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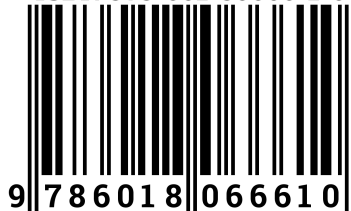


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BANG COLLEGE OF BUSINESS

“Analysis on profitability and influencing factors of Several Chinese Commercial banks in recent 10 years”

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Abstract

With the finance of China opening to the outside world in recent years, the banking of China is experiencing a change. The entry of many large international banks into China has become a driving force for the reform of China's financial market. While enabling people to enjoy quality services, they have also brought the most severe challenges to China's banking sector. Foreign banks have strong financial strength, flexible business model, high additional compensation services, advanced risk prevention technology and technological means, and excellent financial innovation ability. Domestic banks will face the severe challenges from foreign banks in business and talent. It can be expected that the foreign capital bank will erode the market share of our commercial bank more. Although the strength of Chinese commercial banks has been greatly improved after several years of market-oriented reform, there is still a big gap and the overall strength is relatively weak compared with some big banks in the developed countries and regions. How to improve the profitability of Chinese commercial banks has become an urgent problem to be solved.

This article starts with the profitability index, analyzes the current situation of Chinese commercial banks, points out that through reform, the profitability of Chinese commercial banks has been greatly improved, and it summarizes the factors affecting the profitability of commercial banks as their own factors, financial market structure factors and external environment factors, and theoretically analyzes the factors affecting the profitability of commercial banks. The panel data model is used to analyze the factors influencing the profitability of Chinese commercial banks, and it puts forward some countermeasures.

Key words:

Commercial bank

Profitability

Influencing factors

Panel data

1. Introduction

After the founding of the People's Republic of China, after several reforms, a banking system with the central bank, banking regulators, policy banks, commercial banks and other financial institutions as the mainstay has come into being. To conduct macro-control over the national economy and maintain financial stability; To supervise and manage banking financial institutions; To serve a particular economic policy; Generally, it refers to profit-making financial institutions that absorb deposits, issue loans and engage in other intermediary business. Other financial institutions mainly provide professional financial services. As of February 2019, the assets share of financial institutions in China's banking sector is as follows: large commercial banks account for 39.7%. Large commercial banks in China mainly refer to Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, and Construction Bank

of China; Rural financial institutions including Agricultural Bank of China, Agricultural Development Bank of China and Rural commercial Bank, accounting for 13.8%; Other financial institutions accounted for about 15.2 %. As the main body of the banking industry, commercial banks account for 71% and are the main income source of the banking industry.

According to the available data from the People's Bank of China, the total assets of the Chinese banking industry are steadily increasing, and the banking market size is constantly expanding, reaching 344.76 trillion yuan in 2021, with a growth rate of 7.8%; In 2020, it was 319.74 trillion yuan, an increase of 2.974 billion yuan from 2019. The total liabilities of China's banking sector in 2021 stood at 315.28 trillion yuan, up 7.6 percent from 2020. As of 2021, banking owners' equity, or equity in banking, was 2.948 billion yuan. The net profit of commercial banks in China grew steadily from 2015 to 2021, but declined in 2020 due to the impact of the epidemic. After China's banking and financial institutions took reasonable measures to deal with multiple risks such as the epidemic, the annual net profit of commercial banks reached 2,182.1 billion yuan by 2021, an increase of 25% compared with 2020. Industry as a whole profit income is still on the rise.

According to the international standard, the warning line for financial institutions is 10%, and the high non-performing loan ratio will affect the ability of banks to support the economy. Overall, the non-performing loan ratio of China's commercial banks maintained a low level, with the annual average of 1.8275%, 1.8325%, 1.9125% and 1.76% from 2018 to 2021, respectively. Data show that in 2019, the online transactions of China's banking financial institutions reached 163.784 billion yuan, an increase of 39.78 percent compared with 2017. In 2020, the online banking transaction amount was 181.819 billion yuan, an increase of 9.7 percent year-on-year. Due to the rapid development of mobile banking, the growth range of online banking transaction amount is reduced, and even the number of transactions is reduced. The online banking transaction in banking industry is affected by the development of mobile banking.

The overall development of China's banking industry is in good condition. The total assets of the banking industry continue to grow and the net profits of commercial banks rise steadily. However, we should still pay attention to the prevention of financial risks. The influence of the epidemic policy and the gradual popularity of online banking have impacted the traditional banking industry to some extent. However, the service tenet of the traditional banking industry is to ensure customer satisfaction and give full play to the effectiveness of Internet information, so as to form a new service concept. This new service concept is consistent with the financial model of the Internet, and at the same time, it can also play to the big data advantage of traditional banks that have a large amount of customer information.

2. Literature review

The banking system has been studied by many scholars at home and abroad, and the profitability of the banking industry is indeed affected by many factors, but few people are involved in China's banking industry under the background of globalization. Therefore, I want to study China's banking industry, and the scholars I know include: Noori H and Taghavi M(2012); Shams ur Rahman and Farzand Alijan(2012); Li Chenggang and Zuo Xintong and Huang Lei(2021); Frederick Pobe and Daniel Opoku(2018); Tomoo Sekito and Ayumi Matsuyama(2020); Maya Mustika(2019); Onishi and Junko(2009); Assucênio Chissaque and Adilson Fernando Loforte Bauhofer(2021); Syeda Rabia Ali Naqvi(2018); Hamidah Ramlan and Mohd Sharrizat Adnan(2017); Issa and Samar(2018); Faluk Shair and NaSun(2019); Chukwuemeka O. Iroham and Hilary I. Okagbue(2017); Mohammed Nurul Alam(2014);

Shams ur Rahman and Farzand Alijan's (2012) research direction is the financial sector, which is a symbol of economic progress. In Pakistan the banking sector has faced many challenges over the past few years and it must be acknowledged that the determinants affect the performance of banks. This study aims to analyze the key determinants of profitability of conventional and Islamic banks and investigate the relationship between internal characteristics and performance of banks in Pakistan. This study assesses the impact of banking parameters and microeconomic meters on the profitability of conventional and Islamic banks in Pakistan. The results found that the variables used in the model have a robust effect on profitability and higher total assets, and may be associated with higher profits. As the assets of banks and networks grow, banking management can be inefficient.

Noori H and Taghavi M(2012); The study presents an empirical study to understand the influence of a number of internal and external elements on the profitability of the banking system. The model proposed in this paper introduces many econometric methods to study external and internal behavior and the influence of these two factors on ROA. The study presented in this paper uses Vector Auto-regressive (VAR) and Vector error correction models (VECM) to estimate the model and uses historical data for the time 1989-2010. For the results of the first internal factor model, we research a number of independent variables, including the ratio of total equity to total assets (TE) and the ratio of total income to total assets (TR). The second model researches the influence of external variables on ROA, such as growth in market share (MS) and gross domestic product (GDP), and the last one make a combination of external and internal factors. The results show a positive and meaningful relationship between the growth log of GDP and stock returns, implying an increase in ROA of 0.012 since we expect a one unit increase in LGDP. In addition, a 1% increase in market share will increase ROA by 0.025%, and a 1% increase in TR ratio will increase ROA by 1%.

Maya Mustika (2019); the study in order to test profitability, public equity and voluntary disclosure and the size of the cost of capital. And also testing direct influence, her study also considers indirect effects, that is, voluntary disclosure mediated in the relationship between profitability at the cost of capital, public equity ownership and firm size. The study is a full example of a total of 123 banking companies from 41 banking companies listed on the Indonesian Stock Exchange during the observation period from 2015 to 2017. Data collection techniques were used on the official website of the Indonesian Stock Exchange and Yahoo Finance using a document method. The study used panel data and tested interventional variables using path analysis. The result is that firm size matters for voluntary disclosure, profitability has no effect on voluntary disclosure; Public share ownership has a negative impact on voluntary disclosure; Profitability, public equity and size have no effect on the cost of capital; Voluntary disclosure does not reconcile profitability, Voluntary disclosure has no effect on the cost of capital; public equity ownership and the cost of capital.

Mohammed Nurul Alam (2014); the aim of the study is to examine empirically the different smes related to "Dubai" UAE, and also to see how UAE Islamic banking financing, drawing on the interest of smes in funding is viable for the business sector in Dubai. Design/Method/Methodology: The research methodology applied in the study is qualitative in nature. The institution-network theory approach is used to study phenomena. Different smes are grouped together and institutionalized into different SME systems (smes), and the net lender-borrower working relationship is studied based on a theoretical framework. Several explanatory case studies were used as research strategies. Looking: The study was based on the socio-cultural context of the UAE. The discussion in this paper mainly concerns an empirical review of funding

for small entrepreneurs. Among them, the final results of the study also demonstrate the feasibility of Islamic banks in financing smes in the region. The findings also include the extent of lender-borrower network relationships that can strengthen other relevant economic actors in society between smes and Islamic banks. Study Limitations/Implications: The study mainly concerns smes in Dubai: a popular business hub in the UAE where small entrepreneurs from all over the world conduct their business activities. Practical implementation: The study is based on a theoretical model, which can also be applied to study medium and large industries in a country. Original Value: Presents an institutional-network approach to the analysis of the lender borrower network relationship between Islamic banks and smes.

2. Data and Methodology

The panel data used for analysis on profitability and influencing factors of Several Chinese Commercial banks in recent 10 years. China bank-level and macroeconomic data have been collected from the corresponding banks' database, The World Bank participates in the database of Chinese shareholder member countries over the period 2012–2021. They are the most reliable source of secondary data to achieve the researchers' goals. The study covered a period of high growth from the aftermath of the financial crisis to the past decade. And it covered the vertical and horizontal comparison of the profitability of Chinese commercial banks. By analyzing the change trend of the main profit indicators of commercial banks, such as return on equity, NPL, CI and size of the company (total assets of company) in ten years, and comparing with the ten largest commercial banks in China, the overall analysis of the profitability of Chinese commercial banks is made. my analysis of the factors affecting the profitability of commercial banks. This paper summarizes the factors affecting the profitability of commercial banks as commercial banks themselves, financial market structure and external environmental factors. Its own factors can be summarized into five aspects: asset structure, credit assets, liquidity status, operation efficiency and bank scale. The financial market structure includes the banking market structure and the development degree of the capital market, while the external environmental factors include the economic conditions and legal system factors. A complete system of influencing factors of the profitability of Chinese commercial banks is constructed from microcosmic and macroscopic aspects.

The research paper was structured as follows: Part 1 Introduction, Part 2 Literature review on existing academic findings on the determinants of financial performance in banking. Part 3 underlines the data and methodology. Part 4 explains empirical assessments and results for EBRD participating member countries, and Part 5 delivers the conclusion. And also the empirical analysis of the factors influencing the profitability of Chinese commercial banks. In this part, the panel data model is adopted to empirically test the financial indicators of the eleven major state-owned commercial banks from 2012 to 2021, and the empirical results are analyzed.

The panel root test have been employed to the variables. According to methodologies developed other researchers the data reject the null hypothesis, According to correlation between independent variables are very low in model, correlation table is represented in Stata. R square are very low which proves the absence of multicollinearity, For validity of absence multicollinearity, we used VIF estimation which is provided in Stata. Moreover, model has been corrected for heteroskedasticity. In this comparative study ordinary regression equation is employed to measure and evaluate the difference in financial performance of banks. The Ordinary Least Squares (OLS) regression technique performed with the assistance of Stata software for our equation. In accordance with Hausman test, which is performed in panel data regression analysis as well, the

“Random Effects” model has been used because our sample data does not represent whole population. Furthermore, dependent variable used in this linear least squares NIM. Other variables are considered as independent ones and demonstrated below in the model.

Model Specification

$$(1)NIM = \alpha + \beta_1FLEV + \beta_2MEFC + \beta_3FECH + \beta_4FSIZ + \beta_5GDP + \beta_6IFL \dots + \epsilon$$

Whereas; α = Constant NIM = Net Interest Margin (Profitability) FLEV = Financial Leverage MEFC= Management/managerial efficiency FTECH= Financial technology FSIZ = Firm Size GDP = Gross Domestic Product (GDP) IFL=Inflation ϵ = Error Term

Sources: 1) *Eikon Database and *World Bank Databases.2) China commercial bank Financial Report 2012-2021

Variable Measure Notation Impact

Dependent variables Return on Average company's Net Income to average shareholders' equity ROE Net Interest Margin Interest income–interest expense) to total assets NIM Bank specific One Lag of Profitability Profitability ratio is lagged by one to measure ROE(-1) NIM(-1) persistence of profitability

Model

Capital Adequacy Total equity to total assets TETA – Liquidity Liquid assets to total deposits LIQ – Efficiency Management Cost to Income ratio CI –nonperforming loan of China commercial bank NPL +/- Bank Size Logarithm of total assets of banks LTA – GDP Growth* Gross domestic product growth GDPg +/-Macroeconomic variables Inflation* Measured by consumer price index Infl

4. Empirical Results

Hypothesis testing and regression analysis.

This is a multiple regression line, with NIM as the dependent variable for model and with variables, such as TETA, LIQ, CI, NPL, TA, GDPg and Inf. There were 770 observations and the period lasted from 2012 to 2021.

Our regression model (1) :

$$NIM \text{ prediction} = 0.0163969 + (-0.0320332)*TETA + (-0.0078757)*LIQ + 0.0206803*CI + (-0.5567888)*NPL + 0.0007436*TA + 0.0506161*GDPg + (-0.0936043)*Inf$$

Variables that are affected negatively are: TETA, LIQ, NPL and Inf.

There is a strong inverse relationship between NPL and NIM.

We reject the null hypothesis for TETA, as p-value is lower than 0.05.

5. Conclusion

It can be concluded that the countermeasures to improve the profitability of China's commercial banks based on the analysis of the factors of shading the profitability of Chinese commercial banks, puts forward four measures to enhance the profitability of Chinese commercial banks: improving macroeconomic environment; Strengthen routine business management and improve the profit level of main business; Strengthen operating expenses management and improve operating efficiency; Actively carry out financial innovation and strive to develop banking business system.

The main research achievements of this paper are summarized, and the innovation points and research deficiencies are put forward. Finally, further research suggestions are pointed out.

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“Application of the Positions of Optimization Theory Using the Sharpe and Treynor Ratios for Portfolio Management”

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Abstract

This study aims to identify the effects of firm-specific and macroeconomic factors on Portfolio Management. The primary method used in the study is regression analysis to process empirical data. The model used in this research is Panel Corrected Standard Errors (PCSE) model. The Treynor and Sharpe coefficients were used in the regression analysis as dependent variables. On the other hand, independent variables like liquidity, firms' size, management efficiency, and shareholders' equity represent firm-specific factors and Gross Domestic Product (GDP) growth rate and inflation rate represent Macroeconomic factors. The data for this research was collected from the annual reports of sampled companies from 2017 to 2021. Additionally, historical prices of shares, exchange rates and daily treasury bill rates were acquired from The Wall Street Journal, European Central Bank and U.S. Department of the Treasury official websites, respectively. For this research, a population of the 50 largest oil companies based in the European region is analyzed for 2017 through 2021. Applying numerous criteria sample size is reduced to the 19 largest oil companies. Though out this research, many companies were excluded since they were not publicly traded or traded under parent companies that operate in other industries. These companies were considered unsuitable for research as they might skew the findings and lower the standard of the research as a whole. The regression analysis results show that only liquidity and inflation rate significantly impact the Sharpe ratio. As for the Treynor ratio, only liquidity, firms' size, and GDP growth rate significantly impact it.

Keywords: *Sharpe ratio, Treynor ratio, firm-specific factors, macroeconomic factors, Panel Corrected Standard Errors model.*

1. Introduction

This research considers the impact of firm-specific and macroeconomic factors on investments risk-adjusted returns, based on largest oil companies in European region. Few studies have been conducted which discuss their combined impact. This study will focus on a current time frame (2017 to 2021), using six distinct variables, including the following: Liquidity, Firm size, Management Efficiency, Shareholders' Equity, GDP growth rate and Inflation rate. Therefore, this study aims to determine how the firm-specific and macroeconomic factors, separately and together, impact the investment's risk-adjusted returns.

2. Literature Review

Many studies belong to the category of rational investors and modern finance, based on the efficient market hypothesis, which believes that investors are entirely rational, without individual differences, with homogeneous expectations and consistent attitudes to risks. The studies are: [6], [8], [14], [17],

However, researchers have found many "anomalies" that modern finance cannot explain in many empirical studies of financial markets, such as the premium for stocks or the influence of

small firms. To explain these anomalies, some scientists began to study investor behavior from the perspective of investor psychology and gradually realized that investors are not entirely rational but generally exhibit irrational behavior such as cognitive bias, overconfidence and preference for choice [19]. As a result of psychological experiments, Kahneman and Tversky [5] found that investors often set a control point in advance when making decisions, and their risk appetite changes near the control point. Cognitive psychologists systematically analyzed and generalized representativeness, binding and adjustment, framing and other strategies that usually exist in people's decision-making process and the cognitive distortions caused by them. Based on a series of psychological experiments, perspective theory (PT) [5] and cumulative perspective theory (CPT) [16] were consistently proposed. Within the framework of limited rationality, the mechanism of human psychology and behavior in making risky decisions was identified, which more accurately reflects the features of people's decision-making in conditions of uncertainty [18].

2.1. Modern Portfolio Theory

According to Markowitz's Modern Portfolio Theory (MPT), diversity may be used to maximize a portfolio's anticipated return for a given level of risk. Investors attempting to build effective and diversified portfolios utilizing ETFs may find the modern portfolio theory helpful. Assuming that investors are risk-averse, MPT favors a portfolio with lower risk for a given level of return. Based on this theory, investors would only engage in high-risk activities if they could anticipate a more significant gain. [10]

2.2. Dependable variables

Treynor Ratio: Also known as the reward-to-volatility ratio, it is a performance indicator for calculating how much extra return a portfolio created for each unit of risk it assumed. In this context, an excess return is a return that was obtained beyond the return that would have been possible from a risk-free investment. Treasury bills are frequently employed to represent the risk-free return in the Treynor ratio, despite the fact that there is no real risk-free investment.

Treynor simultaneously developed the concept of the securities market line. With its help, it is possible to determine the relationships existing between market rates and the profitability of an investment portfolio. The resulting line, its slope, reflects the volatility between the market and the investment portfolio. A special beta coefficient is used here. In fact, this is a parameter that reflects the volatility of the securities portfolio in relation to the stock market. The maximum slope of the line evidence is the fact that there is an optimal ratio of profitability and risk. It is also worth noting that this indicator, developed by a specialist, characterizes volatility and remuneration. It is defined as follows [12]:

$$Treynor\ Measure = \frac{PR - RFR}{\beta}$$

Where:

PR – portfolio return;

RFR – risk-free rate;

β – beta.

Sharpe Ratio: It is a measure of the additional return an investor receives for every unit of increased risk [13]. The Sharpe coefficient is almost entirely identical to the Treynor indicator. An exception is when, instead of taking into account the systematic risk that the indicator represents, the standard deviation of the portfolio is taken into account. The indicator developed by Sharpe is closely related to his work when creating a model with which it is possible to determine the pricing

of modern assets. Accordingly, to compare portfolios, it uses aggregate risk, tracks the line of the market and moving capital. The formula shown below was used to calculate the Sharpe coefficient [12]:

$$\text{Sharpe ratio} = \frac{PR - RFR}{SD}$$

Where:

PR – portfolio return;

RFR – risk-free rate;

SD – standard deviation.

2.3. Independent variables

Liquidity: Numerous studies investigated connections between company profitability and liquidity. All agreed that there is little correlation between profitability and liquidity. [2][11][9]

Firm's size: A company's size is an essential factor in its profitability. According to some experts, there is a correlation between firm size and profitability since larger organizations have greater access to resources, which leads to more considerable earnings. The research demonstrates strong and favorable correlations between profitability and business size. Mang'ong'o, N.M., Githui, T., and Omurwa, on the other hand, obtained the opposite finding and discovered a negligible correlation between size and profitability. [4][7][9]

Management efficiency: Profits increase with improved management and procedures, and an earlier study discovered a connection between management efficiency and profitability. Management Efficiency is often defined as the ratio of operating expenses to assets. The explanation for this assumption is that there is a negative association since better operational expense management boosts efficiency, which subsequently results in more significant profitability. [3][15]

Shareholders' equity ratio: By dividing equity by total assets, the ratio calculates the financial leverage of a corporation. The ratio is the proportion of all assets funded by shareholder equity. A company has a higher chance of being able to repay its debts if its ratio is high. A lower value indicates a higher likelihood of bankruptcy for a company. [1]

2.4. Macroeconomic factors

GDP growth: Most researchers concur that GDP growth has a beneficial impact on profitability. Positive economic conditions raise consumer demand for products, boosting earnings and profitability. [7] [11]

Inflation: Profitability has been shown to be positive and statistically seriously affected by inflation. [11]

2.5. Hypothesis of the research

The following Hypotheses are put forth in order to assess the links between the dependent and independent variables:

Hypotheses on Sharpe ratio

H1.1: Liquidity significantly affects the Sharpe ratio of petroleum firms.

H2.1: The firm's size significantly affects the Sharpe ratio of petroleum firms.

Hypotheses on Treynor ratio

H1.2: Liquidity significantly affects the Treynor ratio of petroleum firms.

H2.1: The firm's size significantly affects the Treynor ratios of petroleum firms.

H3.1: Management efficiency has no significant effect on the Sharpe ratio of petroleum firms.

H4.1: Shareholders' equity ratio significantly affects the Sharpe ratio of petroleum firms.

H5.1: GDP growth has no significant effect on the Sharpe ratio of petroleum firms.

H6.1: Inflation has no significant effect on the Sharpe ratio of petroleum firms.

H3.1: Management efficiency has no significant effect on the Treynor ratio of petroleum firms.

H4.2: Shareholders' equity ratio significantly affects the Treynor ratio of petroleum firms.

H5.2: GDP growth has no significant effect on the Treynor ratio of petroleum firms.

H6.2: Inflation has no significant effect on the Treynor ratio of petroleum firms.

3. Research methodology

For this research, a population of the 50 largest oil companies based in the European region is analyzed for 2017 through 2021. Applying numerous criteria sample size is reduced to the 19 largest oil companies. Though out this research, many companies were excluded since they were not publicly traded or traded under parent companies that operate in other industries. These companies were considered unsuitable for research as they might skew the findings and lower the standard of the research as a whole. The following statements represent the selection processes for the population sampling:

- The company's main activity should be based only on the exploration, extraction, and refining of oil and petroleum products.
- Companies specialized in transportation and selling crude oil and petroleum products were omitted from the sample.
- Organizations must have publicly available reports from 2017 to 2021.
- The company must be publicly traded under its name from 2017 to 2021.

Panel Corrected Standard Errors (PCSE) model with adjustment for autocorrelation was used in this research. This model was chosen based on the presence of Autocorrelation and Heteroskedasticity, which was found based on the Wooldridge test and the Likelihood-ratio Test, respectively. Due to Autocorrelation and Heteroskedasticity factors and consideration of Cross-Sectional Dependency Ordinary Least Squared, Fixed/Random Effects models were rejected. Fixed/Random Effects models could be applied given multiple corrections to the model. Alternatively, the Feasible Generalized Least Square model could be used. However, since the model has a comparatively larger panel's cross-sectional dimension (N) than the time dimension (T), PCSE is the preferable model for this research.

Analysis model using Prais-Winsten regression, were created for each dependent variable. The research model used for Sharpe Ratio:

$$\text{Sharpe ratio} = \beta_0 + \beta(QR) + \beta(\text{LnTA}) + \beta(\text{ME}) + \beta(\text{SE}) + \beta(\text{GDPg}) + \beta(\text{INF})$$

Where:

QR – Quick Ratio of a firm;

LnTA – The size of a firm;

ME – Management efficiency;

SE – Shareholders Equity Ratio;

GDPg – GDP growth;

INF – Annual inflation rate.

The research model used for Treynor Ratio:

$$\text{Treynor ratio} = \beta_0 + \beta(QR) + \beta(\text{LnTA}) + \beta(\text{ME}) + \beta(\text{SE}) + \beta(\text{GDPg}) + \beta(\text{INF})$$

Where:

QR – Quick Ratio of a firm;

LnTA – The size of a firm;
ME – Management efficiency;
SE – Shareholders Equity Ratio;
GDPg – GDP growth;
INF – Annual inflation rate.

4. Results

4.1. Descriptive Statistics

Table 1 represents gathered statistics for 95 observations from 19 companies for time period of 2017 to 2021. It is worth noting that highest standard deviation is present in GDP growth rate, Firm's size and Inflation rate due to large spread between companies and countries.

Table 1. *Descriptive Statistics for Sharpe and Treynor Ratios*

| Variable | N | Mean | SD | Min | Max |
|--------------------------------|----|---------|--------|----------|---------|
| Sharpe Ratio (SR) | 95 | -0.0265 | 0.0820 | -0.1888 | 0.2545 |
| Treynor Ratio (TR) | 95 | -0.0172 | 0.0669 | -0.4520 | 0.2131 |
| Quick Ratio (QR) | 95 | 1.1133 | 0.4549 | 0.1636 | 2.5690 |
| Firm Size (LnTA) | 95 | 9.6717 | 2.6935 | 3.3565 | 12.7889 |
| Management Efficiency (ME) | 95 | 0.7713 | 0.1778 | 0.0000 | 0.9918 |
| Shareholder Equity Ratio (SER) | 95 | 0.4397 | 0.2500 | -0.3534 | 0.9603 |
| GDP Growth Rate (GDPG) | 95 | 1.9102 | 4.1081 | -10.8229 | 13.4787 |
| Inflation Rate (INF) | 95 | 2.3193 | 1.4615 | -0.3346 | 6.6945 |

4.2. Correlation Analysis

Autocorrelation can be defined as a measurement of the relations between the past and the current value of a variable. It was tested using the Wooldridge test in STATA software. The P-value for Sharpe (0.0311) and Treynor (0.0304) ratios is less than 5%, which shows the presence of Autocorrelation of the first order. This resulted in an adjustment to the PCSE model in regard to the autocorrelation of the first order.

To determine the strength of the association between variables and calculate the change in one variable as a result of a change in another, correlation analysis was used. Following Table 2 represents all correlations between dependent and independent variables.

Table 2. *Correlation results for SR and TR*

| Variable | SR | TR | QR | LnTA | ME | SE | GDPg | INF |
|----------|---------|--------|---------|---------|---------|---------|--------|--------|
| SR | 1.0000 | | | | | | | |
| TR | 0.3847 | 1.0000 | | | | | | |
| QR | 0.1633 | 0.2428 | 1.0000 | | | | | |
| LnTA | -0.0647 | 0.1607 | -0.3012 | 1.0000 | | | | |
| ME | -0.2781 | 0.0246 | -0.0339 | 0.0346 | 1.0000 | | | |
| SE | 0.1140 | 0.1772 | 0.4556 | 0.1247 | -0.2625 | 1.0000 | | |
| GDPg | 0.3267 | 0.1072 | 0.0867 | -0.1603 | -0.4306 | 0.2389 | 1.0000 | |
| INF | 0.3581 | 0.0076 | -0.2152 | 0.2308 | -0.3855 | -0.0128 | 0.3170 | 1.0000 |

Analysis of the correlations provided the following results:

- Sharpe and Treynor ratios have a relatively high positive correlation of 38.47%, which is expected due to the same numerator in the calculation formula.
- Sharpe ratio has the highest positive correlation with the GDP growth rate (32.67%) and Inflation rate (35.81%). Highest negative correlation with Management Efficiency (-27.81%).
- Treynor ratio has the highest positive correlation with the Firm's size (16.07%) and Shareholders' equity ratio (17.72%). No negative correlations between TR and other independent variables.
- Between independent variables, the most notable highest positive correlations are between Liquidity and Shareholders equity ratio (45.56%), GDP growth rate and Inflation (31.70%), GDPg and SE (23.89%), INF and LnTA (23.08%). Most notable negative correlations are between ME and GDPg (-43.06%), ME and INF (-38.55%), QR and LnTA (-30.12%).

Correlation analysis is needed to identify Multicollinearity, in a statistical view, represents a correlation of independent variables in a model. Multicollinearity leads to unreliable results of the regression model. Although some variables are relatively highly correlated, the presence of Multicollinearity can be identified using the Variance Inflation Factor test (VIF). It represents input of each independent variable to the standard deviation of the regression model, as shown in Table 3.

Table 3. Variance Inflation Factor Test

| Variable | VIF | 1/VIF |
|----------|------|----------|
| SE | 1.62 | 0.618349 |
| QR | 1.56 | 0.640351 |
| ME | 1.43 | 0.698350 |
| INF | 1.42 | 0.704734 |
| GDPg | 1.41 | 0.711702 |
| LnTA | 1.39 | 0.719495 |
| Mean VIF | 1.47 | |

Results of the VIF test show that the mean VIF value is less than five; thus, the presence of Multicollinearity can be eliminated from the model, and no further adjustment of the data or model is not needed.

4.3. Heteroscedasticity Analysis

Heteroscedasticity, in statistics, represents unequal scatter of independent variables. It can disrupt the hypothesized of the research and results of the regression model. Likelihood-ratio test was employed to identify Heteroscedasticity of the model probability for both Share (0.0031) and Treynor (0.0043) ratios was lower than 5%. The result confirmed the presence of Heteroscedasticity in both models, which represents high deviation in the used data.

4.4. Panels Corrected Standard Errors Model Regression Analysis

The PCSE regression model was used for this study due to the presence of autocorrelation, heteroscedasticity, and a larger panel's cross-sectional dimension than the time dimension. This study uses Prais-Winsten regression to evaluate the parameters in linear cross-sectional time-series models. The model assumes that the disturbances are heteroscedastic and simultaneously

correlated across panels for calculating the standard errors and the variance-covariance estimates. Sharpe and Treynor ratios were chosen as dependable, and the Firm's size, Liquidity, Management Efficiency, GDP growth rate and Inflation rate as independent variables.

The intensity and direction of the relationship between variables are measured by Pearson's Correlation Coefficient (Rho). The Rho coefficient for Sharpe (0.220725) and Treynor (0.224463) ratios is positive which explains that as independent variables increase dependent variable increases accordingly.

The amount of variance in the dependent variable that a model accounts for is measured by R-squared. It is the primary metric for evaluating how well a regression model fits the data. This statistic shows the proportion of the variance in the dependent variable that independent variables may affect.

Wald Chi-Squared coefficient measure to confirm whether independent variables are collectively significant for a model. For the Sharpe ratio is a dependent variable, with six predictor variables, it can be seen that the Wald Chi-Square value is 27.76 with probability of 0.0001. It means that some variables are significant, but not all as for them all to be significant, probability should be at 0.0000. For the Treynor ratio the Wald Chi-Square value is 12.89 with probability of 0.0448, which means that there is high probability that variables are not significant.

A P-value of less than the significance level of 0.005 shows that the variable has enough data to provide evidence to suggest that there is a relationship between independent and dependent variables. The regression coefficient shows a correlation between independent and dependent variables. A negative correlation shows that an increase in the independent variable leads to a decrease in the dependent variable on the same amount multiplied by the coefficient value.

Z-score is a statistical measurement of the relationship to the mean in a group. It can explain whether a specific observation falls within distribution or not. In finance, traders often use it to establish market volatility by computing the variability of observations. The following Table 4 and Table 5 presents results of regression models for Sharpe and Treynor ratios.

Table 4. Prais-Winsten regression, correlated panels corrected standard errors for Sharpe ratio

| SR | Coefficient | std. err. | z | P> z | [95% conf. interval] | |
|---|-------------|-----------|-------|----------------------|----------------------|----------|
| QR | 0.041151 | 0.020148 | 2.04 | 0.041 | 0.001662 | 0.080641 |
| LnTA | -0.007260 | 0.005033 | -0.01 | 0.988 | -0.009937 | 0.009792 |
| ME | -0.044437 | 0.063663 | -0.70 | 0.485 | -0.169214 | 0.080341 |
| SE | -0.025708 | 0.034548 | -0.74 | 0.457 | -0.093422 | 0.042006 |
| GDPg | 0.004185 | 0.003758 | 1.11 | 0.265 | -0.003180 | 0.011550 |
| INF | 0.018030 | 0.005283 | 3.41 | 0.001 | 0.007676 | 0.028384 |
| cons | -0.074012 | 0.053983 | -1.37 | 0.170 | -0.179817 | 0.031792 |
| Number of obs. = 95 | | | | Rho = 0.220725 | | |
| Number of groups = 19 | | | | R-squared = 0.2557 | | |
| Obs. per group: min = 5, avg = 5, max = 5 | | | | Wald chi2(6) = 27.76 | | |
| Estimated covariances = 190 | | | | Prob > chi2 = 0.0001 | | |
| Estimated autocorrelations = 1 | | | | | | |
| Estimated coefficients = 7 | | | | | | |

From the regression results of the Sharpe ratio, the probabilities of only the Quick Ratio (4%) and Inflation rate (1%) are lower than the significance level (5%), which shows that these variables have a relatively significant effect on the Sharpe ratio. Other independent variables:

Firms' size (98%), Management efficiency (48.5%), Shareholders' equity ratio (45.7%) and GDP growth rate (26.5%), have an insignificant effect on the dependent variable due to a higher probability than the established significance level. Based on regression coefficients, it is possible to conclude that Liquidity and Inflation rate have a positive impact on the Sharpe ratio.

Table 5. Prais-Winsten regression, correlated panels corrected standard errors for Treynor ratio

| TR | Coefficient | std. err. | z | P> z | [95% conf. interval] | |
|---|-------------|-----------|-------|----------------------|----------------------|-----------|
| QR | 0.066918 | 0.030079 | 2.22 | 0.026 | 0.007965 | 0.125872 |
| LnTA | 0.009270 | 0.004660 | 1.99 | 0.047 | 0.000135 | 0.018404 |
| ME | 0.042917 | 0.045785 | 0.94 | 0.349 | -0.046821 | 0.132654 |
| SE | -0.014751 | 0.032539 | -0.45 | 0.650 | -0.078526 | 0.049024 |
| GDPg | 0.003187 | 0.001417 | 2.25 | 0.024 | 0.000410 | 0.005963 |
| INF | 0.000073 | 0.004601 | 0.02 | 0.987 | -0.008946 | 0.009091 |
| cons | -0.213992 | 0.086260 | -2.48 | 0.013 | -0.383058 | -0.044926 |
| Number of obs. = 95 | | | | Rho = 0.224463 | | |
| Number of groups = 19 | | | | R-squared = 0.1803 | | |
| Obs. per group: min = 5, avg = 5, max = 5 | | | | Wald chi2(6) = 12.89 | | |
| Estimated covariances = 190 | | | | Prob > chi2 = 0.0448 | | |
| Estimated autocorrelations = 1 | | | | | | |
| Estimated coefficients = 7 | | | | | | |

According to the results of regression for the Treynor ratio, the probabilities of the Quick Ratio (2.6%), Firm's size (4.7%), and GDP growth rate (2.4%) are lower than the significance level (5%), which shows that these variables have a relatively significant effect on the Treynor ratio. Independent variables: Management efficiency (34.9%), Shareholders' equity ratio (65%) and Inflation rate (98.7%) have an insignificant effect on the Treynor ratio due to a higher probability than the established significance level. By analysis of coefficients of regression, it is possible to conclude that Liquidity, the Firm's size and GDP growth rate positively impact the Sharpe ratio.

The findings of regression models for Sharpe and Treynor ratios, the suggested hypotheses differentiate between ratios.

Hypotheses on Sharpe ratio

H1.1: Accepted Hypothesis

H2.1: Rejected Hypothesis

H3.1: Accepted Hypothesis

H4.1: Rejected Hypothesis

H5.1: Accepted Hypothesis

H6.1: Rejected Hypothesis

Hypotheses on Treynor ratio

H1.2: Accepted Hypothesis

H2.2: Accepted Hypothesis

H3.2: Accepted Hypothesis

H4.2: Rejected Hypothesis

H5.2: Rejected Hypothesis

H6.2: Accepted Hypothesis

5. Conclusion

This study investigated the effects of firm-specific and macroeconomic factors on the Sharpe and Treynor ratio. Panel Corrected Standard Errors model was used in this research for nineteen oil companies in the European region from 2017 to 2021.

The sampled firms' annual reports served as the data source for this study. Additionally, data from the official websites of the US Department of the Treasury, the European Central Bank,

and The Wall Street Journal were used to get daily treasury bill rates, currency rates, and historical share prices, respectively.

According to the regression analysis findings, the Sharpe ratio is significantly affected by liquidity and inflation rate. Results regarding the Treynor ratio show that it was significantly affected by liquidity, firms' size, and GDP growth rate.

The findings are anticipated to have practical relevance that will aid portfolio managers, companies, and researchers in understanding the oil industry sector. The above relationships can be used to evaluate petroleum firms' risk-adjusted returns.

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“What are the effects of independent variables on return on equity of oil and gas companies in CIS countries?”

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Abstract

Purpose of the study. To investigate how firm-specific and macroeconomic indicators impact Oil&Gas companies' profitability in CIS (Commonwealth of Independent States) countries during the period of 2008-2019.

Data and period. Data was taken from official sources and period under analysis was 2008-2019

Methodology. To conduct empirical analysis, the feasible generalized least square (FGLS) method was applied in the study.

The value of the research. The contribution to the existing literature is to estimate profitability determinants using broad range of years from 2008 to 2019 which were complicate for the CIS countries' economies.

Results. Firm-specific independent variables were found to have a significant impact on return on equity, whereas macroeconomic indicators have insignificant impact on the company's performance.

Keywords: Oil and Gas, CIS countries, profitability, macro variables, firm-specific variables

I. Introduction

The purpose of this study is to show how firm specific and macroeconomic indicators impact the profitability of companies from oil and gas (or “O&G”) industry in the following countries: Kazakhstan, Russia and Azerbaijan. These countries were selected for the study as Kazakhstan, Russia and Azerbaijan have similar economic situation and political system. Moreover, these countries are the post-Soviet states and members of Commonwealth of Independent States (CIS). This study results would be the contribution to the existing literature is to estimate profitability determinants using broad range of years from 2008 to 2019 which were complicate for the CIS countries' economies.

The following companies from O&G industry were considered for this study:

- KazMunayGas National Co JSC;
- Karachaganak Petroleum Operating BV;
- LUKOIL PJSC;
- Gazprom PJSC;
- State Oil Co of the Azerbaijan Republic.

The period of the current analysis is considered between 2008-2019 for all the variables.

The dependent variable of the current study is Equity performance (ROE) while the independent variables are the following:

1. Firm specific variables

- Capital adequacy
- Liquidity
- Management efficiency
- Capital structure
- Decision dividend policy

2. Macroeconomic variables

- GDP growth
- Control of corruption
- Political stability/Government effectiveness
- Time dummy

For this study, X-efficiency theory was applied. According to Sentero (2012), X-efficiency means that the efficiency of the company in production of maximum outputs from its inputs.

The present paper is structured as follows:

- Section 2 highlights the relevant literature and overview of the O&G industry;
- Section 3 explains the data and methods used;
- Section 4 summarizes the empirical results and their interpretation;
- Section 5 displays the conclusion;
- Section 6 is devoted to the potential recommendations.

The study results demonstrate that firm-specific independent variables have significant impact on ROE, whereas macroeconomic indicators have insignificant impact on the company's performance.

Furthermore, none of the similar studies conducted a comprehensive evaluation of the profitability of O&G companies located in post-soviet countries using the feasible generalized least square (FGLS) method as is done in this study. The present study contains the literature on the profitability of both domestic and foreign O&G companies over the period of 2008-2019. As such this study represents an important contribution relevant to this topic.

As a result of the study, it is discovered that 4 hypotheses out of 9 are confirmed.

II. Literature review

Various studies in the following literature review demonstrate how firm specific and macroeconomic variables affect the companies' profitability, including its ROE.

Equity performance – ROE

According to Heikal, Muammar, and Ummah (2014), ROE indicates the extent to which companies manage effectively their own capital, measuring the profitability of investments made by the shareholders of the entity. The authors discovered that there is a positive relationship between ROE and earnings growth as the company can effectively manage the capital, resulting in higher profits.

According to Moussu and Petit-Romec (2018), ROE is the most important performance indicator in the banking industry. ROE is not only the primary indicator of entity's performance, but it also drives allocation of resources across and within bank segments. While several scholars have publicly criticized banks' reliance on ROE, banks proceed to use ROE as their primary performance indicator, and bank managers continue to have monetary incentives to maximize this metric. Their findings indicate that actually ROE is an useful indicator for a bank's key risks and sensitivity to crises.

Firm Specific Variables

Capital adequacy

The capital adequacy ratio (CAR) is defined by Brastama and Yadnya (2020) as the capacity of capital, which is a crucial component for banks in the context of business development and loss tolerance. They consider the fact that the CAR demonstrates the bank's capacity to cover the risk of loss from its operations as well as the bank's ability to fund its operational processes.

CAR is a bank performance ratio that measures the adequacy of a bank's capital to support assets that contain or cause risk, such as loans.

According to Brastama and Yadnya, CAR indicates the extent to which a decrease in bank assets can still be covered by the bank's available equity. If the CAR is higher, then the bank's condition is better. Brastama and Yadnya observed that CAR below 8 percent does not have the ability to provide loan, despite the fact that a bank's main activity is to collect funds and channel them back in the form of loan. The bank will be able to operate in such a way that it will generate profit by using a sufficient CAR ratio. The study showed, that the higher the CAR, the better a bank's performance.

According to research of Abdulazeez, Asish and Rohani (2017) which was performed in order to identify the relationships of CAR and ROA/ROE, the CAR in both foreign and domestic banks has positive and significant correlation with ROA, and positive but insignificant relationship with ROE. In general, the study reflects that the higher the CAR, the higher is the profitability of Saudi banks.

Liquidity

The study of Tahu and Susilo (2017) showed the higher the liquidity, the higher the firm's value, and the lower the liquidity, the lower the firm value. The ability to generate large amounts of cash will have effect on the ability of the company's short-term liabilities as well as a positive impact on the company's value.

The study of Abdulazeez, Asish and Rohani (2017) which was previously mentioned shows that in relation to liquidity risk, liquid assets to total assets ratio has a negative impact on ROE and NIM, indicating that strained liquidity drains the profitability of domestic banks in Saudi Arabia. According to findings, Saudi domestic banks are more profitable than foreign banks. Furthermore, the study also revealed that foreign banks are more liquid and less profitable than domestic banks.

Management efficiency

According to Ongore and Kusa (2013), management efficiency is one of the essential internal factors determining the profitability. It is reflected in a number of financial ratios, including total asset growth and earnings growth rate. Furthermore, operational efficiency in managing operating expenses is a management quality dimension. According to the study's findings, the higher the operating profit to total income (revenue ratio), the more efficient management is in terms of operational efficiency and revenue generation. Management efficiency is positively related to all the three performance ratios (ROA, ROE, NIM) and more strongly related to ROE.

Capital structure

According to Serghiescu and Vaidean (2014), the access to financing and its cost are significant aspects of firm competition, and decisions about the capital structure are critical in maximizing enterprise value and thus stimulating the growth of shareholders' benefits.

According to Vatavu (2015), from the models referring to debt ratios, only total debt, short-term debt and tangibility show a statistically significant impact, indicating negative coefficients in all models. Whereas equity has a positive impact on ROE. In order to determine what causes the variation in ROE, OLS method was used.

Decision dividend policy

As it was emphasized by Lukasevich and Sukhorukova (2017) that modern features of the dividend policy of companies should be considered while making both investment and financial decisions by all the related parties.

The study of Kanakriyah (2020) concluded that the distribution policy has an effect on the performance of industrial and service companies in the Amman Financial Market from 2015 to 2019 through the effect of dividend yield and dividend pay-out ratio (independent variables) on performance (dependent variable) at a significance level of 0.05, whereas the results of the multiple regression test disclosed that the dividends policy has a significant effect on the performance. The reason could be associated with investor's preference for firms that pay out more dividends rather than retain earnings, implying that investors have more liquidity, which meets the needs of investors.

Macroeconomic Variables

GDP growth

According to Filimonova, Komarova and Chebotareva (2019), O&G industry in Russia makes an important contribution to socio-economic development of the country. It was emphasized that O&G sphere will continue to remain the main sector of the Russian economy as well as the engine of import substitution, financial stability.

As mentioned before, for the purposes of the present research the financial data of Gazprom PJSC and LUKOIL PJSC, which are actually the main drivers of the Russian O&G economy. Moreover, according to the study of Ongore and Kusa (2013) the macroeconomic policy stability, GDP, inflation, interest rate and political instability are also macroeconomic variables that affect the performances of banks. For example, the demand for bank assets is influenced by GDP trends. Demand for lending reduces during periods of diminishing GDP growth, which has a negative impact on bank profitability. In a booming economy, as measured by positive GDP growth, loan demand is strong due to the nature of the economic cycle.

Furthermore the mentioned study showed that inflation had relatively strong negative correlation with financial performance of commercial banks in Kenya compared to GDP. Thus, the effect of macroeconomic indicators on the performance of commercial banks was vague. In addition, Mohamed, Yap and Chong (2014) made a comparison to see whether there is a direct relation between company's profitability and the financial crisis. In short, it was found out that there is a direct link between them where the country's GDP growth and exports have shrunk continuously with the beginning of the crisis in 2009.

Control of corruption

Based on the study results of Bougatef (2015), the corruption significantly deteriorates the financial results and hence deteriorates the soundness of Islamic banks. The study showed that the better control of corruption plays a significant role for the banks.

Political stability / government effectiveness

In accordance with Issah and Antwi (2017) the coefficients of the key macroeconomic variables are associated to the real economic activity factor, which is determined by the unemployment rate, as well as Real GDP and monetary policy.

To the extent that macro-economic variables are influenced by government policy, the study showed the connection between that policy and firm performance. The results of the research provided a compelling argument that firm performance is a function of the prior year ROA, and macro-economic variables and that macroeconomic variables and prior year ROA can have influence on future firm performance measure by ROA.

Time dummy

Time dummy is usually used for regression analysis. Time dummy as a variable may equal to 0 or 1 for all the periods. Such variable shows the effect of change of the periods to the independent variable.

III. Data and Methodology

Data

The study is based on secondary data of oil and gas companies (thereafter - “O&G”) in the following countries: Kazakhstan, Russia and Azerbaijan. These countries were selected for the study as Kazakhstan, Russia and Azerbaijan have similar economic situation and political system. Moreover, these countries are the post-Soviet states and members of Commonwealth of Independent States.

The following companies from O&G industry were considered for this study:

- KazMunayGas National Co JSC;
- Karachaganak Petroleum Operating BV;
- LUKOIL PJSC;
- Gazprom PJSC;
- State Oil Co of the Azerbaijan Republic.

The period of the current analysis is considered between 2008-2019 for all the variables.

The financial information was collected from the financial statements of the companies and macroeconomic information (GDP growth rate, political stability, control of corruption) were collected from World Bank database. There is a description of the variables used in this study in the Table 1 shown below, which includes the information on proxy of measurements, the symbol and the empirical evidence.

Table 1. Summary of variables

| Variables | Measurement | | Notations |
|------------------------------|----------------------------------|-----------------------------------|------------------|
| <i>Dependent variables</i> | Profitability (Return on Equity) | Net profit/Equity | ROE |
| <i>Independent variables</i> | | | |
| <i>Firm specific</i> | Capital adequacy | Total equity/Total assets | TETA |
| | Liquidity | Liquid assets/deposits | LIQ |
| | Management efficiency | Total cost/Total income | ME |
| | Capital structure | Total debt/Total assets | CapStr |
| | Decision Dividend Policy | Dividend per share/Net income | Div |
| <i>Macroeconomic</i> | | | |
| | GDP growth | GDP logarithm | GDP |
| | Control of corruption | The rank of control of corruption | CC |
| | Political stability | The rank of political stability | PS |
| | Time dummy | 1=crisis, 0=none | Time Dummy |

Data analysis method

The study is based on quantitative data. The hypothesis test and regression analysis were conducted using Stata 15 software.

Methodology

The purpose of this study is to empirically investigate the impact of firm specific, macroeconomic and political stability factors on the companies' profitability in Kazakhstan, Russian and Azerbaijan.

During the research, in order to deal with the issues with autocorrelation and heteroscedasticity, feasible generalized least square (FGLS) method was applied, since the sample was less than the number of years under consideration, i.e. $N < T$.

The regression model is as follows:

$$Y = \beta_0 + \beta_1 TETA + \beta_2 LIQ + \beta_3 ME + \beta_4 CapStr + \beta_5 Div + \beta_6 GDP + \beta_7 CC + \beta_8 PS + \varepsilon$$

Where:

Y=ROE (the financial performance)

β = coefficients

β_0 = constant term

ε = error term.

For the definitions of the variables refer to the Table 1.

Variables:

For the empirical analysis the ROE is considered as a dependent variable as a profitability indicator. ROE shows how well the company generates a profit from its shareholders' investments. Independent variables were chosen as follows: capital adequacy, liquidity ratio, management efficiency, capital structure and decision dividend policy were taken as firm specific variables, while GDP growth, control of corruption, political stability and time dummy were taken as macroeconomic variables.

Hypotheses of the study:

- *H1: Capital adequacy has strong positive influence on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H2: Liquidity has negative impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H3: Management efficiency has negative impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H4: Capital structure has positive influence on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H5: Decision dividend policy has strong positive impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H6: GDP growth has a positive impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H7: Control of corruption has a positive impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*
- *H8: Political instability has a positive impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*

- *H9: Time dummy has a negative impact on profitability (ROE) of O&G companies in Kazakhstan, Russia and Azerbaijan during the period of 2008-2019.*

Theory

Based on the empirical results described below the TETA has positive significant impact on ROE, thus the X-efficiency theory applies in this study.

IV. Empirical results

The research observed five O&G companies from three countries (Kazakhstan, Russia and Azerbaijan) during the period of 2008-2019. Overall, there were 60 observations on 8 internal and external factors. The internal factors were considered as Capital adequacy, Liquidity, Management efficiency, Capital structure, Decision dividend policy. External indicators were GDP growth, Control of corruption, Political stability and Time dummy.

Table 2: Descriptive statistics

. sum ROE TETA LIQ ME CapStr Div GDP CC PS Year

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|----------|-----|----------|-----------|-----------|----------|
| ROE | 60 | .0870226 | .0715224 | -.150828 | .210687 |
| TETA | 60 | .4421548 | .252392 | 0 | .74171 |
| LIQ | 60 | .0046918 | .0046052 | .000038 | .019708 |
| ME | 60 | .0200343 | .1519309 | -.9852786 | .2896287 |
| CapStr | 60 | .1467771 | .1037623 | 0 | .358504 |
| Div | 60 | .1203975 | .1922892 | 0 | 1.040442 |
| GDP | 60 | .0286 | .0329204 | -.078 | .1059 |
| CC | 60 | .1841453 | .0694382 | .0666667 | .4423077 |
| PS | 60 | .3263812 | .1594095 | .1380952 | .7251185 |
| Year | 60 | 2013.5 | 3.481184 | 2008 | 2019 |

Table 2 above illustrates the descriptive statistics of the independent and dependent variables related to five O&G companies from Kazakhstan, Russia and Azerbaijan. The number of observations for period is 60. Based on the data, the maximum ROE for O&G companies is 0.21, the minimum is -0.15. The mean value of TETA is the largest one, which is 0.44. The standard deviations of ME and PS are similar which is 0.15. The highest standard deviation stands for Div. There are only 3 negative signs which stand for minimum for ROE, Management efficiency and GDP growth (ROE -0.15, ME -0.98 and GDP growth -0.078).

The results show that the lowest mean value relates to liquidity (0.004), as well as its standard deviation comes the lowest being equal also to 0.004. The descriptive statistics table also indicates that all variables have a positive mean value during the study period. The standard deviations of the variables (except ME, GDP and Div) are below the mean, therefore it can be implied that the volatility is not particularly high. It also can be concluded that the profitability of O&G companies are relatively stable, since based on the descriptive statistics table the standard deviation of ROE (0.071) is lower than the mean (0.087).

Table 3. Correlation matrix

```
. correl ROE TETA LIQ ME CapStr Div GDP CC PS _IYear_2013 _IYear_2014 _IYear_2015
(obs=60)
```

| | ROE | TETA | LIQ | ME | CapStr | Div | GDP | CC | PS | _IY~2013 | _IY~2014 | |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|--------|
| ROE | 1.0000 | | | | | | | | | | | |
| TETA | 0.7027 | 1.0000 | | | | | | | | | | |
| LIQ | 0.3387 | 0.2614 | 1.0000 | | | | | | | | | |
| ME | -0.0330 | -0.0631 | -0.1573 | 1.0000 | | | | | | | | |
| CapStr | 0.3350 | 0.4027 | 0.8766 | 0.0302 | 1.0000 | | | | | | | |
| Div | 0.1789 | 0.5141 | 0.0255 | -0.0681 | -0.0037 | 1.0000 | | | | | | |
| GDP | 0.0129 | -0.2218 | 0.0397 | 0.0170 | -0.0323 | -0.2711 | 1.0000 | | | | | |
| CC | -0.2297 | -0.3094 | 0.1513 | -0.0376 | 0.0277 | -0.0622 | 0.1000 | 1.0000 | | | | |
| PS | -0.2692 | -0.6382 | 0.3077 | -0.1773 | 0.0640 | -0.4005 | 0.3228 | 0.2618 | 1.0000 | | | |
| _IYear_2013 | 0.0328 | 0.0190 | -0.0398 | 0.0568 | -0.0396 | -0.0433 | 0.1293 | -0.0551 | -0.0603 | 1.0000 | | |
| _IYear_2014 | -0.0800 | -0.0117 | 0.0010 | 0.0194 | 0.0472 | 0.2316 | -0.0321 | 0.0189 | -0.0467 | -0.0909 | 1.0000 | |
| _IYear_2015 | -0.2799 | -0.0265 | 0.0806 | 0.0256 | 0.0944 | 0.0132 | -0.2732 | -0.0443 | -0.0994 | -0.0909 | -0.0909 | |
| | | | | | | | | | | | _IY~2015 | |
| _IYear_2015 | | | | | | | | | | | | 1.0000 |

The Table 3 demonstrates the multicollinearity test which shows the correlation between the independent and dependent variables. For the correlation matrix table -1 stands for perfect negative correlation and 1 stands for strong positive correlation. In respect of ROE, it has the strong positive correlation with TETA, which is 0.7, and the negative correlation with Time dummy which is -0.27. LIQ and CapStr have almost similar correlation with ROE, which is 0.33. In respect of Div, the correlation with ROE appeared as 0.17.

Hence the data demonstrates that there are negative relationships between ROE and ME, CC and PS. Time dummy indicators for 2014 and 2015 show the negative correlation with ROE, and positive not strong with Dummy for 2013. It should be noted that the period of 2013-2015 was taken because of the significant tenge devaluation in Kazakhstan and the ruble devaluation in Russia.

Table 4. VIF

```
. estat vif
```

| Variable | VIF | 1/VIF |
|----------|------|----------|
| LIQ | 7.87 | 0.127061 |
| CapStr | 7.02 | 0.142393 |
| TETA | 3.85 | 0.259810 |
| PS | 3.41 | 0.293110 |
| Div | 1.65 | 0.604527 |
| ME | 1.26 | 0.795050 |
| CC | 1.24 | 0.809400 |
| GDP | 1.17 | 0.851377 |
| Mean VIF | 3.43 | |

The Table 4 demonstrates the Variance Inflationary Factor (VIF) results. VIF testing can be helpful in order to determine how selected variables affected by the strength of correlation and independent variables. The Table 4 shows that the Mean VIF equals to 3.43 which is valid, since it stands in a range from 1 to 5. It should be noted that in case the suggested result is greater than 5, it will

represent the critical level of multicollinearity and the p-value will appear as uncertain, and there is an enough correlation between the independent variables to claim that multicollinearity is present in the regression model. To sum up, the Mean VIF 3.43 demonstrates that there is a moderate correlation between variables and correlation is acceptable for multicollinearity.

Regression analysis

Table 5. OLS

```
. xi : regress ROE TETA LIQ ME CapStr Div GDP CC PS i.Year
i.Year          _IYear_2008-2019      (naturally coded; _IYear_2008 omitted)
```

| Source | SS | df | MS | Number of obs | = | 60 |
|----------|------------|----|------------|---------------|---|--------|
| Model | .222157989 | 19 | .011692526 | F(19, 40) | = | 5.87 |
| Residual | .079653542 | 40 | .001991339 | Prob > F | = | 0.0000 |
| | | | | R-squared | = | 0.7361 |
| | | | | Adj R-squared | = | 0.6107 |
| Total | .301811531 | 59 | .00511545 | Root MSE | = | .04462 |

| ROE | Coef. | Std. Err. | t | P> t | [95% Conf. Interval] |
|-------------|-----------|-----------|-------|-------|----------------------|
| TETA | .2563566 | .0551517 | 4.65 | 0.000 | .1448909 .3678222 |
| LIQ | 9.910177 | 4.097685 | 2.42 | 0.020 | 1.628445 18.19191 |
| ME | .0536829 | .049478 | 1.08 | 0.284 | -.0463158 .1536817 |
| CapStr | -.3875442 | .171711 | -2.26 | 0.030 | -.7345851 -.0405033 |
| Div | -.0941613 | .043363 | -2.17 | 0.036 | -.1818012 -.0065214 |
| GDP | -.1179729 | .2540609 | -0.46 | 0.645 | -.6314492 .3955035 |
| CC | .092056 | .1608766 | 0.57 | 0.570 | -.2330876 .4171997 |
| PS | .0052155 | .0887694 | 0.06 | 0.953 | -.1741943 .1846252 |
| _IYear_2009 | .0045466 | .0350779 | 0.13 | 0.898 | -.0663485 .0754416 |
| _IYear_2010 | .0202019 | .0291433 | 0.69 | 0.492 | -.038699 .0791027 |
| _IYear_2011 | .0219326 | .0303986 | 0.72 | 0.475 | -.0395052 .0833704 |
| _IYear_2012 | .0079782 | .0306359 | 0.26 | 0.796 | -.0539392 .0698956 |
| _IYear_2013 | -.0094501 | .030644 | -0.31 | 0.759 | -.071384 .0524839 |
| _IYear_2014 | -.0103535 | .035142 | -0.29 | 0.770 | -.0813781 .0606711 |
| _IYear_2015 | -.0747321 | .0356667 | -2.10 | 0.043 | -.1468172 -.002647 |
| _IYear_2016 | -.0390542 | .0384752 | -1.02 | 0.316 | -.1168154 .038707 |
| _IYear_2017 | -.0218682 | .0323693 | -0.68 | 0.503 | -.087289 .0435527 |
| _IYear_2018 | -.0226278 | .0378619 | -0.60 | 0.553 | -.0991496 .0538939 |
| _IYear_2019 | -.0292863 | .0428767 | -0.68 | 0.499 | -.1159434 .0573708 |
| _cons | -.0082333 | .0571187 | -0.14 | 0.886 | -.1236746 .1072079 |

The Table 5 demonstrates the regression analysis using ordinary least squares (OLS) model between dependent and independent variables. According to Table 5 (OLS), the P-values of firm specific variables as TETA (0.00), LIQ (0.02), CapStr (0.03), Div (0.036) are less than 5% which show the strong relationship with ROE. The study performed by Kanakriyah (2020) had the same result regarding strong relationship of dividend decision policy towards ROE. Regarding TETA, Abdulazeez, Asish and Rohani (2017) have opposite results that TETA has insignificant relationship with ROE.

Table 6. FGLS

```
. xtgls ROE TETA LIQ ME CapStr Div GDP CC PS _IYear_2013 _IYear_2014 _IYear_2015 , panels(hetero) force corr(ar1)

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares
Panels:      heteroskedastic
Correlation: common AR(1) coefficient for all panels (0.1757)

Estimated covariances =      5      Number of obs =      60
Estimated autocorrelations =      1      Number of groups =      5
Estimated coefficients =      12      Time periods =      12
Wald chi2(11) =      231.00
Prob > chi2 =      0.0000
```

| ROE | Coef. | Std. Err. | z | P> z | [95% Conf. Interval] |
|-------------|-----------|-----------|-------|-------|----------------------|
| TETA | .259382 | .03439 | 7.54 | 0.000 | .1919789 .3267852 |
| LIQ | 8.43649 | 3.032356 | 2.78 | 0.005 | 2.493181 14.3798 |
| ME | .0604121 | .0359294 | 1.68 | 0.093 | -.0100083 .1308325 |
| CapStr | -.3298803 | .1334305 | -2.47 | 0.013 | -.5913993 -.0683613 |
| Div | -.1179718 | .02963 | -3.98 | 0.000 | -.1760455 -.059898 |
| GDP | .1282193 | .1449426 | 0.88 | 0.376 | -.1558629 .4123015 |
| CC | -.0338378 | .0603686 | -0.56 | 0.575 | -.1521581 .0844825 |
| PS | .0001748 | .0439136 | 0.00 | 0.997 | -.0858943 .0862438 |
| _IYear_2013 | -.0120433 | .0139221 | -0.87 | 0.387 | -.0393302 .0152436 |
| _IYear_2014 | -.0021929 | .0148461 | -0.15 | 0.883 | -.0312907 .0269048 |
| _IYear_2015 | -.0218693 | .0148364 | -1.47 | 0.140 | -.0509482 .0072095 |
| _cons | .0032204 | .0298948 | 0.11 | 0.914 | -.0553724 .0618132 |

The Table 6 demonstrate the regression analysis using feasible generalized least square (FGLS) model between dependent and independent variables. Based on the results of FGLS model regression analysis, the P-values of firm specific variables as TETA (0.000), LIQ (0.005), CapStr (0.013), Div (0.000) are less than 5% which show the significant relationship with ROE.

The strong relationship of TETA towards ROE was supported by the study of Brastama and Yadnya (2020). According to their study, if the CAR is higher, then the bank's financial condition is better. The study by Kanakriyah (2020) confirmed the significant effect of decision dividend policy on the performance of the companies based on multiple regression test.

In respect of macroeconomic variables, GDP and PS have positive insignificant impact on ROE. The results totally contradict to the study results of Ongore and Kusa (2013), who state that in Kenya GDP has relatively strong negative correlation with financial performance of the commercial bank. Whereas CC and Time Dummy have negative insignificant effect on the company's financial performance.

Table 7. PCSE

```
. xtpcse ROE TETA LIQ ME CapStr Div GDP CC PS _IYear_2013 _IYear_2014 _IYear_2015 , corr(pсар1) pairwise
```

Prais-Winsten regression, correlated panels corrected standard errors (PCSEs)

```
Group variable:  ID                      Number of obs   =      60
Time variable:  Year                      Number of groups =       5
Panels:         correlated (balanced)     Obs per group:
Autocorrelation: panel-specific AR(1)    min =          12
                                                avg =          12
                                                max =          12
Estimated covariances =          15      R-squared       =      0.6513
Estimated autocorrelations =          5      Wald chi2(11)  =      325.07
Estimated coefficients =          12      Prob > chi2    =      0.0000
```

| ROE | Panel-corrected | | z | P> z | [95% Conf. Interval] | |
|---|-----------------|-----------|-------|-------|----------------------|-----------|
| | Coef. | Std. Err. | | | | |
| TETA | .2982861 | .0398368 | 7.49 | 0.000 | .2202073 | .3763648 |
| LIQ | 10.81015 | 3.094157 | 3.49 | 0.000 | 4.745709 | 16.87458 |
| ME | .0587552 | .0324461 | 1.81 | 0.070 | -.004838 | .1223484 |
| CapStr | -.5145721 | .1340028 | -3.84 | 0.000 | -.7772127 | -.2519315 |
| Div | -.1202339 | .0293389 | -4.10 | 0.000 | -.1777371 | -.0627307 |
| GDP | .0213349 | .1857043 | 0.11 | 0.909 | -.3426388 | .3853086 |
| CC | -.0257318 | .0693493 | -0.37 | 0.711 | -.1616538 | .1101903 |
| PS | .0311765 | .0533403 | 0.58 | 0.559 | -.0733685 | .1357214 |
| _IYear_2013 | -.0036782 | .0117487 | -0.31 | 0.754 | -.0267052 | .0193488 |
| _IYear_2014 | .0038098 | .0128978 | 0.30 | 0.768 | -.0214694 | .029089 |
| _IYear_2015 | -.0475345 | .0139454 | -3.41 | 0.001 | -.074867 | -.0202021 |
| _cons | -.0096151 | .0354816 | -0.27 | 0.786 | -.0791577 | .0599274 |
| rhos = .3969756 .0281533 .2046929 .3670061 -.118492 | | | | | | |

$$Y = \beta_0 + \beta_1 TETA + \beta_2 LIQ + \beta_3 ME + \beta_4 CapStr + \beta_5 Div + \beta_6 GDP + \beta_7 CC + \beta_8 PS + \varepsilon$$

$$Y = -0.009 + 0.298 + 10.810 + 0.058 + (-0.514) + (-0.120) + 0.021 + (-0.025) + 0.031 + 0.028$$

The Table 7 demonstrates the regression analysis using panel corrected standard error (PCSE) model. The P-value means the statistical significance of independent variable on dependent variable. The P value can be <0.01, <0.05 and <0.1. For the analysis, ROE was a dependent variable and firm specific and macroeconomic factors were independent. If comparing both OLS and PCSE results, firms specific variables except for ME, have the significant impact on ROE. As shown in the Table 7, P-values of TETA, LIQ, CapStr and Div equal to 0.000. The ME indicator shows the P-value as 0.07. The results of the study of Kanakriyah (2020) confirmed that the dividends policy has a significant effect on the performance. In respect of macroeconomic indicators, the analysis shows that GDP and PS have positive insignificant impact on ROE, whereas CC and Time Dummy for 2013 have negative insignificant impact on the company’s performance.

In all of the analysis based on FGLS, OLS and PCSE, the ME ratio differ and its P-values are greater than 5%. It should be noted that in case the suggested result is greater than 5, there is an enough correlation between the independent variables to claim that there is a multicollinearity in the regression model.

The Table 7 indicates that Prob>chi2 and it equals to 0.00 which is below 1%. Thus, such analysis based on PCSE model can be considered as best-fitted and validated.

The results of the hypothesis applied in this study:

H1: Capital adequacy has strong positive influence on ROE - confirmed

H2: Liquidity has negative impact on ROE - rejected

H3: Management efficiency has negative impact on ROE-rejected

- H4: Capital structure has positive influence on ROE - rejected
- H5: Decision dividend policy has strong positive impact on ROE - rejected
- H6: GDP growth has a positive impact on ROE - confirmed
- H7: Control of corruption has a positive impact on ROE - rejected
- H8: Political instability has a positive impact on ROE - confirmed
- H9: Time dummy has a negative impact on ROE – confirmed

V. Conclusion

This study examines the impact of firm-specific, macroeconomic and political stability on the profitability of O&G companies in CIS countries. The O&G industry of Kazakhstan, Russia and Azerbaijan is one of the drivers of the country's economic development, therefore, research and analysis of its financial and economic condition is a necessary part of assessing the economy of these states as a whole. The analysis of this study was done in 3 stages. First, the descriptive statistics, second were the multicollinearity, autocorrelation, heteroscedasticity tests and the third step was the application of FGLS model to estimate the impact of the independent variables on profitability of companies, in particular ROE.

For this study the panel data method was used with World Bank data source for 3 countries as well as the financial statements of companies over the period of 2008-2019. The analysis was performed using the mentioned variables to detect indicators of profitability concerning efficiency of the companies to generate ROE of its owners' investments.

Summing up the results of FGLS model, the regression analysis portrays that the firm specific variables such as TETA, LIQ, Div have the significant relationship with ROE. Whereas, the macroeconomic indicators show the insignificant impact on ROE in CIS countries. As CapStr, Div, CC and Time dummy have the negative impact on ROE.

VI. Recommendations

As it was found from study, firm specific indicators such as liquidity, capital adequacy, capital structure and dividend decision policy play significant role in profitability of O&G companies. It is recommended to the companies to raise their capital, improve the liquidity position and attract more investors.

In respect of macroeconomic indicators, GDP growth, control of corruption and political stability portrayed insignificant impact on ROE. However, improvement of economic condition in the country could lead to changes in the companies' performances. Thus, it is recommended to perform the possible full empirical investigation related to macroeconomic indicators of the Kazakhstan, Russia and Azerbaijan.

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“Satisfaction of Senior Customers with Social Pharmacies: Application of Importance-Performance Analysis”

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Abstract

There is a growing interest in customer satisfaction with social pharmacies. Concern for the customer loyalty of pharmacies in Kazakhstan has led to an increase in senior consumers' demand for socially vital pharmaceutical goods. Most senior consumers in Kazakhstan also search for acceptable prices among social pharmacies and responsible service of working employees. The main purpose of this study is to examine the important factors for elderly people, while purchasing medicines and how successfully pharmacies perform. The study is based on the Importance-Performance Analysis. Quantitative research was used for this study. A survey was conducted on a sample of 153 respondents. The research questions were identified and answered. The findings revealed that the chosen pharmacy Rauza-Ade is performing well by most of the attributes. The results of this study are useful and vital for the social pharmaceutical sector in Kazakhstan's pharm. This industry is considered as still developing in the market, therefore forecasting analysis, would increase and improve performance levels, decrease needless functions and help to concentrate more on essential services for a specific market segment in the long term.

Keywords: pharmaceutical goods; seniors; importance-performance analysis; satisfaction; social pharmacies.

1. Introduction

The main goal of this study is to gain a better understanding of how seniors are satisfied enough with social pharmaceutical companies in Kazakhstan. In research of Ashburn (2022) a pensioner is traditionally described as somebody of retirement age or who has reached the age of 62 or older. Nevertheless, the standard eligibility age for Medicare is 65. In certain circumstances, the concept of a senior may be related to how effectively someone can care for themselves or herself. Requiring assistance with basic tasks at one age is nothing to be embarrassed by. Many elderly people require help to different degrees. The "Medicine no adherence" is far-reaching among seniors. According to the Department of Health and Human Services (2020), fifty-five percent of elderly people are non-compliant with their medicine orders, which means that they do not take their pharmacies agreeably to the doctor's prescription.

1.1 Rauza-Ade pharmacy description

The largest pharmacy and warehousing network in Kazakhstan, Rauza-Ade, was established in 2002. During this time, the network of the company has grown quickly. It has made a name for itself as having the greatest prices in both wholesale and retail trade, as well as the best service and recognized product quality. Astana and Almaty Shymkent are the only three cities in Kazakhstan where the Rauza-Ade network has representation. However, there are plans to develop the business in further Kazakh cities, including Atyrau, Uralsk, and Pavlodar. The Rauza-Ade pharmacy has more than 50 pharmacies, including online ones, only in Almaty. A skilled group of experts and pharmacists comprise Rauza-Ade. In the Republic of Kazakhstan, Rauza-Ade is responsible for the exclusive distribution of products from the top pharmaceutical firms in the

world. Throughout its existence, the company has continued to grow and contribute significantly to the pharmaceutical industry. Some of the most well-known companies in the world are partners with Rauza-Ade, including AstraZeneca, Biogen, Boehringer Ingelheim, Mylan, Johnson's, Pfizer, Takeda, Sanofi, and Bayer. With a ten-year history, Rauza-Ade has amassed a large number of loyal clients. The company rewards its target audience by keeping the cost of the necessary medications affordable.

1.2 Pharmaceutical sector in Kazakhstan

Today Kazakhstani pharmaceutical sector is one of the rapidly expanding manufacturing industries, in addition to positive signs in the Central Asian area, as well as with producers in Russia and Belarus within the scope of the EAEU trading bloc. Foreign enterprises, local industries, resellers of pharmaceutical-related items, governmental and non-governmental hospitals and the retail segment comprises Kazakhstan's pharmaceutical supply chain. The country's standard pharmacy assortment consists of four categories: pharmaceuticals, medical items, cosmetics, and hygiene products. The Kazakh pharmaceutical market is separated traditionally into two segments: retail and institutional.

The whole Kazakhstan pharmaceutical market is expected an expansion by 10% the 2024 year (IQVIA, 2020). In addition time, the financial category will expand by 13% because of an increase in purchases of pricey items in the outpatient sector, particularly medications for cancer and diabetic treatments. The retail industry will rise by up to 9%, owing to the growing market for high-priced and unique medicines.

Every human - throughout every nation on the planet - should be able to enjoy a healthy and long life. However, the settings during which humanity live can either benefit or impair well-being. The environment has significantly impacted people's behavior and exposure to safety concerns such as environmental pollution or violence, access to healthcare, and the possibilities that come with aging. Nowadays, the demography of seniors is growing. In 2019, there were 1 billion persons aged 60 and older. The country is in the initial stages of population aging and the demographic situation. Kazakhstan defines by an increase in the proportion of older people. In the early stages of 2019, the number of individuals over 60 age was 11.6% of the country's total population, and at the age of 65 and over was 7.5%. In addition, the 7% threshold that characterizes an aging nation exceeded 50% of the nation's areas. As a result, the situation in Kazakhstan's northeast and a portion of its central region is comparable to that in Europe. This was brought about the little emigration and natural population expansion. Additionally, a rise in the birth rate has been seen in the southern nations and western districts, and the same situation is in Astana city.

2. Literature Review

2.1 Importance-Performance Analysis

Importance-performance analysis (IPA) has gained popularity as an approach for assessing a company's market position and creating a marketing strategy (Hawes and Rao, 1985; Martilla and James, 1977; Myers, 2001). IPA is a quick and efficient method that can help identify client attributes to help marketers create sustainable plans and improve customer satisfaction and service excellence. IPA highlights the qualities of a product or service that a company should emphasize to increase customer satisfaction (Matzler, Sauerwein, Heischmidt, 2003). Despite its widespread use and simplicity, very few researchers have critically examined the conceptual validity, linkages among practical application factors, and difficulties (Oh, 2000). The matrix of importance-performance (I-P). Plot the importance and performance perceptions of the customers for each

output on a two-dimensional chart like Figure 1. The importance of the consumers is rated on the left, while their performance is rated at the bottom. Then locate the box where the performance column and importance row meet. The initial choice of the relevant attributes to be evaluated is one of the key success criteria for any perception study, such as IPA. The study must ask participants to rate the traits they take into account while making decisions. The most popular techniques for choosing attributes are academic literature and consulting customers. The most popular one is using academic literature that is published. IPA studies typically include an explanation of the techniques utilized for attribute selection.

Based on the literature review and main objectives for this study, the following research questions are stated:

RQ1: What attributes are important for senior consumers purchasing pharmaceutical goods?

RQ2: What attributes are more important and what attributes are less important for senior consumers purchasing pharmaceutical goods?

RQ3: What is performance of RAUZA-AD based on the attributes selected for this study?

4. Methodology.

An author has used quantitative research to investigate the IPA of social pharmacies for senior customers. A selective sampling of respondents who met the age requirements and could give pertinent information was utilized to choose the study's participants. The target sample size was 150 respondents. The objective was to get senior consumers' perspectives regarding the value of the selected criteria for social pharmacies and how well the chosen pharmacy, Rauza-Ade performs according to the selected attributes. Therefore, the method of collecting data, which was applied, was a web-based survey for individuals in the approximate age group living in Kazakhstan. The platform for this survey was Google Forms as it is convenient to use, easy to share with respondents, and analyzes responses in real time. There are five demographic information questions and the twenty-three attributes to be evaluated for their importance, and after to be evaluated of how they performed well by Rauza-Ade pharmacy. In both parts, respondents were asked to evaluate the importance and performance in a questionnaire using a five-point Likert scale, where 1 meant "very low importance"/ "very poor" and 5 meant "very high importance"/ "very excellent". Demographic data included age, gender, average income, and frequency of visiting social pharmacies and Rauza-Ade pharmacy. Table 2, below shows the chosen attributes.

5. Data analysis

Table 1, shows the percentage according to gender, age, income of these 153 respondents. Two others questions were about frequency of visiting social pharmacies and directly, Rauza-Ade pharmacy. The results of the questionnaire shows that the age of the participants ranged from 52 to 80 years, which qualified them as elder generation. Based on the data in Table 2, the number of females participating in the study was little higher (50.3%) compared to male respondents (49.7%). The majority of participants were from 61 to 70 years old, which qualified them as seniors. Other respondents were 50 to 60 years old and 71 to 80 years old, approximately 43% respectively. Besides, 40.5% of the respondents preferred not to share their income status, 28.8% of people have average income level. Then, 19.6% of responses are above the average earnings and the lowest is below average income, (which is only 11.1%). Although, two other questions indicate respondents' ability to purchase medical products in social pharmacies and directly in Rauza-Ade

pharmacy. Therefore, more often people visit Rauza-Ade pharmacy, than basic social pharmacies. However, nearly 20% of elder people have never visited Rauza-Ade and other social pharmacies. The results of demographic questions are illustrated below on the Table 1.

Table 1. Sample Characteristics (n=153)

| Variable | Categories | Frequency | Percentage |
|--|----------------------|------------------|-------------------|
| Gender | Male | 76 | 49.7% |
| | Female | 77 | 50.3% |
| Age | 50-60 years old | 42 | 27.2% |
| | 61-70 years old | 68 | 44.5% |
| | 71-80 Years old | 43 | 28.3% |
| Income | Below average | 17 | 11.1% |
| | Average | 44 | 28.8% |
| | Above average | 30 | 19.6% |
| | Prefer not to answer | 62 | 40.5% |
| Frequency of visiting social pharmacies | Often | 67 | 43.8% |
| | Rarely | 69 | 45.1% |
| | Never | 17 | 11.1% |
| Frequency of visiting Rauza-Ade pharmacy | Often | 68 | 44.5% |
| | Rarely | 66 | 43.1% |
| | Never | 19 | 12.4% |

After collecting all 153 responses, the researcher has started to analyze the data. Firstly, all data collected in Google forms was converted with all responses into Excel file. Then all respondents were indexed in one column with all their responses. Secondly, all attributes were renamed, the researcher added a letter A (attribute) and it is particular number, to simplify estimation for importance and performance. After, the means of importance and performance were calculated by applying a formula to average data in Excel. When all means of importance and performance were calculated, then the grand means were computed by the same average formulas. These calculations helped the researcher to clarify and apply these grand means on IPA matrix, in order to understand, where the pharmacies should concentrate more. After all those steps, the researcher was able to create a table with three columns: attributes, importance and performance. The researcher put all means in the table and rounded them. Then, the researcher drew the

importance-performance matrix in Excel, according to the calculations that were computed. The results are represented on Table 2.

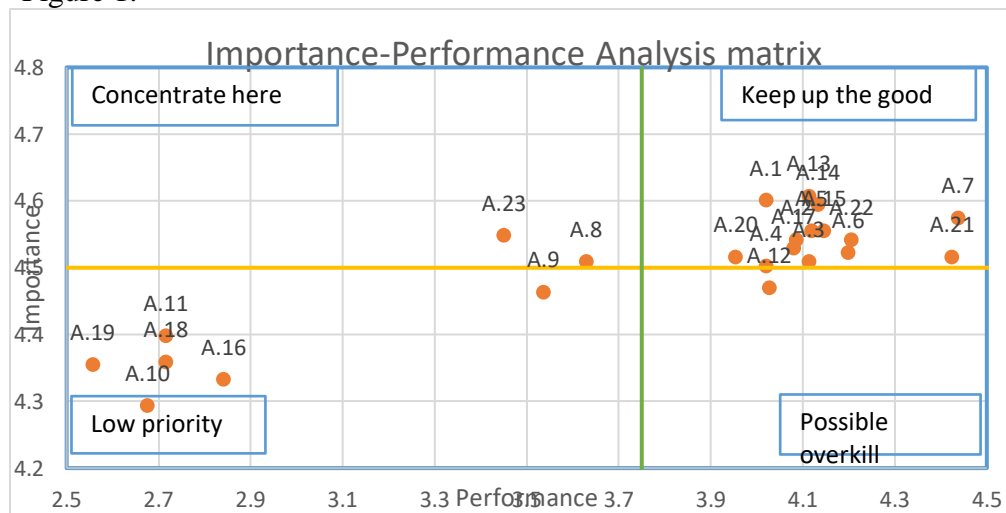
Table 2. Importance-Performance Analysis Results.

| Attributes | I | P | Quadrant |
|---|----------|----------|-----------------------|
| A1 (Easy entrance in pharmacies) | 4,6 | 4,0 | Keep up the good work |
| A2 (Goods are available when needed) | 4,5 | 4,1 | Keep up the good work |
| A3 (Courteous and friendly service) | 4,5 | 4,1 | Keep up the good work |
| A4 (Fast action on complains) | 4,5 | 4,0 | Keep up the good work |
| A5 (Necessary medicines are available) | 4,6 | 4,1 | Keep up the good work |
| A6 (The price and quality are equal) | 4,5 | 4,2 | Keep up the good work |
| A7 (Cleanliness of pharmacy) | 4,6 | 4,4 | Keep up the good work |
| A13 (Attractive prices for medicines) | 4,6 | 4,1 | Keep up the good work |
| A14 (Proper qualification of employees in pharmacies) | 4,6 | 4,1 | Keep up the good work |
| A15 (Availability of socially significant medicaments) | 4,6 | 4,1 | Keep up the good work |
| A17 (Satisfactory assortment of medicines) | 4,5 | 4,1 | Keep up the good work |
| A20 (Easy access to the pharmacy) | 4,5 | 4,0 | Keep up the good work |
| A21 (Complementary goods are given) | 4,5 | 4,4 | Keep up the good work |
| A22 (Convenient working hours) | 4,5 | 4,2 | Keep up the good work |
| A8 (Convenient to home) | 4,5 | 3,6 | Concentrate here |
| A23 (Available comfortable parking zone is provided) | 4,5 | 3,5 | Concentrate here |
| A9 (Convenient to work) | 4,5 | 3,5 | Low priority |
| A10 (Send out SMS notifications) | 4,3 | 2,7 | Low priority |
| A11 (Special cashiers for seniors to avoid long queues) | 4,4 | 2,7 | Low priority |
| A16 (Pharmaceutical goods delivery availability) | 4,3 | 2,8 | Low priority |
| A18 (Availability of ramp for disabled customers) | 4,4 | 2,7 | Low priority |
| A19 (Availability of website) | 4,4 | 2,6 | Low priority |

| | | | |
|--|------------|------------|-------------------|
| A12 (Issuance of medicines by prescriptions) | 4,5 | 4,0 | Possible overkill |
| Grand Mean | 4,5 | 3,7 | |

6. Results and Discussion

Based on the location of each attribute the IPA was applied. Each IPA analysis has four quadrants. Based on the an analysis of findings, 14 attributes are in first quadrant, which states that they are desirable and everything is going well with these points as the importance and performance are on high level. Considering those results, the Rauza-Ade should continue correspond on this level performance and afterward forecast to increase their services. Most of those highly respectful attributes are led directly to the service and assortment of pharmacy. Therefore, both these items are stable and sustainable competitive advantage among other social pharmaceutical firms. Then into second quadrant are only 2 attributes. Which means that the company should pay more attention on, because in these particular spheres it does not perform well. Both these attributes are about comfortable way to detect frequently the pharmacy. When people are living in the big cities, intelligibly on a daily basis they use time management in order to be on time, likewise time spending on the road. Subsequently, those pleasantness as a comfortable parking zone near necessary pharmacy or even convenient to their home, would be nonetheless highly valued. Considering quadrant 3, it includes 6 attributes. It means that the company is performing scantily and potential customers do not even need such products or service. These results might be considered as a matter of dispute. Because according to importance, all those attributes are somehow related to senior customers and seemed to be significant for them, however the Rauza-Ade company does not performing well on it. Probably, these items appear as developed ones, thus elder people do not even realize how successfully it would operate. However, according to the results, those attributes are lower priority. Finally, the last quadrant 4, which consists of only 1 attribute and considered as very low important to the customers, but Rauza-Ade is performing well in this sphere. According to Legal information system of Regulatory Legal Acts of the Republic of Kazakhstan (2017), only severe medicines associated with psychotropic substance only some variables of antibiotics must be issued by special prescription from the doctor. Therefore, it is not considered as a significant one for consumers. The results of IPA are shown on Figure 1.



The resulting IPA matrix.

7. Conclusion, Recommendations, Limitations

The results of the study have shown which attributes are more significant for senior customers, those are the proper service toward seniors and the availability of vital assortment in the social pharmacies. The pharmaceutical sector in Kazakhstan is considered as developing sector, therefore for Rauza-Ade pharmacy it is needful information, which might assist them in the future. Likewise, the main target audience for pharmacies is senior segment, therefore providing them with proper and comfortable service and affordability of medicines should create for the company huge word-of-mouth. The main aim of that study was to investigate what really matters seniors' satisfaction while purchasing and does the Rauza-Ade correspond by those significant attributes. The findings suggest that not all independent variables are important for most seniors. Generally, according to the findings, 14 "keep up a good work" and 2 "concentrate here" attributes out of 23, are considered a great result and turned out to be supported. This is a good outcome in this sector of customer retention, especially given how difficult it is to predict the determinants of consumer satisfaction and even seniors'. The findings of this study have significant implications. This study also includes some public policy implications. Policymakers should use sustainability and ethics education to implement them in the brand, in order to further promote this tendency. The ethical consequence for marketers and policymakers should lead effectively describing how a precise view of reliable customer satisfaction measures considered before would lead to high success in the future. In conclusion, the findings of this study assist in an extensive understanding of the factors that influence seniors' satisfaction and which attributes really import them. Marketers and policymakers can develop effective strategies to enhance pleasure and social well-being by understanding the motivations underlying importance from the senior customer's side and the performance from the social pharmacies' side.

Answers to the research questions

RQ1: What attributes are important for senior consumers purchasing pharmaceutical goods?

Based on the literature review, about 23 attributes were chosen as the most important for senior customers. Those attributes were represented on a Table 1. The mentioned attributes were chosen by in accordance with analyze of more vital necessities for senior customer loyalty. Every business values its clients since they spend more money each time they deal with them. Loyal clients are more inclined to make repetitive purchases, make more referrals, and try a new service. Customers are consistently more likely to prefer one business to rivals because of loyalty programs, which also encourage repeated shopping. Therefore, choosing attributes was one of the most significant and critical part of analyzing the collected data.

RQ2: What attributes are more important and what attributes are less important for senior consumers purchasing pharmaceutical goods?

Considering the more important attributes within all respondents, about 14 attributes fall into the first quadrant, indicating that they are desirable. Everything is going according to plan for these characteristics, since their importance and performance are both quite high. Obviously, according to that result, for today's situation the Rauza-Ade pharmacy has built its strong competitive advantage and a customer loyalty. Moreover, the pharmacy still developing itself in pharmaceutical sphere, just in order to be the first brand recall by its customers. Another two attributes are also important for consumers, but the Rauza-Ade pharmacy does not performing well by them. Therefore, both that attributes are on the second quadrant, which called- concentrate here. Either attributes represent the simplicity of reaching the Rauza-ade. Therefore, the pharmacy should consider this result as a start point of development. On the other side, almost 6 attributes

are on third quadrant, which called low priority. Attributes in that quadrant considered as less important for senior customers and even performance by the pharmacy is low. Therefore, no need to force by those attributes. Rauza-Ade should concentrate more on successful services. The last quadrant is forth. It called possible overkill, because the attributes that contained there might drown the company's image. Fortunately for Rauza-Ade pharmacy it has only one A there. However, Rauza-Ade perfectly performs by this attribute. Fortunately, for the company this performance does not waste huge expenses and affiliation. Otherwise, Rauza-Ade should redefine their strategy, in order to concentrate more on vital affairs.

RQ3: What is performance of Rauza-Ade based on the attributes selected for this study?

This study has practical value for pharmaceutical industry companies to understand behavior of senior consumers and improve performance. Overall, the performance by the pharmacy is considered as good enough. The pharmacy is performing well by 14 attributes, According to the results there are 2 attributes that are important for the customers, but Rauza-Ade pharmacy does not performing well by them. Therefore, those attributes are in second quadrant, which called- concentrate here. Either attributes illustrate how simple it is to go to Rauza-ade. In addition, there is one tiny unsubstantial fault. The fourth quadrant is the last. It has been already mentioned, that Rauza-Ade pharmacy truly satisfies seniors', and however there are still some misleading in performance, which would be reclaimed if the company starts embed them into their promoting strategies. Future research could add more attributes and target other demographic subjects. For instance, there would be more age groups: children, young adults and adults, with varieties of income status. There would be more pharmacies or more regions. In addition, the study had collected only 153 responses, which does not cover the whole, marketing segment. Obviously, 153 respondents do not represent all seniors in Kazakhstan, therefore possibly more extensive research would be done in the future.

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“Capital Structure Determinants in Oil and Gas Industry in Kazakhstan”

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Abstract:

Oil and Gas industry is one of the leading sectors in the development of not only the economy and financial sector of Kazakhstan, but also the main driver of the country's GDP growth. The main purpose of this research is find out how specific and macroeconomic variables from Kazakhstan in oil and gas sphere effect on the performance of that companies. In general, how independent variables influence on dependent variable. In this research, capital structure is used as a dependent variable. Other variables such as cost to income, liquidity ratio, PM(profit margin), firm size, return on equity, share, CHANGEEMPL(change of employer), operating income, operating expense, tax, unemployment, GDP, government effectiveness, ENERINTENS(energy intensity) and oil price are independent variables. Author used information from 80 different companies in 1 country with a rank of 9 years. Many different researches, studies, financial statements, annual reports and official websites were used as a panel data from the period of 2012 until 2020 in order to make this research. The relationship between different variables were introduced in STATA 15, where author used feasible generalized list square (FGLS) model to conduct empirical results. According to the results from the STATA 15, there are only 4 negative impacts on capital structure of oil and gas companies, other variables have positive influence on it. So, in order to improve negative variables, companies should make innovations and understand the external and internal factors

Keywords: capital structure, determinants, oil and gas, Kazakhstan, hypothesis, theory.

1. Introduction:

Kazakhstan occupies one of the leading places in the world in terms of oil reserves (12th place in the world, 1.8% of world reserves). Among the CIS countries, the state is also one of the leaders in terms of oil reserves and production in the region. The oil sector of Kazakhstan is represented by more than 200 fields, concentrated mainly in the west of the country. The country annually produces about 78-80 million tons of oil. The oil and gas industry is one of the main drivers of the country's GDP growth, reflecting the significant dependence of the economy on industry revenues. However, starting from 2015, oil prices began to decline, which led to a deterioration in macroeconomic indicators. The decline in prices and volumes of oil production leads to the fact that the country's GDP is declining and, accordingly, the state's financial industry is at a low level. The capital structure plays an important role in improving the situation, as through various sources and relationships, the company receives funds to meet capital requirements. Many factors influence the capital structure and to determine which one, this study was done.

To make this study valid, the main goal is to test how different variabilities affect the performance of capital structure. Confirmation of hypotheses is also part of this project, where, thanks to STATA 15, it will be possible to determine the positive or negative impact. Additionally, to correct any mistakes and give recommendations that will help improve the company's profit, the company's performance and also other components according to which the data was used, namely from financial records, financial statements and annual reports. The uniqueness of this project lies in the fact that the period that will be used is 9 years, namely from 2012 to 2020. Also, this project

is using the latest data from companies in the oil and gas field in Kazakhstan for the first time. In addition, you can take a closer look at what exactly happened in 2015-2017 in the world and how it affected on oil and gas industry in Kazakhstan.

As a result, the author discovers that 4 hypotheses out of 16 are rejected and have an opposite effect on the company's capital structure.

2. Literature Review:

There are many studies and articles about how various determinants affect the capital structure in the oil and gas industry.

In finance, exists 2 types of variables which can be divided into dependent and independent variables. Dependent variables are variables that affected by another variable, while independent variable is variable that unaffected by other factors. In order to conduct this paper, many articles have been written on this topic.

- **Dependent Variable:**

1. **Capital Structure**

Capital structure is defined as “the specific mix of debt and equity a firm uses to finance operations” (Abor, 2005, 2008) or as “a mixture of different securities” (Gill, Biger and Mathur, 2011). Moreover, in 2009 capital structure named as financing pyramid in which most of the funding sits in the most senior claims (at the bottom), and very little funding would be equity (at the top) (Welch,2004). Later, Myer designed theories of capital structure: The tradeoff theory, The packing order theory, The free cash flow theory and An organizational theory of capital structure. There were many researches in order to identify the relationship between capital structure and company’s profitability. One of them is Abon (2005), who investigated Ghana Stock Exchange using ROE and measures of capital structure. He found out that there could be positive relationship between the ratio of short-term debt to total assets and ROE, and negative relationship between the ratio of long-term debt to total assets and ROE. According to the ‘Does capital structure influence company profitability?’ (Mihaela, Claudia, 2015), authors states that capital structure is very important structure in every company and relationship between profitability and capital structure depends on many different factors and circumstances. They showed a strong positive relationships between ROE and debt-to-equity in Technology, Health and Care, and Telecommunications Sectors, while in Energy, and Motor Vehicles & Parts Sectors relationships only positive.

- **Independent Variables:**

1. **Cost to Income or Management efficiency.**

Management efficiency in finance means performing tasks in a timely basis manner and cost affective manner using simple and efficient processes.

According to Malik A.H.,Muhammad A.,Muhammad Z.S., Asma Z.(2021), management efficiency has no significant, but negative influence on the capital structure oil and gas companies listed on Pakistan stock exchange.

2. **Liquidity**

A company’s ability liquidate their short-term liabilities is called liquidity. It has an important role in firm due to the ability to smooth all financial operations. Zygmunt (2013) states that the level of profitability of the company might be determine by the importance of liquidity to the performance of a company. According to the Dr. Rummana Z., Syed A.A.,Syed R.A.,Afsha A.,(n.d), there is a significant influence between liquidity and capital structure of Pakistan Stock

Exchange companies . On the other hand, Sanyaolu W.A (2018) has a positive relationship between liquidity and capital structure in Nigeria's oil and gas companies.

Actually, there are a lot of researches which were conducted, but anyway it has different relationships depending on different factors.

3. PM (profit margin)

Today exists many articles and studies about influence of profit margin to capital structure. Firstly, profit margin is a ratio which identify the degree of the firm which makes money. It means how much of sales turned to the profit in percentage. Profit margin has 4 level and they are: gross profit, operating profit pre-tax profit and net profit.

According to the study "Economic Growth, Capital structure, and Oil & Gas Regulatory Authority (OGRA)", the author suggests that profit margin has a positive influence on the capital structure of companies in oil and gas industry in Pakistan.

4. Firm's size

Big companies are often associated with a huge numbers of capital and low risk of default.

Trade-off theory suggests that firm's size has a negative impact on expected bankruptcy costs and then it leads to the positive cooperating between capital structure and firm's size (Drobetz et al, 2013). According to the pecking-order theory you will find that there is a negative relationship between firm's size and capital structure. So, it means that the size is a key measure of the information. That is why the largest companies gives a lower cost of issuing equity.

5. ROE or return on equity

Return on equity (ROE) is a financial ratio that shows the company's rate of return from the company's equity. This indicates that the higher the ROE, the better the company uses the company's investment funds (Ghelli, 2013). In addition Ghelli (2013) states that return on equity can be used as an indicator to measure the company's ability to return on capital. The formula for this statement is $ROE = \text{Net Income} / \text{Total Equity}$.

According to the article "Financial Ratios and Indicators that determine return on equity", return on equity as a profitability indicator becomes evident taking into account the fact that it measures how affectively the management generated wealth for shareholders. Also, according to the Ward and Price (2006), a firm or business that has a high return on equity is more likely to be one that is capable of generating cash internally, which means the higher a company's ROE compare to its industry, the better.

Karamah Z. suggests that ROE has a negative impact on capital structure in oil and gas companies from Malaysia. On the other hand Abon (2015) in his research found out a positive relationship between capital structure and ROE.

6. Share

The ownership of the company represents by the share. When someone buys a share from your company, then this individual become one of the company's owner. Actually, shares represents two types of it. They are common shares and preferred shares.

Actually, there is no study where authors identify the influence of share to capital structure in oil and gas industry in Kazakhstan. That is why this study will identify the impact of it.

7. Changeempl (Change of employer)

According to the dictionary of Law Insider cite the change of employer means any sale, lease, transfer or any other transaction between Hydro One and any other entity, by virtue of which the ownership or control over any part of the company's business or assets becomes held by such other entity and some or all of the Company's employees become employees of a new employer as part of the commercial transaction.

8. Operating income

Operating income means a company's profit after deducting operating expenses such as salaries, wages, depreciation and COGS. Muhammad T. states that operating income has a significant negative effect on a capital structure in oil and gas industry in Pakistan. (2016).

9. Operating Expense

According to Accounting tools cite, operating expense is an expense associated with a general, sales, and administrative functions in entity (2022). These expenses are travel and entertainment, office supplies, rent, utilities and administrative salaries.

10. Tax Rate

Oil and Gas sector in Kazakhstan play a very important role because this country has a huge amount of deposits and minerals. According to the National Fund of the Republic of Kazakhstan receipts consists of direct taxes from oil sector enterprises, corporate income tax, mineral extraction tax, and the share of the Republic of Kazakhstan in the division of production under concluded contracts, rent tax on export, excess profit tax, other types of taxes, bonuses. The main share of revenues to the National Fund comes from direct taxes from the enterprises of the oil and gas sectors. According to the "How does the tax status of the country impact capital structure?" author suggests that there is a significant influence of tax to capital structure (Akram T. et al, n.d).

11. Unemployment

According to the article which is called "Unemployment and Nigerian Economic Growth (1985-2009)", unemployment rate means a percentage of the total number of persons available for employment at any time. 5 types of unemployment are exists. 1 type is structural unemployment, 2 type is frictional, 3 type seasonal, 4 type cyclical and 5 type is disguised unemployment.

12. GDP Growth

GDP is gross domestic product, the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. (Fernando, 2021). Malik A.H., Muhammad A., Muhammad Z., Asma Z., shows a positive relations of GDP growth to capital structure in oil and gas companies in Pakistan. However, they identified that GDP from Pakistan's companies is low because of poor governance and a bad combination of capital structure from 2015 till 2020 years.

13. Government Effectiveness

World Bank states that government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Performance score from 0 to 100. The highest score reflects the best situation.

14. ENERINTENT (energy intensity)

Energy Intensity is measured by the quantity of energy required per unit output or activity, so that using less energy to produce a product reduces the intensity. It developed for three different broad definitions of energy. They are delivered, source and source adjusted for changes in the energy efficiency of electricity generation.

15. Oil Price

Oil price is a spot price of a barrel (159 litres) of benchmark crude oil. The dictionary "Law Insider" tells that oil price should be the average of the prices posted for West Texas Intermediate Oil, in current \$US, over the six months prior to the month of a calculation.

16. Time Dummy

Time Dummy is a variable which equals 1 for a given year and 0 for all other years. It allows to control for time-specific fixed effects i.e. shocks which impact is restricted to a given time-period, affects or panel units and are not controlled by other explanatory variables. (Cizkowicz, 2015).

According to Agustini and Viverita (2011), in order to identify the impact of mortgage crisis, authors used time dummy variable to separate the pre-crisis period (2002-2006) and crisis period (2007-2009). So, the study showed that overall profitability of the Indonesian commercial banks decreased because of the mortgage crisis.

3. Data:

The study is based on panel data of oil and gas companies from different companies in 1 country such as Kazakhstan. It was taken from different financial statements, annual reports and financial official websites. The time period was taken from 2012 till 2020 annually for dependent and independent variables. Stata 15 has been used to test the hypothesis test and regression analysis.

Methodology:

The purpose of this research is to identify the impact on companies' profitability of capital structure from macroeconomic and oil and gas specific variables.

Stata 15 used to investigate the results for regression analysis is FGLS and in order to avoid errors this method used in this study. The following regression model is using as following:

$$Y = \beta_0 + \beta_1CI + \beta_2LIQ + \beta_3PM + \beta_4LTA + \beta_5ROE + \beta_6Share + \beta_7CHANGEEMPL + \beta_8OPERINC + \beta_9OOPEREXP + \beta_{10}Tax\ Rate + \beta_{11}Unempl + \beta_{12}GDPG + \beta_{13}GE + \beta_{14}ENERINTENS + \beta_{15}Oil\ Price + \beta_{16}DUM + \varepsilon$$

This values shows:

Y- Dependent variable (Capital structure)

β_0 - constant coefficient

$\beta_0 - \beta_{16}$ - coefficients

ε - constant and error term

Variables:

Empirical results were found by using dependent and dependent variables. Dependent variable is 1 which is called CapStr (Capital Structure). CapStr is a measure of financial performance in company.

Other factors are independent variables, which includes technological companies' specific and macroeconomic variables such as cost to income, liquidity ratio, PM, firm's size, ROE, share, CHANGEEMPL, operating income, operating expense, tax rate, unemployment, GDP growth, government effectiveness, ENERINTENT, oil price and time dummy.

The description of the variables are shown below in the Table-1.

| Variables | Measurement | Symbol |
|-----------------------|-------------------------------------|--------|
| Dependent variable | | |
| Capital Structure | Total Liabilities/Total Equity | CapStr |
| Independent variables | | |
| Cost to income | Cost/Income | CI |
| Liquidity | Current assets/ current liabilities | LIQ |
| Profit Margin | Net Income/Revenue | PM |
| Firm's size | Logarithm of total assets | LTA |

| | | |
|--------------------------|---|------------|
| Return on equity | Net Profit/ Equity | ROE |
| Share | Logarithm of share | Share |
| Change of employer | New value-Original Value/Original value *100 | CHANGEEMPL |
| Operating Income | Net Earnings + Interest Expense + Taxes | OPERINC |
| Operating Expense | OE-depreciation/Operating income | OOPEREXP |
| Tax Rate | % | Tax Rate |
| Unemployment | Unemployed People / Labor Force * 100 | Unempl |
| GDP Growth | GDP Logarithm | GDPG |
| Government Effectiveness | Rank from -2.5(weak) +2.5(strong) in percentile | GE |
| Energy Intensity | Gross inland energy consumption/GDP | ENERINTENT |
| Oil Price | Oil Price Logarithm | Oil Price |
| Time Dummy | 1= Oil&Gas crisis, 0= None | DUM |

Hypothesis of the study:

H1: Cost to income has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H2: Liquidity has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H3: PM has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H4: LTA has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H5: ROE has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H6: Share has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H7: CHANGEEMPL has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H8: OPERINC has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H9: OOPEREXP has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H10: Tax Rate has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H11: Unemployment has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H12: GDP Growth has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H13: Government Effectiveness has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H14: ENERINTENT has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H15: Oil Price has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

H16: Time Dummy has positive Impact on the capital structure of oil and gas companies in Kazakhstan from 2012 to 2020.

Empirical results:

Figure 1-Descriptive statistics

Figure 1 illustrates the descriptive statistics of dependent and independent variables collected from the eighty oil and gas companies of Kazakhstan. In general, there are 720 observations, where almost all are positive. There are twelve values has negative signs, which is Min for Capital Structure -0.99396, cost to income -0.0039582 and PM -0.9937 and size of the firms -1.676471. In addition to, that the biggest negative sign has an OOPEREXP which is -37321.7. Others negative signs are CHANGEEMPL for -1, OPERINC for -0.0364394, ROE for -6.8453 and for tax with government effectiveness as -1.3554 and -0.5330504.

The Max of Capital Structure is 1, mean is equal 0.2410929 and standard deviation is 0.415171. The mean value and standard deviation values of operating income has the largest value from the table and it is 488135.5 and 2069847, while Max value is 6106421. The next largest value of the mean has OOPEREXP that is equal to 149266.2 and the standard deviation is 518639.4. Cost to income ratio demonstrates the Max of 0.5282134 and the standard deviation and mean of 0.467168 and 0.0288666. The liquidity ratio shows values of the Max 66.399 and Min 0. For independent variables as GDP growth rate the maximum value is 6, while minimum value is negative and standard deviation with mean value has a positive sign of 2.483262 and 3.055556. Tax Rate shows also positive signs for Max, standard deviation and mean values, but for min value it is negative. Moreover, government effectiveness illustrates the negative sign of the minimum and mean, and positive sign of max and standard deviation. So, oil price is the last value has strongly positive signs for each value.

Figure 2-Multicollinearity test (correlation table)

Figure 2 above illustrates the correlation between all dependent and independent variables for this study. Especially it calls multicollinearity test. The measure of significance is from the rank of -1 to +1, where perfect negative correlation with sign - and perfect positive correlation with sign +. From this figure author demonstrates that only government effectiveness has negative impact on capital structure, but not perfectly strong.

From this figure we can find out that tax rate, operating expense, operating income and share has a perfect positive impact on size of the firm with a values of 0.8017, 0.5922, 0.6291 and 0.5356. Operating expense and operating income has a significant strong positive impact on a share as the indicators are 0.7589 and 0.7563. In addition, Tax rate and operating expense has a strong positive impact on operating income with values of 0.5479 and 0.9815.

On the other hand government effectiveness has a significant strong negative impact on unemployment and it is equal to -0.9097 but ENERINTENS and oil price has a significant strong positive relations on it with values of 0.8289 and 0.7662. Moreover, government effectiveness has a significant negative impact on GDP as -0.5153. On the other hand ENERINTENS and oil price has a significant positive influence on GDP as 0.7523 and 0.8216.

Also, ENERINTENS and oil price has a significant negative influence on government effectiveness with a values of -0.8931 and -0.6668. The last one is oil price which has a significant positive impact on ENERINTENS as 0.7980.

Figure 3- Variance Inflationary Factor (VIF)

The variance inflation factor (VIF) indentifies correlation between independent variables and the strength of that correlation (J.Frost, 2017). The Figure 3 demonstrates the result of VIF

which was used by author for multicollinearity test. The mean of VIF should be < than 10. As Figure 3 shows that mean VIF equal to 7.41 which is less than 10. So, the correlation between variables is acceptable for multicollinearity.

Figure 4- Autocorrelation test

Figure 5- Regression analysis

Figure 4 in this study demonstrates the heteroskedastic model where there is no autocorrelation. Comparing two models, we can see that FGLS model is more significant. From Figure 5, author illustrates regression analysis that was made from panel data. The P-value indicates the significance influence on independent variables and it should be less than 1% or 5% or 10%. According to Figure 5, there are 3 values that are less than 1%, 5% and 10%.

Cost to income coefficient has positive impact on capital structure, with a significant influence. It means that H1 is accepted. However it does not match with Malik A.H., Muhammad A., Muhammad Z.S., Asma Z (2021) findings. Liquidity coefficient has positive affect on ROE and significant influence. From this decision, author can conclude that H2 does not reject, therefore it is in line with Sanyaolu W.A (2018) study. PM also has a positive impact, but not a significant influence on capital structure. Then, H3 is accepted and this findings are matched with article “Economic Growth, Capital structure, and Oil & Gas Regulatory Authority (OGRA)”. Firm’s size has a negative coefficient which is equal to -0.0482867 and not significant impact. It means that H4 rejected and matches with a pecking-order theory. Return on Equity has a positive impact on capital structure but not significant and that is why H5 is accepted. On the other hand it is not in line with Karamah Z. study. Next, share has a significant influence and positive impact on capital structure. Then H6 is accepted. Change of employer and operating income has positive influence on performance and not significant impact, therefore H7 and H8 does not reject. In addition, Muhammad T. states a negative effect of operating income to capital structure. Operating expense coefficient from Figure 5 shows negative impact on performance and not significance influence that is why H9 is rejected. H10, H11 and H12 states that there is a positive impact of tax rate ,unemployment and GDP , while from Figure 5 author could make a decision that H10, H11 and H12 are accepted because of positive impact on capital structure and not significant influence of p-value. According to the H13 there is positive relationship between Government effectiveness and capital structure while in this case there is a negative impact with not significant influence. So, it means that H13 is rejected. ENERINTENS has a not significant influence on capital structure with a negative sign which means H14 is rejected. For H15, oil price has no significant influence with a positive sign that means H15 is accepted. For time dummy author used 3 years from 10 and they are all positive. H16 states that time dummy has positive affect on capital structure and this is indeed the case. Then, H16 accepted.

Actually, 2015, 2016 and 2017 years were very difficult to oil and gas industry because there were the decline in world oil prices from 98\$ in 2014 to 53\$ in 2015 and 44\$ in 2016 (Arnabekova E., Temirkhanov M., Ibraimova A., 2017). It led to a slight decline in its production contributed to a slowdown in economic growth from 4.1% in 2014 to 1.2% and 1% in 2015,2016.

According to the article which is called “ Oil and gas sphere in Kazakhstan”, started from 2015, revealed the weakness of the raw material orientation of the country’s economy, which reflected in the deterioration of macroeconomic indicators (Arnabekova E., Temirkhanov M., Ibraimova A., 2017). After the decline in prices and volumes of oil production, sharply GDP

growth declined and fiscal imbalances arose that depleted the National Fund's foreign exchange assets – a decrease from a peak of \$73.2 billion in 2014 to \$61.2 billion by the end of 2016. Against the backdrop of an unfavorable external environment, the consolidated state budget moved from surplus to deficit, and the non-oil deficit grew even more.

So, these years were very difficult to oil and gas industry and that is why this research is conducted in order to improve the industry and understand what factors and values influence it.

Conclusion.

In this study, author researched how independent variables affect on dependent variable that is Capital structure. This research used panel data from 80 companies and their financial statements, financial reports over the period of 2012-2020. As of independent variables, author used macroeconomic and oil and gas specific variables.

This research was made by 3 steps. The first step is descriptive statistics table. The second step is multicollinearity, autocorrelation and heteroscedasticity test. The third step is regression analysis model using FGLS model in order to check the hypothesis of the study (how independent variables affects on dependent variable). So, regression analysis figure illustrated 4 negative impacts on capital structure such as firm's size, operating expense, government effectiveness and ENERINTENS.

Recommendations.

In order to improve 4 negative factors of oil and gas companies' independent variables firm's size, operating expense, government effectiveness and ENERINTENS, companies should: First of all, companies should increase total assets, then firm's size ratio will be higher. Secondary, operating costs should be decreased in order to improve the profit of the company. Make new technology, which automate business functions, then implement eco-friendly practices. Examples could be reduced printing or lighting. Regarding government effectiveness company should make cut government energy expenses, improve cyber securities, make data machine-readable. Improving the energy intensity lead to the achievement of energy savings, protecting the environment, mitigating climate change and reducing the EU's reliance on external suppliers of oil and gas.

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“Specific and macroeconomic determinants of bank profitability”

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The purpose of this research is an establishment of bank profitability’s specific and economic determinants.

Originality of the research. The specific and macroeconomic factors affecting the profitability of banks were studied based on a study of the activities of 10 Kazakhstani banks for 2011-2021

Methodology- The research is based on statistics of 10 banks in Kazakhstan’s panel data for the period of 10 years (from 2011 to 2021). The research is based on the reports of independent auditors, statistical data of the National Bank of Kazakhstan and annual reports of the banks themselves.

The following regression model was used to assess the impact of specific and macroeconomic determinants of bank profitability:

$$ROA = \beta_0 + \beta_1 (AST) + \beta_2 (EQT) + \beta_3 (CA) + \beta_4 (NIM) + \beta_5 (AQ) + \beta_6 (LQD) + \beta_7 (GDP) + \beta_8 (INF) + E$$

$$ROE = \beta_0 + \beta_1 (AST) + \beta_2 (EQT) + \beta_3 (CA) + \beta_4 (NIM) + \beta_5 (AQ) + \beta_6 (LQD) + \beta_7 (GDP) + \beta_8 (INF) + E.$$

Findings. The amount of liquidity and asset quality, as well as the size of the bank's capital, have a positive impact on the profitability of banks. And such macroeconomic factors as the level of supply and the rate of GDP growth have a positive or negative impact on the profit of banks, depending on the scale of such factors.

Keywords: profitability, banks, assets, determinants, ROA, ROE

Introduction

The banking system has a significant impact on the market and the economy as a whole. In return, the profitability indicator is important for efficient banking activities. The profitability of banks is constantly influenced by various factors. In this regard, the research of specific and macroeconomic determinants of bank profitability is important.

If economy is in crisis, banks face problems in the form of lack of money to support their capital, as well as reduced need for banking services, which brings profitability to the bank.

Based on that, it should be noted that the development and sustainability of the bank depend on profitability. Thus, a high level of bank profitability means that the bank is reliable, and the bank is less likely to go bankrupt and insolvent.

1. Literature Review

Banking activity consists of a multitude of interrelated processes, which are influenced by many factors. Before determining the impact of specific and macroeconomic determinants of bank profitability, it is necessary to investigate the economic situation in the country, the stability of the financial market, policies in the banking sector, the level of the credit system and the banking system, the foreign exchange market and so on. In general, the level of the financial market is influenced by the following indicators:

- the size of the interest rate of bank deposits, which is based on the level of development of money and foreign exchange market;

-exchange rate of a national currency, which depends on the level of demand for foreign currencies on the exchanges

- credit issue, inflation rate, gross domestic product, central bank policy, etc.

Based on the mentioned indicators it is possible to forecast the level of bank's profitability for a certain period of time.

The above-mentioned indicators always depend on a large number of factors. Most experts divide such determinants of bank profitability into specific (internal) and macroeconomic (external) ones. Macroeconomic factors are related to the environment in which the bank operates. Specific factors directly depend on the functioning of the bank, which independently implements its banking policy.

1.1 Specific determinants of bank profitability

Athanasoglou, Brissimis and Delis (2005) include an internal policy of the bank and using of digital technology in the specific determinants of bank profitability. It's connected to the fact that bank increasingly implement and use digital technology in order to provide innovative services and increase profits. In this case, the use of digital technology facilitates the bank's activities and reduces costs.

Thus, Pasiouras. and Kosmidou (2007) in their studies indicate that bank size has a positive impact on bank profitability. This is because of large banks have a high level of product and credit diversification. However, Goddard, Molyneux and Wilson (2004) believe that bank size does not reduce costs in any way, and therefore bank profitability does not increase.

1.2 Macroeconomic determinants of bank profitability

Most experts believe that macroeconomic factors have the strongest impact on the profitability of banks. Except the general state of national economy, there are also other macroeconomic factors such as tax system, level of market development, inflation.

In her research, Sadvakasova (2017) highlights the following groups of macroeconomic determinants of bank profitability:

- 1) the level of development and stability of the banking system;
- 2) legal regulation in the banking sphere;
- 3) the economic situation and the financial market in the country, which affect the banking system.

Orazalinova (2013) believes that "despite the significant impact of macroeconomic factors, taking into account their positive effect, banking activity can also be affected by industry factors. Business and mortgage market can be referred to such branch factors.

Foreign experts such as Mochalina, Bondar and Fedishina (2015) to macroeconomic determinants of bank profitability include inflation level, national currency rate, political and financial factors. To the specific factors, the mentioned experts refer the size of interest rate, quality of services, marketing, size of capital, value of assets.

2. Data and Results

The research is based on statistics of 10 banks in Kazakhstan's panel data for the period of 10 years (from 2011 to 2021). The study is based on the reports of independent auditors, statistical data of the National Bank of Kazakhstan and the annual reports of the banks themselves

There 22 second-tier banks which operate in Kazakhstan today. For a more detailed study, we must consider the main indicators of the banks that reflect the profitability of the bank. Thus, we studied indicators of the following 10 banks in Kazakhstan:

- 1) JSC "Kaspi Bank";
- 2) JSC "Halyk Bank of Kazakhstan";
- 3) JSC "Bank CenterCredit";
- 4) JSC "ForteBank" (JSC Alliance Bank);
- 5) JSC SB "Alfa-Bank";
- 6) JSC "Eurasian Bank";
- 7) JSC "First Heartland Jusan Bank" (JSC "Tsesna Capital");
- 8) JSC "Kassa Nova Bank";
- 9) "Housing Construction Savings Bank "Otbasy Bank" JSC;
- 10) JSC "Nurbank".

The study collected data based on annual reports of banks and independent auditors from 2011 to 2021.

3. Methodology

The purpose of this study is an establishment of bank profitability's specific and economic determinants.

The study is based on statistics of 10 banks in Kazakhstan's panel data for the period of 10 years (from 2011 to 2021). The study is based on the reports of independent auditors, statistical data of the National Bank of Kazakhstan and annual reports of the banks themselves.

The following regression model was used to assess the impact of specific and macroeconomic determinants of bank profitability:

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$$ROE = \beta_0 + \beta_1 (AST) + \beta_2 (EQT) + \beta_3 (CA) + \beta_4 (NIM) + \beta_5 (AQ) + \beta_6 (LQD) + \beta_7 (GDP) + \beta_8 (INF) + E$$

4. Empirical Results

Descriptive Statistics

To analyze the factors affecting the profitability of banks, it is necessary to consider the main indicators. Thus, Table 1 shows the main values of the indicators:

- average value;
- standard deviation;
- minimum value;
- maximum value.

From 2011 to 2021, the average value of return on assets (ROA) of the studied banks is 2.55%, and return on equity (ROE) is 15.55%.

It should be noted that the average value of return on equity for the whole period under study is very different. Thus, the standard deviation is 12.54%, the minimum value is 4.07%, and the maximum value is 51.04%.

The average value of return on assets also varies greatly based on the period and the bank. The standard deviation of return on assets is 1.43%, the minimum value is 0.74%, and the maximum value is 5.86%.

The average value of the capital to assets ratio (CA) is 21%. At the same time, this indicator fluctuates between 18% and 27%. Thus, the standard deviation is 2%.

Net interest margin (NIM), which is one of the most important indicators of bank profitability, varies between 4% and 5%. At the same time the average value is 4%.

Loans to assets (AQ) ratio varies between 46% and 68%. The average value is 58%, with a standard deviation of 7%. This indicator allows us to determine the quality of assets, which shows the efficiency of the use of bank assets.

An equally important indicator that affects the profitability of banks is liquidity (liquid Assets / total Assets). The average value of liquidity is 14%, standard deviation 2%, minimum value 11%, maximum value 20%.

As for macroeconomic variables, for the period 2011-2021, the average GDP growth rate was 3.53%. At the same time, the minimum value of GDP growth rate was -2.6% and the maximum value was 7.4%.

During the same period, the average inflation rate was 7.4%. The growth of inflation varies between 4.8% and 13.6%.

Table 1. Descriptive Statistics for Variables

| N ^o | Variable | Mean | Std. Dev. | Min. | Max. |
|----------------|----------|-----------|-----------|---------|-----------|
| 1 | AST | 1 324 334 | 696 696 | 527 857 | 2 618 439 |
| 2 | EQT | 163 186 | 85 689 | 66 002 | 315 081 |
| 3 | CA | 0,21 | 0,02 | 0,18 | 0,27 |
| 4 | NIM | 0,04 | 0,01 | 0,04 | 0,05 |
| 5 | AQ | 0,58 | 0,07 | 0,46 | 0,68 |
| 6 | LQD | 0,14 | 0,02 | 0,11 | 0,20 |
| 7 | ROA | 2,55 | 1,43 | 0,74 | 5,86 |
| 8 | ROE | 15,55 | 12,54 | 4,07 | 51,04 |
| 9 | GDP | 50,94 | 17,91 | 28,20 | 82,20 |
| 10 | GRW | 3,53 | 2,72 | -2,60 | 7,40 |
| 11 | INF | 7,40 | 2,41 | 4,80 | 13,60 |

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During the same period, the average inflation rate was 7.4%. The growth of inflation varies between 4.8% and 13.6%.

Table 2. Correlations between Independent Variables

| Variable | AST | EQT | CA | NIM | AQ | LQD | GDP | GRW | INF |
|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| AST | 1,00 | 0,99 | -0,73 | -0,02 | -0,90 | 0,77 | 0,99 | -0,45 | 0,02 |
| EQT | 0,99 | 1,00 | -0,71 | 0,04 | -0,89 | 0,76 | 0,99 | -0,46 | -0,01 |
| CA | -0,73 | -0,71 | 1,00 | -0,14 | 0,66 | -0,71 | -0,74 | 0,59 | -0,09 |
| NIM | -0,02 | 0,04 | -0,14 | 1,00 | 0,10 | -0,05 | 0,09 | 0,16 | -0,66 |
| AQ | -0,90 | -0,89 | 0,66 | 0,10 | 1,00 | -0,89 | -0,87 | 0,64 | -0,07 |
| LQD | 0,77 | 0,76 | -0,71 | -0,05 | -0,89 | 1,00 | 0,73 | -0,74 | 0,24 |
| GDP | 0,99 | 0,99 | -0,74 | 0,09 | -0,87 | 0,73 | 1,00 | -0,41 | -0,07 |
| GRW | -0,45 | -0,46 | 0,59 | 0,16 | 0,64 | -0,74 | -0,41 | 1,00 | -0,44 |
| INF | 0,02 | -0,01 | -0,09 | -0,66 | -0,07 | 0,24 | -0,07 | -0,44 | 1,00 |

Table 2 shows the correlation matrix between the indicators. The values in the correlation table are from -1 to +1. If the indicator has a negative value, the impact is the opposite.

Bank profitability has stability, which depends on the influence of specific and macroeconomic factors to the extent that they are correlated.

Based on the correlation matrix, we can see that the data correlations between the indicators are very low. In this regard, we can assume that there is no problem of multicollinearity between these indicators

Empirical Results from Panel Data

Table 3 and 4 show the empirical results of the study, which were obtained on the basis of the fixed effects model. Such indicators as return on assets (ROA) and return on equity (ROE) as a dependent variable were taken as the basis.

Based on the analysis, it can be noted that bank profitability (as return on assets) is positively influenced by almost all indicators: capital adequacy, net interest margin, asset quality, and liquidity. At the same time a negative impact of the size of banks' capital on their profitability is noted. Thus, the return on assets indicator demonstrates a fairly reliable sustainability of banks' profitability.

As for macroeconomic indicators, they have a positive impact on bank profitability. In particular, inflation rate has a positive impact on bank profitability.

Table 3. Determinants of Return on Assets (ROA)

| Variable | Coefficient | St. Error | t | P > t |
|-----------|-------------|-------------|--------|----------|
| Intercept | -52,06 | 8,945 | -5,821 | 0,0283 * |
| AST | 0,000005421 | 0,000002119 | 2,558 | 0,1248 |
| EQT | -0,00007324 | 0,00002053 | -3,567 | 0,0704 . |
| CA | 100,7 | 11,29 | 8,917 | 0,0123 * |
| NIM | 91,16 | 48,01 | 1,899 | 0,198 |
| AQ | 16,3 | 7,287 | 2,237 | 0,1547 |
| LQD | 66,41 | 19,62 | 3,385 | 0,0773 . |
| GDP | 0,221 | 0,09747 | 2,267 | 0,1515 |
| INF | 0,4722 | 0,08785 | 5,375 | 0,0329 * |

*Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1*

Return on equity, as well as return on assets, also showed a positive impact on banks' profitability. In turn, both specific and macroeconomic factors had a positive impact on the return on equity. Moreover, macroeconomic factors (GDP and inflation) have the same impact on return on assets and return on equity.

Table 4. Determinants of Return on Equity (ROE)

| Variable | Coefficient | St. Error | t | P > t |
|-----------|-------------|------------|--------|---------|
| Intercept | -448,6 | 199,7 | -2,246 | 0,154 |
| AST | 0,00008128 | 0,00004731 | 1,718 | 0,228 |
| EQT | -0,0005701 | 0,0004584 | -1,244 | 0,34 |
| CA | 931,6 | 252,1 | 3,696 | 0,066 . |
| NIM | 968,3 | 1072 | 0,903 | 0,462 |
| AQ | 164,5 | 162,7 | 1,011 | 0,418 |
| LQD | 574,7 | 438 | 1,312 | 0,32 |
| GDP | 0,4522 | 2,176 | 0,208 | 0,855 |
| INF | 0,8133 | 1,962 | 0,415 | 0,719 |

Overall, based on the analysis, we can see that there are some differences between the indicators in different time periods. Thus, the indicators, which have mainly a positive impact on the profitability of banks, during the onset of crises (2015 and 2020) do not have such a positive impact on the profitability of banks.

Based on the research it was found that the size of assets and capital of banks has a positive impact on the profitability of banks. Thus, the higher the return on assets and capital of the bank, the higher the profitability of the bank.

5. Conclusion

Based on the study we can offer the following recommendations to increase bank profitability. First of all, banks need to constantly increase the volume of assets by increasing the bank's lending operations. For this purpose it is important for banks to implement an effective marketing program to attract depositors and clients.

Also, banks need to increase profitable assets by reducing doubtful loans and contingencies. For this, banks need to conduct a detailed analysis of the borrower.

The study also found that banks need to strike a balance between profitability and liquidity. That is, in order to maximize profitability, banks need to use all cash, which can lead to a lack of liquidity. Thus, the bank will not be able to meet its obligations to depositors and creditors.

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“Do devaluation in 2014-2015 and Covid-19 in 2020-2021 matter in determining asset quality and profitability of commercial banks in Kazakhstan? Panel Corrected Standard Error Approach.”

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Abstract

Purpose: The aim of this paper is to review the internal and external determinants of financial performance and asset quality of banks and examine the effect of major devaluation in Kazakhstan in years 2014-2015 and Covid-19 in years 2020-21. Profitability is measured as Net Interest Margin and asset quality is measured by the number of Non-performing loans.

Originality: This paper contributes to the existing studies on profitability and asset quality of commercial banks in Kazakhstan by employing the devaluation in 2014-15 and Covid-19 as separate variables in an empirical analysis.

Data and period: Financial performance data was extracted by collecting information on KASE website and through use of the Bloomberg Terminal. 10 banks represented in Kazakhstan were observed for the purposes of analysis for this article – 5 local commercial banks and 5 international commercial banks. The analysis covers 10 years from the year 2011 till 2021 including.

Methodology: Statistical regression analysis applying Panel Corrected Standard Error approach.

Findings: GDP growth and devaluation were found to have positive impact of profitability of commercial banks, whereas liquidity had the opposite effect on profitability.

Keywords: Kazakhstan, Commercial Banks, NIM, NPL, Control of Corruption, GDP, Covid-19, Devaluation, Government effectiveness, Oil price

Introduction

One of the fundamental things necessary for any modern economy is an effective financial system, and banks play an important role in it for society. As an integral component of the financial system, banks hold the function of allocation of funds from savers to borrowers. By providing this investment and credit infrastructure, banks facilitate economic growth and help the country's economy. However, along with the positive impact of banks on the economy, there are also a number of risks associated with the banking sector. For instance, Fratianni and Marchionne [13] note in their research on the role of banks in the subprime financial crisis in 2007-2009 that banks facilitate crises. Indeed, while the subprime crisis was unfolding, banks played a central role in it, causing a turmoil that affected many economies in the world due to financial integration. Because of such weight of the banking sector in the well-being of an economy, research on the banking sector is critical for any country.

In this paper we focus on examining the profitability and asset quality of commercial banks in Kazakhstan. The objective is to determine the internal and external variables that cause significant changes in the profitability and asset quality of banks and measure the effect of the last two significant events that caused economic downturn in the country – the devaluation in 2014-2015 and Covid-19 in 2020-2021.

The paper is structured in the following way. The literature review section is dedicated to review of the literature and theories used before in the discussion of banking sector financial performance. Further, there will be hypotheses given, which were built based on the reviewed literature. The next section will give more detail about the data collection and further about the methodology used for analysis. Finally, the empirical results of the analysis will be given and will be followed by concluding remarks in the conclusion section.

Literature review

In this part we will review the relevant studies on determinants of financial performance of commercial banks that are observed in this paper, profitability and asset quality.

Typical indicators of profitability of banks would include such variables as ROA and ROE. But a more practical measure could have been employing the NIM (net interest margin) measure as a proxy for bank profitability, as it is based on such important bank specific indicators as bank's interest earnings and interest it pays out to its lenders. For instance, Rahman et. Al. [17] used NIM as one of the measures of profitability in their empirical analysis on profitability determinants of banks in Bangladesh. It was also used as a measure of profitability in study by Faizullayev et al. [11]

The appropriate measure for asset quality could be the NPL (non-performing loans) indicator. As used in the study of Shingjerdji and Hyseni [18], non-performing loans can demonstrate credit risk the bank faces at the moment, and therefore can be used as a proxy for asset quality. However, as we can conclude from a number of studies, the performance indicators of financial institutions in the banking sector are a function of multiple internal and external factors rather than simply bank-specific internal factors. [3]

Internal Factors: Size, Capital Adequacy, Asset quality, Liquidity, Management efficiency

Despite contradicting opinions by few researchers [5], a number of academic studies suggest a significant relationship between a bank's size and its profitability [2],[14]. It is also suggested that the capital adequacy indicator of a bank can be indirectly linked to its profitability. [19], [16]. The assumption is that capital adequacy can affect the firm's size; in which case the size affects the bank's ability to make higher profits through economies of scale. The economies of scale theory could also be applied to this discussion. According to the theory, size should be positively correlated with the profitability of banks due to economies of scale. [10]

Athanasoglu et al. [3] point out in their paper another set of indicators that is crucial for a bank's ability to survive in the banking industry. These are asset quality and liquidity. The study suggests that during crises, these two determinants play a crucial role for a company as a risk management tool. In addition to these findings, Molyneux and Thornton [24] showed in their work an opposite correlation between liquidity and profitability, where higher liquidity suggests less risk but higher profits and vice versa. [6]

Another important variable in examining profitability is quality of management. A number of authors point out in their studies that higher management efficiency positively affects bank performance, in particular its profitability. [21], [8]

External Factors: GDP, Corruption control, Government effectiveness, Oil Price, Devaluation, Covid-19

As mentioned above, when talking about profitability of banks, external factors cannot be overlooked. Many studies have evidenced the link between such macroeconomic factors like GDP growth or inflation and a bank's ability to make profits. [3], [24] There is also evidence from another study revealing a strong relationship between capital adequacy, corruption control and

profitability of banks. The study conducted by Kanapiyanova et al. [15] suggests that capital adequacy and corruption control indicators have high impact on profitability indicators of commercial banks. Doumpos et al. [9] also support this theory. In their analysis on banks' overall financial strength, they reveal that the banks' general financial strength index is highly influenced by such external factors like control of corruption and government effectiveness. As an oil dependent economy, it is also expected that oil price fluctuations impact the banks' performance.

In addition to the factors above, this study pays special attention to devaluation as a macroeconomic factor that influences bank performance indicators and the effect of Covid-19 pandemic. The devaluation of tenge was commented on a lot in 2014-2015. The country's president at the time, Nursultan Nazarbayev anticipated further 6% growth of the country's GDP after devaluing tenge in 2014. [20] But despite such a positive comment, the negative impact on the economy was anticipated by many. A World Bank report [22] on Kazakhstan mentioned the risks that the banking sector could face and mentioned its anticipation of deterioration of asset quality in banks, which would have been shown by increase in NPLs. However, despite widespread attention to the event, from the perspective of the influence of such a decision on the financial strength of commercial banks in Kazakhstan, there was little empirical evidence. The same can be said about the effect of Covid-19 crisis in Kazakhstan. Existing literature on different countries suggest interesting results, for example an empirical analysis by Abdulla and Ibrahim [1] shows negative impact of the pandemic on commercial banks' performance in the Gulf Cooperation Council (GCC) countries, but a less severe impact on Islamic banks. In terms of Kazakhstan, however, there is still little research on the effect of Covid-19 on banks.

Hypotheses:

Based on the literature reviewed and the theories discussed above, we have developed several main hypotheses for our analysis.

H1: Size has a positive impact on profitability of commercial banks.

H2: Devaluation had a negative impact on profitability of commercial banks.

H3: Covid-19 had a negative impact on profitability of commercial banks.

H4: Devaluation had a negative impact on asset quality of commercial banks.

H5: Covid-19 had a negative impact on asset quality of commercial banks.

DATA COLLECTION AND METHODOLOGY

Data Collection

For the empirical study in this paper, we analyzed data from 10 commercial banks represented in Kazakhstan. For a more meaningful representation of the economic condition of the banking sector in our sample, 5 locally owned banks and 5 international banks represented in Kazakhstan were selected as a representative sample of the banking sector in Kazakhstan. The period of analysis captures data for the period between 2011 and 2021 for all the originally collected variables. Bank specific variables were collected by analyzing data from annual reports of the banks published on Kazakhstan Stock Exchange (further – KASE) website and on the Bloomberg Terminal. The macroeconomic variables were collected from three sources. GDP growth, Control of Corruption and Government Effectiveness indicators were extracted from the World Bank database for the same period from 2011 and 2021. Yearly oil prices for the BRENT crude oil were collected from Bloomberg Terminal. Finally, the variables for devaluation and Covid-19 were created through making a dummy variable in STATA for the corresponding years.

The limitations in data collection do not allow to see the effect of Covid-19 after the year 2021, as the annual reports for the year 2022 have not been created yet and the interim reports have not been published for all the observed banks.

| SYMBOL | PROXY | VARIABLE |
|--|--|-----------------------------|
| Dependent Variables | | |
| NIM | Net Interest Margin {NIM/TA} % | Profitability |
| NPL | Non-Performing Loans {Bad Loans/TA} % | Asset quality (credit risk) |
| Independent Variables: Industry specific | | |
| TETA | Capital adequacy {TE/TA} % | Capital adequacy |
| LIQ | Liquidity {Deposits/Loans} % | Liquidity |
| Size | Log of Total Assets | Size |
| Mgmt | TIE/Revenue % | Management Efficiency |
| Independent Variables: Macroeconomic | | |
| GDP | GDP growth (annual changes in %) | GDP growth |
| CC | Control of Corruption: Percentile Rank | Corruption levels |
| GE | Government Effectiveness: Percentile Rank | Government effectiveness |
| OilPX | Log of Oil Price Yearly (Last PX): BRENT | Oil price changes |
| IFY_2014 & IFY_2015 | Dummy Variable for Devaluation years in Kazakhstan | |
| Devaluation dummy | | |
| IFY_2021 | Dummy Variable for Covid-19 | Covid-19 dummy |

Methodology

PCSE approach:

For the panel data including time-series cross-sectional analysis, it is usual practice to apply regression analysis. When the data includes many variables and the number of variables is higher than the number of observations, the best approach that works for regression analysis is panel-corrected standard error approach (PCSE) developed by Beck and Katz in 1995 [4]. This approach is also employed in cases when error structures in the model show complications. In our case we employ data across 10 banks throughout 10 years, and consider 10 independent variables along with the 2 dependent variables, which makes it possible to apply the PCSE approach for our regression model.

The objective of this study is to get empirical evidence on 1) the relationship between profitability and the chosen independent internal and external variables that have some impact on commercial banks, and 2) relationship between asset quality of banks and the mentioned independent variables. Therefore, the following regression models were created:

$$NIM = \beta_0 + \beta_1 Size + \beta_2 TETA + \beta_3 NPL + \beta_4 Mgmt + \beta_5 LIQ + \beta_6 GDP + \beta_7 ROA + \beta_8 ROE + \beta_9 CC + \beta_{10} GE + \beta_{11} IFY_{2014} + \beta_{12} IFY_{2015} + \varepsilon$$

$$NIM = \beta_0 + \beta_1 Size + \beta_2 TETA + \beta_3 NPL + \beta_4 Mgmt + \beta_5 LIQ + \beta_6 GDP + \beta_7 ROA + \beta_8 ROE + \beta_9 CC + \beta_{10} GE + \beta_{11} IFY_{2021} + \varepsilon$$

$$NPL = \beta_0 + \beta_1 Size + \beta_2 TETA + \beta_3 NIM + \beta_4 Mgmt + \beta_5 LIQ + \beta_6 GDP + \beta_7 ROA + \beta_8 ROE + \beta_9 CC + \beta_{10} GE + \beta_{11} IFY_{2014} + \beta_{12} IFY_{2015} + \varepsilon$$

$$NPL = \beta_0 + \beta_1 Size + \beta_2 TETA + \beta_3 NIM + \beta_4 Mgmt + \beta_5 LIQ + \beta_6 GDP + \beta_7 ROA + \beta_8 ROE + \beta_9 CC + \beta_{10} GE + \beta_{11} IFY_{2021} + \varepsilon$$

In the models above NIM and NPL represent the dependent variables, β represents the coefficients, β_0 stands for the constant term and the ε stands for the standard error term. Four models were created to evaluate the effect of the chosen two macroeconomic variables separately on the dependent variables, the effect of devaluation in 2014-2015 and the effect of Covid-19 in 2020-21. Because of a collinearity error in the dataset, the year 2020 was omitted from the model, therefore the dummy variable for Covid-19 was created only with the use of the year 2021. This is another limitation of this research, which could be eliminated by employing more variables and more observations in the model. However, as the year 2021 still can be a good representation of the Covid-19 influence on the performance of commercial banks, the model is assumed to be nonetheless appropriate for our analysis.

Multicollinearity, autocorrelation, 63eteroscedasticity:

In order to use the PCSE model, there are preliminary tests that we should run. The existence of such problems in the data as multicollinearity, autocorrelation or 63eteroscedasticity invalidates the results of the regression analysis, therefore before running the model the appropriate tests should not be overlooked. For example, even though multicollinearity, i.e., a correlation between the independent variables, might not significantly affect the results of analysis, it is defined as a problem and can create problems for analysis. [23]

Findings

The results of the regression models suggest the following. The effect of Size on both NPL and NIM of commercial banks was insignificant. Even though the size variable had high coefficients and showed correlation with the dependent variables, the p-value was higher than 5%, which indicated that the result was insignificant. Among the results that showed a significant relationship between variables was NIM and Liquidity, NIM and GDP, and NIM and Devaluation Variable. As was expected, profitability was higher with less liquidity of assets, i.e., the lower the liquidity of assets, the higher profitability. At the same time, the higher was the GDP growth the higher was the profitability. Interestingly, the analysis showed no significant relationship between profitability (NIM) and Covid-19 dummy, however it showed significant positive relationship between NIM and Devaluation variable.

On the part of regression model run with NPL as a dependent variable, the p-values for only 2 variables, LIQ and Mgmt, were less than 5%, indicating no significant relationship with the other variables, including Covid and devaluation dummies. According to the results, NPL (asset quality) of the banks had a negative relationship with liquidity of assets of the bank, and positive relationship with management efficiency of the bank. Which can be interpreted as follows: the higher liquidity of a bank's assets, the less NPLs and the better the asset quality of the bank. Interestingly, the results show a positive relationship between management efficiency and asset quality variable, NPL. This could be explained only by the existence of further factors employed here, therefore further analysis should be conducted in order to explain this relationship.

Conclusion

This research analyzes the impact of bank-specific internal and macroeconomic external factors on profitability and asset quality of commercial banks in Kazakhstan. A special attention is paid to the latest major economic events in the country, devaluation in 2014-2015 and Covid-19 in 2020-2021. The study includes an empirical analysis using panel-corrected standard error

approach and reveals that, though there is no evident relationship between Covid-19 and either profitability or asset quality of banks, there was a strong relationship between devaluation and profitability of commercial banks. This means that this research could be extended further, and may help in further investigation of devaluation effects on commercial banks' performance.

Findings of this study might also have practical implications for workers in the banking sectors such as managers, independent directors, and investors. At the same time, regulators and policymakers could also find findings of the study valuable, as evidently, macroeconomic factors affect the performance of commercial banks and vice versa.

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“Impact of Capital Structure and Dividend Policy on Firm Value”

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Abstract

The purpose of this research: The main purpose of this research paper is to study the impact of capital structure and dividend policy on the firm value of Singapore Exchange (SGX) listed, dividend paying, non-financial companies with the use of the regression analysis for the period from 2017 to 2021.

Originality of the research: The impact of both capital structure and dividend policy on the value of the company has been researched for many years since Modigliani and Miller created their theory in 1963. Results are often contradict each other with some researchers believing that it has impact and others believing in the opposite. This paper tries to use different variables to find whether capital structure and dividend policy has connection with the value of the company under Singaporean setting. Singapore is a rapidly developing country, but with very limited amount of research done regarding its market compared to many developed countries.

Methodology: Four hypotheses created to study whether capital structure and dividend policy has significant impact on firm value. From 681 listed companies, 100 sampled companies are used in the research for the total amount of 500 observations. Two models used in the research are random effect and fixed effect models. The Hausman test is used to determine which model better suits the data. Firm value used as a dependent variable and represented by the approximate value of Tobin's Q (Q). Fixed assets turnover (FAT), debt ratio (DR), sales growth (SG) and shareholders' equity (SE) are independent variables that represent the capital structure of the company. Earnings per share (EPS) and dividend payout ratio (DPR) are two independent variables representing dividend policy of the company.

Findings: Results show that FAT, DR and SG have significant impact on firm value, while SE, EPS and DPR have insignificant impact. The study concludes that corporate structure has a significant impact on firm value, while decisions on dividend policy are insignificant.

Keywords: Capital Structure, Dividend Policy, Firm Value

1. Introduction

1.1 Problem Statement

This study investigates the impact of capital structure and dividend policy on firm value, based on the companies listed on Singapore stock exchange (SGX). There are not many studies, which discuss their combined impact on firm value. Besides that, this study will take a more recent period (5 years from 2017 to 2021) and will have 7 different variables which are: Firm Value, Fixed Assets Turnover, Debt Ratio, Sales Growth, Shareholders Equity, Earnings per Share, Dividend Payout Ratio. Thus, this study aims to further study on how capital structure and dividend policy affect the firm's value individually and in conjunction.

1.2 Objective of the Research

The main goal of this study is to propose a new framework for the decision-making on capital strategy and dividend policy of the company. The analysis is based on financial statements

of sample companies picked from Singapore Exchange Limited from 2017 to 2021. Two main objectives of the study are:

1. To investigate the impact of capital structure on firm value
2. To investigate the impact of dividend policy on firm value

Decision makers face two key decisions during the business process, which are finding optimal ratio between debt and equity, and finding appropriate dividend payout strategy. These decisions are extremely important for the long-term success of the company. Thus, it makes studying how they affect a firm's value an extremely significant task. Singapore is a rapidly developing country with a GDP of over 300 billion dollars with a population of as little as 5 million people, which makes Singapore a perfect choice for this study, due to many emerging companies facing these two decisions.

2. Literature Review

2.1 Previous Research Made in Singapore

There is not that much research regarding the capital structure and dividend policy impact on firm value in the Singapore market. Nonetheless, understanding of key concepts and characteristics of the Singaporean market is extremely important.

Haron (2014) studied the impact of capital structure on firm value based on 546 Singaporean firms. 13 different variables were picked to study whether capital structure can affect the value of the firm, some of them include profitability, liquidity, business risk, growth opportunities etc. The study was done using two models: fixed effect model and partial adjustment model. Optimal leverage structure was used to represent the dependent variable while 13 independent variables were used to study the effect of dependent variable. Study showed that firm size (ln of total assets), business risk (yearly change in EBIT) and governance (political stability, corruption policies, regulatory effectiveness etc.) have significant positive correlation with market value of the company. Nonetheless, tangibility (net fixed assets/total assets) and profitability (EBIT/total assets) showed insignificant correlation with market value. Haron was not able to find optimal level of leverage, in addition both models provided results inconsistent with each other.

Santanu et al. (2020) studied the impact of dividend policy on firm value based on 193 Singapore companies included in FTSE ST all share index. Results showed that dividends have strong negative correlation with equity and leverage of -14.2% and -14.8%. Market value of assets and return on assets have significant positive correlation with dividend payments of 49.1% and 50.7%. The study shows that dividend payments have a negative impact on book values of equity and debt, but positive on market value of assets.

King (2010) used an error-correction model (VECM) to investigate whether signaling effects exist in the Singaporean market. Study showed that unanticipated increase in dividend payments sends a signal to external users that leads to an increase in future earnings over time. The signal shows the financial position of the company in a positive way, thus making investors to value stocks more. The amount of dividend payment also affects the power of the signal, lower dividends send lower signal.

Jacinta et al. (2017) studied 262 Singaporean companies from 2004 to 2013. The main goal of the study was to establish the determinants of capital structure. Profitability, firm size, tangibility of assets, depreciation to total assets and inflation were used as independent variables. Debt-to-assets ratio was used as a dependent variable. This study found a strong negative relationship between leverage and profitability. Size of the company on the other hand has significant positive influence on leverage of the company. Based on that, bigger Singaporean

companies tend to use more debt in their capital structures than smaller companies. On the other hand, higher levels of debt show decrease in profitability of the companies. This study shows that excessive use of debt leads to decreases in profitability, which can also be negatively related to firm value.

Surwantil and Pamungkas (2020) studied the impact on firm value in 5 Southeast Asia countries including Singapore, Malaysia, Indonesia, Thailand and Philippines from 2000 to 2015. Dividend payout ratio, profitability, cash ratio, firm size, tax rate and interest rate were used as independent variables. Firm size and cash ratio had the most significant positive impact on firm value in Singapore (0.904 and 0.512), profitability showed small positive impact of 0.016, dividend payout ratio showed insignificantly low level of correlation of 0.0006. Based on this research, bigger companies with higher amounts of cash to pay current liabilities have higher levels of firm value. Decisions on dividend payments seem to be irrelevant regarding firm value maximization.

Hirdinis (2019) studied the impact of capital structure, firm size and profitability on firm value based on 47 Indonesian companies from 2011 to 2015. The results showed that capital structure has positive correlation with firm value with coefficient of 0.386. T-statistic of 2.123 is higher than 2, which indicates that there is a significant relationship between firm value and capital structure. Firm size and profitability showed negative correlation with firm value (-0.176 and -1.292). Negative relationship between profitability and firm value is very unlikely, the same is with firm size. These results contradict with Surwantil and Pamungkas (2020) and Haron (2014).

2.2 Hypotheses

H₁ = Firm value is significantly affected by the capital structure of the company

H₂ = Firm value is not significantly affected by the capital structure of the company

H₃ = Firm value is significantly affected by the dividend policy of the company

H₄ = Firm value is not significantly affected by the dividend policy of the company

3. Research Methodology

3.1 Sampling Design

As of December 2021 there are 681 companies listed on Singapore Exchange (SGX). Following types of companies were excluded from the sample:

1. Banks, investment companies, and insurance companies
2. Companies missing data for any of the five studied years of the research (2017-2021)
3. Dividends should be paid for at least one of the five studied periods
4. Companies with negative profit or equity

After using all of the above requirements on 681 listed companies, the study sample shrank to 100 non-financial companies.

Figure 3.1: Theoretical framework of the research

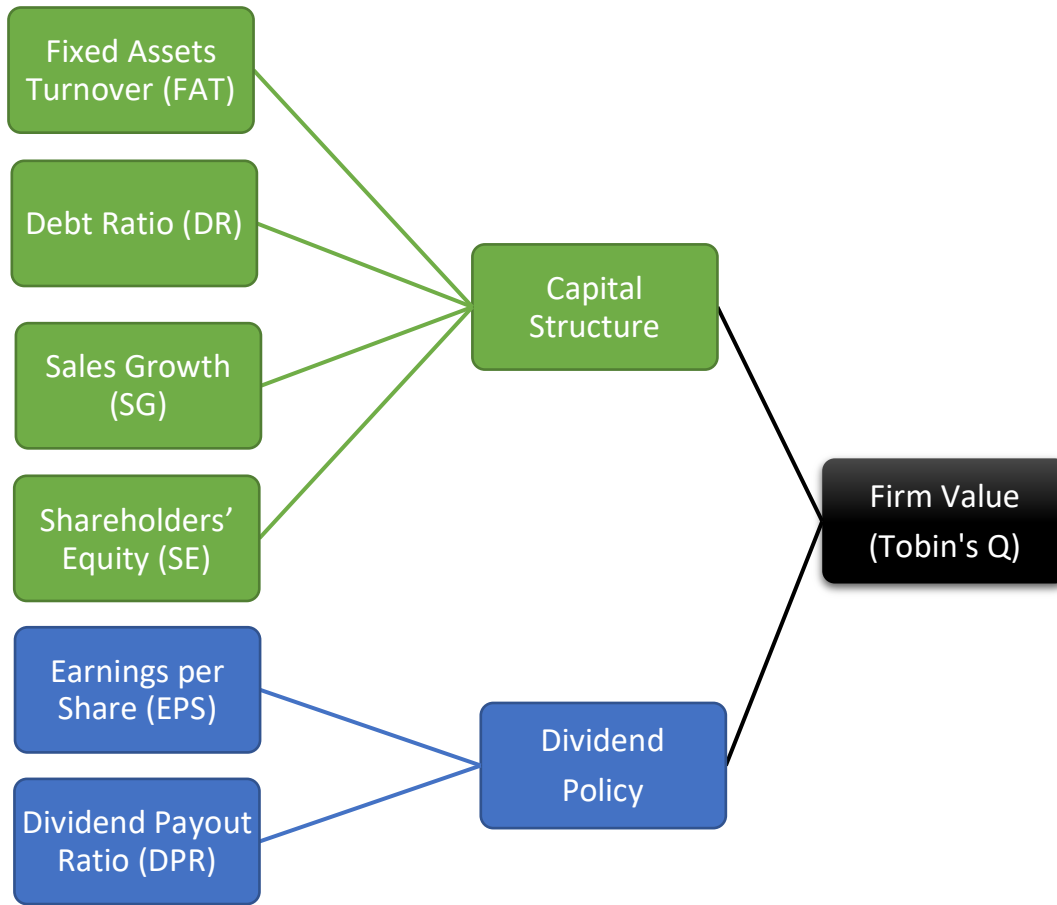


Figure 3.1 shows the theoretical framework of the research. Tobin’s Q is used as a dependent variable. Fixed assets turnover, debt ratio, sales growth and shareholders’ equity represent capital structure. Earnings per share and dividend payout ratio represent dividend policy.

3.2 Econometric Model

Fixed effect and random effect models use firm value (Tobin’s Q) as a dependent variable. Debt ratio (DR), fixed assets turnover (FAT), sales growth (SG), shareholder’s equity (SE) are used as independent variables and represent the capital structure of the company. Earnings per share (EPS) and dividend payout ratio (DPR) are used as independent variables representing dividend payout policy (Anup and Suman, 2010). Both models are used to study the impact of six independent variables on one dependent variable. Data panel regression is used, which means the use of not only different companies, but also specific time-period (2017-2021). This type of analysis is better than cross sectional or time series analyses and provides more accurate and less biased results by adding new layers to the data. Main formula used in the regression models is following:

$$\text{Tobin's } Q_{nt} = \beta_0 + \beta_1 \text{FAT}_{nt} + \beta_2 \text{DR}_{nt} + \beta_3 \text{SG}_{nt} + \beta_4 \text{SE}_{nt} + \beta_5 \text{EPS}_{nt} + \beta_6 \text{DPO}_{nt} + \varepsilon_{nt} \dots$$

Where,

FAT_{nt} = fixed assets turnover ratio for company n at time t

DR_{nt} = debt ratio for company n at time t

SG_{nt} = sales growth for company n at time t
 SE_{nt} = shareholders' equity of company n at time t
 EPS_{nt} = earnings per share for company n at time t
 DPR_{nt} = dividend payout ratio for company n at time t
 β_0 = intercept of the regression line
 β_1 to β_6 = coefficient of slope of independent variables
 ε_{nt} = error term for company n at time t

4. Analysis and Findings

Table 4.1: Descriptive Statistics

| | N | Mean | Standard Deviation | Minimum | Maximum |
|-----------------------------|-----|--------|--------------------|---------|---------|
| Firm Value (Q) | 500 | 1.0727 | 1.0621 | 0.2025 | 10.55 |
| Fixed Assets Turnover (FAT) | 500 | 4.5125 | 20.1178 | 0.0355 | 362.00 |
| Debt Ratio (DR) | 500 | 0.3990 | 0.1858 | 0.0217 | 0.82 |
| Sales Growth (SG) | 500 | 1.0128 | 0.0727 | 0.6538 | 1.98 |
| Shareholders Equity (SE) | 500 | 2.3361 | 0.6954 | 0.2672 | 4.05 |
| Earnings per Share (EPS) | 500 | 0.0963 | 0.1673 | 0.0005 | 1.310 |
| Dividend Payout Ratio (DPR) | 500 | 0.6655 | 1.1404 | 0 | 11.705 |

Table 4.1 shows the basic data for all 500 observations of 100 sampled companies for years 2017-2021. All of the data were gathered from Singapore Stock Exchange (SGX). Analysis of this information shows that fixed assets turnover has the highest standard deviation of 20.11, which means that the data is more spread and may be unpredictable regarding Singaporean companies. Different companies use various fixed assets management systems. Debt ratio, sales growth and earnings per share, on the other hand, show low levels of standard deviation, which means that Singaporean companies prefer to use similar levels of debt and sales are growing at similar levels for all of the sampled companies. Analysis of Tobin's Q shows that on average asset book value is very close to representing market value of the company.

Table 4.2: Correlation Analysis (Total Observations = 500)

| | Firm Value (Q) | Fixed Assets Turnover (FAT) | Debt Ratio (DR) | Sales Growth (SG) | Shareholders Equity (SE) | Earnings per Share (EPS) | Dividend Payout Ratio (DPR) |
|-----------------------------|----------------|-----------------------------|-----------------|-------------------|--------------------------|--------------------------|-----------------------------|
| Firm Value (Q) | 1 | | | | | | |
| Fixed Assets Turnover (FAT) | 0.164 | 1 | | | | | |
| Debt Ratio (DR) | -0.154 | -0.054 | 1 | | | | |
| Sales Growth (SG) | 0.089 | 0.004 | -0.008 | 1 | | | |
| Shareholders Equity (SE) | -0.175 | -0.191 | 0.118 | -0.082 | 1 | | |
| Earnings per Share (EPS) | -0.013 | -0.045 | -0.073 | 0.014 | 0.456 | 1 | |

| | | | | | | | |
|-----------------------------|-------|--------|--------|--------|--------|--------|---|
| Dividend Payout Ratio (DPR) | 0.027 | -0.049 | -0.073 | -0.083 | -0.005 | -0.130 | 1 |
|-----------------------------|-------|--------|--------|--------|--------|--------|---|

According to the correlation analysis, Tobin's Q has positive correlation with fixed assets turnover (16.4%), sales growth (8.9%) and dividend payout ratio (2.7%). Negative correlation was found with debt ratio (-15.4%), shareholders' equity (-17.5%) and earnings per share (-1.3%). Correlation analysis is not 100% accurate and can have some errors. The highest correlation is between shareholders equity and earnings per share (45.6%), which can mean that companies with larger amounts of equity have higher earnings per share. Correlation analysis shows that equity and debt both have negative correlation with Tobin's Q, which means that larger companies have less overvalued stocks.

Table 4.3: Variance Inflation Factor

| Variables | VIF | 1/VIF |
|-----------------------------|-------|-------|
| Fixed Assets Turnover (FAT) | 1.027 | 0.973 |
| Debt Ratio (DR) | 1.024 | 0.976 |
| Sales Growth (SG) | 1.008 | 0.992 |
| Shareholders' Equity (SE) | 1.032 | 0.969 |
| Earnings per Share (EPS) | 1.000 | 1.000 |
| Dividend Payout Ratio (DPR) | 1.001 | 0.999 |

Table 4.3 shows that there is no multicollinearity problem. VIF is lower than 5, which means that variables are not highly correlated. Low level of VIF means that there is no need to adjust the data for multicollinearity. Nonetheless VIF more than 1 means that some small correlation is existing between variables.

Table 4.4: Hausman Test for Fixed and Random Effects Models

| Independent Variables | Fixed Effects (F) | Random Effects (R) | Difference (F - R) | Probability |
|-----------------------------|-------------------|--------------------|--------------------|-------------|
| Fixed Assets Turnover (FAT) | 0.0072 | 0.0072 | 0.0000 | 0.9358 |
| Debt Ratio (DR) | -1.3620 | -1.1494 | -0.2126 | 0.3036 |
| Sales Growth (SG) | 0.9008 | 0.9177 | -0.0169 | 0.6635 |
| Shareholders' Equity (SE) | -0.1878 | -0.1861 | -0.0018 | 0.9931 |
| Earnings per Share (EPS) | -0.0162 | 0.0386 | -0.0549 | 0.6889 |
| Dividend Payout Ratio (DPR) | 0.0233 | 0.0242 | -0.0009 | 0.8345 |
| chi2 = 1.87 | | | | |
| chi2 d.f. = 6 | | | | |
| Probability = 0.93 | | | | |

The Hausman test shows that the random effect model should be used in the research. Probability is 93%, which means that null hypothesis H_1 is accepted, because probability is higher than 5%. Fixed effect model rejected.

Table 4.5: Cross-Section Random Effects Model

| Variable | Coefficient | Standard Error | t-Statistic | Probability |
|---|-------------|----------------|-------------|-------------|
| C (const) | 0.9841 | 0.4584 | 2.1463 | 0.0323 |
| Fixed Assets Turnover (FAT) | 0.0072 | 0.0014 | 5.2669 | 0.0000 |
| Debt Ratio (DR) | -1.1494 | 0.3027 | -3.7978 | 0.0002 |
| Sales Growth (SG) | 0.9177 | 0.3191 | 2.8759 | 0.0042 |
| Shareholders Equity (SE) | -0.1861 | 0.1253 | -1.4844 | 0.1383 |
| Earnings per Share (EPS) | 0.0386 | 0.2996 | 0.1289 | 0.8975 |
| Dividend Payout Ratio (DPR) | 0.0241 | 0.0229 | 1.0517 | 0.2934 |
| Number of Companies = 100, Number of Observations = 500 F = 9.85, Probability (F) = 0.0000, Rho = 0.7902 R ² = 0.1071, DW statistic = 1.1454 | | | | |

Under random effects model high probability value of independent variable indicates that this variable is statistically insignificant towards dependent variable. Level of significance equals 5%, which means that any variable with probability higher than 5% will be rejected as having insignificant effect on firm value. Regression coefficient shows correlation between independent and dependent variables. Negative correlation shows that increase in independent variable leads to decrease in dependent variable on the same amount multiplied by the coefficient value. T-statistic higher than 2 and lower than 2 show high predictive power of the coefficient. T-statistic between +2 and -2 show low reliability of coefficient. Standard error shows how well the data represent the population, higher values of standard error may signal that sample cannot represent the whole population.

The Durbin-Watson statistic is equal to 1.1454, which is lower than 2. Positive autocorrelation is present in the data. Positive autocorrelation indicates that an increase in value leads to an increase in the value of the same variable in the future period.

F statistic shows the significance of the model or all of the variables in the model. F-statistic equals 9.85, with a probability of 0%. The model is significant considering the 5% level of significance (5% > 0%).

FAT with probability of 0% is lower than the level of significance (5% > 0%), which means that FAT has significant impact on Q. Standard error of 0.0014 shows that sample mean is very close to population mean and that the data can be used to represent the population. FAT has the highest t-statistic value of 5.27 among all variables, which shows that coefficient is a good indicator of the correlation between FAT and Q (5.27 > 2). Coefficient of 0.0072 shows that an increase in 1 unit of FAT will lead to an increase in Q of 0.0072.

DR with probability of 0.02% is lower than the level of significance (5% > 0.02%), which means that DR has significant impact on Q. Standard error of 0.3027 shows that sample mean is close to population mean and that the data can be used to represent the population. DR has the highest t-statistic value of -3.79, which shows that coefficient is a good indicator of the correlation between FAT and Q (-3.79 < -2). Coefficient of -1.15 shows that an increase in 1 unit of DR will lead to a decrease in Q of 1.15. This result contradicts the work of Akhtar et al. (2016), who studied the positive relationship between firm value and level of debt. Nonetheless, according to Lin and Chang (2011) there are several thresholds of debt levels that significantly change the relationship between debt and firm value. Research based on Taiwanese firms showed that, when debt ratio is higher than 33.33% there is no relationship between debt and firm value. According to Table 4.1,

average debt ratio among sampled companies equals 39.9%. High level of debt usage among Singaporean companies may lead to such doubtful results regarding the relationship between debt ratio and firm value.

SG with probability of 0.42% is lower than the level of significance ($5\% > 0.42\%$), which means that SG has significant impact on Q. Standard error of 0.3191 shows that sample mean is close to population mean and that the data can be used to represent the population. SG has the t-statistic value of 2.88, which shows that coefficient is a good indicator of the correlation between SG and Q ($2.88 > 2$). Coefficient of 0.92 shows that an increase in 1 unit of SG will lead to an increase in Q of 0.92.

SE with probability of 13.83% is lower than the level of significance ($13.83\% > 5\%$), which means that SE has insignificant impact on Q.

EPS with probability of 89.75% is lower than the level of significance ($89.75\% > 5\%$), which means that EPS has insignificant impact on Q.

DPR with probability of 29.34% is lower than the level of significance ($29.34\% > 5\%$), which means that DPR has insignificant impact on Q.

Fixed assets turnover, debt ratio and sales growth showed significant impact on firm value, while shareholders equity, earnings per share and dividend payout ratio showed insignificant effect. Three independent variables representing capital structure showed significant impact on firm value and 1 showed insignificant impact, which means that hypothesis 1 is accepted. Both EPS and DPO showed insignificant impact on firm value, which means that hypothesis 4 is accepted.

5. Conclusion and Recommendations

5.1 Conclusion

By comparing the data with initial research goals and theoretical framework, research concluded the following assumptions: Singaporean firms use large amounts of debt (39.9%) in their capital structures, which makes the data distorted due to the decline in firm value caused by the high levels of leverage. Decrease in the level of debt may lead to decrease of the associated risks and motivate investors to invest more in such companies. Sales growth has a strong positive connection with firm value, which shows how sales are important for the maximization of the firm value. Both earnings per share and dividend payout ratio proved to be having no relationship with firm value, which signals that under Singaporean setting investors' value dividends less, than actual performance of the company.

5.2 Recommendations

Based on the data gathered from sampled companies under Singaporean setting, managers should focus on improving the efficiency of fixed assets usage. Fixed assets are usually quite expensive investments, which start to pay off only after a significant amount of time has passed, which is why companies maintaining high efficiency of fixed assets usage have higher firm value. Another important factor that companies should consider is sales growth, sales as well as sales growth maximization are not always the best ways to achieve high firm value, nonetheless the study shows that it is still a very good indicator of a successful company. Sales growth shows the potential that a company has, if it starts to drop or stay unchanged, it may signal that company may be in decline or stagnation. Level of leverage is another important factor that companies should balance in order to achieve the highest firm value. In Singapore data from sampled companies showed that they prefer high levels of debt use, which comes with its own advantages and disadvantages. Results showed that companies with high levels of debt perform below companies

with low levels of debt in terms of firm value. This poor performance shows that new or already existing companies in Singapore should more carefully use debt, preferring equity over debt financing.

This study can be beneficial to both investors and researchers interested in the area of corporate structure and dividend policy. Decision makers can also use this study, even though they have more in depth information about every aspect of their respective companies, they still can use this study to evaluate key characteristics important for the market as a whole. In addition, this study can be used as a foundation for further research in this area using other independent variables and models or by picking other countries to study.

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COLLEGE OF SOCIAL SCIENCES

“Job Satisfaction in Almaty”

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Abstract

The purpose of this research: The aim of this scientific research is to determine the factors that influence on employees' job satisfaction in different organizations in Almaty. Moreover, it is important to define the percentage of satisfied and dissatisfied employees in Almaty.

Originality of the research: The contribution of this paper is about to be helpful and beneficial for top employers to determine how many of their employees are satisfied with their current job situation. Furthermore, companies and organizations will be provided with factors that might increase job satisfaction of their workers. Despite the importance of this topic in XXI century, there are still gaps in the data of these determinants in Almaty.

Methodology: Job satisfaction is usually measured with interviews or questionnaires administered to the job incumbents in question. In my research, I will conduct online survey and interviews in order to gather necessary in-depth information.

Findings: It can be admitted that the major part of respondents feels somehow satisfied with the current workplace. Analyzing this very important issue, it can be said that Almaty companies try their best in order to make their workers feel themselves satisfied with the current workplace.

Key words: Job satisfaction, determinants, employees' attitude, top employers.

1. SECTION ONE: INTRODUCTION

1.1 Background

As Aristotle said, "pleasure in the job puts perfection in the work". In other words, it means that it is important to love and enjoy your job in order to achieve the best results and get satisfaction from your work. The current paper presents the topic on job satisfaction and its factors among Almaty citizens. In general, enjoyment with the work is the combination of several factors that may have an impact on a person and his attitude towards the job. Nowadays many companies and organizations face the problem of looking for talented employees. For that reason, job satisfaction of workers means a workforce, which is motivated and aimed to perform at their best. Moreover, it can be an indicator of how employees feel about their jobs in general.

As most people spend a major part of their adult life at work, it is an essential element of individual's well-being and sometimes it may have an influence on people's lives and might have some negative consequences not only for that person but also on family and close friends. That is why I decided to research deeply this issue and find out the factors that contribute to work fulfillment in order to avoid the situation when a person needs to leave the workplace. According to Alony (2016) "three forms of negativity predicted that employees will have a greater intention to leave an organization one year later: disappointment, strong negativity (such as anger or ridicule) and indirect negativity (like focusing on the negatives in a positive story)". In order to

avoid these situations, it is essential for both employers and employees to take into consideration the fact that the job satisfaction is an important issue. For that reason, workers from the very beginning have to think if this position is going to satisfy all their needs and if it is not going to ruin his/ her own life. Whereas employers should take into account if their companies follow all of the factors that will help workers to feel themselves happy on their workplaces and if it is beneficial for the organization in general.

1.2 Research focus

Moving forward, the overall research focus of this paper is to find out if the Almaty citizens are truly satisfied with their current jobs and job's status in general. By this I mean that overall many people that have job are not happy. This might be because every person has individual preferences and their own understanding of fulfillment level. However, they have the same working conditions, working environment and so on. All in all, these factors might lead to a negative consequence such as being terminated from the position or to quit voluntarily.

1.3 Research objectives

Next, the research objectives of the paper are going to be, first of all, to evaluate the job satisfaction level of employees working in Almaty city, secondly, to identify the factors that might have an impact on Almaty citizens' satisfaction with their work, and last but not least, provide the recommendations on how to increase the work fulfillment level in companies and organizations.

1.4 Value of the research

Furthermore, this research project is valuable because employees and even employers will be able to use the results of the paper for their needs. In other words, this research paper is going to help employers to see if they have dissatisfied staff members in their company and will help to heads of the companies to see how they can increase their job satisfaction level in general. In addition, employees will be able to analyze their situation at work and find out what factors can be used in order to change their attitude towards the job. At the same time this might help them to change their lifestyle in general.

In the next sections of paper will be discussed literature review, research methods, analysis and results of the research and following conclusions.

2. SECTION TWO: LITERATURE REVIEW

2.1 Introduction

Nowadays job satisfaction is one of the most widely studied topics not only among psychologists and researchers but also among those who have just graduated from universities. It is important to emphasize this theme because human beings are spending the major part of their lives on the workplaces. For that reason, freshly graduated students wish to be hired by a company that is going to fulfill all their needs and desires. This is done due to the fact that choosing the job that person is not going to like might have negative influence on both: mental and physical health. Fitzpatrick (1993) confirms the validity of my thoughts, saying that worker will be cheerful if the surroundings (including workplace) empowers and rewards individual qualities and inclinations. Moreover, the author conducted a research about how do people think and feel about their job, additionally found some examples of people who are satisfied with their job. As well, Fitzpatrick states that fulfilled people quit voluntarily their occupations practically more often than

disappointed individuals, the workers who say that they expect to quit are much more likely to quit than others. Meaning that sometimes it is useful and beneficial to change current job due to the fact that at that time an employee has known everything about present workplace. Furthermore, there might be a necessity for changing the surroundings to have new responsibilities and goals, which worker has to achieve. Withal, writer claims that job satisfaction is a component of what individuals have as well as of what people can have. For instance, there is an evidence to demonstrate that if promotional opportunities are accepted by representatives to be accessible in the work situation, they will have a tendency to be fulfilled, regardless of the possibility that they themselves don't get promoted themselves. It means that it is essential to have some possibilities and further plans at work. That is why this section of research paper will cover the factors of job satisfaction and its possible consequences on employees, additionally, provide the recommendations on how to increase the work fulfillment level in companies and organizations.

2.2 Factors of job satisfaction

Job satisfaction can be defined as a combination of physiological, psychological and environmental components that make a worker to realize that he is truly satisfied with a job (Hoppock, 1935). According to this definition it might be said that even though work fulfillment is influenced by many external factors, it contains something internal that has to do with the way how the employee feels. For that reason, job satisfaction can be presented as a mix of aspects that cause a feeling of enjoyment. Among researchers, Riza (2016) provides several factors of job satisfaction. First one is similar to Fitzpatrick's thoughts- claiming that one of the decisions to increase job enjoyment is to switch or quit current workplace. As people progress in a given occupation throughout the years, their work fulfillment tends to decrease. Nevertheless, when employees switch current workplaces and begin to work in another organization they experience new working conditions, co-workers, bosses and so on. In other words, they dive into new atmosphere, which leads to an increase in their job satisfaction level. However, this approach does not necessarily oblige dissatisfied workers to quit their positions as this method might not resolve the core issue of job dissatisfaction. Lately, the same pitfalls may be repeated on the further job position. Moving forward, the second factor that Riza (2016) presents is related to earning more money. The research highlights one motivation behind why individuals turn out to be happier with their occupation- is that if they get such amount of money that fully corresponds the amount of work they perform. Employees can even experience higher workplace enjoyment at the same position at the same organization but with increased level of salary. Furthermore, third factor of job satisfaction that the author provides is an expectation of ups and downs. In other words, it is important for fresh graduates to understand that once they are hired by a company or an organization their work fulfillment is not going to be always a positive, straight upward direction until they get retired. Rather, they might expect unforeseen circumstances that may lead to job loss. In other words, it is important to expect everything on working position and try to take critical situations under control and learn on mistakes. The last factor that researcher Riza (2016) submits is to take the current workplace more seriously and make it more meaningful for the life. In other words, employees that consider their jobs as something that is crucial for their lives are regularly referred to those who tend to be more satisfied with their job positions. Nevertheless, sometimes workers can find ways to upgrade or improve current position in order to make it more significant for themselves.

2.3 Consequences of job dissatisfaction

As it was mentioned above, people spend the major part of their lives at work. Since that it might have some positive or negative effects on employees' emotional and physical state. Empirical research shows that there is a strong relationship between emotional and physical well-being and job performance (Jones, 2006; Vroom, 1964). Judge and Hulin (1993) submitted that human beings that enjoy their lives also enjoy their workplaces and vice versa. Next, based on the researches, the outcomes of job satisfaction increase level of happiness, while as, job dissatisfaction will cause problems and difficulties such as: stress level, turnover, and strikes (Rue & Byars, 2005). Results based on 178 independent samples from 155 studies, determined that job satisfaction and organizational behavior claimed to turnover intention and the wish to quit the workplace were highly correlated to job satisfaction (Tett & Meyer, 1993). The same point of view was stated by Udechukwu (2007), he claimed that the level of job satisfaction plays a crucial role in the employees' intentions to switch the organization or position.

2.4 Recommendations on how to increase the work fulfillment level in companies and organizations

As it is known, many employers try to increase their workers' level of satisfaction in order to improve the company's level of efficiency and productivity. For that reason, it is important to create all conditions that will help employees to feel enjoyment at their workplaces. First of all, companies should conduct surveys in order to find out exactly what factors influence on workers' job satisfaction exactly in their company. Next, after getting the results of survey they may just improve the aspects that were mentioned by their employees. After getting all the improvements done employers may see if it increased the level of productivity in the company. Furthermore, according to Spector (1997) there are several main features of work fulfillment. Firstly, companies and organizations should follow human values. In other words, it is crucial for employers to treat their workers fairly and with the respect. This will lead to an improved level of employee effectiveness. Besides, employees need to see how much they are important to the company. Meaning that, bosses might need to highlight the employees' projects that were done good in order to show them their significance at the current workplace. Additionally, workers should know that they might have a chance for growth both: in job position and salary. These aspects will motivate employees and boost the organization's level of productivity and efficiency. To sum up, nowadays it is essential for companies to see whether their workers are satisfied with their jobs in order to be on the top.

3. SECTION THREE: RESEARCH METHODS

3.1 Data Collection Method

Job satisfaction is usually measured with interviews or questionnaires administered to the job incumbents in question. Although, interviews are used rarely, in most cases researchers conduct surveys. Nowadays, this method of data collection is widely used and spread among people. Moreover, surveys can be conducted and spread online via emails or some others platforms, which makes it more convenient for most of writers. In my research I will conduct online survey and interviews in order to gather necessary in-depth information. Moving forward, preparation is very crucial for the data collection, because it is necessary to create the list of questions that will satisfy the research objectives. In addition, it will take some time in order to get the responses.

3.2 Sampling

Moving forward, sampling is also an essential part of the data collection procedure. There are several types of sampling: random, simple random, stratified, cluster, systematic and so on (Biggam, 2008). Depending on the results that you wish to get it is also important to take into consideration the type of sampling that perfectly suits your research paper. As for my research, I will use random sampling. Here you select randomly a sample of a population. Meaning that, in my research paper I will randomly choose employees from Almaty in order to get the responses for survey. Next, sample size also affects the results of the survey. In other words, it is beneficial to collect as much responses as possible in order to get precise results. Furthermore, one issue that can be risen in sample techniques is confidence interval. It can tell the researcher how sure you can be about the percentage of people that are going to answer the questions honestly. That is why it is important to send the questionnaires to people whom you might trust. Thus, you will get answers that are close to reality.

3.3 Survey Questions and Participants

Next, slightly moving to the list of questions of the survey, they can be observed in the *Appendix A* part of this paper. Survey questions are also one of the crucial factors that will influence on the results that researcher gets at the end of the research. For that reason, it is necessary to be as precise as possible. Moreover, questions cannot be unacceptable to the research community. Meaning that, the researcher cannot ask for confidential information or to give the respondents researcher's own point of view. This might lead us to a valid empirical research, which might have positive effect on the results and conclusions parts of the paper. Moreover, paper is ought to be reliable. It means that, it is important to trust the respondents of the questionnaire, so that results are close to the truth. For that reason, in my survey I am going to have 14 questions that do not contain any confidential or unrelated topics for the respondents. Additionally, the survey is going to be send to people with permanent job in Almaty whom I trust, that are going to answer in fair and objective way. As for interviews, there are 7 questions that will be asked from employees of the companies where I have been worked at 2019-2020 years.

3.4 Data Collection Procedure

The data collection process was conducted in one stage and lasted for more than two weeks. I managed online survey with 107 participants. Each questionnaire contained 14 open-ended and multiple choice questions. The survey took less than 4 minutes to answer the questions. As for interviews, there were 3 participants and 7 in-depth questions. Interviews lasted in average for 5-6 minutes.

4. SECTION FOUR: RESULTS

4.1 Findings, Discussion and Synthesis

As it was mentioned before, work fulfillment is someone's attitude towards the job itself. Job satisfaction can be affected by several factors, for instance, the relationships with co-workers, the conditions and atmosphere at work place, the company's culture, relationships with bosses, and so on. Moving to the results of conducted survey and interviews, the findings show that overall, among 107 respondents only 7.5% are fully satisfied with their current workplaces. Moreover, 32.7% of respondents rate their job satisfaction level as 4 out of 5. However, on the other hand,

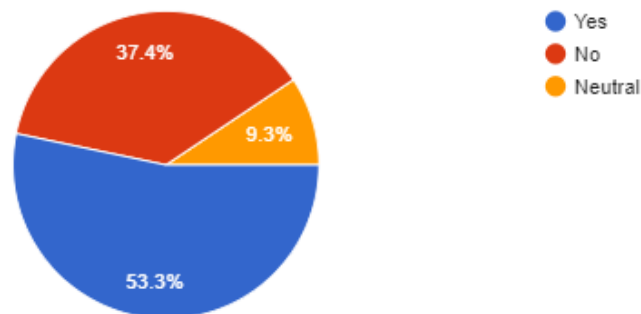
only 6.5% of those who took part in the survey claim that they do not feel themselves happy regarding the job at all.

In other words, it can be admitted that the major part of respondents feels somehow satisfied with the current workplace. Analyzing this very important issue, it can be said that Almaty companies try their best in order to make their workers feel themselves satisfied with the current workplace.

Furthermore, more than 50% of interviewees claim that they enjoy their company's culture.

Do you enjoy your company's culture? (interpersonal relationships, culture and work environment)

107 responses



Source: based on the results of conducted survey (Appendix B).

Meaning that, the interpersonal relationships, culture and work environment in the Almaty companies are on the high level among employees. Whiles, the least part, which is 37.4% of participants do not enjoy the company's inside atmosphere. Despite the fact that the major part of respondents enjoys the atmosphere at their work, there is still a part of workers that do not feel themselves in the same way. This factor might negatively affect the quality or speed of work in the firm.

Although, this might create the understanding that in the firms it can be observed that employees are treated in some way for the job that they do. This factor might also positively influence workers' motivation to work in that company and to tell others about it. That is why employers should take into consideration this factor too.

Last, but not least factor of work fulfillment is about salary. As people spend most of the time on the work it is important for them to know that they are going to be paid respectively and fairly to their performance. Work fulfillment is affected by a worker's view about the fairness of the organization wage scale. Chances to earn special inventions, for example, rewards, additional paid time off or days off, likewise convey energy and higher occupation fulfillment to the work environment. The arrangement of cash prizes is considered as a huge chance for employees to feel motivated and satisfied. Workers all the more frequently see their salary as a level of that how the organization evaluates their work and the contribution to the company's movement. However, many people don't quit the jobs they do not like, only because of money they want to earn and this makes them dissatisfied and unhappy. Nevertheless, more than 40% of my survey participants mentioned salary as one of the most significant factors of job satisfaction.

Moreover, two of three interview participants claimed salary wage as an important indicator. Meaning that, it is necessary for employees to see that their work contribution is fairly valued. Moving forward, survey included one open ended question in order to identify what every participant personally think about the factors of job satisfaction. Most of the answers are about

working conditions, company's culture, relationships among colleagues and employers, work life balance, self-development, possibility of growth in a position, work recognition and salary. So, it can be concluded that factors of work fulfillment that were presented in the *Literature review* chapter of this research paper can be easily applied and used by Almaty companies. Moreover, there are still some factors that were not covered in the *Literature review* section. They are: work-life balance, relationships with colleagues, possibility of self-development via different team buildings and trainings, and, lastly, clear definition of company's motivation and strategic goals.

As people spend a lot of time in one space with other people than it, obviously, would be better if they would have warm relationships. In some situations, an antagonistic situation with impolite and unpleasant co-workers might be one of the main points that create a negative attitude towards work environment. Consequently, this might lead to a decreased level of job quality and satisfaction. In addition, it is crucial for employees to have some team buildings or meetings outside the work so that they can know each other better and become one big family. In addition, it is essential to have and to be a good co-worker in a company. Having a colleague that is ready to help you when it is necessary also plays a role for relations on the job. Therefore, co-workers may be a source of solace, counsel, and happiness at the workplace. Next, as it was mentioned above people prefer and enjoy self-development. As many of employees do the same routine at work every day they might need to develop some other knowledge and skills, so that they do not get bored. Furthermore, factor of work-life balance is also interesting for the participants of the survey and interview. Meaning that, it is necessary for the employees to understand that they would have some day-offs in order to refresh their minds and bodies. Thus, good employers know their workers well, know their strengths and weaknesses, and know when to give them some breaks. In such a manner, the overall work performance and workers' level of happiness would increase.

To conclude, I have presented the results of the findings about factors of job satisfaction in the opinions of Almaty employees. Accordingly, these indicators might be helpful for local firms in order to see on what people pay attention when they look for the job of their dreams.

4.2 Conclusion

Overall, conducted survey and interviews show that the major part of respondents fulfilled with their current workplaces. Nevertheless, the least part of respondents is not satisfied with their jobs. For that reason, local companies and firms should take into consideration the fact that they need to have well organized structure at work so that employees would feel themselves better. Consequently, this very likely will lead to a better performing and a low level of staff turnover, which will positively effect on both: employers and employees. In addition, there were determined the factors of job satisfaction among Almaty employees. They are: work recognition, possibility of growth and development, wage, working atmosphere, motivation, self-development, work life balance and good relationships with colleagues.

5. SECTION FIVE: CONCLUSION

5.1 Summary of the study

To begin with, the topic of job satisfaction among employees is crucial because as people spend the major part of the life at work it is necessary to feel satisfied with the job in order to achieve happiness and balance in the life. The research objectives of this project were, first of all, to find out if Almaty workers enjoy their workplaces or not, secondly, to determine the factors influencing on their level of happiness at work and, lastly, to give recommendations for the

employers in order to help them to increase the level of job satisfaction among employees in their companies and firms. Above all, it was written about literature review, methods and results of the research project. Furthermore, the major findings of the study are the factors influencing on employees' level of job satisfaction. *Results* section shows following indicators, such as salary, relationships with bosses and co-workers, motivation, working environment, work-life balance, recognition, the possibility of growth in position and self-development. Moreover, there was provided data that tells readers that most of the survey and interview participants are satisfied with their current workplaces, which plays a crucial role for the Almaty employers. Additionally, there were given some recommendations for local companies and organizations in order to improve their workers' level of happiness. Moving forward, in the *Literature Review* chapter, I have found the gap, such as the aspects of work fulfillment that are typical for Almaty citizens. Therefore, I have conducted interviews and survey asking the questions in order to receive useful and detailed information. Thus, the data that I have collected might be useful not only for employees but also for employers and companies. By this, I mean that bosses and organizations can use given above information in order to improve and develop their mindset and working structure.

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“Football as an active tool of diplomacy”

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Abstract: Sport is one of the varieties of "soft power" in diplomacy. Many states actively use sports in their foreign policy, especially the ability of football to promote their interests. There are many positive examples of football diplomacy, but also negative ones. In this work, the author explains why football is the best tool in sports diplomacy and gives several examples of the implementation of football diplomacy. In the end, the author discusses football diplomacy in Kazakhstan, including whether Kazakhstan uses football diplomacy.

Key words: *sport diplomacy, football diplomacy, soft power, Kazakhstan*

“Governments of all kinds, representing all kinds of political ideologies, have endorsed international sporting events as a testing ground for the nation or political system. German Nazis, Italian fascists, Soviet and Cuban communists, Chinese Maoists, Western capitalist democrats, Latin American juntas have all played this game and believed in it.”

- Allison L, 1993, p.17

I. INTRODUCTION

Sports and football have always been the tools of influence in diplomacy, from the creation of the Olympic Games, continuing with the Olympic Games in Germany, the 1934 FIFA World Cup in Italy, and ending with the 2022 FIFA World Cup in Qatar. Each country that has huge plans for foreign policy relations with other countries often uses sports as one of the tools of influence. Also, sport helps to create a reason for creating new relationships between countries. William Joseph Burns (2021), an American diplomat serving as Director of Central Intelligence in the Biden administration since March 19, 2021, writes:

“.....economic aid helps to strengthen relations in areas where there is a mutual interest, but is rarely effective as an instrument of radical change where there is no such interest.”

- Burns, 2021

The main questions of this study are: “Why is football important?!”, “What is football diplomacy?!” and “What problems does Kazakh football diplomacy experience?!”. Answering these questions, the author will tell why football is the best tool for sports diplomacy, examples of football diplomacy, explain the problems of Kazakhstani football diplomacy, and offer recommendations for their solution. The importance of this study is that it is one of the few works on the topic of “Football diplomacy”, and is also one of the first on the topic of “Kazakh football diplomacy”.

II. LITERATURE REVIEW

Most countries have already shown the influence of football in diplomacy. Many countries, thanks to football, again began to find common interests after a long cold relationship, and many after a football-related event could arrange a conflict. There were times when football helped two countries come together economically to improve each other's lives, and someone could lose their

image in an effort to get a big football event. In this part, we will talk about cases where football has influenced the relationship of countries with each other and on the world stage.

To study the degree of development of this research there was a thorough analysis of the available literature on the topic of the chapter. There was a detected lack of papers devoted to football diplomacy in Kazakhstan.

Basically, all the literature on football diplomacy was written about other countries such as Qatar, the People's Republic of China, the United Arab Emirates, etc, and sometimes it was presented as part of sports diplomacy. Mostly all the works being explored in the study addressed mainly general aspects of the topic or considered past cases where football diplomacy was used. For the most part, they were precisely considered in the work of such scholars as Jonathan Grix & Barrie Houlihan (2014), E.F. Leite Junio and Carlos Rodrigues (2020), Yoav Dubinsky (2019), John Connell, William Gaillard (2013), Jon Theis Eden (2015), Maia Manchkhshvili (2017), etc. They give examples of different countries and their football diplomacy to solve different economic and political problems.

III. RESEARCH METHODOLOGY

This article has applied a qualitative discourse analysis, the main purpose of which is to analyze and critically discuss the content by referring to secondary research data and using them. To do this, the author analyzed only international research papers written in different languages, but the main language is English. Here, content analysis is an approach to the analysis of written or recorded documents through the subjective interpretation of the researcher.

The article is structured in the following order. After the introduction, and the definitions of the literature review, the paper discusses in a comprehensive and detailed manner the following three main open questions: “Why is football important?!”; “What is football diplomacy?!” and “What problems does Kazakh football diplomacy experience?!”.

The purpose of this study is to highlight and critically discuss how football diplomacy is used and how Kazakhstan can use football diplomacy, as well as how to avoid a soft disempowerment nexus for Kazakhstan with the help of the experiences of other countries. This study also presents the author's recommendations on how Kazakhstan can use football diplomacy in foreign policy. The recommendations are based on the analysis of the literature of foreign authors.

IV. RESULTS

4.1 Why Football matters?!

Football is currently the number one sport in the world. The most popular people on earth in the world of sports are football players. The TOP 10 most popular people in the world in 2022, according to social networks Twitter, Instagram and Facebook (2022), include only 2 athletes along with the stars of show business and just these 2 people are the best football players in the world, namely: Lionel Messi (5th place: 407 million subscribers in all social networks) and Cristiano Ronaldo (1st place: 636 million subscribers in all social networks). If we take the statistics in the context of sports, the “SportsPro” portal conducted a study and compiled the rating “The Most Marketable Athletes of 2022”, which included all athletes in the world. As a result, 4 representatives of football, both male and female, entered the TOP-10, namely, Cristiano Ronaldo took 1st place, Lionel Messi took 5th place, Alex Morgan took 8th place and Sam Kerr took 9th place. There are more representatives of football on this list than any other sport. (Sports.Pro,

2022) In total, according to The World Bank (2021), 7.8 billion people live in the world in 2021, of which, according to the “Fall in Sports” (2022) portal, 3.5 billion people are football fans.

Football remains the most popular sport in the world. According to a report by the marketing company Nielsen (2022) (hereinafter referred to as the Company), 40% of the world's population is interested in football. The company conducted a survey among the population of 13 countries around the world and found that football is one of the three most popular sports in ten out of 13 countries, including the ten largest economies in the world. And where he was not in the top three (Canada, Australia, and the United States), he was in the top ten. This is shown in Table 1.

Football is one of the three most popular sports in 10 of 13 countries surveyed

Top 3 sports in each country | Interested population

| | | | |
|--------------------|---------------------------------|-------------------------|--------------------------------------|
| Australia | Australian rules football - 36% | Tennis - 34% | Cricket - 32% |
| Brazil | Football - 65% | Volleyball - 50% | Extreme sports - 42% |
| Canada | Ice Hockey - 43% | Figure skating - 31% | Snowboarding - 29% |
| China | Basketball - 44% | Badminton - 41% | Football - 40% |
| France | Football - 43% | Tennis - 34% | Rugby - 33% |
| Germany | Football - 51% | Ski jumping - 40% | Biathlon - 37% |
| India | Cricket - 73% | Football - 56% | Badminton - 55% |
| Italy | Football - 57% | Motorsports (+F1) - 43% | Athletics (e.g. Track & Field) - 42% |
| Japan | Figure skating - 35% | Baseball - 35% | Football - 28% |
| South Korea | Short track speed skating - 51% | Football - 50% | Figure skating - 47% |
| Spain | Football - 57% | Tennis - 44% | Basketball - 43% |
| U.K. | Football - 52% | Boxing - 31% | Motorsports (+F1) - 30% |
| U.S. | American football - 51% | Basketball - 40% | Baseball - 39% |

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Table 1. “The Football Popularity Rating”. Nielsen (2022)

All these statistics show that football is a very popular sport and many people use it for their own purposes to promote their interests, advertise, etc. It is not uncommon for a well-known athlete to become the most popular brand ambassador for his country in the world, bypassing its leading politicians in informal media ratings. (Omarov, 2021) Many states use this game as a tool to incite patriotism, as well as a way to raise the country's status in the international arena. Football also serves to achieve some of the economic goals of countries. Like the World Cup. Because it will lead to an increase in the position of the country.

Football is not only a relevant, interesting, original sports game. Since the second half of the last century, it has significantly influenced world politics. There is a real war in the history of football - the "football war" - a fleeting military conflict between El Salvador and Honduras (from July 14 to 20, 1969), which flared up due to the loss of the Honduras national team to El El Salvador national team in the playoff matches of the qualifying stage of the World Cup. And there is the fact that to watch the match with Pele between Nigeria and Biafra, a truce was declared for forty-eight hours. (Pele, 2006, p. 368)

4.2 What is football diplomacy?!

Football diplomacy is a kind of sports diplomacy in which football is the main reason for the meeting and negotiations of two or more states. Also, the meetings and negotiations of the presidents during football matches were called "football diplomacy". Sports diplomacy is a hybrid of sports and diplomacy. Murray (2011) describes sports diplomacy as “the use of athletes and events to attract, inform and create a favorable image among foreign citizens and organizations in

order to shape their perception in a way that is more conducive to the achievement of government foreign policy goals.” The international prominence, attention to culture, and peaceful values in the sport make it a useful tool for countries that use soft power (Nye 2004) to achieve international goals and improve their public diplomacy.

In the past, sports have also been used to demonstrate the superiority of one system over another. Football, also, has always been part of politics. Many people saw this sport as a tool to influence the masses, especially politicians because they are often fans of a particular club. James Walvin (2001) writes about this:

“No one seriously doubts that football is the national game, a game described by one critic as having entered the national psyche. For the same reason, football is highly political, subject to the stresses and strains of political involvement. Football had long been in the political eye. At critical moments, politicians could not afford to stand aloof from the game (quite apart from the fact that many politicians were keen fans).” (p. 272)

Most people don't understand the role of football in politics. In addition to what was described above, I want to add one important fact that confirms that football is very political. In fact, the International Football Federation (Federation of International Football Associations or FIFA) recognizes more countries (211 associations) than the UN (193 states) or the Olympic Games (206 National Olympic Committees). This shows that any country not even recognized by the UN can show its identity in football, not even in the Olympic Games.

4.3 How does football diplomacy work?

4.3.1 Economic mutual benefits

Emanuel Leite Junior and Carlos Rodrigues (2020) write about building relationships on an economic basis and give examples of how China is working in this direction. They look at examples of how China is cooperating with the UAE and British companies through English football. They (2020) write:

In 2014, China signed a major oil and gas deal with Abu Dhabi. The UAE is a strategic partner of China as the country is close to the Belt and Road routes. In October 2015, Xi Jinping arrived in the UK on a working visit. The Chinese President visited Manchester with then-British Prime Minister David Cameron. During his stay in Manchester, Xi visited the Etihad campus, which is owned by City Football Group, part of the Abu Dhabi United Group. (p. 14) Later, on December 1, 2015, a group of Chinese investors led by China Media Capital acquired a 13% stake in the company that owns Manchester City Football Club for \$400 million. On December 17, 2015, a US\$10 billion UAE-China investment fund was established. In February 2019, City Football Group bought Sichuan Jiuniu Football Club based in Chengdu, Sichuan province in China. Finally, on June 26, 2019, it was announced that Etihad Rail, the developer, and operator of the UAE national railway, has awarded \$1.2 billion for construction and rail engineering work to China Railway Construction Corporation and Abu Dhabi-based infrastructure company Ghantoot Transport & General Contracting.

Another example of Chinese football diplomacy on the economic side is the Chinese-English case with clubs from the West Midlands. The four biggest clubs from the West Midlands in England - Aston Villa, Birmingham City, Wolverhampton Wanderers, and West Bromwich Albion - belong to Chinese companies. The UK government will create a new high-speed line between London and Birmingham by 2026. According to the property schemes maps, the railway will run through Aston Villa's training pitches. It is told that Tony Xia, who owns Aston Villa, might be interested in investing in the new high-speed line project.

4.3.2 Positive cases of using football diplomacy

The beauty of football as a diplomatic tool is that it can be a useful channel for diplomatic initiatives even between hostile governments. (Hough, 2008, p. 1293)

Turkey was scheduled to play a World Cup pre-qualifier match against Armenia in their capital on 6 September 2008. At that time, they did not have diplomatic relations due to the massacres of Armenians in Turkey, as well as the Nagorno-Karabakh issue, and the border had been closed for 15 years. Despite these circumstances, Armenian President Serzh Sargsyan invited Turkish President Abdullah Gul to the match. This resulted in the first modern Turkish leader visiting the country and the first Turkish fans flying to Armenia on special visas issued by the Armenian government. (Gunter & Rochtus, 2010, p. 165)

This football diplomacy gave a new impetus to the relations between Turkey and Armenia. In connection with the warming climate between the two countries, Foreign Ministers Ahmet Davutoglu and Edward Nalbandian signed Protocols between Turkey and Armenia. (Çandar, 2013, p. 1) On April 22, 2009, the parties reached a two-part road map to establish diplomatic relations. (Gunter & Rochtus, 2010, p. 168) As a result, ambassadors were exchanged between the two countries to establish diplomatic relations and the normally closed land border was temporarily opened. (Çandar et al., 2013, p. 1)

Despite major challenges yet to be resolved, the football match provided the impetus to start a process that has so far been out of reach. This case clearly shows that football can and has the power to improve international relations between two previously hostile countries. (Hough et al., 2008, p. 1293)

The second case, which clearly shows how football can lead to better international relations, concerns South Korea and Japan. With no choice between Japan and South Korea, FIFA decided in desperation to force the two rival challengers to host the 2002 World Cup together. (Football Diplomacy, 1996, p. 1) Despite the strained relations between the two states: Japan's exploitation of Korea and Japan's inhumane policy towards its colony, both countries agreed to jointly host the World Cup. Without the strengthening of bilateral relations, the complex tournament logistics, involving travel and communication between two countries separated by sea, could not have been mastered so successfully.

According to the Japan Foundation, which compiled and created a calendar of exchange events between Japan and the Republic of Korea, in 2001 there were an average of about 54 events per month, and in 2002 more than 100, half of which were supported by the government. The content of events ranged from physical activity (sports, dance), art (film, music), life (food, clothing, Buddhism), social (disabled people, farmers), academic (history, environment, alternative education) to business forums. (Sakaedani, 2005, p. 245) Opinion polls conducted in both countries showed that about 70 percent of South Koreans and about 60 percent of Japanese believe that their bilateral relations have improved as a direct result of the World Cup. (Curtin, 2013, p. 1)

The wider diplomatic impact of the World Cup may prove to be its most pervasive legacy. The flows of tourism and other intercultural exchanges between the two countries, including television series, pop music, fashion, cuisine and language learning, continued and thus survived the exaltation of football.

4.3.3 Negative cases of using football diplomacy

Football does not always have a positive impact on the relationship between the two countries, but it clearly plays a significant role. In early 2010, the public wondered about the ugly side of football and the politically motivated hatred between the two North African giants, Egypt and Algeria.

The confrontation between these countries has always been tense in terms of football, but in 2009 they reached their peak. Algeria and Egypt were scheduled to play in the same Group C in the 2010 FIFA World Cup qualifiers. In 2009 Algeria won the first match with relatively few incidents at home 3-1. When the Algerian team arrived in Cairo for the second leg, they were reportedly attacked by Egyptian fans who threw stones at their team's bus. (Eden, 2013) Algerian President Abdelaziz Bouteflika called his counterpart Hosni Mubarak twice to discuss the crisis. The final score was 2:0. After the match, there were riots in Algiers, the offices of Egyptian companies were looted by the mob, and the staff was evacuated.²³ (Black, 2013)

As a result, they again had to play in another stadium. In the final match, Algeria won the match with a score of 1:0 and qualified for the World Cup in South Africa. At the match, Egyptian fans were attacked by their Algerian counterparts in Khartoum, causing Egypt to recall its ambassador to Algiers. (BBC News. Middle East, 2009, p. 2) The Egyptian Foreign Ministry summoned Algerian Ambassador to Egypt Abdel Qader Hadiar to express Egypt's "extreme dissatisfaction with the attacks on Egyptian citizens who traveled to Khartoum to support the Egyptian team. Egypt also expressed its outrage and its condemnation following the ongoing reports and numerous complaints from Egyptian citizens living in Algeria about the attacks and intimidation they face." (Hassan, 2009, p. 1) However, the Egyptian football fans were not entirely innocent. Hundreds of young people rushed to the Algerian embassy in Cairo after the game; vandalizing cars and shops, burning Algerian flags and injuring about 35 policemen. (Slackman, 2009, p.1)

Another case where football had a negative impact on certain countries is quite recent. This applies to the 2022 FIFA World Cup in Qatar. In December 2010, Qatar wins the competition for the right to host the FIFA World Cup and thus is the first Arab country to host such a major tournament. At that time, it was a great achievement for the Arab world and Qatar as a whole. Few people then thought about why they decided to hold the World Cup in a country where there is intense heat in the summer, but in the late 2010s, reporters began to investigate Qatar and how it won the right to host it, stories uncomfortable for Qatar began to emerge, due to which the World Championship for Qatar turned from soft power into soft disempowerment nexus.

First: corruption scandals. It turned out that Qatar gave bribes to FIFA officials and thereby cast a shadow on the image of their country. Despite the excellent solutions to hot weather problems thanks to new technologies that Qatar uses and beautiful buildings (a whole new city was built for the 2022 World Cup), everyone still talks about corruption. Secondly: infringement of the rights of women. Officially, the guardianship rule applies to women under 25, but it happens that it also applies to women older than this age. Third: violations of the rights of labor migrants. Qatar has been criticized for lack of security for workers. Interestingly, the construction was mainly due to the workforce of migrants, mostly Indians. High mortality does not come from accidents, but from terrible working and living conditions.

4.4 Kazakhstani football diplomacy

Kazakhstan adopted the Law of the Republic of Kazakhstan "On Physical Culture and Sports" (as amended on April 1, 2019) (Law) and the Decree of the President of the Republic of Kazakhstan dated January 11, 2016 No. 168 approved the "Concept for the Development of

Physical Culture and Sports Republic of Kazakhstan until 2025” (hereinafter referred to as the Concept). International cooperation in the Law is limited to "...the creation of international physical culture and sports organizations, as well as branches and representative offices of international sports organizations." In the Concept, sport is considered "a promising platform that contributes to the strong social consolidation of society, regardless of age and social status, the formation of a nation of a common future, and the systematic education of patriotism."

At the moment, Kazakhstan does not have a specific strategy regarding sports and football diplomacy, and the Football Federation of Kazakhstan, in its development plan until 2032, does not affect the possibility of full-scale use of football in the framework of diplomacy and building relationships with other countries, and France has the position of a sports ambassador . Also, the French Sports Federation, together with the French Professional Football League (Ligue de Football Professionnel), promotes the popularization of France through football in China, Morocco, Tunisia and other countries.

In addition, football diplomacy in Kazakhstan has many problems. Apart from in-game (football) problems, the following remain:

First: the state's weak marketing in the international football arena compared to Qatar, China, the United Arab Emirates and Azerbaijan. Secondly, Kazakhstan does not hold international tournaments not only in the field of football and futsal, but also in other sports, in order to increase the international image and brand.

V. CONCLUSION

Countries endeavor to actualize their potential in international relations. Yoav Dubinsky (2019) reflects on this topic and explains it so: soft power, cultural diplomacy, football diplomacy, and nation branding through sports, give countries other options to shape the country's images and try to reposition themselves in the international system through peaceful means. One might ask whether the world is going to be a better place if instead of public spending on grand sports events, cheating in athletic competitions, or boycotting a competition, countries will spend these efforts and money on more tanks, more sophisticated bombs, and even deadlier war machines. (Dubinsky, 2019) Even George Orwell's (1945) famous statement about sports being "war minus shooting" is conceptually and challenged.²⁸

Football is connected with politics. Like diplomacy, football is a conflict-free means of international exchange, which is its advantage. According to S. Murray and Geoffrey Allen Pigman (2013), "Sport can sublimate conflict by conducting the metaphorical battle in the stadia" (Murray, 2013), which is in any case better than a real battle. In addition, in football, a meeting of teams can end in a draw, which never happens in a military conflict. However, the real benefit of international sports meetings often lies not in who is the winner and who is the loser, but in the fact that both parties end up sharing the same memories and experiences. Thus, the focus of football diplomacy is not rivalry at all, but "diversity, leadership, teamwork, and dialogue".

Also, taking into account everything written above, Kazakhstan needs to use sports diplomacy more actively. Despite the terrible results of Kazakh football in the international arena for 30 years, it is necessary to look for non-football opportunities to use football diplomacy. Of course, for other states in which we may have a certain interest, it is much more profitable to play with conditional England, Italy, Brazil, Germany, etc than with Kazakhstan, nevertheless, we can use some opportunities to improve relations with other countries through football.

The author offers several recommendations based on past examples from other countries. First, to buy shares of popular clubs, preferably with a good academy (Manchester City, Chelsea,

Benfica, Ajax, Dinamo Zagreb). Although such purchases have a commercial connotation, they are also intended to transfer foreign knowledge in the field of coaching, tactical developments, and strength and fitness training. Also, the state or parastatal companies can buy shares of European clubs and in the current realities (“special operation” of Russia in Ukraine) agree with European countries on the supply of gas, oil, coal, etc.

Second, try to hold an international tournament to draw the attention of the masses to Kazakhstan, as well as the development of tourism and other sectors of the economy. For example, it is possible to hold the next European Futsal Championship in Almaty and Nur-Sultan, where it will not be necessary to spend heavily on building infrastructure to host the tournament. We can also try to hold a joint holding of a major tournament, such as the World Cup with Uzbekistan or whole Central Asian countries for improving our relations with Central Asian countries, to unite and closer cooperation in different areas.

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“Kazakhstan- Chinese relations in context of regionalism and regionalization”

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Abstract: The relevance of the topic is justified by the need for the full development of new market forms of free enterprise in our country, international relations, participation of regions in the territorial division of labor, which existing and prospective free economic zones are designed to contribute, it is necessary to fully promote the use of such a tool as the free economic zones, explore meaning of free economic zones, is it regionalism and regionalization. Analysis of the Chinese and Kazakhstan directions of their foreign policy shows that the interaction between Kazakhstan and the PRC in the period under review had great potential, but has not yet reached a level that can provide a reliable guarantee for the strategic partnership between the PRC and Kazakhstan in the future.

Key words: *regionalism, regionalization, integration, Kazakhstan, China.*

I. Introduction

Since the end of 2014, cooperation between Kazakhstan and China has been developing within the framework of conjugation of the Belt and Road Initiative (BRI) and the Kazakh national program "Nurly Zhol". All recent agreements between the two countries are aimed at the implementation of this program. Although there are a large number of problems associated with the practical implementation of the BRI in Central Asia, the interface of the BRI with the EAEU and national development programs, Kazakhstan has advanced further than other states in the region in implementing this program. However, most of the current publications did not pay attention to such fundamental factor as gradual formation of the new region around certain Chinese territories that involves other Central Asian states and Kazakhstan, of course, to become part of this region.

It should be noted that Kazakhstan – Chinese relations haven't been studied in the context of regionalism and regionalization before in the academic literature. Thus, the problem and purpose of the study predetermined the need to answer the following research questions:

- What factors determine the direction of interaction between the Republic of Kazakhstan and China
- How Kazakhstan and China interact at the state level?
- What part of these relations are determined by business and society?

I. Literature review

The significance of foreign policy interaction between the two states is reflected in the works of experts in international politics - political scientists, economists, historians. It should be noted that researchers, as a rule, fix their attention on some particular aspect of bilateral cooperation. There are no special works covering the entire range of interstate Kazakh-Chinese relations in the period under review. Based on this fact, the analysis and characterization of the literature is given by groups of countries.

It is necessary to single out the Kazakh school of oriental studies out of the regional centers involved in research. Since the Soviet times, there has been a serious scientific school of sinologists in Kazakhstan such as V. Moiseev, K. Khafizova, K. Syroyezhkin, A. Kadyrbaev, and others. After

the collapse of the Soviet Union, it became the basis for the foundation of a modern Kazakhstan school of oriental studies. After gaining independence, several centers dealing with oriental studies were created in the Republic of Kazakhstan, in particular: the Institute of Oriental Studies of the Republic of Kazakhstan; Institute of Development of Kazakhstan; Institute of History and Ethnology of the National Academy of Sciences; Center for Strategic and International Studies of the University "Kainar" (Kazakhstan), the director of which is currently professor K.Sh. Khafizova; Center for Analysis and Strategic Studies of the Presidential Administration. Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan (KISS), director - M.S. Ashimbaev; specialized structures conducting analytical research under the apparatus of the Ministry of Information and Public Accord, the Ministry of Defense, National Security Committee and others - in the state institutions of the Republic of Kazakhstan.

One of the first works of Chinese researchers on economic cooperation between China and Kazakhstan was the work of Xu Dan "China's Openness Policy and Relations with the Countries of Central Asia", in which the author examines the foreign policy and trade and economic relations of the PRC with Kazakhstan. Xu Dan sees the allocation of loans for the development of the Kazakh economy as the main instrument for asserting China's position in Kazakhstan.

Chinese researchers papers found in Internet are of great interest because they represent the interpretation of the national interests of the PRC in the region (Alexandrova, 2003). The authors propose to change the foreign policy of the PRC towards the states of Central Asia, in particular, to pursue a tougher policy on border settlement. Russian studies concerning Kazakh-Chinese relations in the period under review are few.

To determine the role of the PRC in the foreign policy of the Republic of Kazakhstan, it is necessary to characterize the existing contractual and legal framework of bilateral relations between states as the basis for further interaction in key sectors. However, the objectives of the study did not include the analysis of all bilateral documents (for example, if by the middle of 1999 more than 40 intergovernmental agreements were signed, then by the end of 2000 between the Republic of Kazakhstan and the PRC this figure amounted to about 80 various intergovernmental and interdepartmental agreements). The contractual and legal documents affecting the interests of Kazakhstan and China were intended, first of all, to formalize their relations as independent subjects of international law, to provide guarantees for the implementation of the provisions and obligations contained in the former Soviet-Chinese treaties, agreements, protocols, and other documents, and create a legal basis for the formation of conditions for mutually beneficial cooperation in the future.

One of the most significant documents at these negotiations was the "Joint Declaration of the Republic of Kazakhstan and the People's Republic of China on strategic interaction and partnership in the 21st century" . She summed up some results of cooperation between Kazakhstan and China, and also outlined the directions for the development of bilateral relations, including within the framework of the «strategic partnership". In order to accelerate the development of trade and economic cooperation, in December 1995, a mechanism was launched for regular meetings of the heads of government of the two countries, which, in accordance with an intergovernmental agreement, are held at least once a year alternately in Astana and Beijing.

I. Research methodology

In order to answer the research questions, it is necessary to give a general description of trade and economic cooperation (identify the main methods and forms of this kind of cooperation), as well as to analyze the economic and international relations of states in the following areas:

- international trade;
- energy cooperation;
- integration projects: Kazakh and Chinese approaches;
- cooperation in the field of infrastructure development;

The quantitative method is more suitable for us, since we need to analyze the interactions between Kazakhstan and China at all levels. Has the number of official visits, bilateral agreements, government projects, non-government projects increased, and to what extent these interactions have been effective and mutually beneficial. The method for finding the answer to the question is based on a comparison between economic and political orientation. That is, to trace changes in the economic and political relations between Kazakhstan and China. The results of the task assigned to the Khorgos trade zone will also be described. We will choose a certain period of time and conduct a search for news articles, reports of government agencies on the topic of the Khorgos zone in the economic and political aspects, from Kazakh and Chinese sources. And then we analyze all the data and the data analysis will help us answer our main research question: are they creating a new region covered by regionalism or regionalization?

Thus, the relevance of the research topic is due to the extreme importance of deepening the interstate trade and economic relations between China and Kazakhstan, which are a factor and condition for the further development of national economies in the context of globalization of the world economy.

II. Results

A. General characteristics of the development of foreign economic relations between Kazakhstan and China

The development of relations between countries in the economic sphere seems appropriate to be divided into several stages. At the first stage, fundamental agreements regulating relations in trade, economic and other fields were signed. The markets of the countries turned out to be open to each other's goods, common problems and ways of interaction were outlined.

In the early years of Kazakhstan's independence, trade and economic cooperation developed primarily in two main areas ("levels of cooperation") - cross-border trade and the creation of joint ventures. For example, for 1991-1997. through the channel of border trade with Xinjiang, the volume of export-import operations amounted to 3680 million dollars, most of which falls on Kazakhstan, which always leads in trade with China. From June 1992 to December 1997 482,000 people came to XUAR for shopping, purchasing goods worth 6.9 billion yuan. In 1998, more than 58 thousand citizens of the CIS visited XUAR. An important place in the development of bilateral negotiations was played by the visit of a government delegation to China in February 1992. As a result of bilateral negotiations, the parties signed a number of agreements and treaties, including: Protocol on negotiations concerning road transport between the two countries; An agreement on the provision of loans by China for the purchase of consumer goods by Kazakhstan, an intergovernmental agreement on the establishment of a committee for economic, trade, scientific and technical cooperation.

The most significant document on bilateral trade and economic cooperation, signed in 2000, was the Agreement on Economic and Technological Cooperation between China and Kazakhstan. Among the states of Central Asia, Kazakhstan consistently ranks first in trade with China. (Wang, et al, 1997). As for Kazakhstan, its financial and investment opportunities are more than modest.

This has a very negative impact on trade and economic cooperation with China, since the development of Kazakhstan depends on the capital investments of investor countries.

In general, we can conclude that border trade at the initial stage was beneficial and necessary for both countries, but now it is more beneficial for China, as it has begun to be an obstacle to the development of Kazakhstan's economy. Thus, it is possible to identify a range of serious problems that reflect the general issues of Kazakh-Chinese economic interaction: - instability of economic contracts, difficulties in mutual settlements associated with an underdeveloped banking system, and also in connection with the departure from the barter form of trade; poor knowledge of the partner's capabilities, lack of a reliable mechanism for mutual settlements and settlement of economic disputes leads to an extremely low level of contract fulfillment; unfavorable trade structure for the Kazakh side. The weakness of the export base of Kazakhstan determines the extremely irrational sectoral flow of border trade for Kazakhstan. Kazakhstan exports industrial goods to China (oil, ferrous and non-ferrous metals (copper, zinc, lead, ore, and metal), chemical fertilizers, scrap metal, agricultural equipment, etc.), receiving food in exchange (soybeans, fruits, canned meat, peanuts) and consumer goods (clothes, dishes, household appliances). At the same time, the share of raw materials in Kazakhstani exports increases, while the share of processed products decreases; extremely low investment activity. Interaction is reduced to one-time trading operations, often of a speculative nature. Since the majority of border trade participants are small entrepreneurs, most often individuals, it is difficult to control and creates a field for various kinds of violations. Customs and rules that traditionally exist in world trade are poorly applicable to frontier trade; uncontrolled migration of the Chinese and Kazakh population causes not only economic, but also serious socio-political problems in the region and on the border, which have a negative impact on the general state of Chinese-Kazakh relations, create conditions for discussions about the Chinese threat; the importation of cheap Chinese goods undermines the industrial and agricultural base of the region. At the same time, the poor quality of goods sometimes makes them not only useless, but also hazardous to health (this is especially true for food products). (Vidyasova & Fridman, 2002)

A. Kazakhstan- China economic integration projects

At present, the PRC is trying to resolve the issue of the backwardness of the country's western regions at an accelerated pace, using all possible means. This is the key to the success of market reforms and the solution of related problems in the region. The gap between the hinterland (which includes the west of the country) and the seaside is more obvious than ever. That is why one of the directions of the new, 10th five-year plan (2001-2005) in China is the development of the western regions. The basis for effective economic reforms in the PRC is the creation of a favorable climate for attracting investment, primarily in the energy and mining industries. For the western regions of China, a number of measures have been developed to ensure this kind of reform "from the outside" - at the expense of the resources of nearby regions.

Thus, the implementation of some fuel and energy projects on the territory of the XUAR should be ensured by merging the economic complexes of the XUAR with neighboring states. In this regard, it is necessary to consider the plans and projects of economic integration "(theoretical and practical developments) that exist both in the PRC and in Kazakhstan, as well as their implementation. In this case, China offers its own model of integration in the region - integration as internationalization, complementarity of economic complexes of the border regions of China, Mongolia, Kazakhstan and Russia. As already noted, in theoretical terms, Chinese political scientists tend to distinguish two main trends in world politics and the world economy -

regionalization and globalization. Moreover, regionalization in some cases can take the form of internationalization as the Chinese authors note, for the PRC the primary task is "the creation of specialized international economic regions", integration should take place according to the principle of "complementary economies". The emphasis, again, is on the economic "complementarity of the economies of the Republic of Kazakhstan and China". The globalization strategy of the Chinese economy implies the entry of the Chinese economy as a whole into the world market, regardless of where this or that market segment is located - in Europe, Asia, America, etc. The regionalization strategy has a specific regional focus. Its theoretical substantiation was the principles: "economics and science without borders", "complementarity of economies". The essence of the concept of "regionalism outside" is the creation of regional international economic regions, which would include, on the one hand, the border provinces and regions of the PRC, and on the other hand, the border regions of neighboring states. There are six such zones around China. Two regional international economic regions are being created on the borders of the CIS. The objectives of this work do not include a detailed analysis of the possibilities and prospects for interaction between regions, since this may be the topic of a separate study. At the same time, it seems necessary to give a general description of the economic development of the region in order to determine the degree of its readiness for integration. Speaking about the degree of readiness of regions and districts for the formation of an economic zone, it is necessary to take into account the relatively weak industrial development of the XUAR region. At present, the priorities have changed, and the leadership of the PRC provides comprehensive support for the development of light industry. The increase in capital investment in heavy industry is lower than in light industry, although the priority of heavy industry still remains. Relatively backward are the electric power industry, mechanical engineering and the food industry. Attempts are being made to increase industrial production in the field of electric power engineering, gold mining, the oil and metallurgical industries.

III. Conclusion

Both the Republic of Kazakhstan and China have taken certain steps in direction of strategic partnership (for example, the signing of a bilateral agreement "On good neighborliness, friendship and cooperation" between the Republic of Kazakhstan and China, as well as the "Joint Declaration of the Republic of Kazakhstan and the People's Republic of China on strategic cooperation and partnership in the 21st century") However, we can only say that in reality there are Russian-Kazakh and Russian-Chinese strategic partnerships in the region. The addition of a third side of the China-Russia-Kazakhstan triangle by a strategic partnership between China and Kazakhstan is considered, but is assessed by experts as unlikely in the near future, and exists only partially within the framework of multilateral agreements (SCO). The role of Kazakhstan in Chinese foreign policy is significant. Some Chinese scholars speak of the strategic importance of the region in Chinese foreign policy and even of China's "vital interests" in Central Asia. However, this policy as a whole did not go beyond the traditional "five principles of peaceful coexistence". China, on the other hand, is important for Kazakhstan as one of the emerging centers within the framework of the ongoing foreign policy line of the "multi-vector" foreign policy. The strategic importance of Central Asia for the PRC is increasingly manifested in the economic sphere while regional security is important for both states. On this issue, the parties demonstrate the unity of position, which, however, contradicts the interests and goals of the United States in the region. China is a natural ally and strategic partner for Kazakhstan. Through the use of the resource and transport potential of Central Asia, the PRC can also solve the issue of economic growth in the

XUAR. There are also common threats to security and stability (the “three evils”). Interstate relations since 1990s were and are currently developing in almost all areas, but for successful cooperation it is necessary to resolve the issue of ensuring security in the region. This goal could be achieved through the gradual formation of Central Asian own security system which is currently streamlined through a system of bilateral and multilateral treaties. Although economic and political ties were rapidly established in the early 1990s, the results of cooperation were not positive in all areas and sectors (in particular, the situation with Aktobemunaigas, and construction of the Kazakhstan-Xinjiang pipeline). In the past few years, Kazakhstan has begun to switch to the cooperation with Russia, including the issue of infrastructure development, which is quite important for Kazakhstan. Kazakhstan and Russia are sometimes called "economically connected countries." Economic relations between the PRC and Kazakhstan directly depend on the ability of the states to fully implement the "Great Silk Road", improve the infrastructure in the region, however, if the economy develops at a high pace, the problem of joint water use of the Irtysh and Ile Rivers will inevitably aggravate, which cannot be resolved in the short term perspective. There are also threats to the national security of the Republic of Kazakhstan from China precisely on these issues - economic and other security (illegal migration of ethnic Chinese to the Republic of Kazakhstan, "new" threats, etc.). The commonality of problems dictates to states to unite in one way or another, which in the long term leads to gradual integration in all areas. Approaches to integration for China and Kazakhstan are also specific. Both sides talk about the “complementarity” of the economies of the Republic of Kazakhstan and China, however, integration options due to the low level of development of neighboring regions cannot be implemented in the short term. Today we can say that the priority area in the development of relations is a strategic partnership, a joint security policy. The development of relations in other areas, including economic cooperation, depends on the success of its implementation. Based on the analysis of bilateral interstate relations in 1992 – 2001, it is possible to identify the following problems hindering their development: In the sphere of bilateral trade: instability of trade contacts caused by the significant role of an unorganized, spontaneous element in them; China's concern about the positive balance of Kazakhstan in bilateral trade, which caused China to impose quotas on imports of a number of goods that traditionally make up a significant share of Kazakhstan's exports (chemical fertilizers, ferrous metals); - low prestige of Chinese goods on the Kazakh market, caused by large-scale deliveries in previous years of low-quality products from China; the poor quality of some imported Chinese foodstuffs that pose a threat to public health; a serious common problem of the Kazakh-Chinese trade and economic relations.

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“The Taliban Takeover and Its Implications for Central Asian Economic Security”

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Abstract: This paper, written in December 2021, explores the potential impacts of the Taliban takeover of Afghanistan in 2021 on the economic security of the five Central Asian states. Due to the infancy of the topic at the time of writing, this paper relies on journalistic accounts and analyses from think tanks and research institutes to formulate its hypotheses and is largely speculative in nature. It examines three economic projects in the region - the China-Pakistan Economic Corridor, CASA-1000 and the Turkmenistan-Afghanistan-India-Pakistan (TAPI) Pipeline, as well as the potential financial implications of a refugee crisis as case studies to highlight how the situation in Afghanistan may hinder the Central Asian states from sustainably in the long run executing the policies they desire in order to develop their economies. The overall conclusion of the paper is that, although the situation in Afghanistan is unlikely to have serious detrimental effects on the economies of the states of Central Asia, it does place limitations and have potential impacts on the capabilities of the Central Asian states to diversify their economies and relieve their reliance on major powers such as Russia and China. Central Asia should seek alternatives whilst simultaneously recognising their ability to provide stability in the region through positive economic engagement with Afghanistan rather than further isolation of the Taliban.

Keywords: *economic security, Central Asian security, economic development, sustainable development*

Introduction

Much has been said in the media and by think tanks and research institutes about the implications of the Taliban’s takeover of Afghanistan for various dimensions of Central Asian security; fears over the potential rise of extremism in the region, an increase in narcotics and drugs trafficking and concerns over high numbers of refugees evacuating Afghan territory. Tajikistan, with the assistance of China, has already been increasing its military presence along the Afghan-Tajik border. Uzbekistan and Kazakhstan have also held military drills near the former’s border with Afghanistan, highlighting a readiness to respond quickly to any increasing tensions or threats. Academic literature written prior to the collapse of Afghanistan already speculated about the impact of US-withdrawal for the security and stability of the region.

However, this essay addresses a matter which has received less immediate attention; the impact of the Taliban takeover on the economic security and long-term sustainable development of the five Central Asian states (Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan). Whilst Afghanistan was far from a major economic player in the region, its geographic location, the economic crisis it now faces and other factors all impact or have the potential to impact on ongoing or planned economic projects and cooperation in Central Asia.

Due to the infancy and speculative nature of this topic, there is a lack of substantive academic literature. As such I refer to predominantly journalistic sources and analyses from think tanks and other research institutes in highlighting the economic impact of the Taliban takeover on Central Asia. I shall begin by defining economic security and addressing its importance for security more broadly. I will then address previous and ongoing economic cooperation between Afghanistan and Central Asia. Using the examples of the China-Pakistan Economic Corridor, the Turkmenistan-Afghanistan-Pakistan-Indian Pipeline, the CASA-1000 project and the refugee situation, I shall demonstrate how the situation may or does impact economic security in the region. I shall conclude by addressing alternative projects and sharing my recommendations for the region.

Economic security and its importance for wider security

At the level of the nation-state, a country can be considered economically secure when it is able to execute the policies which it desires in order to develop its economy (USA, 2009). Guaranteeing future access to economic resources such as finance and capital is another important element of economic security. It is closely related to notions of sustainable, long-term development – that is, the development of an economy which is ensured to be maintainable in the long run. States' economic security is often vulnerable to other states' (Kahler, 2004) and cooperation between states can be an important dynamic in maintaining economic security (Cable, 1995).

An interest in maintaining economic security is not just important in terms of matters such as GDP or productivity growth. The relationship between economic prosperity, cooperation and integration and broader security has been well documented in the literature and by inter-governmental organisations. Khetrani & Khalid (2019) argue that economic stability and ample job opportunities are a recognised powerful way to combat extremism – a key issue on the agenda for all Central Asian states in the face of the rise of the Taliban. Any increase in real or perceived threats to security could burden the state budget with additional necessary security related costs.

Pre-Taliban & Current Economic Cooperation

Although the long-term security situation in Afghanistan, along with a weak economy, has meant that its opportunities to be a direct or major economic partner for the Central Asian states have been limited, economic relations between the countries have not been non-existent. According to OEC figures, in 2019, although Afghanistan was by no means the biggest importer of Central Asia goods, its shares were also not insignificant either. They frequently topped other nearby countries such as Iran and Pakistan. Uzbek exports were worth 455 million USD; Kazakh 399 million USD and Kyrgyzstan 1.88 million USD (unfortunately statistics for Tajikistan and Turkmenistan were unavailable). Kazakhstan had been interested in investing in the development of mineral resources in the country – a project from which it would hopefully have made returns (Weitz, 2013). The other four Central Asian states were all involved in financially significant energy deals and cooperation with Afghanistan. USAID funded projects were seeking to increase trade cooperation between Afghanistan and all Central Asian states (excluding Kazakhstan). Afghanistan was also a member of the Regional Economic Cooperation along with all five Central Asia states plus Iran, Pakistan, Turkey and Azerbaijan.

Now, the stances of the five Central Asian states towards the new Taliban government differ. Tajikistan has taken the most fervent stance against the Taliban, however it still continues to conduct trade with its Persian-speaking neighbour (Umarov, 2021). Kazakhstan and Kyrgyzstan have exercised caution and expressed concerns for security and stability in the region, but have also been willing to engage in continuing trade, with Kazakhstan resuming export of flour and grain to Afghanistan (Pannier, 2021). Uzbekistan, despite conducting military drills along its border, seems most willing to cooperate with the new Taliban government and there are several economic advantages to it doing so (Pannier, 2021). Turkmenistan also seems willing to engage, particularly on the basis of resuming construction of its much-needed TAPI pipeline project.

Evidently, the five Central Asian states continue to maintain a pragmatic approach towards dealing with the Taliban. But even if the attitudes of the Central Asian leaders are to maintain pragmatism and optimism regarding economic matters, continuing results and the emergence of future hurdles will in many regards be out of their control. Some projects have already begun to unravel. These events could have potential negative consequences for the future economic development of the region. I shall now address what some of those potential impacts are.

Potential Impacts

One major event related to the region's economy has already been beyond the control of Central Asian leaders – the freezing of Afghan assets. The US alone has frozen 9 billion USD of Afghan foreign reserves and the IMF, the World Bank and other international donors have also begun to withhold aid and other financial resources (Putz, 2021). Headlines about Afghanistan have been mired with stories of economic crisis - high inflation, rising poverty, cash shortages, a plummeting currency and rising unemployment (Friedman, 2021). Without inflows of cash, these problems are only likely to get worse, and in turn, as we shall read below, affect the economies of neighbouring countries.

As noted, a lot of what may happen in Afghanistan and its impact on the wider region economically is still speculative and hypothetical, leading to many questions. As the US and the West have pulled out the region on a security basis, will this affect their general interest in engaging Central Asia in other regards? In other words, will the influence of Afghan instability lead them to a perception that the region as a whole is too risky to invest in? One of the major concerns over the US and NATO forces pull out from the region has been the creation of a “power vacuum”. This is a vacuum which Russia or China are most likely to fill. But if the Central Asian states end up turning to these two great powers for further security cooperation and support (more so than they already do), will further ingrained economic cooperation and leverage over the Central Asian states' economies become a bargaining chip? Over-dependency on China and being indebted to the country are already causing concerns and dissatisfaction amongst the populations of several Central Asia states. How will the situation in Afghanistan affect other neighbouring economies such as Pakistan's – another economic partner of the Central Asia countries? If the situation was to destabilise and further fighting was to break out between the Taliban and other ethnic or insurgent groups, then pipelines, electricity pylons and other vital infrastructure and economic tools could be attacked, destroyed, or held hostage, as the Taliban has done during previous episodes of fighting. These things are valuable economic assets and anything that impacts on their proper functioning, for instance leading to energy or water shortages, would also impact on wider economies and their efficient functioning.

There are many unknowns and potential situations that could have an economic and wider security effect in the region. To highlight both the ongoing and potential effects of the Taliban takeover on regional economic security, I will now discuss three existing projects in the region; the China-Pakistan Economic Corridor, CASA-1000 and the Turkmenistan-Afghanistan-Pakistan-Indian natural gas pipeline, as well as the ongoing refugee and migrant situation and how they have or could affect the region's economy.

China-Pakistan Economic Corridor

One of the biggest projects initiated under China's Belt & Road Initiative has been the China-Pakistan Economic Corridor (CPEC). Figures from 2018 suggest that 46 billion USD had been invested in creating new infrastructure such highways and railways through Pakistan to facilitate trade and other economic activity. The jewel in the crown of the project is the Gwadar Sea Port, Pakistan's third deep-sea port. Long term plans state that by 2045 the port will be able to hold up to 400 million tonnes of cargo.

For the Central Asian states, CPEC is a major opportunity to gain quick and direct access to the sea and to establish alternative trading routes. As landlocked countries, access to the sea is of vital importance. According to Khetran & Khalid (2019), landlocked states tend to have a lower income per capita than those with access to the sea.

One of the issues faced by many of the Central Asian economies is their need to diversify. Kazakhstan's national development strategies and local leaders have recognised and emphasise the need to diversify their national economy, which largely relies on natural resource exports. Of those exports, over 50% are currently of crude petroleum. Heavy reliance on resource exports, particularly oil, is damaging to economies for several reasons – a vulnerability to global market trends and fluctuations in prices, economies based on rents and vulnerability to the ‘Dutch disease’. They tend to be poorly

diversified and create low numbers of jobs. Access to the Gwadar Port would give Kazakhstan access to markets from which it is currently isolated such as Sri Lanka, Bangladesh and South-East Asia. Some of these countries provide complementary trade to Kazakhstan's exports and might be more preferential markets for buying and selling goods other than oil. The Gwadar Sea Port would also increase their connectivity to the West via the Indian Ocean and the Suez Canal. There are several advantages to exporting via the sea compared to overland, including cost and the volumes able to be exported. For Kazakhstan, and other Central Asian states, CPEC is one way of diversifying their economies and ensuring their long-term sustainability.

The Taliban takeover of Afghanistan does not invalidate the possibility of the advantages of CPEC being realised. However, the quickest (and therefore cheapest) routes from Central Asia to connect with CPEC are either through Kabul or the Wakhan Corridor. There is nothing to say that the Taliban will not cooperate in allowing trade to pass through. In fact, one imagines that for a crippled Afghan economy, the Taliban would wish to support economic activity. However, the security situation and strained regional relations certainly makes a direct route through Afghanistan less appealing. Also, one does not know how the situation in Afghanistan and the Taliban's attitude will play out in the future. It could change quickly and frequently, making the route unreliable

Since many CPEC projects are not yet finalised, including the Gwadar Port itself, the immediate impact of the Taliban takeover will not be monstrous. Long term though, if the Taliban do not create a stable situation in Afghanistan, a lack of access to CPEC could affect the long-term prospects of the Central Asian economies.

CASA-1000

Electricity is exported from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan under the CASA-1000 project. On paper the project is a win-win scenario for the Central Asia states. With Pakistan and Afghanistan being hungry for energy resources and the two Central Asian states producing an excess of hydroelectric power in the summer months, when the agreement was signed it seemed to be a stable and reliant source of income for the two Central Asian states. Tajikistan has continued to export electricity to Afghanistan as per the agreement. However, in part due to their frozen assets, the Taliban currently cannot pay for it and has built up 11 million USD in debt to Tajikistan (Pannier, 2021). If the Taliban are not able to pay their debts, then the project will not pay the dividends that it initially promised and will affect the economic security of Tajikistan and Kyrgyzstan. After minerals, precious metals and cotton, electricity is Tajikistan's biggest export and in the long run is a more sustainable choice than these resources or water intensive and environmentally degrading cotton. Electricity is less important for the Kyrgyz economy, but it is still another important opportunity for economic diversification.

And it is not just under the framework of CASA-1000 that there are issues regarding paying for electricity. Uzbekistan – who is actually Afghanistan's biggest supplier of electricity, provides them with 57% of their electricity. In autumn 2021, they signed a 10 year long agreement worth 100 million USD annually (Putz, 2021). This would hardly be money that Uzbekistan would want to lose out on.

Additionally, if electricity, and with it heat and running water, supplies were to falter, it would be likely that any economic activity in Afghanistan would likely slow or come to a halt. Dissatisfaction among locals in Afghanistan would more likely lead to the rise of some kind of rebellion or further instability in the country which would have a knock-on effect for regional stability and security. Therefore, it is vital that Afghanistan is able to pay its electricity bills.

TAPI Pipeline

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline has been a project in planning for many years now. Although construction on several sections of the pipeline has commenced – with some sections completed – the project has never been fully realised. With it, Turkmenistan has not been able to reap the financial rewards it so desires. Turkmenistan's economy is heavily reliant on exports of oil and

gas. It has the 4th largest levels of natural gas reserves in the world, which is their most important export commodity, totalling 81.4% of Turkmen exports. However, Turkmenistan has struggled with finding an adequate number of buyers for its gas. China, to whom it exports the most gas to, recently reduced the amount of gas it was willing to import from Turkmenistan (Pannier & Siddique, 2021).

At the same time, and perhaps due to China's reduction in Turkmen gas imports, Turkmenistan is undergoing a significant economic crisis. According to Radio Free Europe/Radio Liberty reports (Najibullah, 2021), in Ashgabat, the Turkmen capital, long queues form outside shops for state subsidized bread. The product is rationed in government stores and can cost up to 10 times as much in private stores. Additionally, there is not enough bread available, with only around 60% of people receiving their allocation.

And so, completing the TAPI pipeline and thus providing an alternative export route for Turkmenistan's vital gas exports would be a saving grace for the authoritarian state. It is estimated that the pipeline would carry an annual amount of 33 billion cubic metres of gas to Afghanistan, Pakistan and India. New countries such as Bangladesh have also already signed up to be part of the project, thus expanding the economic opportunities that it might provide. But how does the Taliban takeover affect the prospects for the project to be realised?

Until just last week, things looked good. The Taliban was enthusiastic to continue on with cooperation on the project and that would not halt the completion of such projects. Unfortunately, though, on the 25th November 2021, Pakistan's Economic Affairs Minister said they would be stopping construction. It is unclear if work will continue in Afghanistan. Even so, with such an unstable economic situation, ongoing energy problems, and a whole other list of problems in the region it seems unlikely that Afghanistan could effectively contribute to the completion of the project. Additionally, it is assumed that foreign workers with expertise in constructing these types of projects would assist in its construction. But as RFE/RL noted, who is likely to send foreign workers into such a volatile situation? For now, a project that seemed vital to solving Turkmenistan's economic difficulties seems to be dead in the water.

And in the future, if the project is complete, could it just become one of the pieces of infrastructure that falls in and out of different hands during periods of conflict, never allowing it to be properly used for its intended purpose?

Financial Implications of a Refugee Crisis

Since the beginning of the war in Syria, recent figures suggest that Turkey has found itself home to 3.6 million refugees (World Bank, 2021). A European Commission report from 2016 states that at that point, Turkey had already spent over 7 billion EUR on dealing with the refugee crisis. Other sources (Sazak, 2019) suggest even higher figures – most of which came out of Turkey's own pocket. Costs involved in hosting refugees include paying the salaries and other expenses of officials and security services in charge of managing refugees (and thus diverted from other issues of national security), building and maintaining camps and other infrastructure, food and health aid, along with a whole host of other costs.

It is not just direct costs of hosting that makes any refugee crisis an economic strain – refugees can have implications for the wider economy. Large numbers of migrants into a country can distort its labour markets, and weaker economies, like Turkey's, often have a more difficult time absorbing such an influx. Infrastructure and resources such as water can be stretched.

And if an economy such as Turkey's is likely to struggle under the strain of a migrant influx, then the weak Central Asian economies who share a border with Afghanistan of Tajikistan and Uzbekistan are likely to suffer even more greatly. Turkey's GDP per capita currently stands at 8,538 USD. Uzbekistan's is 1,685 USD and Tajikistan stands at just 859 USD per capita – not much more than Afghanistan's itself – 508 USD. Uzbekistan was forward thinking in immediately refusing to accept any refugees from Afghanistan and officially still claims to have zero refugees (although reports suggest that there are still many undocumented migrants in the country). This is at least in part a geopolitical move,

if not an economic one. Uzbek Foreign Minister, Akdulaziz Kamilov spoke out against offers from the West to provide funding for accepting Afghan refugees. He criticised them as being a way to shun responsibility for the situation in Afghanistan onto regional actors.

Fortunately for Tajikistan, most refugees who have already crossed into their territories do not have intentions of settling long-term and instead are seeking to continue onto third countries, usually in the West. But of course, there are still interim costs in hosting those 14,000 migrants and refugees who have already arrived and who have not yet managed to move on, such as the Popols, documented in a EurasiaNet report (Ibragimova, 2021). Additionally, there is reluctance from the West to accept more migrants and it seems unlikely that many, in fact, will actually be able to move on from Central Asia. Recently, Tajikistan announced that it would also stop accepting refugees and has even begun deporting some who are already there. Regardless, an estimated 500-600 Afghans are still attempting to cross the border on a daily basis. Whilst Uzbekistan has been able to share some of the burden of deterring migrants with the Taliban, having made deals with them – it is likely that Tajikistan's poor relations with the Taliban mean it will have to deal with things more single-handedly and incur significant costs in doing so.

Even before the Taliban takeover, cost was associated with being a reason for the fact that a group of Pamir Kyrgyz attempting to cross from Afghanistan to Tajikistan with the aim to be repatriated to their ancient homeland of Kyrgyzstan were sent back to Afghanistan by Tajik border forces (Misra, 2021).

So, whilst it seems unlikely that Tajikistan or Uzbekistan will face the same kind of crisis that other countries such as Turkey have seen, there will nevertheless be ongoing costs associated with keeping Afghans out and supporting those Afghans who, for now, seem to be stuck in Tajikistan.

Conclusion, Alternatives & Recommendations

All four of the above examples highlight how the situation in Afghanistan already does or could impact economic security in the five Central Asian states. Leaders are not able to enact the policies that they wish to in order to successfully develop their economies in several regards, such as diversification. Several states, at least for the time being, have lost immediate access to certain significant revenue streams. One can see that the economies of the five Central Asian states are experiencing increasing vulnerability because of the situation in Afghanistan and that the benefits that could come from economic cooperation are being hindered due to the Taliban. The five Central Asian states are unlikely to fall into an economic crisis due to the situation in Afghanistan, but nor is the unstable situation, particularly in such a geographically pertinent state, useful to their long-term economic development.

There are of course alternatives to trade and projects which either directly or indirectly involve Afghanistan. Take for example CPEC. Concerns were expressed about the project even before Taliban collapse due to its proximity to Afghanistan (Khetran & Khalid, 2019). For most Central Asia states, as mentioned, the most direct access to CPEC and its benefits would involve, going through Afghanistan, either passing through the unstable Wakhan Corridor, a small strip of Afghan land dividing Tajikistan and Pakistan, or via Kabul. As noted by Malik (see Khetran and Khalid 2019, pg. 458), the situation poses “long-term challenges to the connectivity between Central Asia and Pakistan”. There are of course alternatives to this route – passing through China to join up CPEC, or circumventing through Iran. However, both of these alternatives pose their own challenges and passing through Afghanistan saves both time and resources (Khetran & Khalid, 2019)

Becoming even more intertwined with China economically might not have widespread popularity due to public perception of over-reliance on China and growing anti-Chinese sentiment in many Central Asia states – in some instances even leading to public protests. Several Central Asian states are already in-debt to China. Iran also has its disadvantages, and has been largely considered an ‘option B’ over export via Pakistan and the Gwadar Port. Distance to export via Iran is further and sanctions still keep

the country isolated from much of the world's economy. Overland routes to Europe via Kazakhstan and Russia invested in via the Belt and Road Initiative still remain extremely viable, although there has been criticisms that these routes are not really for the benefit of local economies, but rather will simply be thoroughfares for Chinese exports. Additionally trade with Europe is already quite high for many Central Asian states – as such does this leave much room for continued growth?

In the opinion of this author, Afghanistan has long been an unstable economic partner for any state, not just in Central Asia. With the Taliban in power, and its ongoing exclusion from the international community in the form of sanctions, it becomes even more so. Politically and economically, it might seem unwise to engage with such a government. But what is the alternative? Continued isolation for Afghanistan? Even more economic hardship and instability in the region? That does not seem like it would do the Afghans themselves nor their neighbours any good either economically or from a security perspective.

In terms of large projects through which the Central Asian states hoped to secure revenues and diversify their economies which are affected by the Taliban takeover, the states should perhaps pin their hopes elsewhere, looking for alternative options, such as the aforementioned transiting through China and Iran, even if they are not the optimum choice. Turkmenistan could perhaps look to diversify its export make-up and perhaps negotiate re-increased exports with China and increased exports to Russia.

But none of them should certainly cease pragmatic, economic cooperation with Afghanistan. Even if the Taliban are here to stay, a stable economic situation in the country would lead to more security internally and therefore in the region. As some of Afghanistan's closest neighbours, the Central Asian states have at least some influence over how the situation in the country and therefore the region plays out. As such perhaps positive diplomatic engagement, at least partly in economic cooperation, is a more fruitful path forward than further isolation and economic hardship internally in Afghanistan.

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“The Analysis of Turkey and Korea’s soft power policy in Kazakhstan: Case Study of Educational Cooperation”

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Abstract:

After Kazakhstan gained independence in 1990, it put lot of effort to develop its education’s internationalization. Kazakhstan wants to get all good practices of higher education from the world. US, EU, Russia, and China are playing important role of the cooperation. Korea and Turkey actively joined the cooperation due to their national interests in this region. This paper is an analysis of the case of educational cooperation of the two countries with Kazakhstan. Based on the soft power theory, this paper compares the contents of education cooperation between South Korea and Turkey in Kazakhstan through interviews and literature review, analyzes the characteristics of the two countries, including similarities and differences. The results show that the similarities between South Korea and Turkey in Kazakhstan are that the government attaches great importance to integrating language communication into the strategic system of education cooperation. Both Turkey and the Republic of Korea fully understand the cultural connotation of language guidance and regard language communication as one of the most important contents to enhance soft power. Secondly, both Turkey and the Republic of Korea are strengthening academic research, exchanges and cooperation. Frequent exchanges and cooperation at the academic level are also one of the driving forces for the spread of Turkey and South Korean culture in Kazakhstan. Difference is that Turkey emphasizes "Turkic complex" in its educational communication strategy, and South Korea advocates more diversified educational measures to deepen cultural penetration.

Keywords: Educational Cooperation, Soft Power, Kazakhstan, Turkey, South Korea

I. Introduction

After gaining independence in the 1990s, Kazakhstan made great efforts to develop the internationalization of education. Due to the economic difficulties of Kazakhstan after independence, the university system has been affected to a considerable extent, resulting in the talent gap and the destruction of the physical and technological foundation of universities, which ultimately led to the decline of Kazakhstan's education quality. International cooperation is the priority of the Ministry of Education and Science of Kazakhstan. According to the data of the Ministry of Education and Science of Kazakhstan, the main purpose of Kazakhstan's international cooperation is to ensure the implementation of the national education development plan for 2011-2020(Oralova, 2012), to ensure that the development of education and science conforms to the trend of the modern world, and to find new strategies and ways for the development of education and science. There are five main directions for cooperation: developing the legal and normative basis for international cooperation, organizing and implementing international level activities, developing exchanges and exchanges between college students and teachers, promoting cooperation among universities, colleges and middle schools, and implementing international scholarships (Kerimbayev, et al., 2017).

This paper mainly takes the educational cooperation between Turkey and South Korea in Kazakhstan as a case study, analyzes the similarities and differences of their educational cooperation and the reasons behind it, and provides relevant suggestions and references for the two countries on how to improve their soft power competitiveness.

Research purpose and significance

Education internationalization of South Korea and Turkey in Kazakhstan is an example of cultural soft power, which has certain theoretical significance. The internationalization of higher education in Turkey and South Korea has not only established a good national image for Turkey and South Korea, but also brought huge economic benefits to both countries. For example, Turkey has built the EU Southern Energy Corridor in Kazakhstan and other Central Asian regions. The transmission of traditional culture has given Turkey a certain historical influence in Kazakhstan, making Kazakhstan more closely linked with Turkey, and promoting its competitive advantage in Kazakhstan's economic and trade cooperation (TEKİR, 2022). The education policy of South Korea towards Kazakhstan has deepened the exchanges and diplomatic relations between South Korea and Kazakhstan, which has strengthened the political status of South Korea in the country to a certain extent. The consolidation of diplomatic relations between the ROK and Kazakhstan has made the two sides agree on many international issues, which will provide substantial help for the ROK to increase its influence in Central Asia, such as the laying of oil pipelines in Kazakhstan, the denuclearization of the Korean peninsula, and so on (Oskenbayev, 2020).

In addition, it can also make up for the lack of relevant research on the Central Asian policies of the governments of Turkey and South Korea. Under the current international situation, the relationship between Turkey, China and Central Asian countries has become a field that cannot be ignored. In addition, due to the numerous and complicated problems in the Central Asian in the past two years, the research on the policies of Turkey and South Korea in Central Asia has also decreased.

Research methods

First method is comparative analysis. This paper mainly makes a comparison of two cases: Turkey and South Korea in terms of the scale, teachers and other aspects of educational cooperation and promotion institutions in Kazakhstan and obtains the current situation and characteristics of these two countries, in order to inspire the promotion of international educational cooperation.

Second method is interview and investigation. Suleyman Demirel University and Korean education institutions in Almaty in Kazakhstan were selected as the research objects to conduct field visits and research to understand their work status in terms of language education.

Research questions

This paper studies and analyzes the educational cooperation by Turkey and South Korea with Kazakhstan, mainly focusing on the following aspects:

1. What is the current education cooperation policy of Turkey in Kazakhstan?
2. What is the current education cooperation policy South Korea in Kazakhstan?
3. What are the similarities and differences between the educational cooperation policies of Turkey and South Korea in Kazakhstan?
4. Why Turkey and South Korea differ in educational cooperation policies in Kazakhstan?

II. Literature Review

This part mainly summarizes the concept of soft power, the function of soft power, and the content related to education and soft power. The theory of soft power was first put forward by Nye, Jr (1990), Nye defined several stages of soft power: embryonic stage (1990-2000), development stage (2001-2006) and mature stage (since 2006).

Soft power is crucial to the survival, development and growth of a nation, and its main functions are the leading function, cohesion function, publicity function and communication function of soft power.

According to Nye's understanding, a country's strength is composed of hard power and soft power. Hard power mainly refers to a country's basic resources, economic strength, military strength, scientific

and technological strength and a series of disposable strengths. Soft power refers to culture, system, values, etc. Among them, cultural soft power with culture as the core has become an important factor in the competition of a country's comprehensive national strength. The internationalization of education is a good platform, and the process of education going international is the process of improving its cultural soft power.

Education Cooperation between Turkey and Kazakhstan

In 1990's, under the influence of the Gülen Movement, Turkey actively used its ethnic, religious and geopolitical advantages to try to expand its geopolitical influence in Kazakhstan and other Central Asian regions (Yavuz, 2013).

Kazakhstan's leaders are looking for a new political and economic model that can better meet national challenges and public needs. In addition, after the end of the bipolar pattern, Turkey is not only facing the indifference of the west, but also is distrusted by the countries in Central Asia due to its contacts with Israel. Therefore, Turkey changed original policy, cautiously and adventurously sought new alternative options, and changed from "dependence on the west" to "interdependence with the East and the West" to strengthen multilateral cooperation. Turkey actively participated in Central Asian affairs to get rid of the sense of isolation in the international environment after the war (Fidan, 2010). Therefore, for Turkey, the disintegration of the Soviet Union is a once-in-a-century opportunity, which Turkey hopes to take to free itself from the long-term misunderstanding of Central Asian countries and international cognitive bias.

Education Cooperation between South Korea and Kazakhstan

As early as 1998, South Korea identified the cultural industry as a strategic pillar industry for national development in the 21st century. After the establishment of the strategy of "building a country with culture", South Korea's cultural industry developed rapidly, expanding from simple film and television exports to song and dance, games, traditional handicrafts, traditional clothing and other aspects (Lee, 2004). The development of Korean cultural industry in turn promoted the spread of "Korean wave" culture and greatly enhanced the national soft power of South Korea. South Korea is looking forward to gaining the recognition and favor of Kazakhstan and other Central Asian countries with its unique cultural charm, and providing support for the smooth implementation of its policies towards Kazakhstan and other Central Asian countries (Abrorbek & Kazakbaev, 2022).

III. Methodology

Selection of Research Methods

The main problem to be studied in this research is "to analyze the different factors in the educational cooperation between South Korea and Turkey in Kazakhstan based on the soft power theory". Mainly through listening to the real feelings and mental journey of Kazakh education department members and local students, this paper studies the factors that affect the differences in education cooperation by South Korea and Turkey with Kazakhstan. Therefore, the nature of the problem tends to be descriptive. This study chooses qualitative research methods for research.

Selection of research samples

In order to obtain as much information as possible from the research samples, researchers adopt the method of purposeful sampling, and the specific sampling strategy adopts the combination of convenient sampling and snowball sampling. In this study, members of the Education Department of Kazakhstan and university and high school students were selected by convenient sampling.

Collection of Research Data

This study adopts semi-structured interview. The researcher will prepare the interview outline in advance, and make an appointment with the respondents for face-to-face communication and interview.

IV. Empirical analysis

Education cooperation between Turkey and Kazakhstan

The author conducted an interview with an education worker familiar with Turkey's education policy. The question of the interview was "please elaborate on Turkey's education cooperation in Kazakhstan". Based on the contents of the interview, this paper sorts out and classifies the contents of Turkey's education cooperation in Kazakhstan as follows. These final interview contents are summarized and confirmed with the interviewee. In order to ensure that the interview content is true, this paper also conducts literature verification on the content expressed by the interviewees.

1. Education cooperation at the national organization level

The national organization level is the focus of Turkey's language communication in the field of education in Kazakhstan. The communication forms at this level are mainly concentrated on higher education projects: first, provide "Student Scholarship Program" for Kazakh students; Second, establish universities; Third, the government organizes the establishment of intermediate schools, language teaching centers and other institutions in Kazakhstan to promote the dissemination of Turkish language and culture in Kazakhstan.

2. The combination of non-governmental education projects and national education system

Turkey attaches great importance to education projects at the non-governmental level as well. The multi-level nature of the non-governmental level has enabled Turkey to successfully participate in the national education system of Kazakhstan. For example, the "Gülen movement" is a religious organization headquartered in Turkey, which serves social, religious and educational purposes. The organization has opened primary and secondary schools in Kazakhstan and provided local first-class teaching at both levels. The teaching goal proposed by the school is that students can fluently use English, Russian and Turkish after graduation.

3. Other forms of educational communication measures

The author also interviewed five students from Suleyman Demirel University. The question is "please truthfully answer your satisfaction and views on the teaching contents of the University".

From the five students interviewed, we can see that Turkey's educational cooperation in Kazakhstan is relatively successful. Students in Kazakhstan are very familiar with Turkey's culture, curriculum and practical learning.

Education Cooperation between South Korea and Kazakhstan

The author conducted an interview with relevant personnel of the Ministry of education who is familiar with the education policy of the Republic of Korea. The question of the interview is "please elaborate on the contents of South Korea's education cooperation in Kazakhstan". Based on the content of the interview, this paper collates and classifies the contents of South Korea's education cooperation in Kazakhstan as follows. These final interview contents are summarized and confirmed with the interviewees one by one.

At the same time, the author also interviewed five representatives of Korean education institutions in Almaty. The interview question is "please truthfully answer your satisfaction and opinions on the teaching contents of the school".

From the content of the interview, we can see that Korean culture is relatively popular in Kazakhstan, especially in Korean music and film and television.

However, the interview results also show that there are some problems in the educational cooperation between South Korea and Kazakhstan, such as very little financial support and language communication problems. What is different from Turkey is that the languages of Turkey and Kazakhstan are interlinked, whereas Korean and Kazakh languages are different. Therefore, South Korea has some limitations in its cooperation with Kazakhstan.

V. Findings

In general, the study of soft power communication of education cooperation by Turkey and South Korea with Kazakhstan produced the following findings:

The Similarities between the policies of the two countries are the government attaches great importance to integrating language communication into the strategic system of education cooperation. Both Turkey and the Republic of Korea fully understand the cultural connotation guided by language, regard the communication of language as one of the most important contents to enhance their soft power, adhere to the joint education with Kazakhstan at the national level, promote the communication of Turkish and Korean from the perspective of national strategy, promote the education of those languages in Kazakhstan in all directions and from multiple angles, and more fully display the teaching concepts of the two countries, This has enhanced the Kazakh people's further understanding of South Korea and Turkey.

Turkey and the Republic of Korea are both strengthening academic research, exchanges and cooperation. Through a series of academic research activities, they have created opportunities for senior intellectuals of both sides to exchange and understand each other, thus providing support for the dissemination of Turkish and Korean culture in Kazakhstan at the academic level.

Another finding is the difference between the policies of South Korea and Turkey. Turkey emphasizes the Turkish language in its educational communication strategy, and that Turkey and all Turkic nationalities have common ethnic, cultural and linguistic origins, thus spreading the idea of strengthening understanding among them all. Through the similarity of language and common religious belief, it can narrow the distance with the Kazakh people, becoming the basis of mutual trust, so as to promote the dissemination and influence of its education in Kazakhstan.

In addition, Turkey divides its work and cooperates from the strategic level to promote the spread of Turkish in multiple dimensions. From the cooperation of higher education at the national level in Turkey to the whole process of non-governmental organizations and some individuals and enterprises entering the national education system of Kazakhstan, it is not difficult to see Turkey's division of labor and cooperation in education and communication. It is obvious that Turkey has made more detailed deployment of education and cultural communication. On the one hand, this arrangement can avoid unnecessary waste caused by repeated construction, and on the other, it also ensures the funds needed for the dissemination of education and culture. This mode of state support and non-governmental operation not only expands the source of funds, but also weakens the political color of its educational and cultural dissemination (Titrek, et al., 2016). Secondly, Turkey has promoted the entry of Turkish into Kazakhstan's national education system through multi-level promotion; from the national education department to non-governmental organizations, Turkish has fully entered all levels of Kazakhstan's national system, including universities and middle schools. Although the relationship between Turkey and Kazakhstan has been tense and relaxed from time to time, the number of primary and secondary schools has continued to grow (Hiro, 2011). Such measures have enabled Turkey's cultural strategy to penetrate into Kazakhstan's national education system and become an important basic platform for promoting the dissemination of Turkish culture in Kazakhstan.

While South Korea has provided educational support to some universities in Kazakhstan, it is limited, having only provided educational support to one university. The Korean government's output is not only in language education, but also in more diversified dissemination of Korean films, drama,

photography, cooking, etc. Korean cultural film and television works emphasize the emotional line, which transcends the national and cultural boundaries. The description technique of Korean film is gentle and delicate, forming a spiritual impact and causing emotional resonance. Behind the export of cultural industries is the expansion of national influence. The gradual popularity of Korean film and television and cooking culture in Kazakhstan is of great significance for the better integration of Korean culture into the Kazakh people and the smooth realization of the soft power output of South Korea to Kazakhstan (Hwang, 2012).

VI. Conclusions

Soft power is no longer the patent of large countries. Medium-sized countries such as South Korea and Turkey have gradually attached importance to and strengthened the construction of soft power, so as to improve their popularity and status in Kazakhstan and improve their national image. According to the above research results, both South Korea and Turkey have carried out educational cooperation in Kazakhstan, both regard language communication as an important aspect of soft power communication, and both have carried out university cooperation. However, there are some differences. First of all, the two countries attach different importance to the strategy, invest in different aspects and teach different contents. This paper not only analyzes the differences between Turkey and South Korea on the surface of education cooperation, but also analyzes the constraints on the spread of soft power between the two countries from the inside.

Considering the literature, interview analysis and conclusion of this research, this study shows that the soft power diplomacy of South Korea and Turkey is still in the initial stage of development. Although corresponding achievements have been made in a certain sense, there are still many problems, including how to gradually improve and coordinate various means of soft power diplomacy, how to balance soft power diplomacy with hard power issues existing between the target countries, and how to truly eliminate the diplomatic pattern centered on larger countries. South Korea and Turkey still have a long way to go to attain mature soft power diplomacy.

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“Representation of domestic violence in Kazakhstani media: barriers and prospects”

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Abstract

Domestic violence is an urgent problem in the Kazakhstani community, with the rate of female abuse within families increasing yearly. The situation is worsened by the relatively lenient system of punishment of abusers in the country. As a result, recent years have been characterized by increased public statements made by the victims on various media platforms in Kazakhstan.

It is crucial to remember that the media plays an essential role in representing, shaping, and balancing public opinion on many important issues. Therefore, this research aims to evaluate how the media represents domestic abuse cases in Kazakhstan. It was done by selecting a set of interviews from the representatives of media channels and non-governmental organizations responsible for protecting female abuse victims.

The research found that social networks as alternative media platforms are usually directed at empowering the victim. In contrast, other forms of media, such as newspapers and TV channels, fail to represent the viewpoint of the victims and usually picture this problem through the prism of hot news. In general, domestic violence representation in the Kazakhstani media only focuses on separate cases of extreme violence. It lacks a systematic approach aimed at highlighting and stigmatizing the problem.

Keywords: domestic violence, media representation, Kazakh media.

Introduction

The media is vital in disclosing the news and covering critical public issues. The media describes current affairs and shapes the social perception of certain events and phenomena. Therefore, media coverage is often required in cases of physical and mental oppression and abuse to create a negative public attitude and support the victims. In other words, the media depiction of domestic violence cases is essential in shaping shared negative public perceptions of female abuse. The support from the side of the media can be especially striking in countries with limited power over the rule of law or lenient rules regarding violence and abuse. It is the case in many post-Soviet countries, which have one of the highest ratings of gender-based violence and one of the most lenient legal measures against them (Dossanova, 2020). For example, in 2017, the Kazakhstani government decriminalized domestic violence despite a long-term gradual increase in female victims over the last ten years (ibid). The legal punishment for this misdeed is limited to a written warning or a maximum of 3 weeks imprisonment (ibid). In the absence of legal support from the government, many victims fail to protect themselves from abuse and seek the support of the media and the public.

1.1 Background

In general, gender roles and female rights have a relatively short history of development in Kazakhstan. However, following the declaration of its independence in 1991, the state administration started to undertake numerous steps to integrate into the global community. An essential part of this integration and the Kazakhstani external politics was establishing equal rights and opportunities for its citizens and eliminating any discrimination. As a part of this policy, the state adopted numerous laws and Decrees, such as the 2009 Law "On Prevention of Domestic violence," the national Strategy of gender equality dated between 2006-2016, and the 2005 Presidential Decree. At the same time, the state

started collecting administrative data on annual domestic violence cases to initiate further procedural changes. However, despite the state's attempts, there is a continual increase in domestic violence against females in the country without harsh state measures against abusers.

As a result, many women have started to seek protection through media and social networks in particular. Currently, one of the most widespread and significant Kazakhstani public movements against domestic violence is labelled as 'nemolchi.kz' (translated as 'do not stay silent') functions with the help of media coverage. In particular, it promotes a negative image of an 'abuser' and supports the victims by delivering their stories through social networks, including Instagram and Facebook. Throughout its functioning, the actions of this group prompted public attention to numerous cases of female rights. However, on the other side, the results of media involvement can be unpredictable and might have a more negative than positive impact in such cases.

However, the country suffers a significant shortage of systematic and operational support for the victims. It is represented by the fact that not all Kazakhstani cities have so-called crisis centers, the institutions which provide psychological and judicial support to the victims of domestic abuse. At the same time, the existing crisis centers lack financial investment and economic support from the government side, which limits their functional capacity. As a result, in many cases, women who seek protection in the centres require the additional support they seek to attain with the help of various media channels and social networks.

1.2 Purpose of the study

This research pays specific attention to domestic violence against females and its representation in the media. In particular, it narrows down the focus of the discussion to Kazakhstan, a Central Asian country with approximately more than 120 cases of rape, 5200 cases of physical abuse, and 70 cases of mutilation against women a month (HRW report, 2019). Given the degree of domestic violence, public attention to the cases is usually initiated when the police and legal systems fail to investigate and protect the victim thoroughly. So, to ensure that the victim's voice is heard, there is usually a need to attract the attention of a larger audience than the victim can reach. Therefore, victims of female abuse usually seek help from local non-governmental agencies (NGOs) that are represented by the crisis centers that are focused on female rights and protection. Therefore, the research also explores the importance of NGOs in distributing the voice of the victims through the media. In particular, it aims to explore how domestic violence is represented in printed and broadcast media and the scope and degree to which media influences the cases of female abuse in families.

It is essential to mention that the degree to which media can help address the cases of female abuse is always dependent on several factors, such as state politics, legal restrictions, and social and cultural norms. This report aims to analyze the role of media in increasing domestic violence cases against females in Kazakhstan. In order to do so, it aims to address the following research questions:

1. How does Kazakhstani media shape the public attitude towards domestic violence?
2. How does the media affect the current stance on domestic violence against women in Kazakhstan?

1. Literature Review

2.1 Female discrimination in Kazakhstan

When looking back on the history of female rights, as the UN member, Kazakhstan became a member of the joint UN Convention against female discrimination in 1998 (Southbayeva, 2017). In order to meet international requirements, the government further adopted several programs to alleviate female discrimination. As a part of these programs, the state created a National Commission for Family Affairs and Demographic Policy established in 1999, ratified the international UN Protocol "On the Political

Rights of Women" in 2000, developed the "Strategy for Gender Equality of the Republic of Kazakhstan for 2006–2016", adopted the law "On Equality of Rights and Opportunities for Women and Men of the Republic of Kazakhstan" in 2009 and finally created a National Action Plan for the Advancement of Women in the Republic of Kazakhstan in 2016 (ibid).

However, when it comes to the issue of female rights in Kazakhstan, it can be said that it is characterized by the low levels of female representation in decision-making in cultural, political, and economic contexts (Alzhankulova, Tauzhanova, Darkhanbaev & Rakhimbekov, 2020; Zellerer & Vyortkin, 2004). For instance, "although many women hold mid-level positions in medicine, media, education, and social services, their participation in government has substantially decreased since Kazakhstan's independence in 1993" (Snajdr, 2005). In this sense, the limited development of female rights can be partially correlated with the fact that political positions and Parliament lack female representation, resulting in little awareness of current rights issues.

At the same time, the religious and ethnic composition of the society also has its impact on correct female discrimination and the issue of domestic abuse (Joshi & Childress, 2017; Snajdr, 2010). Since most citizens belong to the Muslim religious community, there is also a need to address religion as a component shaping the issue of the proper female movement. In Islam, the female right is directly intertwined with the notions of "calmness, submissiveness, and obedience to her male partner" (Snajdr, 2005). In this sense, female rights are primarily viewed through the prism of family relationships rather than their position in social and political units (Rani & Bonu, 2019). Therefore, in many cases, the Muslim viewpoint of female rights is contextualized around the role of women as "heath keepers" (McGee, 2017b). Therefore, this status is primarily driven by putting females in family relationships, which stand on a different line from its political position (Michaels, 2005). In this sense, the country's religious composition can also specifically impact the degree to which female rights are understood within the Kazakhstani community.

The study by McGee (2017a) explicitly looked for correlative links between religious background and the attitude to violence against females within families. The main finding of the research in the context of Kazakhstan was that, in general, domestic abuse is viewed as a measure that is justifiable in family relationships. Interestingly, the response was consistent among both female and male respondents.

One of the country's most influential religious female social groups is named The Society for Muslim Women (Ginn, 2016). The organization's position regarding female rights is mainly consistent with the general Muslim attitude towards the role of women in society. In other words, the organization primarily focuses on displacing the woman's role through the prism of her family relationships rather than her political or social status (ibid). It is best reflected by the organization's attitude towards domestic violence, as the society views these instances as domestic issues which should best be resolved within the family (ibid). In this sense, the woman's status within the family is placed above her political freedom and rights. It also is an essential determinant of the role of women in the Kazakhstani community.

As a result, most females, especially those who live in the non-capital cities of Kazakhstan, are deprived of their political rights and lack knowledge on this issue. In many cases, women do not have access to education and fail to be provided with their fundamental rights to freedom of voice and protection. It results in the political passivity of women and the widespread illiteracy of women concerning their political and social rights (ibid). For example, non-governmental agencies, which specialize in female rights, often highlight that female abuse stays underreported in many cases mainly because the victims themselves are not aware of the help and protection that they are entitled to from the government (Snajdr, 2005).

2.2. Domestic violence in Kazakhstan

In general terms, violence is defined as a "phenomenon used to describe the use of physical force for threatening, hurting or abusing another individual or the individual's property" (Makhadiyeva,

Shalgynbayeva, Slambekova, Albytova & Akymbek, 2019). In the context of Kazakhstan's legal system, domestic violence is defined as the "intentional unlawful act (action or inaction) of one person in the sphere of family and domestic relations with another (others), causing or containing a threat of causing physical and (or) mental suffering" (The Law on the Prevention of Domestic Violence in Kazakhstan, 2020). Interestingly, the legal boundaries of the Kazakhstani system only address the cases of domestic violence from one individual towards another (Karabalina et al., 2017). However, according to the World Health Organization definition, domestic violence goes beyond this notion and can be divided into interpersonal and collective domestic violence (Snajdr, 2007). While the former is directly correlated with the legal description provided in the Kazakhstani legal system, the latter is described as violence where the victim is psychologically or physically abused by several family members (Tilly, 2003).

While collective domestic violence is not represented in the legal system of Kazakhstan, victims often face either physical or physiological pressure from the side of a husband and the members of his family. In many cases, the wives face a "subservient and marginalized" attitude from the husbands' side and the whole family. In particular, in many cases, when the husbands abuse the females, the wives face additional psychological pressure from mothers and fathers-in-law, preventing them from seeking external help from the police. In addition, the long-term stigmatization of females as being subordinate to their husbands also results in many undiscovered domestic violence cases, which further results in distorted public statistics on the issue.

As a result, the issue of domestic violence remains an urgent question on the borders of Kazakhstan. However, from the words of Viktoriya Kim, assistant Central Asia researcher at Human Rights Watch, the government fails to provide adequate care for the victims and adopt legislation aimed at preventing and minimizing abuse in the families.

In many cases, the police ignore domestic violence because they perceive these cases as interpersonal disagreements that should be addressed by state representatives (Alzhankulova et al., 2020). An essential factor in shaping such an attitude is the decriminalization of domestic violence by former president Nursultan Nazarbayev in 2017. Before 2017, domestic abuse was considered a criminal offence but it has become an administrative-legal violation. The decriminalization of domestic violence raised a wave of public condemnation of state policies from the side of the public. However, even though in 2019, the newly established president Kassymzhomart Tokayev made a public statement on the need to raise the importance of tackling female abuse, the punishment for domestic violence became even more lenient. In 2019, the government adopted a new article, according to which domestic violence cases are not sanctioned with a fine but are punished with either written notice or a maximum of 20 days imprisonment of the abuser. At the same time, present-day legislation does not allow the victims of domestic violence to get a restraining order to protect against the abuser.

2.3 Current measures for tackling domestic violence

Domestic violence cases in Kazakhstan are usually reported to precinct police departments. The cases are usually reported either by the victims after being exposed to domestic violence or by witnesses who can report to the police if they believe to see evidence of domestic abuse against females. In general, the spread of domestic violence is directly related to the efficiency of precinct police officers, as 'timely disclosure of minor offences prompt a shared intolerance to violation of law and reduces the number of strict violent crimes against females' (Alzhankulova et al., 2020, p.3).

The work of the precinct police officers is regulated by the law № 199-V "on Internal Affairs of the Republic of Kazakhstan," law I - VIII on "the Regulation of the local police servant in the Republic of Kazakhstan", and order #1095 signed by the minister of Internal affairs on the "Rules of the work of precinct police officers, inspectors, and their assistants."

The statistical analysis of the cases of domestic violence produces dubious results. Given the religious background of the country and the social understanding of the role of women, females, who

decide to leave their husbands for whatever reason, have long been subjected to social condemnation. While some sources indicate that violence occurs in every eighth family in Kazakhstan (Ginn, 2016), other sources present more negative statistics, with every third family experiencing the stances of female abuse (Kabylova, 2021). Current affairs regarding the number of domestic violence cases in Kazakhstan are grounded on two main reasons: the acceptance of violence against women in the community and the secrecy of domestic affairs. In other words, the statistical representation of domestic violence cases is constantly examined, given that most domestic violence cases in Kazakhstan remain underreported (Smailova, 2020). Furthermore, it is driven by the fact that females forced to leave their families are constantly faced with social stigma and pressure from the side of the Kazakhstani community.

Similarly, the women are usually condemned by their surroundings, represented by family members, relatives, and friends. As found by the SMW, a local female rights organization located in Almaty, the activists receive around 70 calls a month. While most of the calls are received from women, who perceive themselves to be in danger of physical harm from their spouses, more than half of these calls do not receive sufficient assistance and help. Interestingly, this happens because women tend to disappear or reject any further communication with the organization's representatives after the first attempt to contact them (Snajdr, 2005).

At the same time, in many cases, the resolution of domestic violence cases is not aimed at creating a set of preventative measures against violence. As was shown, the current legal stance on domestic abuse does not provide sufficient support to the victims from the police and political institutions. On the other hand, the actions of these political and social structures are primarily aimed at reuniting the family rather than finding and then punishing the guilty (Toews, 2017). For example, in the research conducted by Ginn (2016), it was found that social institutions aimed at protecting female rights and taking care of women who suffered from domestic abuse in Kazakhstan sometimes see their primary goal as restoring the marriage. As mentioned by the leader of the social institution located in Almaty and aimed at protecting the victims of domestic abuse, named "Podrugii":

"Our organization categorically denies the option of divorce as a solution to domestic violence. It is important not to act hastily and not to jump to conclusions. We employ patience and reflection. Moreover, this matches the basic tenants of Islam" (Snajdr, 2005).

It is also consistent with the official position of the government. According to the authority's statement, husbands found to have committed a domestic violence crime are no longer fined but given a warrant. It is primarily driven by the desire to prevent the family from additional expenses. The very logic of the government illustrates that the official institutions take the thought that the family will be reunited for granted. The desire to save money is directed at the family, including the abuser's husband and the suffering victim's wife.

It strives to reunite the women represented by the victims of domestic abuse with their husbands has several long-term implications for domestic violence in Kazakhstan. First, the government promotes this assumption through legal measures and several social institutions through their choice of 'help,' which boosts the degree of acceptance of violence in Kazakhstani society. In other words, striving to keep the family unit together even in domestic abuse cases prompts the so-called hidden message on the normality of such instances to the community. From the other perspective, given that the violation of the crime is lenient, the abuser will likely proceed with his behavior trait. Similarly, the women in the circle of violence are less likely to report the other cases, given that the system is not aimed at protection. Therefore, the two main problems set as the foundation of domestic abuse, i.e., the acceptance of violence against women and secrecy, remain unsolved but are boosted further by the condom means of resolving the cases of abuse against women within the family.

Finally, in many cases, the degree of spread of domestic abuse stays underreported because women lack financial independence from their husbands. From one perspective, the females might be frightened by the need to find financial resources to raise their children. However, this is not the main

reason the finest can become a stumbling block to reporting domestic abuse cases to the police. The official statements to the court on the matter of domestic violence require to send of official documentation including but not limited to the medical certification which proves the fact of physical harm, the written statements of the witnesses, the application which is filled with the help of the attorney, etc. (Snajdr, 2005). Each stage of this process requires financial investment (ibid). Moreover, given that the maximum punishment for domestic abuse is a police warrant, the victims often choose not to report and not go to court.

However, even in the realms where domestic violence cases remain massively underrepresented in the official statistics, the rate of female abuse accounted for by the Ministry of Internal Affairs of Kazakhstan is experiencing a vast increase every year. This course has revealed the inefficiency of the current measures. It highlights the need to initiate measures to balance domestic abuse in Kazakhstan. It is especially striking in the current affairs of global lockdown. As revealed by the ministry of internal affairs of Kazakhstan, domestic abuse cases increased by almost 30% in the first three months since the lockdown (Kabylova, 2021). It is explained that families prone to experiencing domestic abuse cases against women are now faced with the need to spend more and more time together at home. Therefore, more likely to extrapolate the tension at home and prompt domestic abuse (Rakhmetov, 2020). The global pandemic caused the situation and also exacerbated the number of negative feelings in society, including anxiety, aggression, and, thus, the feeling of tension within the household. So, in short, while the issue of domestic violence against females was rather severe in Kazakhstan Before 2021, the recent events resulted in the fact that the problem started to necessitate even a more in-depth analysis to minimize the cases of violence against women.

One factor that significantly influences the spread of domestic abuse is the degree of media coverage. Media might be considered an influential factor in these kinds of situations directly related to the two leading causes of increasing domestic violence in Kazakhstan. In particular, media coverage directly influences both the degree of acceptance and secrecy. The influence of the media on the first factor is relatively self-explanatory. In particular, the very role of the media is related to representing the public voice. However, as history shows, the media can also manipulate, change, and balance the majority's viewpoint in many cases. In the case of domestic violence, high-level media coverage accompanied by negative comments and condemnation of domestic abuse can alter the attitude of the Kazakhstani community towards this issue.

At the same time, media coverage minimizes the level of secrecy regarding female abuse. On one side, the victims are more likely to open up and share their stories when they feel public support, primarily when it is represented with the help of social institutions. At the same time, witnessing other victims sharing their experiences and receiving public support can prompt other victims to stop hiding their problems in the long run.

Numerous scholars tried to address the topic of domestic violence in Kazakhstan. The study by Makhadiyeva (et al., 2019) tried to evaluate the issue through the prism of the victims. It provided the study to explore the common traits in domestic abuse cases in Nur-Sultan, the capital city of Kazakhstan. When trying to build the psychological image of the victims in one of the female rehabilitation centers, the researchers found that most victims suffered severe physical injuries and revealed high degrees of anxiety, discomfort, and fear. They also showed symptoms of paranoia and were subjected to constant feelings of insecurity and vulnerability.

This psychological portrait reveals that the victims of domestic violence are not likely to trust other people. Therefore, to minimize the cases of female abuse, in the long run, there is a need to ensure the openness and trust of the victims towards the social institutions dedicated to female rights protection. As mentioned before, the victims of domestic abuse often lack the financial and social resources to seek protection from the police and have a fair trial. However, when the voice of women is represented with the help of a non-governmental organization or social institution, it increases the likelihood of public

support. At the same time, it also helps boost the possibility of a more detailed examination of the case. Therefore, it is vital to ensure that the NGOs and social institutions, which are engaged with the victims of domestic abuse, have a positive image in the community to create a more comfortable psychological environment for the victims.

2.4 Media and domestic violence

While the media's primary focus is perceived to act as an intermediate actor between the state and the public, it is also widely described as a tool that acts as an essential element in shaping and balancing the public view. Furthermore, the historical analysis of media as an entity reveals that it can have a significant influence on the perception of society of several important issues such as politics, legal issues, social initiatives, and gender equality (Berns, 2004; Ramon et al., 2020; Babvey et al., 2021).

In the case of domestic violence, the importance of media can be determined by several factors. The most prominent role the media can take is protecting the victim and shedding light on the problem by exposing the cutest domestic violence. It can also allow one to know the degree of spread of this problem within society (Berns, 2004). In this sense, the media can be partially responsible for how the public reacts to domestic abuse cases (Dragiewicz et al., 2018). In the long-term perspective, the cumulative impact of media can be represented by how society forms the general social perspective regarding accepting this problem by developing the stigma and intolerance of abusers.

Berns (2004) identified three ways the media addresses domestic violence in shaping public opinion. The first one is called "the victim empowerment frame," in which the media platforms are trying to publish then use articles such that the public sympathizes with the victim and stigmatizes not only the abuser but the very representation of domestic violence within a particular society (Leisenring, 2006). It is usually achieved by representing the victim's voice and displaying domestic violence's short-term and long-term negative consequences to the victim and society (Goodman et al., 2015). This approach to addressing domestic violence is most common in countries with high levels of gender equality and limited female discrimination (Hoyt, 2007). At the same time, this particular approach has proven to be most effective in countries where domestic abuse is highly criminalized from the site of the legal system.

The second approach is called "anti-feminist." In these cases, the media takes the role of a judge when it believes the public perception of domestic violence cases by indirectly stigmatizing the victim (Berns, 2004). It usually occurs in countries with limited levels of gender equality and a widespread problem of female discrimination. In most cases, this is done with the help of slogans to deliver a twisted message to the public (Van Corp, 2007). In most cases, this is done by changing the voice of the sentence and presenting the subjects of domestic violence as taking an active role and obscuring the role of the abuser (Dragiewicz, 2011). For example, rather than saying that a particular individual committed a crime by exposing another individual to physical harm within the family. Instead, media platforms usually focus on the victim's image, her position and role within the family and try to understand the causes that led to female abuse (Berns, 2004). As a result, this peculiar way of delivering information can feel sympathy towards the abuser rather than the victim. This method is more likely to be present in countries with higher levels of tolerance for violence. This fact is essential because based on numerous investigations conducted in Kazakhstan. Most males and females in rural and urban centers indicate a high degree of tolerance to violence within the families against females and thus "...were equally or more likely to justify physical violence" (Vaz, 2020, p.16).

The last approach is called the "social justice frame." In this mode of representing domestic abuse cases to the public, the specific focus is placed on the social, institutional, and political aspects of this problem both in the short and long-term perspective (ibid). In these cases, the general public discourse in the media is focused on the social, economic, and political implications of female abuse on the citizens (Leisenring, 2006). Therefore, if perceiving domestic violence as a social construct, this particular method is usually proven to be most effective in addressing domestic violence in the communities (Dunn

& Powell-Williams, 2007).

An essential role in representing the issue of domestic abuse is given to social networks. In most cases, the victims cannot deliver the problem to the larger public, given their psychological stance. They rely on assistance from non-governmental agencies, which often rely on the power of social networks. In Kazakhstan, one of the most massive and systematic approaches towards addressing female abuse is taken by the movement "nemolchi.kz", which has been functioning in Kazakhstan for the last five years. The organization's initiative aims to provide support to the victims, which is represented and monitored on their official pages on Instagram and Facebook online platforms. Currently, the organization has an audience of around 87 thousand followers on both platforms.

The organization utilizes social networks to tell the stories of the victims, depict the inefficiency of the state initiatives, and demand a more detailed focus of police departments on the cases. In this sense, the media platforms act as crucial intermediaries in delivering the victims' voices and ensuring temporary assistance and help.

3. Methodology

In order to provide an in-depth analysis of the media representation of domestic violence in Kazakhstan, this report relies on a qualitative method of data analysis. The choice for this particular method of data collection is driven by the fact that the topic explores the impact of media on domestic violence cases. In this sense, the degree of impact is impossible to measure in numerical terms, and therefore, the effect of media coverage is explored by qualitative means. The research questions that the thesis is trying to address are:

1. How does Kazakhstani media shape the public attitude towards domestic violence?
2. How does the media affect the current stance on domestic violence against women in Kazakhstan?

Following the analysis of past theoretical literature on the given topic in hand with the investigation of legal documents, the dissertation contextualizes the findings around interviews with the representatives of public movements and media personalities who protect the female victims of domestic violence in Kazakhstan.

So, the secondary sources that are going to be used in the given research include, but are not limited to, the constitution of Kazakhstan, the quotes and speeches of the former president Nursultan Nazarbayev, as the main initiator of decriminalization of domestic abuse in hand with international protocols on female rights and media.

The primary sources of the investigation include eight interviews with public figures and female rights activists who raise the issue of domestic violence. Given the research structure, the individuals who will serve as interviewees in the given research will be chosen with the help of the purposive sampling technique. This method is chosen because it allows for choosing the sample based on established criteria. In the context of the given research, the interviewees have to fit the following description:

1. The individual is a public movement member, raising domestic violence against women in Kazakhstan.
2. The individual is a public or media personality who raises domestic violence against women in Kazakhstan.
3. The individual is a group member in social networks publicly criticising domestic violence against females in Kazakhstan.

The list of interviewees who agreed to provide their perspective on the current stance on domestic violence and the degree to which media influences current affairs in the context of female abuse in Kazakhstani families is presented below. Nien interviewees participated in the in-depth interviews: a journalist, two psychologists, and five owners of NGOs

The structure of these interviews provides a two-sided investigation of the role of the media in exposing and criticizing domestic violence cases. The responses from public figures and media personalities aim to expose the target goals and motives of the movements. In contrast, the domestic violence victims' responses help shape the understanding of catching public attention to these cases. The structure of the interviews in the given research is semi-structured. In particular, the interviewee prepares a set of questions, which set the foundation of the interview and asks supporting questions in the interview process. The baseline questions are presented in the appendix.

4. Findings and discussion

4.1 Representation of domestic violence in Kazakhstani media: barriers

The official statistical rate of domestic violence in Kazakhstan is usually not indicative of the country's accurate picture. There are numerous reasons which explain this phenomenon. As highlighted by the respondents, one of the main problems for distorted data is cultural norms, which stigmatize women outside the family, especially those who choose to leave their partner.

While the problem is much less evident in cities such as Nur-Sultan or Almaty, as interviewees indicated, in other regions of Kazakhstan, namely, Akmola, Karaganda, and Shymkent, women are constantly faced with external pressure from the society and their relatives.

As a result, it is impossible to account for even an approximate value of women subjected to domestic violence. At the same time, many victims of domestic abuse fall under the definition of the so-called battered women's syndrome. In general, the term describes a psychological portrait and behaviour traits, indicating females who suffer from systemic physical and psychological abuse (Walker, 2016). As mentioned by the respondents, the peculiar feature of battered women in Kazakhstan is the reluctance to expose the abuser and seek professional help from the police department representatives. Evidently, an objective representation of current affairs concerning female abuse in families on media platforms is difficult to attain under such conditions.

Understanding the role of media and its impact on the problem of all-female abuse within families depends on many factors. First, there is a need to understand the degree to which the media acts as a separate and independent entity.

According to the Freedom House, the country profile of Kazakhstan indicates local media channels as unfree. Instead, it is associated with the limited democratic freedom voice and a relatively strong political influence on local media channels. In this case, the media will likely publish material that goes in line with the official position of state representatives.

Given that the current legal system is characterized by relatively lenient attitudes towards abusers who commit domestic violence, the official media platforms do not criticize them. The systemic problems failed to prevent domestic abuse cases but could potentially breed violence against females within Kazakhstani families.

At the same time, the interviewees highlighted the cases when the media articles had to be removed from the websites when they represented a position different from the official one. For example, the media article on female abuse in the Turkestan region in 2021, written by Alisa Masaleva, a journalist depicting domestic violence cases, was prohibited from publishing and removed from the media. This is because it did not stand in line with the official position of the Turkestan Police Department.

Most importantly, as most respondents highlighted, the media represents domestic abuse cases through the prism of 'hot news' and mostly limits the published material to disclosing cases of extreme violence against women. It usually includes the cases of severe physical damage to the victims, such as extreme beating, cutting the pieces of the body, or death. At the same time, the respondents highlighted that the published material is mostly very general and lacks the analysis of social, legal, political, and cultural aspects that stand behind these extreme cases.

Given that the media only covers domestic abuse cases using general description as a social tool,

the media only represents violent results. As the respondents highlighted, this is one of the main reasons the media intervention in domestic abuse cases is either limited or ineffective. In addition, the media coverage only focuses on the most extreme forms of female abuse. While it can be partially efficient in provisional help, such an attitude fails to address the problem and can even deteriorate it."

Based on the words of the respondent, one of the main negative externalities of media coverage in these cases stems back to how the information is presented. An essential element in publishing material's perception is slogans, media articles, and news reports. Anna Ryl also highlighted an elementary example of how public opinion can be manipulated: "Even a swift glance but the majority of media slogans published by official state-sponsored organizations and review the presence of bias towards women. It is common to witness slogans like "The fourteen-year-old became pregnant from her biological father" instead of saying the father committed a crime against his family. This shift of attention from the abuser to the victim herself is one of the popular reasons for misinterpretation and misunderstanding of the very core of domestic violence in Kazakhstan. At the same time, the media channels are reluctant to use the words "abuser" when reflecting on domestic violence cases."

The analysis of slogans used by media channels provides findings consistent with the words of the interview. For example, in the description of the recent case of Symbat Kulzhagarova, who suffered from systemic psychological and physical abuse from her partner and was then found dead, presumably from committing suicide, the media platforms did not refer to the partner as an "abuser," but rather "the husband of the deceased." Furthermore, it can be seen from the slogans that the media's depiction of the abusers is impersonal. It is supposed to depict victims. Nevertheless, at the same time, it is possible to witness how we get slogans that send an indirect message with underlying sympathy towards the abusers. For example, in the second case, the word "battered" is put into brackets, which can be perceived as an indirect hint that the accusations are false.

Another essential element of how the media depicts domestic violence cases, which the interviewees highlighted, is the strive towards understanding the motive of the abuser behind his actions. Furthermore, the local media channels and platforms that publish the material depicting the general social image of the victim such that to expose her negative qualities as a wife, also significantly indirectly contribute to stigmatizing the abused rather than the abuser.

In this sense, one of the most evident problems associated with the representation of domestic violence is the limited coverage of the cases, with the primary focus on the ones exposing the traits of extreme violence and death. In this sense, the media only reflects on domestic violence results and therefore does not conduct or facilitate any preemptive measures to minimize or balance out the cases of female abuse in the long run.

4.2 Representation of domestic violence in Kazakhstani media: prospects

One of the strongest sides of media representation of domestic violence, as highlighted by the interviewees, is its ability to provide the necessary support to the victims in the short term. Kokarshin Seytkazhina and Diana Muhanova, representing the psychologists providing services to the victims of domestic abuse, highlighted that media was proven to be most effective when the victims would need financial assistance or support. However, the interviewees highlighted that health mostly comes under the assistance of social networks rather than traditional media. This view was further supported by the remaining respondents, who agreed that social networks are more successful at representing domestic abuse cases after they happen. Furthermore, unlike traditional media platforms, social networks create room for immediate feedback and dialogue between the publisher and the readership. In this sense, it is possible to consider that social networks act as a supplement for traditional media platforms as the measure of delivery and spreading of news and information (Brooks & Porter, 2020).

In this sense, the general agreement among the interviewees was that social networks are more effective at creating public resonance than traditional media when domestic abuse victims are deprived

of their rights. In the long run, social networks can help ensure the good work of police departments and the absence of bias in resolving the conflict between the abuser and the victim.

Another exciting mission that can be performed with the help of social networks is easing the spreading of information about different ways domestic abuse can be prevented. At the same time, the interview highlighted that social networking could help spread information about crisis centers and their function to society. As a result, the victims and potential victims gain knowledge and instructions on what to do if they seek professional and legal support. It is essential, given that the workers of the crisis centers do not have the resources and time to spread this information.

However, the informative basis, which can be spread with the help of social networks, has the potential to be effective only in large cities of Kazakhstan. This is because domestic violence was primarily addressed only in urban areas. At the same time, hiding the project "Don't pass by" in the rural areas around Shymkent City because the ride is at least 10 kilometres from any regional centre, where victims of domestic abuse and potential victims usually either lack access to smartphones and the internet or do not have spare time for Internet activities.

Therefore, even if social networks and media platforms can become a good base for informational support, there are evident limits to their power in this manner. On the other hand, another exciting area in which the media can serve as informative and provisional assistance to the movement against domestic violence is spreading information about the actions, movements, and activities to prevent female abuse.

The relative passiveness of the media as a measure of spreading the news aimed at preventing violence, rather than its results, was also highlighted. The respondent constantly contrasted the present-day media's direction to the one spread at the beginning of the XX century. "One of the main problems of the present-day media is that they solely focus on the results and views and present female abuse solely through the prism of criminal activities. Back in the Soviet period, There was an official rule requiring us to balance the negative news with the positive examples. In this sense, the depiction of domestic abuse cases must be followed up by the interview or an article representing an example of a 'normal functioning family. As a result, the media would not only show the problems in the society but also represent the so-called target that the public needs to strive to." This example provides one possible way the media can act as an informative base for depicting violence and act as a preventative measure against domestic abuse in the future. In her words, representing an explicit balance between the "good" and the "bad" helps to destigmatize the victims and stigmatize the abuser in the face of readership.

Another example in which the interviewee was trying to address the depiction of media regarding domestic violence is by organizing a set of lectures with the professors of future journalists in Kazakhstan in 2000. The primary focus of this initiative was the universities of Shymkent and Turkestan because these regions revealed the highest rates of female abuse. In this sense, the interviewee reported the importance of teaching the journalists how violence has to be depicted and described to minimize the problem in the long-run period.

The final example referred to the newspaper published between 1988 and 1995 on the border of Kazakhstan named "Yuniy ty," with the target audience of females between the ages of 7 and 14. The primary focus of the newspaper was to provide an informative background to female rights and create a negative perception of any violence against females. The interviewee highlighted that while newspapers are no longer popular in the present time, the idea of the newspaper and its ideological composition could become a fruitful foundation for adapting in the context of modern media channels as an effective preventative measure against violence. Finally, the interviewees agreed that the present-day media needs to provide more detailed information on different sorts of female abuse. At this stage, the media and social networks' primary focus is physical abuse cases. However, in most cases, physical harm to the victim's status by the long-term psychological abuse of females in the families. Therefore, creating a more detailed understanding of how to recognize, prevent and tackle psychological abuse can become a solid foundation for preventing exposure to physical harm in the long run.

In short, one of the most efficient means by which media can be helpful as a measure of prevention of domestic violence is by shifting the focus of publications and providing a more detailed informative ground for females. However, the analysis of interviews shows that the present-day Kazakhstani media is difficult to contextualize within the existing theoretical literature. When investigating the actions and approach of different media channels, including social networks, it is possible to say that media in Kazakhstan falls in line between "the victim empowerment frame" and the "anti-feminist frame", depending on the target audience and readership. At this stage, the degree to which the media helps tackle domestic violence is limited to catching the public attention to ensure a fair investigation process and collecting money for the financial support of the victims.

5. Conclusion

To sum up, even though the present-day statistical representation of domestic violence lacks objectivity and does not represent an accurate picture, the increasing rate of female abuse creates an urgent need to create preventive mechanisms against violence. Unfortunately, the present-day involvement of traditional local media channels is less effective than social networks. While the traditional media channels primarily depict violence against females in their families, the social media channels are making steps towards providing a more detailed overview of the program.

The main problem with media depicting domestic violence is how the platforms deliver the information. In particular, the narrative of the publications and the slogans are shaped in a way that has the potential to stigmatize the victim. Moreover, in the cases of well-known instances of domestic violence, Kazakhstani media channels often seek to represent the perspective of the abuser by exploring the roots of violence and building the profiles of the victims. As a result, the media channels send an indirect message to the public, stating that violence in families can have solid grounds and stem from the specific mode of behavioral patterns from the wife's side.

In this sense, the media perceives domestic violence cases through the prism of "hot news" rather than a systematic social problem requiring judicial and political changes. This media position towards female abuse represents society's general social and cultural attitude towards violence. In particular, in the present-day realm of Kazakhstan, there is a widespread tendency to stigmatize the victim. It is also strengthened by the fact that the main object of the journalists is not represented by the abuser but rather by the victim herself. Female abuse remains unsolved because females are highly likely to be victim-blamed by societies and their close circle of friends and relatives.

Another essential feature of Kazakhstani media is the lack of objective evaluation of the problem. The primary focus on the victim and her portrait as a 'wife' that could have potentially 'deserved' to become the victim prevents the critique against the current system of punishment of the abusers. In particular, the decriminalization of domestic violence in 2017 resulted in the fact that the current legal system is relatively lenient to the abuser and fails to ensure a preventative approach to problem resolution. In this sense, the position and how traditional media channels depict the cases of female abuse align with state officials' position.

In short, the research findings indicate that the present-day representation of violence against females in traditional media breeds the existing stigmatization of females outside the marriage by focusing on victims as the object of their publications. It is especially urgent in non-capital cities, where the perception of women as subordinate to their husbands who are expected to tolerate discrimination and violence creates a more fruitful ground for domestic abuse.

However, the representation of domestic violence in social networks significantly differs from the position of traditional media channels. Online platforms such as Instagram and Facebook have recently become intermediary agents between the victims or the organizations representing the victims and the public. Currently, the role of social networks in this area is limited to providing a more objective view of the problem. However, like traditional media channels, social networks usually represent the

news on domestic violence on a sign-cased basis and lack a more systematic approach to addressing the problem. At this stage, social networks are utilized as the platforms for delivering the voice of the victims to create public resonance and seek professional or financial assistance to females.

Finally, the main prospects for developing the role of traditional media and social networks in the area include shifting the focus from domestic violence results to potential preventative measures against violence. It can be achieved by employing a more detailed representation of activities and initiatives of non-governmental organizations against female abuse. At the same time, media platforms and social networks can be utilized to spread the information delivered by the crisis centers on recognizing potential abusers through psychological manipulations. In the long run, this could assist in transforming the cultural and social norms in the Kazakhstani community and minimize the instances of domestic violence by boosting intolerance to such cases.

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“Migrant worries. Should I stay or should I go? Return migration or naturalization.”

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Abstract

After the demise of the Soviet Union, for the newly found Independent States emigrating from their country of their origin was one of the most difficult and decisive steps they had to take. Yet, now as number of the CIS migrants have been overloading globally a different question arises: *Will these migrants return back to their original countries or will they naturalize?* Consequently, this research will look into the decisions of migrants from Turkmenistan on whether to go back or to stay and eventually acquire the citizenship of Kazakhstan.

Key words: return migration, naturalization, Turkmenistan, Kazakhstan

I. Introduction

Dissolution of the Soviet Union in the late 1990s brought long-awaited independence and freedom to the fifteen newly found republics. Along with new opportunities, the demise was followed by unemployment, inflation, low income, as well as social and political pressures pushing many to decide either to migrate or endure the struggles. Yet as international travel has become more accessible and a number of migrants - more abundant, a different question arises: *Will these migrants return back to their original countries or will they naturalize?* Thus, this research will look into the decisions of migrants from Turkmenistan on whether to go back or to stay, and eventually acquire the citizenship of Kazakhstan. At the conceptual level, the anticipated outcome of either a unidirectional migration or a return migration will be viewed. At the operational level, three possible explanations, initially economic factors, followed by political, and lastly social factors that affect the migrant decisions will be viewed. Once general patterns have been identified, the case of Turkmenistan will be studied. Turkmenistan is a land-located former Soviet Union country where the situation has deteriorated over the thirty year period under three administrations. Within three decades of its independence, approximately 1.6 Turkmenistanis have left the country either voluntarily or involuntarily. Among the movers, Russia is popular for study visas, while Turkey is for labor migration due to the free-visa regime, yet 20,865 refugees and 7,686 asylum seeking Turkmen opt for Europe and the USA (Countries - Turkmenistan - Prague Process, n.d.). Understandably, the Russian Federation and Turkey have been identified as the main destination, however the claim of this paper is that due to Kazakhstan's economic development, the country has become one of the most popular destinations for labor migrants and students from Turkmenistan. Along with external influencers, overlooked factors, such as sex and age of a migrant and level of their Russification will be taken into consideration when looking into the migrant decisions to return or stay in Kazakhstan. Thus, the research questions will seek to discover whether the migration plans are long-term or short-term (1), who is more likely to return back to the country of origin (2), and who is more likely to go through the process of naturalization (3). This paper is a part of a Master's level thesis and will be developed as follows: Theoretical section of the work will have operational and conceptual levels where general patterns of return migration and naturalization will be discussed. The third part will focus specifically on the case of Turkmenistan. At the empirical level the methodological section of the paper will immerse. This section will use a mixture of interviews and questionnaires, while the units of analysis will be migrants from Turkmenistan residing in Almaty only due to geographic proximity and limited resources. Samples are Turkmen

or Turkmenistanis who have migrated to Kazakhstan under different visas and currently reside or have resided in the country before and have been exposed to remittance practices. Gender and age of participants are indifferent, yet an important factor in their intentions of further stay. The scope of the research is regional as it includes either unidirectional or return migration inflow from Turkmenistan to Kazakhstan. It is also believed that the current work will have a considerable impact on the literature development of Turkmenistan and Central Asia since lack of academic research on the country. Lastly, the timeline for the research is from October 2022 to May 2023 for the Master thesis defense at KIMEP University.

II. Theory

Theoretical part of the paper looks into the previous research done on the decisions of the migrants either to stay or return back to their respective countries. This part will be categorized into conceptual, operational, and case-based chapters.

A. Return migration or naturalization

The older scholarship looks into the reasons for initial migration, while contemporary literature takes into consideration the decision to migrate back or to stay, and eventually naturalize in the host country. For instance, Dustman and Weiss (2007) give a comprehensive understanding of migration starting with the forms of migration. They identify economic, environmental and political forms of migration and argue that mostly migrants are non-permanent. The first provided case for an eventual return migration occurs when benefit and cost of migration are equal. In other words, over the period of migration in the host country, the cost of the family and the migrant continuously increases, hence the migrant eventually intends to return home. The second case of a return migration appears due to the lower purchasing power in the home country. Migrants and natives experience different purchasing power in the receiving country which is usually higher than in the home country. The third provided case by Dustman and Weiss (2007) for return migration is accumulation of human capital which emphasizes migrants' potential to maximize their wealth in their time in the receiving country. As a result, the authors argue that the majority of the migration is return migration. Within the return migration literature, two distinct patterns can be identified (Hagan and Wassink, 2020). First is the economic sociology of return which addresses the voluntary return of a migrant upon completion of their aspirations. This category investigates the length of a stay, labor opportunities, and further implications on the migrant. Labor migration in general is assumed as a long-term stay with some intentions of returning back eventually. According to Hagan and Wassink (2020), returned migrants increase their chances of starting a business and being employed. For instance, in the case of Egypt, returned labor migrants had a higher likelihood of business survival. Likewise, in the case of Central and Eastern Europe the wages of returned migrants were 30% higher compared to others. Second pattern is the political sociology of return migration which considers state and institutional actors in the original countries and their interaction with migrants, asylum seekers, and refugees. At the state level, reception and reintegration of returned migrants vary, yet mostly uncomfortable in the illiberal countries. Reintegration itself is quite a difficult process for the forced migrants, while simultaneously countries of Latin America label them as criminals (Hagan and Wassink, 2020). In the case of Europe the region has mostly receiving countries with three major recipients of Switzerland, Germany and France (Dustmann et al., 1996). Germany and France are identified as naturalizing countries, whereas Switzerland enforces rotation principle. For instance, between 1981 and 1989, 65% of labor migrants returned

home within the first two years of their stay. Simultaneously, integration or reintegration depends on demographic factors, such as age and sex, as well as on education, skills and experience, on home and host countries, and family dynamics (Arowolo, 2000).

In terms of naturalization, according to the new research, the United States (15.8 million), Germany (15.8), and Saudi Arabia (13.5) have the highest numbers of foreign-born citizens, followed by Russia (11.6), United Kingdom (9.4) United Arab Emirates (8.7), France (8.5), Canada (8.0), Australia (7.7), and Spain (6.8) (Immigration by Country 2022, n.d.). In the US, 8.5 million migrants became citizens of which nearly 3 million were Mexicans. In the past, migrants from Canada and Europe comprised the largest portion of foreign-born citizens, yet now migrants from Latin America and Asia dominate (Passel, 2020). In the case of Germany, Turkish migrants made up the largest number of naturalized migrants. Migrants from former Yugoslavia also have a considerable number in Germany, whereas European migrants do not see the need to naturalize. Diehl and Blohm (2003) explain it with privileges attached to a German nationality; migrants from Turkey and former Yugoslavia would enjoy higher possibilities if naturalized, while for other European migrants in Germany there is no substantial change. Similar to above mentioned literature, two likely outcomes are available for the migrants from Turkmenistan.

B. Factors affecting migrant decisions

Reasons that affect migrants' decisions on either to return back or to stay and naturalize can be divided into three categories. Palwanova (2022) classifies the causes leading to emigration from Turkmenistan as pull and push factors. The pull factors are defined as what attracts Turkmens to leave the country, while the push factors are those that force the migration and both of them have economic, political, and social effects. The following chapter will be formulated according to Palwanova's classification. Urbański (2022) looks into Poland-Romania bilateral migration and identifies that economic pull factors are one of the most significant variables affecting the initial decision to migrate and to stay. Between Poland and Romania, the push factor is insignificant, as four out of six pull factors and only two out of six push factors show big influence on migrant decisions in Urbanski's study. Ibrahim et al., (2019) specifically research pull factors to stay in the host country. The authors surveyed 375 physicians working in the UAE and their decisions on return or stay in the country. Identified pull factors are income (for 35% only), lifestyle, such as quality of life, work-life balance, multicultural environment, proximity to extended family, political stability, personal and family safety, and new medical related visa policy for a 10 year period (for 80%). Doerschler (2006) studies migrant decisions within Germany. He claims that both economic and political factors of sending and receiving countries not only play significant roles in the initial decision to migrate, but also to stay in the host country. The author also explains that if a migrant is simply motivated by economic reasons, they will not integrate within the receiving country. Consequently, migrants from Italy, Turkey, and former Yugoslavia who have been living in Germany for more than 40 years are unlikely to integrate and naturalize.

Political and economic factors have an interaction effect. In other words, Doerschler (2006) explains that immigrants with a good understanding of politics in their home and host countries, who are simultaneously motivated by economic factors, have higher intentions to stay longer or naturalize in Germany. For instance, Kurdish population in Germany is large and vocal; they seek economic stability in the host country, as well as being motivated by political pull factors, they have a some-what firm plan to stay in Germany. Shamala (2021) looks into political push-pull factors for the construction workers in Bangalore. Around 85% of decisions to migrate and stay in Bangalore were made due to political push reasons. Whereas, the pull factors are largely economic,

such as better employment opportunities (for 88%), higher wages, (for 82%), and better working conditions (84.8%).

The last, and a complex factor influencing migrant decisions is social effect. Social pull-push factors can include family dynamics, marriage, culture and other values. Brettell (2017) first explores marriage as a cause of migration exemplifying Malagasy women of Madagascar marrying French men in a so-called companionship or convenience marriage since women escape the hard life of the island, while men avoid “egoistic and materialistic” French women and receive caring companion. Brettell (2017) also identifies marriage as a means to stay in the country. For example, Filipina labor migrants marry rural Japanese men after living and working in Japan for a couple of years in order to receive more stable status through a spousal visa. Arias (2013) focuses on the family dynamics and familial change in the Mexican communities due to migration. Although in the past the Mexican migration had the characteristics of circular, temporary, labor and masculine, since the 1990s it became unidirectional, permanent, family-oriented and female dominated. Moreover, due to long-term absence of a spouse, separation and divorce of union as a result of permanent or long-term migration became prevalent in Mexican households. This pattern is observable for male and female Mexicans alike. Lately, Mexican women tend to migrate alone and their decisions are attributed to domestic violence, infidelity, low wages and instability. As a result, taking into consideration Brettell (2017) and Arias (2013), social push and pull factors are more significant for the young generation of women from developing countries.

C. Case of Turkmenistan

General trend for Turkmenistan is to leave the country either with a study or work visa and extend their stay by continuing their tertiary education. Russia dominates in the educational sector with 141,629 study visas issued only for the year of 2019, while Turkey offers an economic solution due to a visa-free regime (Palwanova, 2022). Study or labor migrants work and practice remittances, thus, both countries attract with their economic pull factors. Demographic factors of age and gender also determine a purpose, destination, and length of a stay of Turkmen migrant; hence according to the UNHCR, the top five host countries for female migrants are Turkey (1,847), Germany (1,677), Switzerland (367), Egypt (102), France (74), and Ukraine (54). Whereas 929 male migrants from Turkmenistan prefer Turkey, 779 - Switzerland, 709 - Ukraine, 290 - Germany, 176 - France, and 127 - Luxembourg (Palwanova, 2022). On the political spectrum, push factors affect women more, as a result around 4,240 women and 3,181 men were forced to migrate from 1996 to 2019. Palwanova (2022) offers both economic and political pull-push factors of decision-making behind the Turkmen migrants, yet the social aspect is neglected.

Kazakhstan with its close proximity geographically and culturally has remained as a favorable destination for the last five years accumulating around 3000 Turkmen labor immigrants, 3500 Turkmenistani students and 518 refugees in the country (Migrants & Refugees, 2020) Most of the immigrants live in the regions of Mangystau, Karaganda, Kostanay, and Almaty, as well as in the cities of Almaty and Astana (*How Many Turkmens Live in Kazakhstan?*, 2021). Furthermore, for the first quarter of 2022 the number of incoming Turkmens has increased six-fold, thus placing Kazakhstan as close as Russia in terms of migration destination (*Number of Immigrants in Kazakhstan Grows*, 2022). In the legal framework, Kazakhstan and Turkmenistan, as well as Kazakhstan and Uzbekistan, do not have bilateral agreement on labor migration, unlike Kazakhstan and Kyrgyzstan or Kazakhstan and Tajikistan. It makes the issue of migration and remittances arduous for the Turkmen migrants. Kazakhstan is initially selected as a study destination due to the affordable prices leading to extended stay through work visa or spousal visa. As the country is semi-

democracy, migrant Turkmenians are unlikely to be motivated by political pull factors. Nevertheless, due to feasible and accessible governmental services, Kazakhstan has remained to be an ideal place.

III. Methodology

A. General data collection

The primary research method for this study is statistical (quantitative) analysis. Statistical methods are applied to test objective theories by examining the relationship among variables. Thus, in order to test the hypotheses of either returning home or remaining in the host country, the statistical method will be used. Data collection will be gathered via two tools. Firstly, existing information on the case of Turkmenistan will be gathered in order to determine pre-existing assumptions on the factors that affect migrant decisions. Secondly, statistical data will be collected by questionnaires distributed in two languages, Russian and Turkmen, afterwards, which will be analyzed and reported in the English language. Translations will be done by the author as I am a native speaker of Russian and Turkmen languages. The units of analysis for the data collection will be migrants from Turkmenistan residing in Almaty city, Kazakhstan. Although Turkmenistani migrants are disseminated unequally throughout Kazakhstan, but mainly in the regions of Mangystau and Karaganda, and in the cities of Almaty, Taraz, and Astana, merely the participants in Almaty will be considered due to the geographic proximity and limited resources. Participants will be ethnic Turkmenians or Turkmenistanis (1) who have migrated to Kazakhstan under different visas (2) and currently are residing (3) or have resided (4) in the country before. Gender and age of participants are indifferent, yet an important factor in their intentions of further stay. Assumptions on the age and gender variables will be proven or disproven via statistical methods. The scope of the research is regional as it includes unidirectional and return migration inflow from Turkmenistan to Kazakhstan. It is also believed that the current work will have a considerable impact on the literature development of Turkmenistan and Kazakhstan's bilateral relations, as well as of Central Asia. Lastly, the timeline for the research is from October 2022 to May 2023 for the Master thesis defense at KIMEP University.

B. Statistical methods

An ideal framework is to have 35 to 100 participants to conduct the statistical part of the research. Questionnaires, which will be anonymous and either in Russian or Turkmen, will try to determine demographic factors that influence decisions of migrants. In other words, through statistical methods, I wish to discover who is

- a. more likely to have long or short term plans to stay in Kazakhstan;
- b. more likely to return back to the country of origin - Turkmenistan;
- c. more likely to go extend their stay in Kazakhstan via different means, e.g. study-visa, work-visa or residence permit;
- d. more likely to naturalize in Kazakhstan.

There are different assumptions that will be tested. Assumption 1 states that participants who came to Kazakhstan with study-visa are more likely to extend their stay via the means of continuing further education, such as graduate and post-graduate degrees. Assumption 2 focuses on the factors of gender and age. The working proposition is that females are more likely to stay than males since they already have some levels of being exposed to internationalization. Moreover, the earlier you come, the higher the chances of staying in the host country. Assumption 3 dictates that the level of being Russified leads to higher chances of staying and eventually naturalizing in Kazakhstan.

Assumption 4 purports that marriage is a strong cause of naturalization in Kazakhstan and it is more prevalent among females rather than males. By conducting statistical analysis I would be able to test above-mentioned assumptions.

IV. Preliminary results

As above mentioned (in Section I) current research is work in progress. Therefore, statistical analysis is incomplete. Nevertheless, there are certain assumptions, hence preliminary results. The first assumption dictates that for migrants whose initial purpose was to study, hence entered Kazakhstan with study-visa, they are more likely to extend their stay via the means of continuing further education, such as graduate and post-graduate degrees. This assumption is made by looking at the rough data of participants with study-visa extending their stay as they continue their academic life in Kazakhstan. The second assumption believes that females are more likely to stay longer than males. It is believed that women who came from Turkmenistan have already been exposed to some internationalization, therefore, they are more inclined to continue their lives and careers outside of Turkmenistan. The third assumption is that the earlier you come, the higher the chances of staying in the host country. This is especially true for high-school students who migrated with their parents at age of 15-17 or bachelor students. The fourth assumption states that the level of being Russified leads to higher chances of staying and eventually naturalizing in Kazakhstan. Within the fourth assumption emerges the question of how to operationalize the level of Russification. During the Tsarist and Soviet rules, the terms Russification and Sovietization, respectively, referred to a cultural assimilation of non-Russians, whether voluntarily or involuntarily, to give-up completely or partially their culture and language in favor of Russian (Weeks, 2010). Although historically Turkmens and Turkmenistan were the last ones to enter the Russian Empire and to be least Russified (Hays, 2016), the modern meaning of the term Russified will be applied in this particular research. Hence, Turkmens who speak Russian language or grow up in Russian speaking communities, more urbanized, participate in Russian schools, less conservative, more secular and more inclined to foreign countries are defined as those with higher level of Russification. Consequently, migrants with these characteristics choose to stay longer in Kazakhstan and naturalize, or migrate further to Russia, Belarus or Ukraine, and further. The fifth assumption claims that pre-existing marriage is a strong cause of returning as the migrants' purpose is purely economic, which is to remit money. Next assumption believes that getting married in Kazakhstan to any nationality is a strong predictor of naturalization within Kazakhstan, and the last assumption dictates that the former assumption is more prevalent among females rather than males as male migrant adults have a duty and responsibility before their families in Turkmenistan.

V. Discussion

As a rule when the topic of migration is discussed the first group of scholars look into the reasons behind the decisions of migrating at the first time. The second category of researchers consider migrant decisions on whether to stay and naturalize in the host country or return back to their home country. The latter group is more novel as the phenomenon is as well recent. This research belongs to the second category and looks into the migrants from Turkmenistan who either stay/ naturalize or return back to their country of origin. There is a lack of updated and relevant data on almost all categories of Turkmenistan in academia. Current research takes one step further and investigates migrants in Kazakhstan and their decisions either to remain in Kazakhstan or return

home. Preliminary results demonstrate that migrants who are politically and socially motivated are more likely to stay compared to purely economically motivated migrants. Furthermore, females compared to males and in general migrants who were exposed to internationalization and Russification at younger age are more likely to continue their professional and personal development in Kazakhstan. The implications of this study is its ability to expand literature on Turkmenistan as a whole.

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SCHOOL OF LAW

“Protection of entrepreneurs from raidership under the Criminal law of the Republic of Kazakhstan”

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Abstract

It is undeniable that entrepreneurship plays a significant role in the economic development of the country. The Constitution of the Republic of Kazakhstan guarantees freedom of entrepreneurial activity. Raidership is a significant threat to the development of entrepreneurship: it destabilizes economic processes, undermines investors' confidence, especially foreign ones, and creates obstacles to the realization of the constitutional right to free entrepreneurship. This paper analyzes the criminal law aspect of the problem of raidership in Kazakhstan, and how entrepreneurs of our country are protected from encroachments on their business by raiders under the criminal law of the Republic of Kazakhstan.

Kazakhstan is one of the first countries in the Commonwealth of Independent States to include a separate article on "raidership" in its criminal legislation. Nevertheless, the issue of the ineffectiveness of Article 249 of the Criminal Code of the Republic of Kazakhstan has been raised in Kazakhstan.

This paper analyzes the problems of applying Article 249 of the Criminal Code of the Republic of Kazakhstan, the difficulties in interpreting the provisions of this article. It provides practical recommendations for harmonizing Article 249 to combat raiding more effectively and protect people's interests in the business. Methods of system analysis, logical, comparative, empirical, descriptive, and formal legal methods have been used during working under this research.

Key words: *corruption, raidership, hostile takeovers, crime, criminal law, entrepreneurs' protection, control, individual entrepreneurs, corporate law, corporate raidership, corruption - related raidership, property.*

Introduction

In his address to the Nation of Kazakhstan President, Kassym-Jomart Tokayev noted that raidership against small and medium business have become more frequent (K.K. Tokayev, 2019). The fact that the problem of raidership has been raised at such a high state level proves that raidership is indeed a criminal activity hazardous for society and the state, which is often accompanied by violent and deceptive actions. Raidership is quite often accompanied by corruptive abuse of law enforcement and regulatory and judicial systems and poses a real threat to the country's economic security in the current environment.

An essential factor in the fight against this phenomenon is the inclusion of a "raidership" article in the Criminal Code of the Republic of Kazakhstan (Article 226-1 in the old wording of the Criminal Code of 1997 and Article 249 in the current Criminal Code of the Republic of Kazakhstan). The legislator has defined raidership and defined the corpus delicti of this type of crime (The Criminal Code of the Republic of Kazakhstan, 2014).

The legal statistics on this type of crime show from 2011 to the first half of 2022, 288 crimes were registered in the Unified Register of Pre-Trial investigations under Article 249 of the Criminal Code. Only 28 cases were heard in courts, about 9% of the number of registered offenses. At the same time, criminal cases were mostly terminated for lack of event or corpus delicti. The statistics confirm the opinion of business ombudsman Rustam Zhursunov that article 249 of the Criminal Code is ineffective (Mariyam Bizhikeyeva, 2021).

In articles by Russian and Kazakhstani authors, raidership is divided into white, gray, and black (B.N.Khamitov, 2021). In Kazakhstan, raidership cannot be divided into white or black since raidership is a criminal offense, and it would be more appropriate to divide it into corporate and corruption-related raidership, that is, by the method of its commission.

Unfortunately Article 249 of the Criminal Code does not protect the legitimate interests of individual entrepreneurs as participants in the entrepreneurship. An individual entrepreneur is not a legal entity and may not be an owner of shares or securities of a legal entity. However, the business of an individual entrepreneur can also be a target of raiders. The theoretical and practical importance of this study is that this paper makes a detailed analysis of the advantages and disadvantages of the definition of "raidership" given in Article 249 of the Criminal Code of the Republic of Kazakhstan.

The conclusions, analysis, and recommendations given in this work can be helpful both in the educational process when studying such disciplines as "Criminal Law" and "Corporate Law" but also for practitioners from the law enforcement system and in-house lawyers who need to know how to protect a company from the encroachment of raiders.

The practical value of this paper is that it provides practical recommendations for the improvement of Article 249 of the Criminal Code of the Republic of Kazakhstan. Unfortunately, there is insufficient scientific literature on this topic in Kazakhstan. Thus, the raidership is mentioned in the Commentary to the Criminal Code of the Republic of Kazakhstan (Special Part) by I. S. Borchashvili (2021) and in the textbook Criminal Law of the Republic of Kazakhstan (Special Part), edited by Rogov I., Baltabayev K, and Korobeyev A. (2016)

Primary sources, legal acts, and statistical data from the official websites of the state bodies were used in this work. Also the relevant interviews of state officials, which address the problem of raidership and its negative impact on the economy, including the country's investment climate were studied. The purpose of this work is to study to what extent the interests of entrepreneurs in Kazakhstan are protected under Criminal Law from such a criminal offense as raidership. In order to achieve this goal, the following tasks must be considered:

- Completeness and accuracy of the definition of raidership in Article 249 of the Criminal Code of the Republic of Kazakhstan.
- What difficulties may arise for law enforcement agencies in qualifying the corpus delicti of this type of criminal offense?
- Study of foreign experience concerning this type of criminal offense.
- Are the concepts of hostile takeover and raiding identical?
- Formulation and justification of recommendations for further development.

Statement of Problem

What is the object of the crime of raidership - public relations ensuring the protection of the right to property ownership or relations ensuring the protection of the right to free entrepreneurship? More often than not, raiders do not aim to illegally acquire interests or shares to destroy the company in which they have acquired interests or shares. In practice, a company whose composition of shareholders or shareholders has changed, whether legitimately or illegally, continues to conduct

its business activities, generating income for its new owners. Raiders, like other economic criminals, aim to make a profit. Accordingly, after illegally seizing shares or stock in a company or acquiring control over it, raiders have at least three options:

1. Resell to third parties the illegally acquired shares or participatory interests in the legal entity;
2. Manage companies in which shares or participation interests they have acquired, i.e., appoint new management, obtain control over investments, obtain loans, enabling them to divert funds and company assets to structures under their control;
3. Offer former owners of shares or participatory interests to buy back shares or participatory interests of the seized companies from the raiders at an inflated value.

In such a case, the legal entity whose shares or participatory interest have been illegally alienated continues to carry out business activities, receive income, pay taxes to the state budget and provide jobs to the population. At first glance, in this situation, only the interests of the owners of the participatory interest or shares are affected since the legal entity, in which the composition of participants or shareholders was illegally changed, continues its entrepreneurial activities.

Nevertheless, the problem of raidership is not only about protecting the rights of property owners. The Constitution of our country guarantees our citizens the right to free enterprise (The Constitution of the Republic of Kazakhstan, 1995). Raiders destabilize corporate governance processes and create obstacles for foreign investors to enter. For example, foreign partners refuse to enter the capital of Kazakhstani legal entities directly. Usually, it is proposed to establish a parent company in other jurisdictions, the corporate legislation of which allows for maximum protection of shareholders' rights and minimum risks to lose control under the operating company.

Raiders also destabilize market processes in the country's economy with their illegal actions, hindering healthy competition. Raiders do not produce anything and illegally seize successful or potentially successful businesses. Within the framework of this research, it is necessary to analyze the difference between hostile or unfriendly takeover and raidership.

In Kazakhstan, raidership and hostile takeovers are not identical concepts. These concepts may cross when hostile takeovers are committed within the framework of the criminal legislation of the Republic of Kazakhstan. A hostile takeover is identical to a raidership when the hostile takeover has been carried out using methods that have the features of an offense under Article 249 of the Criminal Code of the Republic of Kazakhstan (2014). At the same time, raidership does not always involve hostile takeovers but only in the case of illegally establishing control over a legal entity.

The legislator in Article 249 of the Criminal Code has divided raidership into two types. Raidership can be conventionally divided into corporate raidership and corruption-related raidership. Part one of Article 249 of the Criminal Code defines "corporate raidership". At the core of this type of raidership is a corporate conflict. Unfortunately, the criminal legislation of the Republic of Kazakhstan does not define a corporate dispute. The concept of a corporate dispute is defined in Article 27(1) of the Civil Procedure Code of the Republic of Kazakhstan (2015).

What is the difference between a corporate dispute arising under civil law and a corporate dispute initiated as part of a corporate raidership?

A corporate dispute provoked in the framework of corporate raidership is a consequence of the commission of a publically dangerous act prohibited by the Criminal Code of the Republic of Kazakhstan under the threat of punishment. The legislator, in the first part of Article 249 of the Criminal Code, has provided an exhaustive list of ways in which the above actions may be committed (The Criminal Code of the Republic of Kazakhstan, 2014). Raiders are constantly improving their ways of committing raidership, so it is impossible to provide for all methods of

committing this crime. Therefore, it would be preferable to specify that this crime is committed by violating the legislation regulating the activities of legal entities. Often lawyers of the targeted company, i.e. in-house lawyers are involved in the corporate raidership crime as the subject of the crime. Why in-house lawyers? Well, in-house lawyers know the weak points of a company. They have access to the original documents and can often obtain powers of attorney for representation in courts or other state agencies. Corporate lawyers specialize in corporate law, and they know the flaws in legislation that allow for manipulation of the situation in a company.

The second type of corporate raidership, according to Article 249 of the Criminal Code of the Republic of Kazakhstan, can be conditionally defined as a corruption-related raidership, since the corruption factor is the main factor for this crime. "External, forceful" raiding, where raidership takes place using the resources and powers of law enforcement, controlling and other authorities, or through the courts (Nygmet Kadisha, 2022).

Whatever perfect definition the legislator gives to the phenomenon of raidership, comprehensive measures are needed to improve further the mechanisms, including legislation aimed at protecting entrepreneurs from the illegal actions of law enforcement and controlling bodies, as well as measures to improve corporate legislation further. Unfortunately, the Regulatory Resolution of the Supreme Court of the Republic of Kazakhstan, "On Certain Issues of Application by Courts of Legislation on Criminal Offences in the Sphere of Economic Activity," dated January 24, 2020 does not disclose at all the court and law enforcement practice on Article 249 of the Criminal Code (2014).

In countries with developed market economies, corporate raidership did not have such a prominent criminal feature and was entirely legal. The illegal seizure of legal entities as a mass phenomenon did not exist before and now (B.N.Khamitov, 2021). In countries such as Austria, Great Britain, Germany, Denmark, Spain, China, the United States, France, Switzerland, Sweden, South Korea, and Japan, there are no regulations on combating the illegal seizure of legal entities, so this phenomenon is not criminalized (B.N.Khamitov, 2021).

I agree with I.A. Sokolov, a postgraduate student at the Academy of the General Prosecutor's Office of the Russian Federation, that the identification of foreign corporate raidership and illegal seizures of legal entities taking place in Russia (in our case in Kazakhstan) is unacceptable, since these are phenomena of a different nature, as one is civil law and the other is criminal law (2014). However, the experience of countries with developed market economies shows that effective corporate legislation helps reduce offenses related to companies' activities and regulate relations between shareholders and between shareholders and top management.

As mentioned above, the situation with raidership is very similar in the CIS countries. However, measures to combat raidership in the CIS countries are different. For example, the Criminal Code of the Russian Federation does not have a separate corpus delicti - raidership. The inclusion of an additional special article to the Criminal Code of the Russian Federation to combat raidership is not required. The existing tools are quite capable of solving this problem in the realities of current legislation, provided sufficient qualification of the preliminary investigation (I. Lebedev, 2022).

The Criminal Code of Ukraine does not have a separate article raidership, but there is an article 206 "Unlawful appropriation of the property of an enterprise, institution, organization" .The maximum punishment under this article is provided in imprisonment of up to 10 years (The Criminal Code of Ukraine, 2001). However, cases related to Article 206 of the Criminal Code of Ukraine are almost never brought to court. Only two such cases were heard in court in 2020 (2020).

Kazakhstan has created a more effective tool within its criminal legislation to combat raidership than other CIS countries. The Collective Security Treaty Organization Parliamentary Assembly of 26 November 2015 noted that "the analysis of criminal legislation has shown that at present the most advanced in terms of combating corporate raiding is the Criminal Code of the Republic of Kazakhstan, which may become at the first stage a reference point, a model law, for other Collective Security Treaty Organization member states to further develop their national legislation in this direction" (2015). However, as the statistics of the application of Article 249 of the Criminal Code of the Republic of Kazakhstan show, there are difficulties in applying this article.

Conclusion and Recommendations

Entrepreneurial activity in Kazakhstan involves many economic, political, social, and, not least, the risks associated with raidership. Existing legal statistics show that only 10% of all registered cases under Article 249 of the Criminal Code of the Republic of Kazakhstan have been heard in court for the entire period of existence of this article in the criminal legislation. This data demonstrates the problems of law enforcement of this norm in Kazakhstan.

In Part 1 of Article 249 of the Criminal Code, the legislator has included possible ways of committing corporate raidership. However, the problem is that raidership methods are constantly improving, and raiders masterfully use the imperfections of existing legislation for their criminal purposes. Therefore, I think defining an exhaustive list of methods of corporate raidership is inexpedient and ineffective in this article. The main difficulty in applying part 1 of Article 249 of the Criminal Code lies in distinguishing between such concepts as a corporate dispute, which should be governed by civil law, and the *corpus delicti*, which is also based on a corporate conflict, but initiated by illegal means specified in the criminal legislation.

In connection with the above, I propose the following definition of corporate raiding in the Criminal Code of the Republic of Kazakhstan:

Article 249

1. Illegally establishing control over a legal entity, as well as acquiring the ability to determine the decisions taken by that legal entity, or illegally acquiring the property of a legal entity by deliberately obstructing and (or) violating the statutory procedure for regulating the activities of legal persons as a result of distortion of information, forgery, limitation or blocking of the rights of the legal entity's owners and governing bodies, misrepresentation, concealment of information, and other unlawful means, which has caused substantial damage to the rights or legally protected interests of citizens or organizations or to the legally protected interests of society or the State.

This research also focused on the fact that the interests of individual entrepreneurs were not taken into account in the definition of this article. Individual entrepreneurs are an integral part of the state's economic system. Individual entrepreneurs are the backbone of small and medium-sized businesses. The raiders target the property of individual entrepreneurs that is used for business purposes. Moreover, the illegal taking of that property is not only a crime against property but also a crime against the legitimate right of every entrepreneur to freedom of legal entrepreneurship.

Therefore, it is proposed to add to parts 1-1. Article 249 of the Criminal Code of the Republic of Kazakhstan, the following additions.

- 1-1. Illegally establishing control over a legal entity, as well as acquiring the ability to determine the decisions taken by that legal entity, or illegally acquiring the property of a legal entity or an individual entrepreneur using it for business purposes by forcing the owner to alienate the legal entity, its shares, securities, and other property as a result of the organization or

initiation of inspections, restrictive, prohibitive, or other measures against the legal entity by law enforcement, supervisory or other authorized bodies or organizations, or by a court order, which has caused substantial damage to the rights or legally protected interests of citizens or organizations or to the legally protected interests of society or the State.

The experience of foreign countries shows that effective legislation regulating the activity of companies and relations between shareholders and top managers of companies, as well as effective regulation of the securities market and the M&A market, have prevented a large-scale occurrence of criminal raidership.

Like other CIS countries, Kazakhstan requires a systemic approach to combating raidership. The article on corporate raiding in the Criminal Code of Kazakhstan does not solve the problem itself but is an attempt to deal with its consequences. To solve the problem, it is necessary to further improve legislation in the sphere of corporate law, business law in terms of limiting the interference of state agencies in the activities of entrepreneurs, administrative law in terms of appealing the actions of government officials, it is necessary to develop the securities market.

Resources:

1. Constitution of the Republic of Kazakhstan dated August 30, 1995 (with amendments and additions as of September 19, 2022)
2. The Criminal Code of the Republic of Kazakhstan dated July 3, 2014 № 226-V (with amendments and additions as of September 09, 2022)
3. The Civil Code of the Republic of Kazakhstan (General Part), adopted by the Supreme Council of the Republic of Kazakhstan on December 27, 1994 (with amendments and additions as of September 09, 2022)
4. The Entrepreneur Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V ZRK (with amendments and additions as of September 09, 2022).
5. The Civil Proceeding Code of the Republic of Kazakhstan dated October 31, 2015, №377-V (with amendments and additions as of September 09, 2022)
6. Annex to Decision No. 8-12 of 26.11.2015 of the Parliamentary Assembly of the Collective Security Treaty Organisation on "Recommendations for harmonising the legislation of Collective Security Treaty Organisation Member States regulating relations in preventing and combating raiding
7. Criminal Code of Ukraine dated April 05, 2001 №2341-III
8. The Regulatory Resolution of the Supreme Court of the Republic of Kazakhstan, "On Certain Issues of Application by Courts of Legislation on Criminal Offences in the Sphere of Economic Activity," №3 dated January 24, 2020
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16. https://zakon.ru/blog/2022/04/06/rejderskij_zahvat_predpriyatiya_kak_prestuplenie_v_rf_problemy_kvalifikacii_pri_otsutstvii_specialno
17. <https://kazpravda.kz/n/v-interesah-biznesa-ke/>

EXECUTIVE MBA

“Управление процессом планирования производственной программы предприятия”

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Абстракт

Планирование на горнодобывающем предприятии – сложное и многогранное действие. По этой причине необходимо обеспечить его правильную организацию и приспособить к конкретным условиям ведения подземной добычи полезных ископаемых. Подготовленные планы должны составлять единую внутреннюю систему, однозначно определяющую способ, объем и требования безопасности проводимой добычи. В самом общем виде различные виды планов, разрабатываемых организационными подразделениями горнодобывающих предприятий, можно разделить по срокам, виду, объему и объекту планирования. Один из предметных планов – производственный план горнодобывающего предприятия – представляет собой документ, на основании которого определяется норма добычи – количество полезных ресурсов, приобретенных за единицу времени: день, месяц или год. Год – и благодаря этому является основанием для ведения и учета деятельности.

Ключевые слова: *производственная программа, планирование производства, управление планированием*

1. Введение

Для правильной разработки производственного плана важно иметь необходимую информацию, источником которой являются:

- требования действующих нормативных актов, в частности в отношении безопасности проводимых работ и принципа устойчивого развития, заключающиеся в том, что горнодобывающая деятельность подчинена идее согласования необходимости использования природных ресурсов с одновременным устранением вытекающих из этого угроз (Robert Goodland, 2012);
- ожидания, рекомендации, распоряжения собственника, которым в случае добычи каменного угля в Казахстане обычно является государство или надзорных органов компании (Coalservices, 2022);
- конъюнктура рынка, на котором работает компания (текущие и прогнозируемые возможности реализации ископаемых заданных видов, сортов и показателей качества);
- поверхностные условия зоны воздействия горных работ, в том числе диапазон воздействия планируемой выемки, особенно в случае выемки, проводимой с блочным обрушением пород кровли – морфология местности, гидрологические условия, элементы окружающей среды, существующие строения (Purushotham Tukkaraja, 2022);
- условия, вытекающие из самого предприятия – принадлежащие ему шахты (размеры и геологическое положение находящихся во владении геологических ресурсов, человеческие и технические ресурсы, пространственная и организационная модель).

Подземная добыча любых ископаемых из месторождений должна осуществляться с соблюдением правил устойчивого развития, удовлетворяющих текущие потребности, не ставя под угрозу возможность удовлетворения потребностей будущих поколений. По этой причине он осуществляется на основе правовых норм, наиболее важным из которых является кодекс «О недрах и недропользовании» (adilet.zan.kz, 2022).

Горнодобывающим предприятием может быть компания, состоящая из нескольких шахт, или отдельная шахта. В первом случае объем планируемой добычи определяется на уровне правления компании, а затем распределяется по отдельным шахтам, где следует планировать объемы и разрабатывать концепцию земляных и добычных работ таким образом, чтобы заранее установленные объемы могли получить.

Рынок получателей продукта – полезных ископаемых, например угля – имеет большое значение при планировании объемов добычи. Для того чтобы горнодобывающее предприятие (шахта) функционировало эффективно, необходимо обязательно соблюдать правило о том, что в добыче участвуют только пласты с такими качественными параметрами, чтобы добытые из них ископаемые, например уголь находил покупателя, и в таких количествах, чтобы их совокупность могла быть реализована.

2. Исследовательский вопрос

В настоящем исследовании главным вопросом является: что необходимо для эффективного управления процессом планирования производственной программы предприятия?

Вопросы на интервью

1. Что является ключевым в планировании производственной программы?
2. Какая информация может позволить наиболее эффективно управлять процессом планирования?
3. Как наиболее эффективно выстроить процесс управления в случае планирования производства?
4. Какие современные методологии наиболее эффективны в вопросах производственного планирования?
5. Какие практические рекомендации Вы можете дать для повышения эффективности управления планированием производства?
6. На чем должны быть основаны решения, принятые в ходе производственного планирования?

3. Методология

В настоящем исследовании мной был выбран методы качественного исследования в формате частично-структурированного интервью, в котором были подготовлены вопросы в открытой форме, подразумевающей свободные и развернутые ответы на них. Настоящий метод был выбран по причине его относительно простого проведения и качества информации, полученной в процессе что немаловажно при исследовании вопросов управления и планирования (Stefanie Reissner, Andrea Whittle, 2021). Вышеуказанный метод был применен мной с целью изучения тенденций в планировании производства в горнодобывающей промышленности, с которыми респонденты столкнулись на практике или выяснили в процессе проведения изысканий, а также методов, применяемых на практике, разрабатываемых или планируемых к внедрению. Применяя качественный метод

исследования мною, была собрана информация в рамках интервью, обзора литературы и документации, а также изучения данных с сайтов.

Группа, подобранная для настоящего исследования в качестве респондентов, состояла из специалистов-управленцев в сфере горной добычи осуществляющих свою деятельность в различных компаниях, организациях и учреждениях, имеющих практический опыт или необходимые знания. Подбор респондентов исследования был осуществлен мной на основе ряда критериев, которыми должны были обладать участники. Согласно обозначенным критериям, респонденты должны были обладать необходимым уровнем знаний и иметь практический опыт по управлению и планированию горной добычей. Вышеизложенное позволило мне достигнуть необходимого объема данных для проведения исследования.

4. Сбор Данных

В текущем исследовании частично-структурированное интервью было основным инструментом по сбору данных. Данные были собраны с различных специалистов, работающих в горнодобывающей отрасли. Протокол интервью в тематическом исследовании включает вопросы, содержит описание процедур организации по производственному планированию. Согласно ряду исследователей (Natasha Mack, Cynthia Woodson, Kathleen M. Macqueen, Greg Guest, Emily Namey, 2005), качественные методы исследования (а) должны иметь четкую последовательность, (б) состоять из правильно подобранных тематических вопросов, (в) иметь различные формы вопросов в зависимости от целей исследования, (г) концентрироваться на теме исследования и (д) человек проводящий интервью должен придерживаться объективности.

5. Анализ данных

По результатам собранной информации в ходе исследования мной был проведен ее анализ. Как известно многим исследователям у качественных методов исследования существует такая проблема как «субъективность», во избежание этой проблемы мной был введен такой параметр как «проверяемость», иными словами, я провел сравнительный анализ своих исходных данных и данных других исследователей по теме, а также аналогичное сравнение результатов. Результатом введения критерия проверяемости помогли мне подтвердить надежность моего исследования.

6. Результаты исследования

По мнению респондентов основным инструментом на предприятии для поддержки процесса производства являются современные подходы к планированию. Для интенсивного развития предприятия требуется необходимость практических навыков управленческих решений, организации, планирования и автоматизации процессов на предприятии.

Важнейшей составляющей управления предприятием является автоматизация процесса системы планирования, и поэтому его главной задачей является адаптация к современным условиям цифровизации процессов производства. Цифровые технологии все чаще вытесняют посредников, налаживая связь покупателей и продавцов через интернет-ресурсы. Современные компании все больше ориентированы на сотрудничество процессов и технологий, тем самым экономика страны постепенно переходит в инновационно-ориентированный режим роста.

В современных условиях отсутствие необходимого программного обеспечения неэффективно при составлении производственной программы, поэтому очень важно правильно подобрать программу автоматизации для системы планирования. Для введения автоматизации необходимо решить три задачи:

- Автоматизировать разработку плана, обеспечивая вероятность его реализации;
- Собирать, обрабатывать и консолидировать фактическую информацию;
- Увязывать фактические и плановые показатели с установленной системой учета.

Данный подход основан на том, что одна из основ управленческого учета является планирование производственной программы. Вышеуказанные цели предприятия будут достигнуты путем разработки бизнес-плана, который отражает цели предприятия, основные показатели финансово-экономического состояния, выраженные качественно и количественно во времени.

7. Рекомендации

В качестве предложений по совершенствованию планирования производственной программы на горнодобывающем предприятии, предлагается применение следующих мероприятий:

- постоянный мониторинг положения всех дел на предприятии;
- применение цифровых технологий;
- развитие и адаптация персонала в области современных цифровых технологий с помощью внедрения программного обучения, проведение семинаров, инструктажей, что позволит повысить компетенции персонала и эффективно отразится на дальнейшем развитии предприятия;
- получение или обмен опыта на примере успешных практик внедрения цифровых технологий у лидирующих компаний в области цифровизации;
- использование инструмента моделирования бизнес-процессов. Данный инструмент предлагается разработать собственными силами предприятия.

Таким образом метод моделирования применяется для решения задач всех уровней планирования начиная от стратегического, оперативного и календарного планирования производства процессов. Предложенные мероприятия, позволят усовершенствовать планирование производственной программы, что эффективно отразится на дальнейшем развитии горнодобывающего предприятия.

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“Анализ и оценка конкурентных преимуществ компании Mobil plus”

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Абстракт

Трудно приуменьшить роль и значение конкуренции как фактора, предопределяющего характер стратегии и тактики маркетинга, практической маркетинговой деятельности. Целью моего исследования является всестороннее изучение конкурентной среды в регионе, исследование сильных и слабых стороны компании-конкурентов и главное анализ и оценка конкурентных преимуществ компании Mobil plus. Исследование проведено с использованием совокупности теоретических и практических действий.

В ходе исследования составлена конкурентная карта рынка в регионе, проеден демографический и социальный анализ населения. Также проведен анализ рынка и шести ключевых компании-конкурентов компании: продукции, ценовой политики, организации сбыта и средств стимулирования. В результате был выстроен характер стратегии и тактика маркетинга компании Mobil plus.

Оригинальность исследования: Исследование проведено на платформе реально существующей компании и региона. Результаты исследования найдут свое применения на практике в ближайшее время.

Ключевые слова: *Конкуренция, конкурентные силы, конкурентоспособность, анализ конкурентоспособности*

1. Введение

В условиях усиления конкурентной борьбы для каждой компании, на первый план выходит задача сохранения и повышения собственной конкурентоспособности. Понятие конкуренции, как и маркетинга, многозначно, поэтому универсального ее определения не существует. В первую очередь конкуренция – это соперничество, соревнование между поставщиками товаров и услуг на рынке за более выгодные условия производства и сбыта для получения на этой основе максимально возможной прибыли. Одновременно конкуренция – это и механизм автоматического регулирования пропорций общественного производства. Конкуренция является одним из основных двигателей рынка, а конкурентоспособность – это способность компании опережать соперника в достижении поставленных экономических целей. Важнейший показатель конкурентоспособности компании – наличие у него конкурентных преимуществ, т.е. качеств, которые отсутствуют или менее выражены у соперников. Поэтому важнейшим направлением развития компании является анализ конкурентов. Анализ каждого значимого существующего и потенциального конкурента может быть использован как важный исходный материал для прогнозирования будущей ситуации в отрасли.

Компания Mobil Plus с момента своего основания в далеком 2010 году прошла длинный путь от салона сотовой связи до одного из самых крупных сетей магазинов электроники и техники в регионе. Компания смогла расширить географию своего присутствия не только в городе Шымкент, но и провела эффективное расширение в городах и посёлках Туркестанской области. Включая в свою линейку только высококачественную продукцию и сервис, Mobil Plus успешно зарекомендовала себя как надежную компанию,

идущую в ногу со временем и уважающую традиции и человеческие ценности. Компания включает в свою линейку более 300 000 наименований продукции и является прямым дистрибьютором крупных и известных брендов.

Наличие конкурентов позволяет Mobil Plus, как и любой другой компании держать руку на пульсе и развиваться в правильном направлении.

2. Исследовательский вопрос

Целью данного исследования является полное структурное исследование конкурентной среды компании Mobil Plus в конкретном регионе и на конкретном рынке.

Задачи данного исследования заключаются в следующем:

- раскрыть понятие конкуренции и конкурентоспособности;
- изучить конкурентную среду на местности и составить конкурентную карту;
- определить основных конкурентов компании;
- выявить сильные и слабые стороны компании-конкурентов;
- выявить конкурентные преимущества и недостатки компании Mobil Plus;
- исследовать государственное регулирование конкурентных отношений;
- на основе исследования, определить стратегию развития компании Mobil Plus на ближайшее время.

3. Данные и методология

Конкурентная стратегия предполагает такое позиционирование бизнеса, которое позволит увеличить до максимума его потенциал, что отличит его от конкурентов. Отсюда следует, что центральным аспектом формулирования стратегии является всесторонний анализ конкурентной среды. Задача такого анализа состоит в получении характеристики каждого конкурента с точки зрения изменений стратегии, которые он может предпринять, и его вероятных успехов, его возможных ответных шагов на любые стратегические действия других фирм и любые изменения, возникающие в отрасли и за ее пределами. Шымкент и Туркестанская область – это регион в котором наблюдается активный демографический, финансовой, культурной и индустриальный рост по стране. Население Туркестанской области по данным Бюро национальной статистики Агентства по стратегическому планированию и реформам Республики Казахстан составляет 2 044 551 человек, а города Шымкент – 1 179 045 человек. Как правило демографический фактор определяет будущий объем конкретного потребительского сегмента. Например, быстрый рост будет наблюдаться в сегменте высокообразованных покупателей в возрасте двадцати пяти лет и выше, что делает регион привлекательным для ведения бизнеса и инвестиции.

В 2021 году объем рынка бытовой техники и электроники в Казахстане составил 1,35 трлн тенге, прибавив в денежном выражении сразу 38% относительно предыдущего года. На первое полугодие 2022-го года объем рынка в стране составил 336 млрд. тенге, показав результаты ниже по сравнению с прошлым годом. Но уже к концу года прогнозируется рост рынка.

Ввиду отсутствия собственного производства основными поставщиками бытовой техники и электроники в страну являются – Китай, Россия, Индия, Тайвань и Вьетнам. Пять самых покупаемых товаров жителями страны – телефоны, телевизоры, ноутбуки, холодильники и стиральные машины. На эти категории приходится 78% всего объема продаж.

В ходе исследования были выявлены 6 ключевых компании–конкурентов в регионе, которые работают в одном продуктовом сегменте с Mobil Plus на рынке бытовой техники и электроники. Это: Sulpak, Технодом, Мечта, Alser, Эврика и Фора.

Был проведен всесторонний анализ внешней среды и конкурентной среды компании, с применением методов: пяти конкурентных сил Портера и SWOT анализа.

4. Сбор и анализ данных

В ходе проведения исследования был проведен анализ конкурентной среды компании. Собрана статистическая информация о численности, возрасте, уровне дохода, платежеспособности и других социально-экономических показателях населения. Изучение демографии, социально-экономической составляющей региона и конкурентной карты, в совокупности с другими исследованиями может дать понимание географической стратегии компании в будущем.

Проведен анализ конкурентов как в online, так и offline формате. Наряду с посещением торговых точек, был проведен мониторинг сайтов, приложения, социальных сетей и других интернет-ресурсов компании-конкурентов. Всесторонне изучены: анализ продукции, ценовой политики, работа с банками и маркетплейсами, организации сбыта и средств стимулирования реализации компании-конкурентов.

Сбор информации о компаниях-конкурентах в компании Mobil Plus проводится на регулярной основе, что позволило при проведении исследования использовать также и исторические данные.

5. Вывод

Одно из главных преимуществ Mobil Plus – местная, региональная компания. Все руководство находится в Шымкенте. Поэтому в компании лучше выстроен контроль и менеджмент на местном уровне.

В отличие от федеральных сетей, таких как Sulpak, Технодом, Мечта и другие, в Туркестанской области и в Шымкенте компания Mobil Plus даёт лучше сервис, больший выбор товаров (так как основной склад базируется в Шымкенте) и самое главное – по некоторым позициям цены ниже, чем у конкурентов.

Компания открывает магазины не только в городах, но и в самых небольших населенных пунктах, предоставляя жителям товары с гибкой ценовой политикой и ассортиментной матрицей, регулируемой в соответствии с уровнем доходов покупателей. Но в условиях мирового кризиса для любой компании сложно выстраивать четкий план работы. В ближайшие 4-5 лет планируется работа по новым направлениям в бизнесе, что предполагает увеличение числа сотрудников, а также снизит риск в случае кризиса на рынке. Компания планирует наладить собственное производство и сейчас проводится масштабные работы по анализу товаров для производства. Возможно новые товары будут кардинально отличаться от нынешнего ассортимента товаров компании, но со стороны компании планируется поэтапная работа в этом направлении. Основная задача для руководства - это сохранение действующего микроклимата в компании и выстраивание правильных взаимоотношений среди сотрудников, как в работе, так и вне. Так как в регионе чувствуется дефицит квалифицированных кадров, компания планирует обучение существующих кадров. Так как переезд сотрудников из Алматы или Астаны носит лишь временный характер.

Планируется расширить регион развития, будут рассмотрены как мегаполисы страны, так и периферийные районы других областей. Для географического расширения компании можно выделить город Шардару и села Султанрабат и Карабулак.

В целом проведенное исследование дало свои положительные результаты и поможет внести корректировки в текущий бизнес-план компании.

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“Современные киберугрозы и способы противодействия им”

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Абстракт

Нарушения кибербезопасности растут, и ожидается, что к 2023 году их количество вырастет до 15,4 миллиона. В то время как технологические достижения упростили компаниям модернизацию своих мер безопасности, хакеры-злоумышленники теперь используют сложные инструменты. Это означает, что в дополнение к внедрению строгих политик кибербезопасности компаниям также необходимо принимать упреждающие меры для снижения рисков кибербезопасности. Компании не могут позволить себе оставлять безопасность своих данных на волю случая. Воздействие на бизнес может быть катастрофическим, оно может привести к потере доходов, сбоям в работе и краже данных клиентов. Утечки данных также наносят ущерб репутации, что в некоторых случаях может вывести компанию из бизнеса.

Ключевые слова: *кибербезопасность, киберугрозы*

1. Введение

Согласно опросу, проведенному компанией специализирующейся на кибербезопасности, 66% респондентов были больше обеспокоены кибератаками в 2022 году, чем когда-либо прежде (SonicWall, 2022). Согласно Барометру рисков, в 2022 году угрозы кибербезопасности и сопутствующие им утечки данных и перебои в работе ИТ беспокоят компании больше, чем любой другой фактор риска, включая сбои в цепочках поставок, вспышки пандемий или стихийные бедствия (Allianz, 2022).

Программы-вымогатели занимают первое место в списке проблем кибербезопасности их клиентов, на что указали 91% респондентов. Атаки программ-вымогателей стали особенно распространенными за последние пару лет и стали предметом многочисленных сообщений СМИ о кибербезопасности (SonicWall, 2022).

Второй тип кибератак, упомянутый 76% респондентов, — это фишинг и целевой фишинг. Чаще всего это происходит в результате фишинговой атаки по электронной почте, которая обманом заставляет получателя загрузить вредоносное ПО или передать свои учетные данные.

На третьем месте зашифрованное вредоносное ПО согласно респондентам 66% из которых указали об этом в опросе. Согласно недавнему отчету исследователей безопасности, почти половина (46%) всех вредоносных программ в 2020 году была скрыта в зашифрованном пакете (Sophos, 2022).

Как видно из вышеизложенного существует множество разновидностей киберугроз способных подорвать деятельность любой современной компании. Причинами же киберугроз являются:

- Финансовая мотивация;
- Заказ третьих лиц (компании, правительства и т.д.);
- Действия собственных сотрудников;
- Проблемы кибербезопасности партнеров компании;

- Хакеры-активисты;
- Шпионаж конкурентов.

Целью этого качественного, множественно - тематического исследования будет изучение тенденций киберугроз, а также способов противодействия им. Целевая группа интервью состояла из специалистов, осуществляющих деятельность в коммерческих организациях, профильных компаниях и университетах. Выбранные для интервью респонденты являются подходящими по причине наличия среди них специалистов с опытом, преподавателей, осуществляющих научные исследования в области кибербезопасности, а также сотрудников компаний, предоставляющих услуги в сфере кибербезопасности. Результаты настоящего исследования могут быть применены на практике для совершенствования методов противодействия различным угрозам кибербезопасности и как следствие формирования безопасной бизнес-среды для всех ее участников.

2. Исследовательский вопрос

Главный исследовательский вопрос для этого исследования заключался в следующем: какие угрозы кибербезопасности являются наиболее частыми и как им противодействовать?

Вопросы на интервью

1. Какие киберугрозы являются самыми главными в 2022 году?
2. Какие киберугрозы по вашему мнению будут являться главными в 2023 году?
3. Наряду со стратегией кибербезопасности какие элементы системы защиты являются ключевыми?
4. Чем именно Вы занимаетесь в сфере кибербезопасности?
5. Какие практические рекомендации Вы можете дать для повышения эффективности защиты от киберугроз?
6. Чему необходимо обучать сотрудников в вопросах кибербезопасности?
7. Ранжируйте ответы на вопрос номер 6 по степени важности?
8. Бенчмаркинг каких компаний позволит усовершенствовать систему кибербезопасности?

3. Методология

Качественный метод в форме структурированного интервью был лучшим выбором для исследования, проведенного в рамках настоящей статьи, потому что качественные методы исследования полезны в рамках изучения вопроса кибербезопасности и оценки методов противодействия киберугрозам (Richard Frank, Noelle Warkentin, Naomi Zakimi, 2022). Вышеуказанный метод был применен мной с целью изучения тенденций киберугроз с которыми респонденты столкнулись на практике или выяснили в процессе проведения изысканий, а также методов противодействия им, применяемых на практике, разрабатываемых или планируемых к внедрению. Применяя качественный метод исследования мною, была собрана информация в рамках интервью, обзора литературы и документации, а также изучения данных из социальных сетей и сайтов.

Группа, подобранная для настоящего исследования в качестве респондентов, состояла из специалистов сферы кибербезопасности осуществляющих свою деятельность

в различных компаниях, организациях и учреждениях, имеющих практический опыт или необходимые знания для противодействия киберугрозам. Подбор респондентов исследования была осуществлен мной на основе ряда критериев, которыми должны были обладать участники. Согласно обозначенным критериям, респонденты должны были обладать необходимым уровнем знаний и иметь практический опыт по обеспечению кибербезопасности компаний, организаций и учреждений, подвергающихся атакам. Вышеизложенное позволило мне достигнуть необходимого объема данных для проведения исследования.

4. Сбор Данных

В текущем исследовании структурированное интервью было основным инструментом по сбору данных. Данные были собраны с различных специалистов, работающих в сфере кибербезопасности. Протокол интервью в тематическом исследовании включает вопросы, содержит описание процедур организации. Согласно Томасу Эдгару (2017), качественные исследования в области кибербезопасности (а) должны иметь четкую структуру, (б) состоять из правильных вопросов, (в) иметь как закрытые, так и открытые формы вопросов, (г) сфокусированы на теме исследования и (д) а интервьюер должен быть объективен.

5. Анализ данных

По результатам собранной информации в ходе исследования мной был проведен ее анализ. Как известно многим исследователям у качественных методов исследования существует такая проблема как «субъективность», во избежание этой проблемы мной был введен такой параметр как «проверяемость», иными словами, я провел сравнительный анализ своих исходных данных и данных других исследователей по теме, а также аналогичное сравнение результатов. Результатом введения критерия проверяемости помогли мне подтвердить надежность моего исследования.

6. Результаты исследования

Согласно мнению экспертов важным является исправление критических ошибок и уязвимостей в программах и системах, так 80% респондентов отметили, что при наличии политики и процедур по исправлению уязвимостей в течение 24 часов можно избежать достаточно большого количества проблем и последствий кибератак.

На втором месте по мнению респондентов является обучение персонала, без должного уровня осведомленности и знаний сотрудники могут допустить критические ошибки в работе что позволит злоумышленникам получить свободный доступ к корпоративной системе или похитить данные пользователей.

В ходе исследования мной было выявлено что при повсеместной цифровизации компании все чаще применяют ИТ решения для хранения, обработки и применения данных, и чем больше становится данных, тем сложнее обеспечить их безопасность. Для решения этой проблемы необходимо вводить эффективные методы шифрования что даже при утечке или целенаправленном «сливе» данных не позволит их использовать. Также ключевым моментом является уменьшение областей для атак к таковым можно отнести: программное обеспечение, системы веб-приложений и даже сотрудники, которые часто подвержены атакам социальной инженерии в виде фишинга или уэйлинга. Уменьшить риски

кибербезопасности возможно посредством анализа областей возможных атак и последующего уменьшения «поверхности».

7. Рекомендации

Основываясь на моих выводах этого исследования, я рекомендую несколько действий нынешним и будущим специалистам по кибербезопасности для укрепления своих возможностей кибербезопасности в будущем. Во-первых, необходимо точно знать все свои ИТ активы, если вы не знаете какие активы у вас есть, вы не сможете их защитить. Во-вторых, необходимо вести постоянный мониторинг ИТ-активов. В-третьих, внедрите политику и процедуры по «горячим» исправлениям и обновлениям. В-четвертых, необходимо выстроить внутреннюю линию защиты, которая предотвратит воздействие вредоносных программ, уже попавших во внутреннюю систему. Следует осуществлять постоянный мониторинг доступа, это позволит предотвратить получение доступа злоумышленниками. Применение облачных технологий для резервного копирования данных тоже является отличным инструментом по противодействию киберугрозам, так как не имеет проблем с масштабируемостью и снижает затраты на инфраструктуру, а также данные находятся в постоянном доступе из любой точки мира. В рамках политики кибербезопасности необходимо иметь и план реакций на инциденты кибербезопасности, так как – это лучший способ обеспечить быстрые корректирующие действия после инцидента кибербезопасности. IR определяет меры и действия, которые должен предпринять персонал после атаки или взлома, и помогает координировать ресурсы для быстрого восстановления операций. План IR должен определять роли и предлагать пошаговые технические инструкции по устранению уязвимости, оценке ущерба, восстановлению любых потерянных или поврежденных данных и документированию инцидента. Ну и последнее, лучшая защита связана не столько с технологиями, сколько с бдительностью со стороны сотрудников вашей организации. Но большинство людей не знают, как идентифицировать угрозу, и не распознают попытку мошенничества, когда видят ее. Рассказывая им об опасностях киберугроз, о том, на что обращать внимание и как сообщить о возможной атаке, вы можете снизить риски и сократить количество инцидентов, а также обеспечить, чтобы все в вашей организации уделяли внимание кибербезопасности. Таким образом, результаты интервью с экспертами внесли изменения в то, как компании применяют технологии и методы, что привело к более жесткому контролю, но это необходимо по причине высокого приоритета кибербезопасности для современных компаний.

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