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Social and Economic Status of Urban and Rural Households in Kazakhstan

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Abstract

The gap in the living standards between urban and rural populations has increased over the last two decades due to the market transformations which have taken place in Kazakhstan over the same period. Most of the population living in the country faces various challenges associated with the growth of unemployment and poverty, deteriorating living conditions and socio-economic infrastructure. The population is also faced with the challenges of adapting to market institutions. The statistical analysis of the socio-economic status of the families and a sociological survey of families living in urban and rural households in the Almaty region are revealed in the institutional conditions of life, social structure, and behavior of urban and rural households.

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1. Introduction

Profound changes in the economic, political and social structures of the Kazakhstani society have taken place over the last twenty years in terms of market transformations. This resulted in the formation of a new profile of social stratification of the society which is divided into the “rich”, the “middle class” and the “poor”. The regional differences appear to be one of the important parameters of the social inequality in Kazakhstan. The country has a relatively small population living in a relatively large land area. Kazakhstan has a population of 16.8 million people (2011 estimate), with population density of 5.7 persons per square km. The population living in rural areas constitutes 45.3% of the general population.

Overcoming inequality in the social and economic opportunities for urban and rural residents was seen as an important political task in “soviet” Kazakhstan. The government of the independent country in the new historical period also paid close attention to the development of rural areas. A good example of latter thesis is the developing and implementing of special programs aimed at supporting the rural economy and rural population.

However, throughout the period of independence of the country (Kazakhstan declared independence on December 16, 1991) and during the transformation and modernization of the economy, the gap in the living standards between urban and rural population was further widened. The population of the country was faced with various challenges associated with the need to adapt to the market institutions such as competition for job. These

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challenges also include the "monetization" of social services; the rise in unemployment level and poverty; the deterioration of living conditions and socio-economic infrastructure in the settlements; the increased migration of rural residents to the cities in the bid to finding a job, and other evils of the market society. These problems have become more acute for residents living in rural areas. There has been a significant decrease in investment and activities in the agricultural sector which has lost state funding and support. The development of rural entrepreneurship and farming is still "relegated to the backdrop". All these factors have resulted in the significant deterioration of facilities and social amenities in rural areas, a spiraling level of unemployment and a degraded quality of life for the rural inhabitants.

Therefore, as researchers, we were faced with the task of comparative study of the living standards of urban and rural households and social practices of adaptation of families to the market conditions. The change in the basic values in the society, the forms of the activity and lifestyle, was noticeable in the micro level, i.e. at the level of private households. The private households in the past presented economically stable structure of the society. The private households now reflect the basic social changes. These changes happened, on the one hand, due the urbanization process around the world, transformation of the social structure and the economic system in general, and due the historical and the national traditions of the modernization of the society in Kazakhstan. These processes develop much faster in the cities than in the villages. The cities now act as economic and cultural centers of society; they provide great benefits to their residents.

2. Socio-economic status of urban and rural households

According to the data of the Agency for Statistics of the Republic of Kazakhstan (Agency of Statistics, 2011), the average size of households in Kazakhstan in 2012 is 3.4 persons (this result is based on a selective survey of the households). The average size of family in urban areas is 3.0 persons, in rural – 4.0 persons. The average size of a Kazak family in rural areas is decreasing. In 2006, the average size of a family in rural areas was 4.1 persons, down to 4.0 persons in 2012. 59% of households in Kazakhstan consist of 1 to 3 persons. A half of households with children under 18 years has only one child; 18% of households have of 3 (or more) children. The size of household is different in urban and rural areas. More than half of households (58%) in rural areas consist of 4 or more persons, while in urban areas less than one third of households (29%) have the same size (i.e. 4 or more persons). There are also larger size families in rural areas – 26% of families, among families with children, have 3 (or more) children; meanwhile, only 10% of urban families have 3 (or more) children. Most of urban (90%) and rural (74%) households have 1 or 2 children.

The average monthly income in 2009 amounted to KZT 67, 333 (USD 555,09; exchange rate in 2009 – USD 1 = KZT 121,3). The workers employed in the fishing and the fish farming sector had lowest monthly income (KZT 29,638 or USD 244,31). The monthly salary of workers employed in the agriculture, hunting and forestry sector amounted to KZT 34,171 (USD 281,70); education sector - to KZT 41, 954 (USD 345,86). The amount of monthly salary paid in named above fields shares from 44% to 62.3% of the amount of average monthly salary at the national level. The highest average monthly salary was paid in such sectors as activities of extraterritorial organizations (323.3% of the amount of average monthly salary at the national level), financial activities (201.4%), mining (183.1%), real estate and consumer services (155.3%), construction (133.3%), transport and communication (131%) (Agency of Statistics, 2011).

The numbers in *Table 1* (Agency of Statistics, 2011) illustrate that the main source of income of the population in 2012 was the income from labour activities (80.9%). The residents living in rural areas earn their income from self-employment and entrepreneurship (15.8% versus 6.6% in a city). The residents living in urban areas more likely to have income from employment (75.1% versus 63.5% in rural areas). A higher proportion of social transfers exist in the structure of incomes in rural areas compare to urban areas (17.2% and 14.5% relatively). The financial help from relatives, child support benefits and other income amounted 3.3% of income. It should be noted that in 2006, proportion of this source was 3.7%, in the city – 3.5%, in the region – 4.2%, i.e. it was reduced to some extent.

The residents living in rural areas have higher proportion of social transfers in the structure of income compare to residents living in urban areas (17.2% in rural areas versus 14.5% in city areas).

Table 1. The structure of population's income in 2010. Source: Agency of Statistics, 2011

Income	Total	In urban areas	In rural areas
Total	100.0	100.0	100.0
Income from labour operations	80.9	81.7	79.3
Income from employment	71.3	75.1	63.5
Income from self-employment and entrepreneurship	9.6	6.6	15.8
Social transfers	15.3	14.5	17.2
Pensions	11.9	11.6	12.6
Benefits	3.0	2.5	4.1
Targeted social assistance and housing assistance	0.1	0.1	0.1
Scholarships	0.3	0.3	0.4
Ownership income	0.5	0.6	0.2
Financial support from relatives, child support benefits and other income	3.3	3.2	3.3

According to the statistics of Almaty city, in 2011 the proportion of incomes from labour operations and ownership was higher compared to the national numbers. The residents living in rural areas (unlike the residents living in Almaty, the former capital) rely more on social transfers (pensions, benefits, scholarships), material support from relatives, child support benefits and other income (19.3% in rural areas versus 13.2% in city).

The purchase of food products is the first (and main) article of expenditures of average household. It shares 41.2% of all expenditures of household (2010 estimate). The second place in the list of household expenditures taken by non-food products (28.1%) followed by the payments for services (24.5%), the payments to cover taxes and fees (0.1%) and the other expenses (6.1%). The households in rural areas spend more on non-food products (30.1%) and less on payments for services (21.6%) (Department of statistics of Almaty, 2011).

3. The methodology of the study of economic behavior of households

3.1 Conceptual approaches to the research of households

Researchers in Kazakhstan and in other "post-Soviet" countries have been implementing numerous theoretical and empirical studies of the standard of living and the economy of households over the past two decades. These studies demonstrate the importance of the subject. The authors of this article, after considering various approaches to the concept of "household", chose the following definition – "the household is a certain group of persons living together and engaged in a common household economy which involves the joint production of material welfare and its exchange, distribution and consumption".

The household, in the economic terms, is considered in conjunction with other economic categories, such as manufacturing, exchange, distribution and consumption. These categories are seen as the rational purposes of the existence of household. However, from a social point of view, the household, seen as a family to which many rules of functioning of the economic entities do not apply (Chayanov, 1993; Patrushev, 1978).

The subject of study for a sociologist is a consideration of the peculiarities of the behavior of one or another household in different socio-economic systems and economic structures. Such systems and structures determine the dominant life strategies of households. The existence of household in a planned (or centralized) economy, with a deficit of goods, is different from the existence of household in a market (or free-market) economy, where there is the need of managing a huge variety of goods. The Russian researcher S.Barsukova points out that the "Soviet" household was a kind of "handmade" household and therefore, peculiar defender of individuality in consumption (Barsukova, 2003).

During the analysis of the behavior of households, we relied on the following sociological and economic theories: the analysis of the family budget (Play); the study of the family (Hill et al.); the exchange theory (Homans); the network approach (Granovetter & White); the new institutionalism (Thévenot & Boltanski); the neoclassical economic theory (Becker) and the institutional economic theory (R. Pollock).

The study of household requires a synthesis of sociological and economic approaches. The sociological approach enables to study the influence of cultural traditions and values of a particular society; the social structure and the family life cycle, the gender relations, the principle of reciprocity, trust and mutuality in the family relationships. This synthesis allows drawing a quantitative, as well as a qualitative picture of the life activity of the households.

3.2 The research subject and the object of a sociological study

The main research subject of this paper is a comparative study of the well-being of urban and rural residents and singularities of the socio-economic adaptation of households to the new institutional market conditions. The object of the study is selected families related to the lower middle class (in terms of their economic well-being). The members of such families have jobs, housing, and income sufficient for providing good education for their children, but such families are still experiencing financial difficulties. This selection allows us to explore in full the economic survival strategies that such families chose in order to survive.

The statistical analysis of the socio-economic status of the families, and a sociological survey of families living in urban and rural areas in Almaty and Almaty region (survey was implemented in June, 2011) revealed the institutional conditions of life, social structure and the singularities in the behavior of urban and rural households. Almaty is the largest metropolis in the country, with a population of 1,450,000 residents (at the beginning of 2012) which constitute of 8.6% of the all population.

Researchers polled 100 representatives from urban households and 50 from rural households. Three rural settlements were selected. They are located in remote areas, far away from Almaty and Taldykorgan, the two major cities of the region. Such selection allowed us to study what possibilities for work and business exist and what kind of social services are available for residents living in urban and rural areas in Kazakhstan. The survey was conducted over three weeks. The researchers applied a standard interview as a method for this research.

4. Life survival strategies of households in Kazakhstan

4.1. Changes of social and economic policies of Kazakh families in terms of market conditions

The survival strategies could be used by an individual (the individual survival strategies) or by a family (the family survival strategies). According to Sultangalieva (Kazakhstan), the survival strategies stemmed from the traditional cultural practices or from the new practices implemented in Soviet era. People adapt these practices to the new conditions (Sultangalieva, 2010). The households in the 1990s, during the transitional period, chose the short-term survival strategies, when most families were able to provide for their basic needs only. The families were not able to save money for big purchases or for investment in their future. Many families used such strategy as the search for the diverse sources of income. A member of family leaves the poorly paid job (many skilled workers and professionals received poor salary in the 1990s) and moves to the petty trade sector or small business sector. This strategy helped many families to survive. The economy began to develop and be more stable in 2000s. Thus, families started applying the medium and the long-term planning strategies to secure the life of households. Such strategies are the following: the planning of financial security at retirement; the agreements with private insurance companies; the long-term investments and the accumulation of money on savings accounts.

Many rural and urban families during transitional period were also able to survive using the alternative forms of support. The traditional networks of kinship and neighborhood were brought “back to life” during the difficult years, when the “Soviet era” economy were collapsing, and the new institutions and market relations were developing in the country. Such networks united households which became the social networks of exchange and support. The existence of social networks (relatives, fellow countrymen, friends) in a city remains an important

strategic resource for migration from the rural areas. The alternative (informal) practices become very important in terms of adaptation to the new market conditions. The most common practices include the illegitimate construction of self-built houses; the using of public places for the spontaneous, illegitimate petty-trade; the using of informal networks or the so-called “social capital”. These strategies complement or substitute the lack of financial or material resources, in terms of the market economy and the reduced social assistance providing by the state.

4.2. The assessment of living conditions of urban and rural households

The survey revealed significant differences in the economic status of the residents living in a city and in the countryside (all polled residents belong to the lower middle class). One of the questions of the survey was about income - whether the household has enough income to cover its needs (i.e. expenses for food, housing and education). The answers show that urban residents are in a better position than rural residents. 67% of urban households (46% of rural households) indicated that they are able to cover all necessary expenses. Approximately one-third of urban households (29.0%) and 34.0% of the rural households indicated that they fell a little bit short. The significant financial difficulties experience 4% of urban households and 20% of rural households.

The researchers asked the respondents to provide a self-assessment of household living conditions (table 2). Almost half of the polled urban households (46%) consider their conditions as “much better than average”. Only 10% of the rural households think that their living conditions are “much better than average”. Only 20% of the urban households consider their living conditions as “average” (versus 52% of the rural households).

The survey was conducted among households whose income and living conditions were slightly higher than conditions of “the poor” group. However, residents of rural areas experience much more economic difficulties. This data confirms the basic hypothesis of the study which concludes that here is a significant gap between the levels of well-being for urban and rural households, and different social and economic opportunities for urban and rural households.

Table 2. Self-assessment of household living conditions (%)

The living conditions of households	Location		Total
	Urban	Rural	
Worse than average	0	4	1.3
Slightly worse than average	12	12	12.0
Average	20	52	30.7
Slightly better than average	22	22	22.0
Better than average	38	6	27.3
Much better than average	8	4	6.7
Total	100	100	100

Urban and rural households provided different answers to an open question regarding the most significant problems associated with living in a city or in a countryside. Urban residents noted that for them the financial support of the household is the most critical (40.8% indicated such problems as inflation; high food prices.; high prices, in general; and low income). Meanwhile, only 8.2% of rural residents noted such problems. Rural residents are more concerned about unemployment and expressed the wish for a better economy (28.6% of the rural respondents versus 4.1% of urban respondents). The difficulties associated with housing, payments for utility services, and high prices of houses/apartments rank second in both groups (21.4% of urban residents and 24.5% of rural residents indicated such difficulties).

4.3. Sociological analysis of life strategies of households

The researchers conducted the sociological analysis of the revenues and economic resources of urban and rural households. This analysis allowed us to identify the key strategies of the survival of households, the mechanisms of provision for their needs, and ways to invest for the next generation. We identified the economic survival strategies of households as integrated actions aimed to protect and to improve the quality of life. Life strategies are variants of successful adaptations to changing conditions of life. Such life strategies, when act as mechanisms of adaptation, include complex actions and developed social practices. The daily care and the specific needs help the families to determine what kind of life strategy to apply. Such strategies differ, in this respect, from the “ideal” strategies which include long-term thought-out and prospective actions.

The survey revealed that the vast majority of households (87.3%) provide for themselves and do not receive outside help from relatives. A relatively small proportion of households receive regular assistance from family members who live separately. About a third of households (29.7%) provide regular financial assistance to family members living separately (usually in other communities). 40.9% of families, who provide financial assistance are in charge of young family members (i.e. students who study at universities, colleges and schools). 22.7% of respondents provide financial support to elderly relatives (usually parents) who are retired.

64% of respondents indicated that their household is not helping anyone and no one assists them. 21.3% of the respondents indicated that their family helps other family members, but there is only one-way help. Only 8% of the polled households are involved in mutual economic exchange. These families support the social network and exchange necessary economic resources, such as food and money, and provide mutual assistance in other forms (for example, providing cash to cover expenses for large family gatherings).

The researchers identified the following financial strategies in large expense cases. Two-thirds of respondents said that their families and relatives provide some assistance if the respondent has financial difficulties, and if the respondent has health problems. Mutual support in difficult situations reflects the continuing significance of family and kinship. However, in terms of tough market conditions, families cannot count on significant financial support from relatives and thus, have to approach institutions to borrow money. According to the survey, 46% of households took out loans. Most of these loans were allocated for the purchase of consumer goods (31.9%). Repair and reconstruction of a house/an apartment (18.8%) and car (18.8%) are the second most popular reasons for taking a loan. Only 5.0% of respondents took out loans for extension of business or purchasing land. The average amount of the loan taken by residents living in rural areas varies from 100 to 500 USD. The average amount of loan which most urban residents took out varies from 1000 to 5000 USD. The level of revenue is not high in general, and it doesn't allow people to make significant savings. However, the respondents would like to save money for their children, for their education, for help in buying a house and creating a family. More than 70% of urban residents and about a half of rural respondents express the willingness to save for the next generation.

5. Conclusion

This conducted sociological research demonstrates the joint manifestation of traditional and market-based ways to address social and economic problems in urban and rural areas. Private households, having different possibilities, tend to use all possible survival strategies. The traditional ways of sustaining life are gradually changing as a result of adaptation to the conditions of limited possibilities. The mixed model and life sustaining strategies are forming and they consist of synthesis of traditional norms and habitual behavior and the "market" norms.

The above data demonstrates, in a certain extent, the preservation of the role of social networks, despite their significant weakening in recent years as a result of the influence of the market economy, the growth of economic differentiation of families and the reducing of guarantees to return the debts by relatives and friends. However, the economic strategies of the monetary mutual support of households on a regular basis and on event-based basis is gradually losing their leading positions and in exchange, the individual strategies appear, the strategies directed to the autonomy of related families.

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