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State Regulation of Strategic Economic Entities of Kazakhstan by Strategic Monitoring as Element of Anti-Crisis Management

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Abstract

National economies uncontrollably involved in the process of global transformations touch a number of new problem issues. In the Republic of Kazakhstan at the contemporary stage of its development, some of the most urgent issues are related to functioning of strategic economic entities that enter the system providing the safety of state, economic sovereignty, and compliance with national economic interests. As a result of privatizing a number of strategic entities and inflow of foreign investments, the state, problems, perspectives, and tendencies of the functioning of key facilities of the economy require thorough research and scientific understanding.

The article considers the issues on state regulation of strategic economic entities of Kazakhstan by strategic monitoring as an element of anti-crisis management. Therefore, it is proposed to use strategic anti-crisis monitoring as a stage and an

individual process of the general anti-crisis management of strategic entities of economy.

The author analyzed organizational and methodological approaches to strategic anti-crisis monitoring of strategic entities of economy, showed its difference from traditional types of monitoring, and proposed the scheme of strategic anti-crisis monitoring and a monitoring map that includes the aggregate of indicators according to the estimation of the impact of crisis phenomena on the development of strategic entities of economy.

Keywords: **Globalization; Strategic Economic Entities; Strategic Economic Sectors; State Monitoring; Strategic Anti-crisis Monitoring; Monitoring Map**

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INTRODUCTION

The role of the state in the market economy fundamentally differs at various stages of its becoming. The absence of any regulating basis at the stage of transformation inevitably leads to negative processes. The considerable growth of the role of the state in the economy of Kazakhstan has been marked especially in recent decades. Today the necessity of the state's regulation of key social and economic processes is acknowledged unanimously.

One of the basic functions of the state is anti-crisis management and development of anti-crisis measures. The policy of the state in the area of solving crisis situations lies in the development and implementation of the strategy of the state and society development aiming at overcoming crisis situations and provision of the balanced state of institutes of the state and economic systems.

At the present time the globalization of economic interrelations of countries and integration of the Republic of Kazakhstan in the Customs Union and Common Economic Space lead to the urgency and necessity to improve the analysis of managing strategic economic entities. Every country has its own critical economic areas that are responsible for efficient and continuous activity of the economic system of the state as a whole, and provide economic safety and independence. Due to it, the above reasons lead to the situation when the presence of foreign companies in some sectors of economy is limited or prohibited. However, for the Republic of Kazakhstan whose economy at the present stage of its development is open for foreign countries, problems related to management and perspectives of the activity of strategic economic entities are rather urgent.

Contemporary specificity of international economic relations based on the integrity of economic processes and characterized by high inter-state competition led to the situation when the essence of "strategic entities" becomes more and more indefinite. In accordance with some criteria, strategic entities include, as a rule, military entities.

According to other indicators such entities include quite a broad list of areas and business units whose insufficient functioning carries a threat to the national safety of the country.

Actually the term “strategic economic entity”, whether related to an economic area or a separate enterprise, is based on the notion of strategy that is interpreted as a specific program of actions planned for a rather long period of time, or a method to achieve the set goal. Generally speaking, the strategy is a consequence of planning the most efficient use of the available resources of the national economy for the most accelerated economy in the required direction. Consequently, the task of the strategy lies, on the one hand, in efficient use of the available resources. On the other hand, this is the acquisition of additional resources to achieve the set goals.

In accordance with the world economic practice, as a rule, strategic economic entities are natural monopolies, i.e., infrastructural entities whose functioning is highly important for the society – energy companies, companies in the area of housing and utilities infrastructure, entities related to the health and safety, etc. Their failure may cause devastating consequences. Among natural monopolies it is necessary to separately single out entities of the mineral resources base as the most important component of the economic safety of the country.

In accordance with Part 1 of Article 193-1 of the Civil Code of the Republic of Kazakhstan, “strategic entity is the property that has social and economic importance for stable development of the Kazakh society, whose possession and (or) use and (or) disposal will influence the national safety of the Republic of Kazakhstan”. Part 2 of Article 193-1 of the Civil Code of the Republic of Kazakhstan defines that “strategic entities may include backbone railway networks, main pipelines, national electric power system, backbone network, television and radio broadcasting entities (engineering and manufacturing complex of land and satellite systems of television and radio broadcasting), petroleum refinery enterprises, energy producing entities with the capacity not less than megawatt, national postal network, international airports, seaports of international importance, navigational air traffic control system devices, devices and seamarks regulating and guaranteeing security of maritime traffic, nuclear facilities, objects of space area, water facilities, general-purpose highways, as well as stocks of shares (percentage ownership, equity interests) of natural bodies and legal entities that have an opportunity to directly or indirectly take decisions or influence the taken decisions of legal entities that own strategic entities” [1].

The Law of the Republic of Kazakhstan “On State Monitoring of Ownership in Strategic Economic Areas” [2] concretizes the notion of “strategic areas” or economic areas that have strategic importance: extraction and processing of fossil fuels (coal, oil, gas, uranium and metallic irons), machine-building, space activity, agricultural complex, water sector, chemical industry, transportation and communications, production and allocation of electrical energy as well as areas that manufacture products of military and industrial purpose.

It is necessary to note that strategic economic entities are concretized in Order of the Government of the Republic of Kazakhstan No. 651 dated June 30, 2008 [3].

There is no doubt that according to the legislation of the Republic of Kazakhstan, it is necessary to also refer manufacturers of "strategic products" to strategic economic entities, i.e., in accordance with "On Natural Monopolies and Regulated Markets" Law of the Republic of Kazakhstan No. 272 dated July 9, 1998, they include natural bodies and legal entities that manufacture strategic goods, own raw materials for manufacturing (processing) strategic goods or sell strategic goods on the territory of the Republic of Kazakhstan directly on behalf of a foreign manufacturer [4].

Today it is necessary to pay close attention to strategic entities of the Kazakh economy because problems related to their functioning are rather urgent. It is related to both the world-wide practice of the growth of interest to such economic entities, and specific deficiencies in functioning of strategic economic entities related to over-exploitation, insufficient investments, lack of appropriate monitoring, etc.

It is necessary to pitifully note that in recent decades the state control over functioning of strategic economic entities has weakened, and the state participation in strategically important areas has decreased, especially as a result of transferring strategic entities to the private capital. It leads to a decrease in requirements to the safety and reporting, difficulties in the coherence of the activity with state authorities in the area of the implementation of state programs. The privatized enterprise often changes the area of activity or the strategic entity is not used with all its capacity because in a number of cases social needs and interests of owners of socially important entities may not coincide [5].

One more problem of strategic economic entities includes the excess term of exploitation and wear of equipment because the majority of strategic entities of Kazakhstan were built during the USSR period. Today the state constructs some new power assets that attracted rather considerable amounts. High cost of construction in strategic areas leads to the necessity of exterior crediting. Herewith, these projects are not attractive for the majority of private investors because the reconstruction of strategic entities is characterized by extended period of cost recovery.

One of the future urgent threats that strategic areas of Kazakhstan face is an increase in the influence of foreign investors, especially from Russia and China. So, the Russian energy doctrine determines economic expansion of Russian companies in foreign countries, in particular to the countries of the former USSR. Thus, Russian companies considerably strengthen their presence in the Kazakh oil and gas sector.

Since Kazakhstan does not have opportunities to directly transport energy sources for export, Russia provides it with such opportunities. On this basis, Russian companies get interesting perspectives to increase their own share in the oil and gas extraction of Kazakhstan in future.

Volumes of investing of China in the production of oil fuel and oil products in Kazakhstan are considerable as well. First of all, the state policy of the People's Republic of China aims at increasing the volume of production of the oil sector in order to meet the needs in oil fuel due to its own production. This strategy is implemented by Chinese companies that perform their activity exclusively within the state policy of the People's Republic of China. Today Kazakhstan develops close cooperation with Chinese companies that actively develop and exploit oil and gas deposits, invest in oil processing, provide transportation corridors [6].

Resuming the analysis of the current state of strategic entities of the economy of Kazakhstan, it is necessary to say that the following factors have the primary influence on potential probability of their unstable functioning.

Firstly, insufficient state control after transferring strategic entities to private business. Secondly, long-term exploitation of many strategic entities, worn equipment, insufficient investments. Thirdly, growth of foreign investors' influence in strategic areas of the economy of Kazakhstan.

Due to the above, organization of efficient anti-crisis state control over strategic entities of the economy of Kazakhstan by using social and economic strategic monitoring seems to be the most efficient method that does not require considerable investments.

METHODOLOGY

The majority of scientific researches devoted to anti-crisis management acknowledge economic monitoring as the most important element of state regulation of economy [7-9].

It is necessary to emphasize that monitoring plays a special role in anti-crisis management because the level of the efficiency of functioning of the integral system of state regulation depends on its accuracy and reliability.

As a whole, monitoring as a notion and type of activity is interpreted differently. In the most general understanding, monitoring is defined as continuous observation over the activity of economic entities and analysis of their functioning [10]. In the process of its performance, indicators characterizing the results of the activity of the observed entity are controlled [11].

When implementing the system of state anti-crisis monitoring of strategic entities of the economy of Kazakhstan, strategic antic-crisis monitoring of the implementation of social and economic potential of strategic economic entities may become the basis of innovational unified complex of anti-crisis regulation of strategic economic entities that complies with the requirements of the modernity under conditions of crisis phenomena and lack of macroeconomic stability [12].

In our opinion, the term “strategic anti-crisis monitoring” (hereinafter referred to as the SACM) can mean the component of the management activity aiming at the collection of specific information, its estimation and further analysis of the current situation. The SACM must be considered as a constant and comprehensive process aiming at the development of recommendations and methods of future correcting of the current state of entities under observation and supposing control over both tactical tasks in the middle-term perspective and goals for the long-term perspective. So, we consider the SACM as one of the stages of anti-crisis strategic management.

It is also necessary to refer informational and analytical and estimating functions as well as functions of control, forecasting and correcting to the ones that define the basic range of the SACM purposes.

Ignoring either of the above functions may lead to a decrease in the efficiency of other measures of the process of anti-crisis management because the information received in the process of monitoring will lose its consistency. Therefore, exclusively in the integrity of the whole aggregate of its roles, the SACM can entirely fulfill its basic purpose – to considerably influence the efficiency of state anti-crisis management under the conditions of insufficient predictability of perspectives related to the development of the exterior environment.

The SACM differs from the traditional monitoring in the subject, goals and methods of the research of the monitoring object. In case of traditional monitoring, quantitative indicators are analyzed. They characterize various parts of functioning of the system under research: economic, financial, production, etc. In case of the SACM, in addition to researching internal processes that take place in the system under analysis, the exterior environment is estimated in a qualitative manner. Traditional monitoring is a basis of forecasting and developing recommendations that must aim at neutralizing negative and contributing to positive tendencies of the development of the object of monitoring. In its turn, the SACM focuses on a wide range of management solutions, and first of all on making recommendations related to anti-crisis management.

As a rule, methodologies of traditional monitoring focus on the analysis of fluctuations of the estimated indicators from the control ones defined at the stage of strategic planning [13].

For this reason, the process of strategic management cannot analyze real opportunities for the achievement of the target state of the monitoring object. The essence of the SACM is determined, first of all, by the task of the complete analysis of the program and target state of the strategic economic entity, and secondly, by the task of projecting this state as a result of activity of those who take management decisions on issues of the state anti-crisis regulation.

Thus, strategic anti-crisis monitoring of strategic entities of the Kazakhstan economy as a unified system of continuous observation and analysis is the required element of the

process of preparing, accepting and controlling management decisions in the process of state anti-crisis regulation. The SACM is especially important in the periods of macro-economic non-stability. Its practical application in the processes of state anti-crisis regulation and management focuses on the decrease in economic losses, reduction of the time of strategic economic entities adaptation to work under current crisis conditions and search for ways of their perspective development after the crisis is over.

RESULTS

Principles of organizing the SACM of strategic entities of the economy of Kazakhstan are to provide the functionality of efficient economic and legal, and informational and methodological mechanisms of the interrelation of state structures, enterprises and organizations that are strategic entities. The basic result of this process must be an increase in the influence growth of the operational efficiency of state authorities' reaction to the current state of the specific economic entity. So, it is necessary to perform the SACM for correcting the unified state economic policy in the area of strategic areas of economy and changes in the strategy of the development of strategic areas of Kazakhstan that are adequate to external impact.

It is necessary to emphasize that in terms of strategic economic entities the organization of the SACM system aiming at the realization of their potential economic opportunities must also become one of the priorities in the activity of executive authorities at the local level. The basis of the specified system, above all, must be the scheme of conducting SACM provided by the informationally sufficient and methodologically stipulated aggregate of indicators that intend to analyze and control parameters of strategic economic entities that also take into account indicators of crisis states.

Under the current economic realities, in order to increase the speed and efficiency of state regulation of the economic development, various ways and schemes of monitoring including sectoral ones are applied in practical activity of executive authorities [14].

However, in our opinion, all the applied schemes have one common disadvantage that shows their inadequacy during the economic crisis – the lack of the required attention to the involvement of regional industrial associations as well as regional management authorities in the SACM process. It results in insufficient use of local organizational resources that leads to a decrease in comprehensiveness and objectivity of monitoring results, and, as consequence, insufficient efficiency of regulative actions and events related to anti-crisis management.

In the process of solving the set tasks on managing strategic entities located on their territory, municipal authorities interrelate with the specified business entities much closer if as compared to central authorities. That's why they are undoubtedly informed in more details about the problems of local strategic economic entities as territorial industrial complexes. Therefore, they have a more specific and practically stipulated opinion about the opportunities to solve these problems. This is rather essential in terms

of developing efficient events on anti-crisis management.

Since the basic task of the increase in the economic potential of strategic economic entities is the strengthening and efficient realization of the economic potential of regional economic and production system [15], the participation of municipality in performing the SACM is as important as the participation of regional industrial associations.

Municipalities determine local tasks on developing strategic economic entities including in terms of industries, and taking into account the top priority targets of regional and national strategies of the economy development. This is the municipal management level when they are sufficiently informed about the problems in the analyzed economic entities, and thus, have an opportunity to provide the senior authorities in the vertical of the economic management with the latest information about the emerged problems and guarantee the density and constancy of the informational flow related to the results of the taken anti-crisis measures required in the process of anti-crisis management. Thus, the information that is received and generalized at this management level is of special importance for correct understanding of the situation and taking efficient management solutions on required and probable correcting of the areas related to the increase in economic potential of strategic economic entities under the current conditions.

DISCUSSION OF RESULTS

For the purposes of increasing the efficiency of state anti-crisis management of strategic economic entities of Kazakhstan, it is proposed to develop the scheme of SACM.

In the considered scheme informational flows of direct influence intend to perform during four basic stages. The first one includes the adoption of a relevant regulatory act about strategic anti-crisis monitoring. Based on this regulatory act, at the second stage executive authorities take the decision about its organization and performance. During the third stage within the powers determined for them according to the approved forms, industrial ministries and departments send enquiries about receiving the information to regional industrial associations, municipal authorities, and state statistics bodies. The fourth stage anticipates the involvement of relevant business entities that are strategic economic entities to the SACM.

Informational flow of back relation consists of two directions. The first one anticipates the development of events of economic policy aiming at regional development, including both corrected programs and projects of the development of strategic economic entities and determined anti-crisis events. The received information and recommendations are generalized and analyzed. Then, unified summarizing reports of the SACM are prepared. Based on them in accordance with the economic policy implemented in the region, they develop management solutions aiming both at eliminating negative effects in the development of strategic economic entities and performing substantive anti-crisis actions. Then, taking into account the specified proposals, regional executive authorities

will offer legislative intentions related to the economic policy in relation to strategic economic entities including various forms of anti-crisis management.

The second direction of informational flow of back relation anticipates the implementation of measures of the economic policy approved by the regional legislative body in relation to strategic economic entities by regional executive authorities, implementation of planned and operational measures of anti-crisis management, estimation of their efficiency, and fulfillment of control functions.

The necessity and importance of accurate estimation of the influence of crisis phenomena on economic development of strategic economic entities leads to the necessity to solve methodological issues on the SACM organization related to determining the aggregate of indicators of the efficiency of processes of strategic economic entities functioning including social aspects of their activity and labor market.
In order to perform the SACM of strategic economic entities, the author has developed a monitoring map that includes the aggregate of indicators on estimating the influence of crisis phenomena on the development of strategic economic entities:

Sector of real economic activity of strategic economic entities

- Number and list of strategic economic entities that can be problematic (determining potential problems), number of units.
- Decrease in the volume of the production according to basic strategic economic entities for the period, %.
- Decrease in investments in strategic economic entities, number of units, % of total aggregate.
- Strategic economic entities with non-payment problem, number of units, % of total aggregate.
- Strategic economic entities where the number of personnel and level of wages is decreased, number of units, % of total aggregate.
- Strategic economic entities characterized by late payment of wages to employees, number of units, % of total aggregate.
- Measures of state support of strategic economic entities: subsidizing the crediting rate, mil. Tenge; increase in volumes of state guarantees, mil. Tenge; other measures.
- Efficiency of measures of state support of strategic economic entities: planned and actual indicators of funds received by specific enterprises, mil. Tenge.

Labor Market (of strategic economic entities)

- Number of employees' dismissal: number of strategic economic entities and % of total aggregate; number of employees and % of total aggregate.
- Level of the registered unemployment as on the end of the period, %.
- Number of strategic economic entities where the decrease in working time is

planned, number of units, % of total aggregate.

- Size of financing target programs on retraining and further training of employees of strategic economic entities, mil. Tenge.

- The coefficient related to the intensity on the labor market in terms of strategic economic entities, number of people per 1 vacancy.

Data of monitoring strategic economic entities must be collected and analyzed not less than once per month separately for every strategic area: energy complex, mineral resources sector, machine-building sector, housing and utilities infrastructure, etc.

The practice of implementing organizational and methodological approaches and methodic techniques of strategic monitoring in the activity of sectoral bodies of regional management developed by the authors shows their rather high efficiency under the current economic terms and conditions.

It is undoubtedly that contemporary economic crisis had a negative impact on functioning of the whole economic system of the country in general, its separate regions, the Sverdlovsk region, in particular, and the activity of every enterprise. At the same time in every case the level of this impact differs and varies depending on the current reserves determined by the capacity of the production and financial potential accrued by a specific organization. In some cases the dynamics of the development of economic entities somehow slowed down, the implementation of some investment programs and projects ceased. In other cases enterprises happened to be on the edge of starvation when it is impossible to provide the profitability of functioning without external influence, including without using various measures of state support.

CONCLUSION

Today in Kazakhstan it is possible to see that the state tends to decrease the quality of control over functioning of strategic entities of economy, and active involvement of foreign companies in various economic areas, including strategic ones.

At the present time a lot of strategic economic entities experience problems. It is related to the insufficiency of state control after the transfer of strategic entities to private ownership, long terms of exploiting a lot of strategic entities, worn-out equipment, scarcity of investments as well as the growth of the influence of foreign investors in strategic areas of the Kazakhstan economy. All the mentioned above requires to apply measures of anti-crisis regulation and make targeted management solutions.

In the author’s opinion, under the current terms and conditions of economic activity, the development of methodology and practical methods of such management approaches as strategic anti-crisis monitoring of strategic economic entities is not merely urgent but actually necessary in terms of increasing the efficiency of the implementation of the anti-crisis policy of Kazakhstan as a whole.

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