

2024 Questionnaire of the 4th Study Commission IAJ

Digital Revolution Impact on the Labor Market: Platform or Gig Economy and Artificial Intelligence

Kazakhstan:

1. Provide a brief description of the presence of the “gig” or “platform” economy in your country. If possible, base your answer on official public data or academic reports, although we recognize that in some cases data may not be available.

Answer: As the research of official sources has shown, the "gig" or "platform" economy is very developed in our country and this is evidenced by the following official sources.

Thus, the portal "World of Finance" published an article "Platform economy and how it works" (link: <https://wfin.kz/novosti/internet-i-tekhnologii/45632-platformennaya-ekonomika-i-kak-ona-rabotaet.html>). And it gives the following concept: "A platform is a plug-and-play business model that allows multiple participants (producers and consumers) to connect, interact with each other and create and exchange values". This model is technology-based. It facilitates exchanges between multiple groups, creating a network effect. The value created is proportional to the size of the community, which can be huge because the platform business model can scale to serve millions of consumers without reducing productivity.

Digital platforms are the touchpoint and meeting place for billions of merchants and their consumers, businesses and their partners. The scale of influence of platforms is so large that today we often talk about the platform economy. Digital platforms are at the peak of their popularity today. They are creating consumer marketplaces of enormous scale and efficiency. They also enable a new level of collaboration between companies from different industry sectors, which could lead to the next wave of technological and social disruption, economic growth and revolutionary innovation. So it is not surprising that when we talk about platform business model, we mention companies that need no introduction such as Google, Facebook, Twitter, Instagram, LinkedIn, Amazon, Spotify, Uber, BlablaCar, AirBnB, Etsy. eBay, etc. - services of all of these companies are actively used by Kazakhstanis.

In the second national report of the Ministry, prepared by analysts of JSC "Centre for Human Resources Development" and published on November 30, 2022 on the official website of the Ministry of Labour and Social Protection of Population of the Republic of Kazakhstan, it was stated that the experts made a review of platform employment in Kazakhstan, where it is estimated that about 500 thousand people work. Through interviews with representatives of online platforms (Yandex.Taxi, Naimi.kz, Glovo, Quick Work, InDrive and Chocofood) and their

employees, it was possible to assess the current situation and identify existing barriers faced by participants in the gig economy.

The trend towards platform adoption is spreading at the speed of light, as the benefits of the platform business model are numerous:

In 2024, Kazakhstan will launch the National Digital Investment Platform, reports DKNNews.kz (link <https://dknews.kz/ru/ekonomika/313285-novaya-cifrovaya-platforma-oblegchit-investicii-v>). The new information system was presented at the regular meeting of the Investment Attraction Council, chaired by First Deputy Prime Minister of the Republic of Kazakhstan Roman Sklyar.

The National Digital Investment Platform involves the creation of an information system for comprehensive support of investment projects. It is expected that it will be equally useful for all parties - entrepreneurs, representatives of government agencies, financial institutions and quasi-sector. The functionality of the digital platform will fully cover all processes, including public services available to investors in the Republic of Kazakhstan.

As the Minister of Labour T. Duisenova reported in her speech on the official information resource of the Prime Minister of the Republic of Kazakhstan (link: <https://primeminister.kz/ru/news/platformennaya-zanyatost-v-kazahstane-dostigaet-500-tysyach-chelovek-t-duysenova-751315>) according to expert data platform employment in Kazakhstan reaches 500 thousand people.

The Minister noted that one of the most important directions of employment is the recognition and legalisation of platform employment. Restrictive measures during the pandemic gave a new impetus to the use of modern methods of employment around the world. Kazakhstan is no exception. In addition, digitalisation and new technologies are affecting the country's economy. In recent years, there has been an increase in the number of people employed in the service sector compared to the real sector.

Basically, that is, people are engaged through various kinds of online platforms such as Yandex, Uber, Volt and Glovo. Undoubtedly, this mode is very convenient for the population. However, its main disadvantage is the lack of social protection for the employed.

In other words, if a person becomes unemployed or stops working due to pregnancy and childbirth, he or she will not be able to receive the necessary social payments from the State Social Insurance Fund. For information, today more than 300 thousand mothers receive from this fund 100 per cent of the previous average salary during pregnancy and 40 per cent of the salary during childcare. In addition, 105 thousand unemployed persons are provided with up to 40 per cent of their wages for up to 6 months. A significant increase in these payments has been under consideration in recent years.

In this regard, the Ministry of Labour and Social Protection has held meetings with the main operators of online platforms to attract these citizens into the social security system. Together with them, a decision has been taken to pilot the coverage schemes from 1 July 2023. By the end of the year, the results of the pilot will be made available. "By recognising and legalising platform employment, we

aim to protect the labour and social rights of citizens while maintaining a favourable regime," added T. Duisenova.

According to information published on the portal Ustinka LIVE (article by V. Ivanov), the Minister of Labour and Social Protection of the RK Svetlana Zhakupova spoke about the results of a pilot project involving drivers working in Yandex taxis (link <https://ustinka.kz/kz/kazakhstan/economy/93423.html>) . The project is now being tested in pilot mode, reports Ustinka LIVE correspondent.

Platform employment involves the automatic issuance of fiscal cheques, that is, the state revenue authorities receive all information about the transactions made. Only 4% is withheld from each transaction. It is not about withholding 30% or even 10%. This 4% goes to the project participant himself. It is 1% - to the Unified National Pension Fund, 1% - to the Federal Service for Medical Insurance, 1% - to the State Fund for Social Insurance and 1% - as an individual income tax to the national budget. These 4% give an opportunity to guarantee the accounting of pension record, social guarantees in case of relevant risks and to get the status of an insured person in the system of OSMS, - said Svetlana Zhakupova. According to the Minister, drivers show interest, register as individual entrepreneurs to participate in the system of platform employment. To be included in the system it is necessary to join as an individual entrepreneur to the public contract of Yandex, accept the operator's terms and conditions and engage in private hire. At the same time, the driver will not need to submit a declaration as a legal entity. When the pilot project passes all stages of testing, it will be scaled to the whole of Kazakhstan and other platforms.

Thus, the concept of "gig" or "platform" economy is not only known in Kazakhstan, but is also very popular. The population has long understood its advantages and actively uses them. The pandemic gave a big impetus to this, of course. Personally, at first I was against online trials, it seemed very uncomfortable, unaccustomed, not justified. However, subsequently both the judges and the representatives of the parties accepted a great number of advantages and even after the end of the pandemic, many judges and parties continue to conduct trials in an online format. Legal representatives and attorneys are actively pursuing this right. To participate in court in this way, a special platform "TrueConf" has been developed, which the parties download as a mobile application and their entire process of participation in court is fully recorded and reflected in the electronic case file. The idea is much better than the Zoom or WhatsApp apps, but is still being finalised.

If the project had been improved so that, for example, during quarantine, judges and court clerks would be allowed to work from home in a remote format, a full transition to this platform would be possible. But this does not allow courts to enter platform employment, since their activities are regulated by legislation on courts and the judicial system and on public service.

2. How does this development affect the traditional employee/employer relationship? What is the status of platform or gig workers in your country:

employees, independent contractors or a third category? Is there any jurisprudential divergence regarding the status of these workers? Cite relevant examples.

Answer: The lack of worker status for those employed in the platform economy has negative consequences for them. Thus, those employed in the gig economy cannot expect minimum social standards in the labour sphere, they have no right to form trade unions and no mechanisms to protect collective labour rights, nor do they have the right to apply to authorised bodies for the protection of labour rights. On the other hand, such relations exempt companies from the employer's obligations and from paying taxes and social contributions.

Social and labour conflicts among platform economy workers are caused by a number of factors. The main reasons are the lack of conditions for the implementation of labour rights, social guarantees for labour, opportunities to express dissatisfaction in other ways, opportunities to apply to authorised bodies for the protection of labour rights and others.

President K.J. Tokayev in his address to the people of Kazakhstan in 2021 separately mentioned the problem of protecting the rights of workers in the gig-economy, pointing out that "this sphere needs assistance from the state in terms of social and medical insurance, pension provision, taxation".

In our opinion, the solution to this problem is half-hearted and does not address other problems faced by workers in the sphere. First of all, it is necessary to start with the legal regulation of the labour status of platform economy workers, their recognition as workers in the traditional sense, and the signing of collective labour agreements.

Thus, taking into account the scale of platform employment in the country, it is necessary to expand the concept of employee in the Labour Code and consider the possibility of recognising gig economy workers as employees.

Legal registration of the labour status of platform workers as employees will affect not only the automatic extension of basic social and labour guarantees to platform workers, but will also create a legal basis for the possibility of uniting workers in trade unions to represent and protect their rights in relations with employers, including the possibility to apply to the competent authorities of the country for the protection of labour rights. It is worth noting that the need to ensure that platform workers have access to appropriate labour and social protection rights through the correct definition of employment status is highlighted in European Commission reports. Other important recommendations include ensuring fairness, transparency and accountability in relation to the algorithmic governance used on digital labour platforms.

Legal cases arising from conflicts between the employed and gig economy companies are not uncommon in global practice. In most cases, decisions are made in favour of the employed, who are recognised as employees in order to ensure their basic rights.

It is also important to ensure the transparency of digital economy companies in the country and to conduct audits of their activities, including in terms of ensuring that they pay all taxes and mandatory contributions to the country's budget. Currently,

there are practically no effective legislative levers to influence aggregator companies, which, in fact, have created an unregulated oligopoly in the country.

3. What is the impact of artificial intelligence on the labor market of your country? If possible, base your answer on official public data or academic reports. Outline the positive and negative impacts.

Answer: Experts of the Forecasting and Research Department of the Centre for Human Resources Development (CHRD) have assessed the possible impact of automation and generative artificial intelligence (GAI) based on an analysis of the functional content of professions represented on the Kazakhstan labour market. Based on expert assessments, for each of more than three thousand functions, the possibility of its replacement by a robot or GIA was estimated.

CHRD analysts assessed the possibility of automatons, robots or artificial intelligence performing certain functions of occupation groups, taking as a basis the 2017 National Classification of Occupations of the Republic of Kazakhstan, which is harmonised with the 2008 International Standard Classification of Occupations (hereinafter - ISCO) and classifies occupations by level and specialisation of applied skills, reflecting the specifics of our economy. In total, the experts considered 423 groups of occupations, collectively containing almost 3,400 main functions performed.

"The analysis was conducted on two possible options - automation, robotisation or the use of artificial intelligence in general, as well as separately on the possibilities of performing certain functions with the help of GAIs such as ChatGPT, Midjourney, Bard (Google), ChatSonic, Rytr, Neeva and others."

Thus, the analysts concluded that the largest proportion of functions that can be performed through process automation (rated "likely" and "very likely") is typical of the group of managers and civil servants, where it reaches 59%, as well as employees in the field of administration (48%), professionals (46%) and technicians (29%). At the same time, from the point of view of the impact of the GAI itself, the greatest part of the functions that can be performed with its help is characteristic of employees in the field of administration (44%), professional technicians (32%) and professional specialists (15%).

Overall, the analysis found that 29 per cent of functions performed by humans are highly or moderately likely to be automated, with 13 per cent of functions likely to be performed by GAIs. Thus, of the 8 million 668,000 workers for whom the analysis was conducted, 6.5 million workers, or 75%, were extremely unlikely to be automated; the number of workers with a moderate likelihood of automation was 1.5 million, or 17%, and 686,000 (8%) were highly likely to be automated. In terms of GPT-isation, 88% of workers (7.7 million) are extremely unlikely to be GAI workers, just under 12% (1 million) are likely, and only 0.1% (5.2 thousand) are very likely.

The main threat of automation to the labour market is characteristic of large cities, where 33% to 36% of jobs may be automated as a result of its process, as well as industrialised regions. At the same time, directly due to GAI, the greatest threat

arises in Almaty as a central hub for finance, which turn out to be the most vulnerable in terms of impact on employment.

The greatest potential for replacement of GAI workers in the sectoral context is inherent in the sphere of professional, scientific and technical activities, as well as in the sphere of health care.

4. Do you have any laws regulating and/or relevant judicial decisions about artificial intelligence on the labor market? What are the challenges for employers, such as privacy, transparency, secrecy, plagiarism, and the claim that artificial intelligence will be replacing workers? What are the concerns of employees?

Answer: The Law of the Republic of Kazakhstan "On Informatisation" (hereinafter - the Law) dated 24 November 2015, provides a number of concepts related to artificial intelligence.

For example, paragraphs 54, 55 of Article 1 of this law clarify that the national artificial intelligence platform is a technological platform designed to collect, process, store and disseminate data sets and provide services in the field of artificial intelligence.

Operator of the national platform of artificial intelligence is a legal entity determined by the Government of the Republic of Kazakhstan, which is entrusted with ensuring the development and functioning of the National Platform of Artificial Intelligence assigned to it.

Article 13-2 of the Law gives the competence of the operator of the National Platform of Artificial Intelligence.

By the Resolution of the Government of the Republic of Kazakhstan dated 23 January 2024 № 25, the operator of the National Platform of Artificial Intelligence is the joint-stock company "National Information Technologies".

Also in Kazakhstan, the Resolution of the Government of the Republic of Kazakhstan dated 28 March 2023 № 269 approved the "Concept of digital transformation, development of information and communication technologies and cybersecurity for 2023 - 2029 years".

International information agency Kazinform informs (link https://www.inform.kz/ru/kak-iskusstvennyy-intellekt-mozhet-izmenit-rynok-truda-v-kazahstane_a4096844), that according to the estimations of Doctor of Technical Sciences, Director of Research Institute "Artificial Intelligence" of ENU named after L.N.Gumilev, Professor Altynbek Sharipbaev, artificial intelligence in our country is still developing poorly. The reason is the lack of interest. And this, he said, is an omission, as its scope of application is vast and there is no better science than AI to develop areas that society needs.

"There is no interest in developing artificial intelligence in our country. ...In order to develop this direction in our country, it is necessary to have a special state agency to deal with it. ...In addition, it is necessary to open special universities that teach artificial intelligence. We must systematically develop and improve this sphere. Because the whole world pays attention to it and makes efforts for its development. At present, our country has opportunities and our young people are

very talented. If we do not use them in time, the energy of young people will be wasted," Altynbek Sharipbayev shared his opinion in an interview with the analytical observer of Kazinform.

He noted that so far Kazakhstan has no domestic product serving mankind in the field of AI. There are world-class technologies and scientific achievements. "For example, we have created mathematical models of Kazakh language grammar, namely morphological and syntactic rules. There is no such technology in any of the Turkic languages. We have brought the Kazakh language to a level where it can be understood by a computer," the speaker said.

However, to go further, it is necessary to give basic education to chemists and physicists, gather them all into one institute, and create conditions for its development as a science and its introduction into people's daily lives. At the same time, according to the professor, in order for this to be effective and for us not to fall behind, scientists should be paid regularly. This is how all serious scientific projects were created, he said. Funding should be regular, not competitive.

Altynbek Sharipbayev emphasises that there is no need to be afraid that artificial intelligence will replace everything and people will be left without work. However, people should always be ahead of technology. According to him, we have opportunities and potential for the development of AI and science. We have enough educated and qualified specialists. There are also the results of scientific research.

Kairat Aitpayev, a data management specialist who has worked on many AI projects in Kazakhstan, including the Sergek video surveillance system, is of the same opinion. He also believes that artificial intelligence is still underdeveloped in Kazakhstan. At the same time, the spheres where it is already presented and where it can be developed are enough in our country.

"One of the brightest examples is copywriting, where we already know about the outstanding capabilities of ChatGPT - an innovative system that can cope with a variety of textual tasks. Creating posts, codes, job postings and marketing plans is now a simple task when using ChatGPT and its analogues. Also, AI is successfully applied in the field of image processing, where neural networks like midjourney open up opportunities to perform almost any operations with graphics. There are many other examples of artificial intelligence application in various spheres, such as website development, video editing, marketing and many others", - Kairat Aitpayev gave examples in his interview to the analytical observer of Kazinform.

At the same time, he said, the threat of job replacement exists only in areas where there is no strong need for creativity, as artificial intelligence is becoming more and more competent in performing routine tasks. However, he said, it is important to remember that progress never stands still and automation has always displaced manual labour, forcing people to adapt to new conditions.

"It is important to remember that progress and development also creates new opportunities and demand for new occupations that did not exist before. Instead of worrying that artificial intelligence will take away jobs, it is worth focusing on developing new skills and specialisations to successfully adapt to the changing demands of the labour market. Creativity, the ability to innovate and social skills,

which are human prerogatives, will remain in demand and irreplaceable, even with advanced artificial intelligence," said Kairat Aitpayev. In his opinion, the main skill that our children will need will be the ability to ask the right questions and queries in order to easily obtain the necessary information and achieve the desired results.

The economics of AI speak for themselves and leave no doubt that it will spread. In some cases, its application is indeed justified, such as in the case of robots that monitor the grazing of cattle, or in the field of medical diagnosis, where the device makes the most accurate diagnosis based on analysing the knowledge of the strongest doctors stored in the system. In other cases, where the issue may be sensitive from the point of view of ethics and safety of use, implementation should be handled very carefully, taking care to address the risks beforehand. The main thing is not to allow human life to depend on artificial intelligence. For this purpose, it is necessary that a human being can always control the situation and be one step ahead.

Summing up the above studies I sum up that the advantages of artificial intelligence in Kazakhstan are actively used in the performance of labour duties by people, but not so actively that it could squeeze out human resources from the labour market. At the moment, Kazakhstanis are not facing such a problem.
