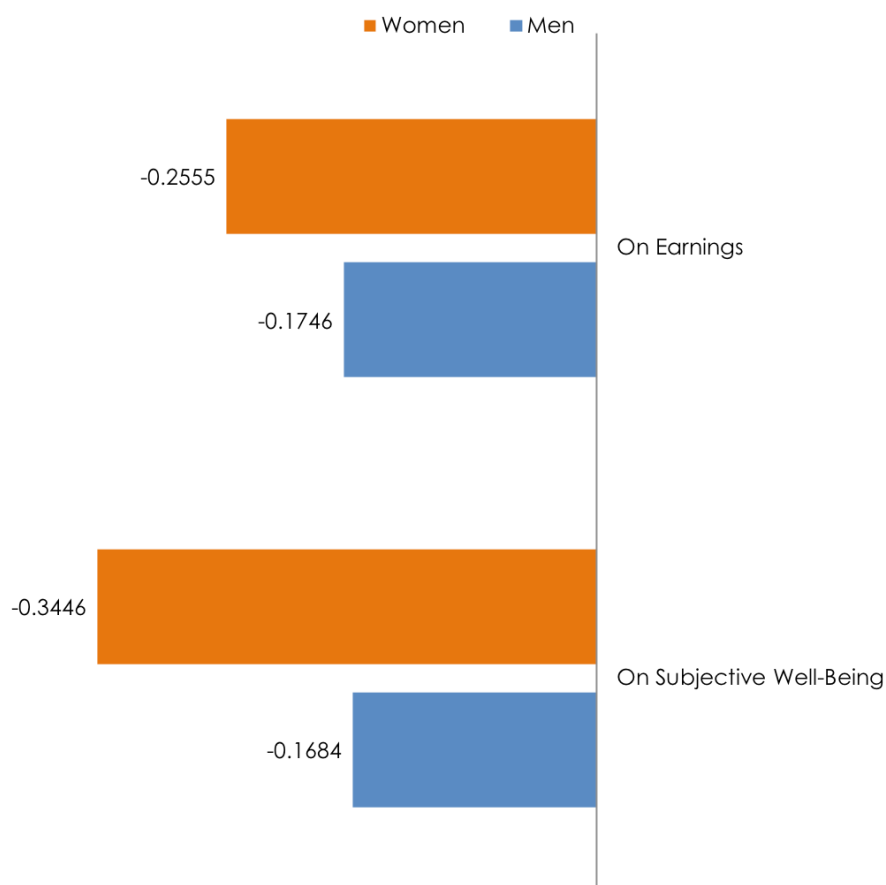
- Employment vulnerability reduces earnings for men by 17-18%
- Employment vulnerability reducing earnings for women by 25-26%

Individuals working in vulnerable employment are not adequately compensated for accepting positions with less security or stability. The current nature of the job market in Kyrgyzstan, with a lack of alternative employment opportunities, means workers are often forced to accept unstable roles.

Vulnerable employment also reduces well-being. The research finds that the negative effects on well-being are strongest for people in the lowest income groups. Lower earners, and particularly women, are most at risk of being troubled by the issues related to unstable employment (see Figure).

This is the **first empirical study to observe the gender-biased effects of working in vulnerable employment**. These findings support previous studies that asserted the importance of working conditions for the subjective well-being of individuals.

Impact of Employment Vulnerability



Source: Author's calculations

Conclusions and policy recommendations

The results of this study clearly indicate that employment vulnerability results in lower earnings, negatively affecting the well-being of workers in Kyrgyzstan, and that these effects are worse for women. New **labor market policy needs to focus on improving working conditions** and increasing the number of workers with longer contracts. **Measures to empower women in the workplace are also needed**. Such policies would improve labor productivity and reduce earnings inequality in the long-term.

One of the most important directions for policies to alleviate employment vulnerability is improving contractual security for workers. Government policy should **update social security policy to take into account the nature of vulnerable employment in Kyrgyzstan**. For example, the government could reduce the cost of participating in the social insurance system. Measures might include revising the social security contribution rate and simplifying this procedure for vulnerable workers.

To overcome the strong negative effects of employment vulnerability that women face, policy should focus on ways to empower women in the labor market, particularly those in the lowest income brackets. Measures could include **creating education programs aimed at developing skills and increasing the earning capacity of women and girls**. These programs might have multidimensional aspects such as developing entrepreneurial skills or raising awareness about legislation surrounding working conditions.



Canada



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