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BANG COLLEGE OF BUSINESS

"Little Star of Asia" Pre-School Education Center"

Author: Agabayeva Aizada, MMKT, ID 20181642 Affiliation: Bang College of Business, KIMEP University

Abstract

As we all know, Kazakhstani education system is growing up rapidly from the Soviet Union time up to now. And we can see it from developed programs as "Kazakhstan 2050"," Balapan" Tv channel and so on... Another important point from the OECD report is the increase of preschool children (3-6 years old) from the 1992 in the amount of 1,467,658 up to 1,537,539 people in 2018. This amount is counted as highest mark because of the decrease in 2003 year.

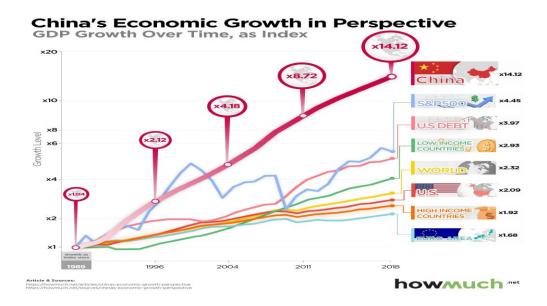
According to National Report of Ministry of Education in 2018, we have 10314 preschool education centers in Kazakhstan. In addition, these statistics is changing from year to year because of the main reason as the lack of places in kindergartens, which is around 80% of Kazakhstan's regions. For instance: large cities as Aktobe, Kostanay, Pavlodar, and Karaganda. In this regard, the topic about preschool education center becomes close to me and I opened my willingness to open a preschool education center in the near future and to contribute to the development of Kazakhstan. Why? Because the future of Kazakhstan is in the hands of educated youth who will glorify the country and raise their status to a new level.

To start my potential new business, I need to see the real market and my competitors. First, I will find out my research question as: How to attract real customers to the new launched business? Moreover, after to do a several type of surveys to know the real market and how to attract it. As a result, we can attract real customers with the good brand name and strategy of this new business.

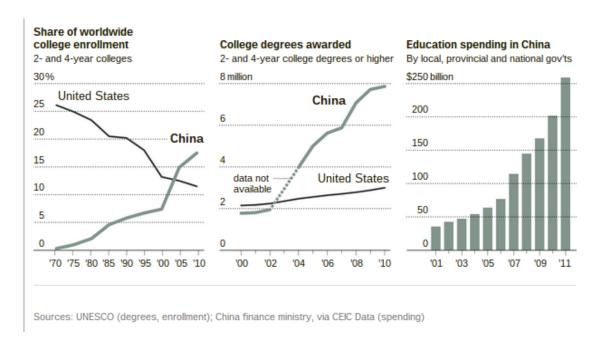
Introduction

How we all know early childhood education is seen as a significant industry all over the world. Because history tells that an educated population is a more productive population. We can see it from the history of educated nations which are developing from year to year, keeps pace with the time and stay in the leading places. For example, countries as China, USA and Japan stay stable in the leading places from all prospective in all specters as economy, innovation, and other fields.

For instance: China's economy, which is always stable:



We can see it also from China's example, which is spending 250\$ billion for education that are spending for their educated nation:



Also, according to a Kazakh proverb, "Education is the knowledge to get a food; Knowledge is the key to live a good life". As our ancestors are mentioning, education is the most important tool to survive in the 21 st century. Because people will compete and show their strengths & weakness with the help of education. For example, people who are working in the top best companies as Google, Facebook, Silicon Valley, and Wall Street. Their salary range of people who are working

in Google started from an average of \$66,128 to \$165,793 a year. From these statistics, the young generation will be inspired and motivated to study and to be educated. And this young generation will educate their children from early childhood.

First, I analyze what type of product or category is very important for our future generation in the education sphere. As we all know, children from their first steps and until they are becoming older learning Alphabet, Math, Languages, Physics, Dancing, Playing in a different type of instruments, Karate and so on. This type of basic things we can learn from our childhood at the age of three until ten years. However, some parents do not have time to teach their children because of their job, big workload, and other cases that we do not know. That is why, to help the parents there are preschool education centers that will teach children Alphabet, how to write sentences, how to count, how to speak in a different language, and so on... All these important points, switched my mind to choose the preschool education center because I have a niece and I am interested in this field because it is a good type of business in the future. Besides, this is very interesting and will be helpful to my family members.

To launch this new brand, I need to choose a good brand name, logo, and slogan to attract future customers. However, also I need to know the target market, the prices of education centers, location, density by area, and communication.

As a first step, I need to choose a good brand name from analyzing 50 education centers' names from all over the world and Kazakhstan. After reviewing their brand identity, name, slogan, and colors, I will move to another step as finding out 50 new brand names that do not exist and is available to use as a new brand from WIPO. Accordingly, after checking these names I am surveying 154 people in Google forms to choose five attractive names. As a result, I do one more survey among 150 people to choose my brand name by the percentage coefficient. As a result, I do my third survey to see my competitor's advantages and disadvantages with the help of an online survey and to see the real picture of this market. With this, I can find out my target market, my real customers, and their preferences to succeed in my newly launched business.

As a conclusion, I will do my marketing plan of new business.

Historical appraisal of marketing plan:

Criteria	Metric	comments		
Market objective	New customers	To attract new customers		
Market overview	Current size: 250-300 people	Instagram and different type of advertising forums		
Market segments	B2C - Primary buyers: Millennial (25-40)	No		
Competitive landscape	Market Leader: Gymboree,Fastrack kids	Market is crowded with major competitors by different programs and prices		
Product	Service in education field	No		
Pricing	45000 tenge	comparing with others the good price		
Promotion	Website, TV, Digital and Social Media,Instagram	Promotion to mommy's with children		
Finance and Implementation	3 primary metrics: awareness, market share, and satisfaction level of customers	Focus on three metrics to deliver resu		

Key words: education, pre-school, children, logo, marketing plan

Literature Review

I. Analysis of the preschool education industry

According to Zh. Kaldybayeva report, children's preschool education is counted as the most important institutions in our society by:

- safety of the child's physical and mental health;
- ensure the children's rights to education and in general for cultural and psychological preparation for studying at school;
- modeling of social character in the children's collective interaction and active association;
- compensation for missing elements in the development of a child owing to limited developmental possibilities of his family and the surrounding social environment;
- creation of conditions that foster social labor and the personal improvement of women and mothers:
- Psychological-pedagogical and socio educational work with parents and adults for the sake of molding the child's personality during the preschool period and beyond.

According to Zh. Kaldybayeva report, in 1992 there were 1,467,658 preschool children (3-6 years old), and in 2018 it is grows up to - 1,537,539 people.

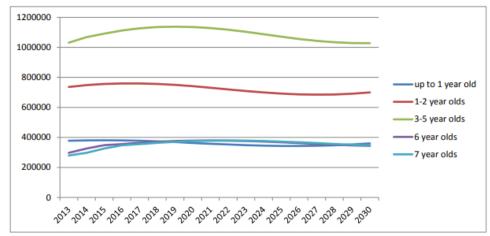


Figure 1.2. Preschool age population projections in Kazakhstan, by age cohort

Source: Data provided by Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics (former Kazakhstan Agency of Statistics), http://www.stat.gov.kz/.

According to CABAR journal, there are 106 children per 100 places in preschool institutions in 2018 in Kazakhstan. Lack of places in kindergartens is observed in 80% of Kazakhstan's regions and is especially evident in large cities such as Aktobe, Kostanay, Pavlodar, Karaganda, and others, where there are up to 129 children per 100 places.

Moreover, in CABAR journal indicated that pre-school education is the main tool for achieving great success of children, because 85% of the human brain develops during the first 5 years. According to researches of the Program for International Student Assessment (PISA) showed that children who have study in preschool education, very good students at secondary and high school. Also, there are 10 314 preschool organizations functioned (in 2017 - 9 828 units), of which 6 159 kindergartens (2,870 state and 3,289 private) and 4,155 mini-centers (3,695 state and 460 private). Additionally, 740 734 attended kindergartens, 140 162 - mini-centers.

As Zh.Kaldybayeva mentioned in her report, the network of preschool organizations in the country was increased rapidly by 14.3%, or by 1,480 units due to the construction of kindergartens, the opening of private kindergartens, mini-centers, preschool organizations on 1 floors of residential buildings, etc.

PROBLEM DEFINITION

As we all know, to start and to run the new business you need to come up with the question to find out your topic. It is the identifying of what is important when you starting your business from the scratch: *How to attract real customers to new launched brand (business)?*

I can identify it by specific components of the marketing research problem, like:

- Competitors all over the world and their brand names
- To choose a good brand name, logo and slogan
- What type of channel information will be good for promotion?
- How parents need to choose a good education center?
- What type of marketing plan I need to prepare to differentiate from others?

In general, according to the online survey if the number of answered people will be bigger the result will be positively.

The marketing research that I am doing lead to understand of customer's expectations, wants, needs and demands. I clearly will understand what type of marketing plan I will do according to the results. For instance: I am asking my close relatives about their experiences with preschool education centers and I clarified from my aunt whose 6 years old sun studying in "Fast Track Kids". She says that she likes mostly the program, the location and qualification of teachers. By my survey, I will see the real picture and will try to differentiate from educational centers by my logo and marketing plan which is the main tool in opening new business.

Research Questions:

Research Topic: To attract real customers to the new launched business

Marketing Research Problem: How to attract real customers to the new brand?



Customers:

Hypotheses 1. Potential customers who are interested to use your service

- A. Information about respondent's income
- B. Primary source: online survey among potential customers

Secondary sources: Articles, Statistics from agencies

Hypotheses 2. Respondent's knowledge about different type of program's

- A. Information about respondent's knowledge about program's
- **B.** Primary source: online survey

Competitors:

Hypotheses. Competitors offering for lower prices

A. Information whether competitors offer the same courses with lower prices.

B. Primary source: survey among potential clients

Secondary data: websites of competitors, forums, social networks.

Channel of information:

Hypotheses. Only recommendations from relatives or friend's

A. Information whether recommendations are the most effective channel of information

B. Primary source: online survey in Google docs

Secondary data: Articles

RESEARCH DESIGN

My research design was divided into 2 stages as research and descriptive. In the **first phase**, I was reviewed of scientific articles, books on this topic, an analysis of already published interviews with experts, regulations and government programs. In the **second phase**, I was created online survey in Google forms which is directed to real potential customers.

Easy: It is easy to use online questionnaires because we can click any button and see the results of your question. It is very helpful for respondents because it doesn't take so much time and doesn't interfering their work.

Simple: Questionnaire simplify the interpretation of data.

Scaling techniques.

In my survey, I used comparative and non-comparative scaling techniques. For instance, to identify the profile of the potential clients, questions about age, the income, area of living were composed in interval scale. Non-comparative scale is used to estimate customer's preferences, perceptions and backgrounds about particular childcare center and its competitors. As a result, I obtained the data that are most appropriate, given the research questions to be answered.

Sampling techniques

It is the best and effective way to obtain opinions from a big amount of people and whole group. Also, it is the easiest way and not time-consuming to gather all the relative data. But it is difficult to build real picture of your audience with this amount of information.

The process of indicating design process:

• Target audience: individuals who are responsible for their brother's and sister's, also children

City: Almaty, Astana

Time: April 2020

• Sampling frame: WhatsApp groups

• Sampling technique: conventional

• Sample size: expected number of responses 200

• Execution: prepare the survey questionnaire, create an online version using Google Forms, distribute by different channels (link: https://forms.gle/7oBUAstoyWdMTDex7).

Questionnaire

From the beginning, I identify the main target audience as - KIMEP students, relatives, parents, grandparents of children with age category from 3-10 years, whose family incomes are different.

I send the link to the online questionnaire by Google forms via WhatsApp application. My questionnaire consists of multiple-choice questions, yes and no questions and with the words that easily to understand. I prepared questionnaires by 12 questions in English and Russian language.

Fieldwork/data collection

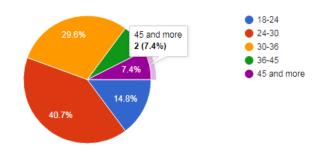
Well, my main goal is to find real potential customers from the answers and to launch a good business plan for my new business "Little Star of Asia" and understand better the customer needs. As you know, online questionnaire it is the easiest and the most safely tool to know your real the target.

Accordingly, the link from Google forms was sent through WhatsApp contacts. Finally, after all processes I received some feedback, which helps me to analyze the data.

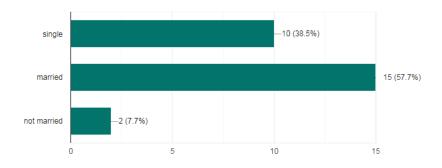
Analysis and findings:

Survey among potential customers:

Age



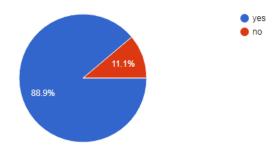
Marital status:



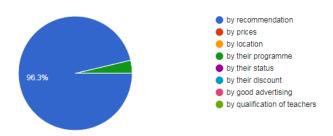
Do you have brothers/ sisters or children at the age of 3-10 years?



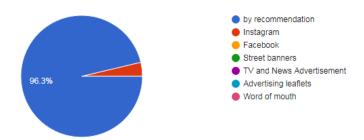
If yes, are they going to preschool education centers?



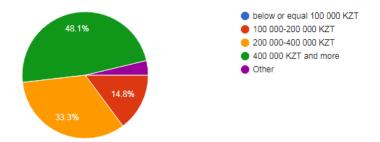
If yes, how your family choose these centers?



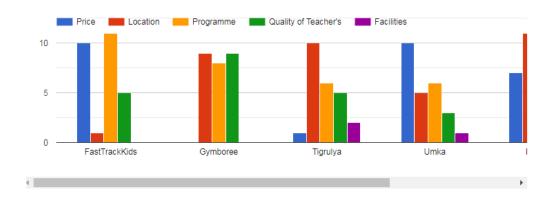
What type of channel of information you will use mostly when you need to choose a good center?



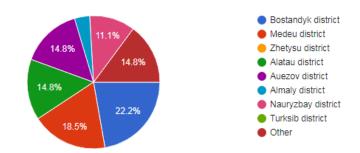
Approximately what is the average monthly income of your family?



Can you please indicate the most attractive features of each childcare center in the list below:



Please indicate your district or area:



Results:

The most popular age was duration of 24-30 years- 40.7%

The marital status was-married-57.7%

Most of them having brothers/sister's or children at the age 3-10 years- 96.2%. And they are attending preschool education centers-88.9%

Analyzing <u>channel of information</u> about education centers I find out that the answer by recommendations -96.3%

The average monthly income of the family was 400 000 KZT and more- 48.1%

The most attractive childcare center is *Gymboree*.

Recommendations and Conclusions

According to the research methodology, I can clearly see the real customer's needs, wants and expectations. By these, I can identify my future brand by good marketing plan and some unusual things as salt mine, Disney world and so on...

Target customers were housewives who spend most of their time with children, busy moms who have nannies, or leave their kids at child learning centers, fathers who come with children and grandmothers.

Age and income segmentation were not an issue, the segmentation variables were according to gender, lifestyles, occupation and approach to children upbringing.

Clients of the childcare center have following features:

Age 24-30

Income of a family – 400 000 and more

Little Stars of Asia will be targeting corporations, state organizations and other companies whose employees have kids and want them to learn in English due to certain requirements of the company.

Little stars of Asia positioning statement:

Provide the best educating service to each client in the atmosphere of warmth and attention.

Points of difference.

Little Stars of Asia only hires teachers who have 3 to 5 years of teaching experience of kids in English language.

Center takes care not only of the disclosure of their mental and creative abilities, but also of little client's health.

Little Stars of Asia will an institution with all the services, provide different type of additional as boxing, ballet, robotics and so on... Also, with the special techniques from teachers as meet children by different type of dancing, give them big warmth by hugs and teach by different programs all over the world. Mostly, I want to use Montessori program and add something from my side also.

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"Особенности развития технологии Blockchain в Республике Казахстан"

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Аннотация

Актуальность статьи заключается в том, что в 2020 году наблюдается значительный рост нагрузки на онлайн сервисы: государственные услуги, оплата налоговых платежей, банковские операции, торговля. Большое количество граждан и юридических лиц Республики Казахстан стали активными пользователями сети Интернет. Повысились риски неправомерного получения и использования личной и коммерческой информации. Внедрение блокчейн технологий дает возможность снизить риски утечки информации, использования данных для совершения мошеннических действий и пр..

Целью проведенного исследования является анализ и оценка особенностей развития блокчейн технологий в Республике Казахстан, а также разработке рекомендаций для преодоления выявленных барьеров и проблем.

Предмет исследования - процесс развития блокчейн технологий в Республике Казахстан.

Используемые методы исследования. Решение теоретических задач осуществлялось с использованием общенаучных методов. Практическая часть работы основана на использовании статистического, аналитического методов, а также анкетировании и интервьюировании.

Полученные результаты, их научная новизна и практическая применимость. Впервые были проанализированы количественные и качественные показатели развития блокчейн технологий в Республике Казахстан. Проведен анализ государственной политики в сфере развития блокчейн технологий, а также нормативно-правовая база. Разработаны рекомендации по решению проблем развития блокчейн технологий, по повышению эффективности государственных программ развития блокчейн в Республике Казахстан. Результаты исследования могут быть использованы при разработке программ, мероприятий, законодательных инициатив, способствующих ускорению темпов внедрения технологий блокчейн в Казахстане.

Список ключевых слов: блокчейн технологии, цифровой Казахстан, информационная безопасность.

1. Введение

Технология блокчейн на данный момент является одной из самых актуальных революционных инновации, которой найдено большое количество применений в различных сферах деятельности.

Блокчейн (с англ. blockchain - цепочка блоков) - это способ хранения данных, а именно, непрерывная последовательная цепочка блоков, которая содержит информацию о

транзакциях, выстроенная по определенным правилам. В детальном плане это основанный на алгоритмах криптографической системы общедоступный реестр, в котором хранятся данные обо всех изменениях и операциях, произошедших в системе.

Особенностью технологии блокчейн является неизменяемость данных и высокая степень безопасности, это инструмент, используемый в различных направлениях, некоторые из которых: хранение и отслеживание конфиденциальной информации, онлайн-системы для голосования, социальные сети и др.

Учитывая перспективы, мы видим необходимость дальнейшей разработки и усовершенствование законодательной базы и стандартов безопасности использования технологии.

В своем ежегодном послании Первый Президент Республики Казахстан - Елбасы Нурсултан Назарбаев отметил перспективы развития инновационных технологий. «Особое внимание стоит уделять развитию инновационных и сервисных секторов экономики. Прежде всего необходимо обеспечить развитие таких сфер экономики будущего, как альтернативная энергетика, новые материалы, биомедицина, искусственный интеллект, блокчейн и другие. Именно от этого зависит место, роль страны в глобальном мире», - сказал Н.А. Назарбаев.

В казахстанском законодательстве в 2020 году было принято следующее определение технологии блокчейн - «информационно-коммуникационная технология, обеспечивающая неизменность информации в распределенной платформе данных на базе цепочки взаимосвязанных блоков данных, заданных алгоритмов подтверждения целостности и средств шифрования».

В Республике Казахстан работает Национальная ассоциация развития блокчейн и криптотехнологий, которая декларирует интеграцию страны в мировую блокчейн экосистему. Кроме того, в Казахстане создаются ІТ-кластеры, в которых разрабатываются программы акселерации.

Комитетом государственных доходов Министерства Финансов Республики Казахстан с целью эффективного внедрения указанной технологии, с 2019 года на постоянной основе проводятся семинары на тему «Внедрение нового механизма возврата НДС с применением технологии Blockchain».

Следует отметить, что с 2019года в Республике Казахстан внедрен пилотный проект системы администрирования НДС на основе технологии блокчейн, которая позволяет налогоплательщикам безопасно управлять процессом возврата НДС.

Необходимо выделить 3 перспективные области применения блокчейн-технологий в Республике Казахстан:

- в сфере государственного управления, науки, образования, здравоохранения и др.
- контракты (применение технологии в области экономики, рынков и финансов, а именно работа с акциями, облигациями, закладными, фьючерсами, правовыми титулами, активами и контрактами);
- финансовые транзакции на основе криптовалют (цифровые платежи на основе биткоин);

Использование технологии блокчейн в экономической сфере имеет следующие преимущества:

- прозрачность (посредством публичного или распределенного хранения), доступ ко всей истории событий открыт всем участникам системы;
- децентрализованность (хранение данных на нескольких серверах). В отличие от других облачных хранилищ, для доступа к данным необходимо иметь ключ шифрования, что обеспечит конфиденциальность данных;
- равноправие технология блокчейн не подразумевает администраторов (хранителей информации), все участники имеют одинаковый статус и возможности;
- безопасность (применение шифрования для подтверждения транзакций).

Таким образом, широкое использование блокчейн технологий в Республике Казахстан может существенно снизить возможность создания и использования мошеннических и коррупционных схем, что позволит обеспечить сохранность общественных и государственных интересов.

2. Исследовательские вопросы:

- Какова текущая ситуация развития технологий блокчейн в казахстанских компаниях?
- Насколько эффективна государственная поддержка развития технологий блокчейн?
- С какими проблемами сталкивается процесс развития технологий блокчейн в Республике Казахстан?

Ответы:

- Технология блокчейн в Республике Казахстан на сегодняшний день недостаточно широко распространена.
- Правительство Республики Казахстан поддерживает развития технологии блокчейн в стране.
- Существует ряд проблем, которые требуют решения. Были разработаны рекомендации для их преодоления и ускорения процесса внедрения технологии.

3. Методология

В ходе проведения исследования был использован комплекс методик, который составил авторский методологический подход.

• Статистический метод. Заключается в анализе статистических данных, размещенных на

сайтах государственных и исследовательских организаций: НБ РК, Комитет по статистике МНЭ РК, KASE, Национальная ассоциация развития блокчейн и другие. Анализ заключался в определении основных трендов количественных показателей, относящихся к вопросам развития технологии блокчейн, а также их взаимосвязи.

- Аналитический метод. Заключается в поиске нормативно-правовой информации о поддержке развития блокчейн в Республике Казахстан, анализе внутренней документации государственных органов, внедряющих технологию.
- Анкетирование и интервьюирование. На основании анкеты, составленной из 15-ти вопросов, относящихся к развитию технологии блокчейн в Республике Казахстан, было опрошено 30 руководителей казахстанских ІТ-компаний и подразделений с целью определения трендов выбранных качественных показателей, а также основных проблем с которыми они сталкиваются в процессе внедрения новейших технологий.

4. Сбор информации

Сбор первичной информации проходил с помощью анкетирования руководителей казахстанских ІТ-компаний и подразделений, проводились частные встречи, опросы, дистанционное анкетирование с использованием электронной почты, служб обмена сообщениями и устными переговорами по телефону.

Сбор вторичной статистической информации производился путем скачивания необходимых информационных материалов, доступных для использования. Также ряд отчетных материалов были получены по моему запросу(доклады, презентации, отчеты для внутреннего пользования).

5. Анализ данных

Анализ данных включает в себя оценку собранного материала с использованием эмпирических или логических рассуждений для определения закономерностей, взаимосвязей или тенденций.

- 1. Был выявлен положительный тренд развития блокчейн технологий в Республике Казахстан по следующим позициям:
 - рост количества компаний, использующих блокчейн технологии;
 - рост количества государственных проектов, осуществляемых с помощью блокчейн технологии;
 - финансирование государственной поддержки блокчейн технологий и пр.
- 2. В 2020 году были приняты изменения в нормативно-правовые акты Республики Казахстан, регулирующие развитие блокчейн технологий:
- приняты определения, относящиеся к блокчейн технологиям, создан специальный государственный орган по информационной безопасности (Комитет по информационной безопасности Министерства цифрового развития, инновации и аэрокосмической промышленности Республики Казахстан), определены права и обязанности сторон в сфере блокчейн технологий и пр.;
 - функционирует ОЮЛ «Ассоциация блокчейн и индустрии дата-центров в Казахстане»,

которое является добровольным объединением юридических лиц, созданным в целях развития и популяризации технологии блокчейн и индустрии дата-центров на территории Республики Казахстан и за ее пределами, а также представления интересов компаний, развивающих данные технологии в государственных органах, квазигосударственном секторе, отечественном бизнесе и на международном уровне.

6. Выводы по результатам анализа

В 30 компаниях с общей штатной численностью около 1000 человек были проанализированы следующие вопросы:

- Используются ли блокчейн технологий, и имеются ли планы по их внедрению?
- С какими проблемами сталкиваются компании при внедрении блокчейн технологий?
- Насколько эффективны и ощутимы государственные меры поддержки блокчейн технологий?
- Какие работы необходимо провести для развития блокчейн технологий в

казахстанских компаниях?

Было определено, что бизнес-сообщество проявляет инициативы по созданию рабочих групп, консорциумов, координационных центров, призванных стимулировать развитие блокчейн-технологий.

Технологии блокчейн вызывает особый интерес у финансовой отрасли, поскольку предоставляет безопасность выполнения и хранения транзакций, что может произвести революцию в банковской сфере, заменив существующую систему международных расчетов и платежей SWIFT.

Технология распределенного реестра может значительно усовершенствовать и удешевить трансграничные операции банков за счет устранения посредников.

К проблемам развития блокчейн технологии в казахстанских компаниях следует отнести низкую пропускную способность сети. Кроме того, многие респонденты отмечают, что технология блокчейн в том виде, в котором она существует сейчас, является технологией узкого применения, из-за высокой себестоимости проектов.

7. Рекомендации

Были разработаны следующие рекомендации:

- продолжить работу по правовому обеспечению развития технологии блокчейн в Республике Казахстан (в части административного и уголовного законодательства);
- определить основные критерии оценки эффективности процесса государственной поддержки развития блокчейн технологий в Республике Казахстан;
- определить перечень льготных условий ведения бизнеса для компаний, внедряющих блокчейн технологий в Республике Казахстан: льготное налогообложение и кредитование, субсидии.
- необходимо утвердить государственное финансирование по вопросам увеличения пропускной способности сетей на территории Республики Казахстан.

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"The impact of the results of Asset Quality Review on rating of second tier's banks in Kazakhstan"

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a. Introduction. About the AQR

During my work at Deloitte I was lucky enough to join the company at the time of starting new and unusual project - "Asset Quality Review" (AQR). This practice is firstly implementing in Kazakhstan. I have been engaged in the assistance to National Bank of the Republic of Kazakhstan. Basic scope of work was analysis of processes, policies and accounting practices of a second-tier bank in accordance with IFRS and resolutions of the National Bank of the Republic of Kazakhstan. Also I was assigned to analysis of credit files, checking top list of problem bank loans, fulfilling the special templates from National Bank of the Republic of Kazakhstan.

The international rating agency Fitch Ratings has warned about the negative situation in Kazakhstan's financial institutions. Agency analysts note that the indicators of bad loans from Kazakhstan banks, according to IFRS 9, are significantly higher than indicators of impaired loans. In 2017, the National Bank of Kazakhstan planned to conduct stress testing for banks, but then refused, explaining that the country's banking system is not yet ready for serious shocks. If banks failed in stress testing, two scenarios would be considered: revocation of a license or reorganization. According to the results of AQR, according to the regulator, an action plan will be drawn up for the adoption of corrective measures in the medium term and the necessary recommendations will be given to further improve existing business processes. That is, the test is not so strict, and measures based on the results of the verification will not turn into a disaster.

Indeed, in 2018, the banking system of Kazakhstan more or less stabilized: in 2018, the banking sector received a profit of 638.4 billion tenge (for comparison: in 2017, a loss of 18.7 billion tenge was recorded). In addition, the banking sector was cleansed by the regulator: if at the beginning of 2018 there were 32 financial institutions, then by the beginning of 2019 there were only 28.

In April 2018 at an annual year end meeting of the National Bank the President of the Republic of Kazakhstan Kassym-Zhomart Tokayev instructed to assess the quality of banking sector assets (AssetQualityReview - AQR). This process started on August first of this year and touched the fourteen largest banks, occupying about eighty seven percent of the assets of the whole country's banking sector. There are: Halyk bank, Sberbank , Kaspi bank, Forte, BCC, ATF, Eurasian, Jýsan Bank, Bank RBK, Alfa-Bank, Altyn Bank, Nurbank, Home Credit and VTB

Asset Quality Review is a world's recognized practice of implementation of comprehensive assessment of the financial stability of the banking sector. This practice allows make a diagnostics for determination of problems in the bank's market. There are several reasons of "AQR". First of

all, to appoint bank's need for capital, check the quality of portfolios, and analyze lending practices. The work carried out by the National Bank in this direction pursues three main goals. Firstly to ensure transparency of the entire banking system by improving the quality of available information about the financial conditions of key second tier banks in Kazakhstan. Secondly to make the financial stability stronger by identifying and implementing corrective measures improving the financial condition of the banks (if it is necessary). Thirdly, to increase confidence on the part of investors and depositors by demonstrating the reliability of banks operating in Kazakhstan. The result of the procedure will be the improvement of existing business processes of banks in accordance with international best practice, the intensification of lending to the real economy and the improvement of the quality of services provided for the population of Kazakhstan.

In addition, by improving the transparency of the financial sector for potential investors, improvement will affect the investment climate in Kazakhstan as a whole. To ensure In addition, by improving the transparency of the financial sector for potential investors, an improvement is expected in the investment climate in Kazakhstan as a whole. To ensure full transparency and objectivity of the assessment, the National Bank of Kazakhstan will conduct "AQR" together with an international consultant and independent audit companies (BigFour). Oliver Wyman, the global consulting company that won the tender, has become an international consultant helping the National Bank in conducting AQR. The analysis of the situation of the Kazakhstan banking sector will be carried out in accordance with the methodology of the European Central Bank, which guarantees the implementation of uniform international quality standards and ensures confidence for the program results from the international community. At the same time, the methodology of the European Central Bank has been adjusted taking into account the specifics of legislation and the business process of Kazakhstani financial institutions.

The completion of AQR planned to December 2019. The results of the program will be transparent for banks participating in asset quality assessments. If necessary, based on the results of work, an action plan will be drawn up for taking corrective measures in the medium term and necessary recommendations will be given for second-tier banks to further improvement of existing business processes.

b. Methodology of AQR

I was so excited to be part of something historical in economic sector of my country. Also as a finance person and usual citizen I understood that situation in the banking sector in the Republic is not stable and so many banks are in the stage of bankruptcy. Of course from the sources of social media we knew that special supporting measures was done by National bank of Kazakhstan to many of them. However, as clients all population wants to be sure that banks as place where they save many are stable and will not give a surprise in one day. All people are working for ten years making money to future needs, so of course this question is really important. For us as independent auditors was given special manual prepared by the National bank of Kazakhstan. We were like a bridge between bank and National bank. Our client in this situation was National bank. I was working in

one of the bank which our company is not audit to eliminate the conflict of interests. All Asset Quality Review was divided by several blocks. These made work more constructed and understandable. We were divided by teams which did certain blocks and were responsible for it. Overall checking the work of whole bank during the five months is not an easy process. So I was happy enough to participate in the work of four blocks out of ten. Let's give a brief explanation about all of them.

- 1. Accounting Processes, Policies, and Practices (PPPU): Processes, Policies, and Accounting Bank practices have a significant impact on the correctness of assets cost reflection on the balance sheet of the bank, and therefore their analysis is mandatory. Key areas for analysis: application of the fair value hierarchy; classification of financial accounting instruments in accordance with IFRS 9 (amortized cost, fair value through profit and loss, fair value through other comprehensive income); principles formation of provisions; criteria for stages of impairment; cost adjustment calculation financial instruments taking into account counterparty credit risk (CVA), etc. This block is conducted in the period between the 2nd and 5th weeks of the AQR.
- 2. **Loan Form and Data Integrity Check (DIV):** Credit Analysis assets within the exercise (from sampling to creating an alternative reservation models based on collective assessment) is based on a loan template provided by the bank containing basic information on loans: segment, status, loan / borrower identifiers, etc. To make data provided in the form of loans correctly, is automatically checked, which can also be supplemented by the results of the analysis of credit files. This module is held between the 5th and 7th weeks of AQR.
- 3. **Sampling:** Analysis of credit dossiers includes a detailed study of specific characteristics (e.g. credit classification, value provisions) of a specific loan (i.e. a loan or other off-balance sheet obligation). Considering the scope of the analysis, it is impossible to study all the loans in the portfolio, so the analysis credit files are based on a sample of loans. The formed samples should be large enough and representative so that the analysis based on them is stable. The sample size will depend on the uniformity of the portfolio, level portfolio risk, total number of borrowers and concentration level. Usually the sample includes from 1% to 20% of total portfolio debt. Sampling Principles comply with best practices and international auditing standards ISA 530. Sampling formed immediately after checking the quality of the data.
- 4. **Analysis of credit files (ACF):** Analysis of credit files is carried out by banking teams (i.e. external organizations involved in the analysis of credit dossiers specific banks) that confirm the correct classification of loans in bank systems (for example, indicating the correct regulatory segment, classification stages of impairment) and the correct creation of provisions (if they were to be formed). Analysis of credit files affects all loans and other off-balance sheet positions, including investment lending transactions. Credit Case Analysis Begins from priority loans (i.e. TOP-10 loans by risk classification) on the 1st week and then conducted relative to the remainder of the sample until the 14th week of AQR.

- 5. **Assessment of collateral:** Assessment of collateral and property on the balance sheet plays a key role in determining the proper carrying amount. Validation Valuation collaterals are held by banking teams, the results are used in modules No. 4 and 7. Analysis conducted in parallel with the work on the analysis of credit files in the period from the 3rd to the 15th week of AQR.
- 6. **Projection of credit dossier analysis results:** Credit analysis results dossiers are projected onto the portfolio as a whole. Projection results apply to homogeneous credit risk groups (in accordance with audit principles). Is applied pragmatic approach with a number of measures to prevent overstatement or underestimation of the estimate due to sample size? The projection of the results is carried out in the period from the 8th to the 16th week of AQR.
- 7. **Collective Valuation Reservation Analysis:** Typically, for formation of provisions for less homogeneous loans collective provisions are used, i.e. statistical model for estimating expected credit losses. For confirming the sufficiency of the formed provisions is extremely important to assess how do collective assessment-based reservation models comply with the rules of accounting. The analysis is carried out in the period from the 1st to the 15th week of AQR.
- 8. **Verification of fair value measurements:** For banks with significant amounts of financial assets, measured at fair values of levels 2/3, a detailed check of the estimates of the largest assets on a sample basis is carried out, i.e. not the entire portfolio is being analyzed. For banks with substantial portfolios of non-derivative instruments at levels 2/3, the most important securities are re-evaluated. At the same time, a quantitative analysis of the most important derivatives pricing models is carried out. It is assumed that for each bank within analysis of the trading book will be analyzed no more than 10 models of pricing of derivatives (depending on the size of the portfolio of derivatives of levels 2/3). It is carried out during the period from the 5th to the 15th week.
- 9. **Calculation of coefficient k1 taking into account AQR results:** No changes in the approved statements of banks as of the reporting date n are required. It is expected that some OKA results will be reflected in the income statement and Bank losses for the reporting period following the reporting date for OKA. For example:
 - Adjustments to loan provisions assessed on an individual basis, which were included in the sample for the analysis of credit files;
 - Adjustment of provisions for loans assessed on a collective basis in cases where, in the opinion of the banking team, a banking model of reservation based on collective assessment does not take into account key aspects required by the rules of accounting (for example, discounting based on the effective interest rate). Expected that the bank will adjust its internal models and policies (rather than directly apply alternative model). Other AQR results will not be taken into account in the profit and loss account, since there are no direct requirements in their accounting rules. For example:
 - The projection of the results of the analysis of a sample of credit dossiers on the portfolio as a whole;
 - Reservation adjustments based on collective assessment, except adjustments due to deviation of the bank from the accounting rules;

- Adjustments based on the revaluation of the value of securities at level 2/3, except assessment due to deviation from accounting rules.
- For the correct accounting of all AQR results for each bank, it is determined capital adequacy ratio adjusted for asset quality assessment (in percent). Calculation and confirmation of capital adequacy ratios for banks will be carried out during the period from the 15th to the 20th week of AQR.
- 10. **Quality control and monitoring of progress:** To ensure quality and the sequence of implementation of initiatives in different banks, banking teams should be guided by the principle of double control (the principle of "four eyes"). Main NBK will focus on ensuring overall program consistency and equal conditions for all banks participating in it. Quality control is carried out on everything throughout the process.

Based on the results of each module, the banking team prepares a series of reports with the results of the work. Reports can be provided both in the form of the final version of the corresponding template and in the form of a presentation (PowerPoint) listing the main deviations; in this case, templates with presentation structure will be provided.

c. Block 4. Loan review of a company.

The validation of the classification is carried out for loans to individuals secured by residential real estate, loans to large and medium-sized enterprises, loans to government agencies, loans to financial institutions that were selected in the process sampling (priority borrowers and a sample based on risk assessment). This process includes an assessment of the correctness of credit classification in banking systems:

- 1. Classification of impairment in accordance with the stages of IFRS 9;
- 2. Classification of defaults in accordance with Decree No. 269;
- 3. Regulatory debt class in accordance with Decree No. 170;
- 4. Segmentation of AQR assets (as defined by AQR);
- 5. Classification of persons related to the bank by special relations (related parties) (in accordance with ISA 24 (9), for example, other legal entities belonging to the same parent company as the bank). The results will be used to complement the data integrity verification process (DIV) at the loan form level, as well as to adjust the verification model for reservations based on a collective assessment;

- 6. Identification of non-standard operations that do not meet the standard criteria for issuing a loan / for which the standard steps of the loan process are not performed;
- 7. Analysis of the assessment when recognizing an asset to identify potential losses in terms of fair value for non-standard transactions and / or transactions by persons related to the bank with special relationships

I choose exactly block 4 to show on example how the AQR done because loan review is very interesting and took major time during my internship. First of all it is needed to say that during AQR in our bank sampling for loan review were almost 500 loans. Of course from the bank we received credit dossiers for every loan, but our work was to check these loans according to specific templates. To these we did certain calculations using financial information (Balance Sheet, Income Statement, Statement of Cash Flour, Statement of Retained Earnings). Firstly we analyzed first 40 loans which were prioritized, and then during rest of time did 460 loans. Of course analysis of people's mortgage loans was different from analysis of legal entities' loans. The main reason f this analysis is defining the stage of the loan from 1 to 3. 1 stage is good loans with low risk Days past due 0, 2 stage is risky loans and stage 3 for default loans. Bank was filling special forms for block 4 for every borrower. We as independent auditors did it again and then if comparing these 2 results differences were found first all we tried to speak with bank's employees. But based on our professionalism we tried to recheck and gave independent results to NBRK. Of course there some triggers exists to analyze the loans.

Triggers for stage 2 are:

- a) Change in Probability of Default (PD)
- At the reporting date, the probability of default during the term of the loan exceeds the same indicator at initial recognition by more than 200%
- b) At the reporting date, the probability of default during the term of the loan exceeds the same indicator at initial recognition by more than 200%
 - The probability of default within 12 months exceeds 20%
- c) Delay
 - Delay> 30 days (Days past due)
- d) List of potentially bad loans (watch list)
 - Credit included in the list of potentially bad bank loans

- e) External indicators
 - Significant changes in external market indicators of credit risk for a specific financial asset
- f) Decrease in the cost of collateral
- g) Relief from low credit risk liabilities

Triggers for stage 3 are:

- a) Significant financial difficulties for the lender or borrower
 - rehabilitation for a period not exceeding 1 (one) year
 - loss in dynamics over the previous period is at least twelve months
 - the borrower requested emergency financing from the bank
 - provision of a loan to a borrower (debtor, co-borrower) in order to repay a previously granted loan, in connection with the deterioration of the financial condition of the borrower (debtor, co-borrower)
 - late payments (significant amounts) to state creditors or employees
 - significant increase in LTV (loan to value)
 - significant decrease in estimated future cash flows
 - unfavorable value of ratios calculated in accordance with the bank's internal methodology for assessing the financial condition of the borrower, low solvency, high dependence on borrowed funds
 - significant increase in losses for the reporting period
- (b) Breach of contract, e.g. failure to fulfill an obligation or event of delay in meeting obligations
 - delay of 90 days [> 60 DPD on financial assets evaluated on an individual basis] for any property> 5000 tenge
 - violation of a contractual obligation (covenants), which the bank did not refuse
- (c) The lender (s) of the borrower, for economic or contractual reasons related to the financial difficulties of the borrower, have provided the borrower with benefits that the lender (s) would not (or) refuse
 - restructuring in the face of financial difficulties over the past 36 months,
 - restructuring over the past 36 months, leading to a significant decrease in NPV (which is not due to the adjustment of interest rates to the changed base rates of the NBK)

- more than one restructuring in the last 12 months
- decrease in loan debt due to the implementation of collateral
- (d) There is likelihood that the borrower will initiate bankruptcy proceedings or other financial reorganizations.
 - borrower filed for bankruptcy
 - any legal entity from the group of clients related to the borrower (including subsidiary companies of the borrower) filed for bankruptcy
- (e) The disappearance of an active market from a financial asset due to financial difficulties
 - Evidence of the disappearance of an active market in a financial asset
 - Bonds trading (temporarily) suspended at the main site due to rumors or facts related to financial difficulties
- (f) Acquisition or issue of a financial asset with a large discount reflecting credit losses incurred
 - Large discount observed when issuing / acquiring a financial instrument

Let's take one of the company-borrower and analyze it using special templates and calculations to identify the stage of this loan.

g) Debt service coverage ratio (DSCR) below minimum threshold (100%)

Stage 3 triggers for individual financial assets, i.e. debtors with on-balance sheet > 186 M KZT

- a) More than 60 days past due (DPD)
- b) Availability of reasonable and supported information on significant financial difficulties of the counterparty
- c) Loan restructuring due to financial difficulties of the counterparty one or more times in the last twelve months
- d) Reasonable and confirmed information about force majeure or other circumstances that caused the counterparty significant material damage and do not allow it to continue its activities, including information about or suspension of a license to conduct banking and other operations, as well as information about the absence of labor activity or entrepreneurial activity of the counterparty
- e) Reasonable and confirmed information about (i) high probability of bankruptcy, or (ii) reorganization of the counterparty which could worsen its financial situation
- f) Death of the counterparty for individual clients

Then let's look to the formulas and steps of analyzing loan portfolio to find out does such triggers are relevant to our borrower or not.

Firstly let's start with analysis of Financial Statements of the borrower. Firstly we must know that date of Asset Quality Review that we considering are: From 1st of April 2018 to 1st of April 2019. That is why analyzing the financial statements we need to use such formulas to see the change between years. 2,3,4 quarter of 2018 + 1 quarter of 2019 VS 2,3,4 quarter of 2017+1 quarter 2018 or 2018-1 quarter of 2018+1 quarter of 2019 VS 2017-1 quarter of 2017 +1 quarter of 2018. However not all borrowers are provided quarterly based financial statement to the banks. That is why for such cases we simply compared 2 years 2018 VS 2019.

Let's see the analysis of financial position of company XXX

Total equity (from BS ,capital)	Sum (KZT)	Change	Change (%)	Trigger
31/12/2018	6 110 837	458 368	8,11%	No
31/12/2017	5 652 469			
Total Income (from IS or P&L)				
31/12/2018	458 367	(15 798)	3,33%	No
31/12/2017	474 165			
Cost Price (P&L)				
31/12/2018	4 811 033	972 654	25,34%	No
31/12/2017	3 838 379			

LTV (Loan to Value)				
Collateral Value	1 451 385 261			
Debt	7 826 619 749			
	539%	0%	539%	Not applicable
Revenue (P&L)				
31/12/2018	6 657 298	979 474	17%	
31/12/2017	5 677 824			
31/12/2016	329 400		121,64%	No
Operational Cash Flow				
31/12/2018	-1 063 404	471 613	31%	
31/12/2017	-1 535 017			

Then let's turn to calculation of DSCR and EBITDA .

	1 Q 2018	2018	2017	1 Q 2019	
NI	100559	458 369	474165	548 358	

Finance costs-finance income	86129	432 057	283885	163 778	
Tax costs		73 739	118071		
Amortization					309 357
Other expences	(164264)	(548 031)	(334336)	(150 031)	
Sum	22424	416 134	541785	562 105	
					955 815

EBITDA= (955815+309357=**1265172**)

DSCR =EBITDA/ (Principal Repayment + Net Interest Expense)

EBITDA	1 265 172	DSCR
Principal Repayment	9 862 036	12%
Net Interest Expense	673 380	

We see that DSCR is less than 100%, and DPD more than 30 days so, that is the stage 2.But we need to calculate financial ratios to compare with industrial average.

XXX Comapny	1Q 2019	1Q 2018	Change	Change %
EBITDA	964 163	876 121	88042	10%

EBITDA/ Interest payments	1,634554125	2,275910888	- 0,641356763	-28%
Current liability/Current asset	0,988331996	0,845257819	0,143074177	17%
Current asset/Current liability	1,011805754	1,183070985	- 0,171265231	-14%
Debt/equity	1,72232774	1,440984469	0,281343271	20%
Current liability/total assets	0,434626026	0,344477635	0,090148391	26%

	2017
Loan interest payments	384 954

	1Q 2019	1Q 2018
Short term liabilities	7 879 124	4 837 517
Short term assets	7 972 143	5 723 126
Capital	6 659 196	5 753 028
Total liabilities	11 469 318	8 290 024
Total assets	18 128 514	14 043 051

Overall we can conclude that the XXX Company is in the stage 2 according to triggers.

d. Recommendations

It is expected that some results of the AQR will be reflected in the statements of banks for the reporting period. For instance:

- Adjustments to individual loan provisions that were included in the sample for analysis of credit dossiers;
- Adjustments to individual loan impairment provisions on a collective basis. That is about the cases where, in the opinion of the banking team, the banking model missing key aspects and items which are required by accounting rules (e.g. discounting on effective interest rate basis);
- Adjustments related to self-financing of capital investments;
- CVA for derivative financial instruments.

Other results of the AQR will not be included in the reporting.

For the correct accounting of all AQR results for each bank, the coefficient is determined capital adequacy ratio adjusted for asset quality assessment. The bank is not obligated to make changes in the reporting or apply assumptions of AQR results on an ongoing basis. In other words, capital adequacy ratio k1 adjusted for AQR is not a de facto alternative accounting standard.

e. Conclusion

As conclusion I can say that being a part of the process of Asset Quality Review was really helpful and interesting for me. First of all because Asset Quality Review is something absolutely new for our Republic, as for managers of Big Four as for National Bank of Kazakhstan. That is why for all it was kind of challenge to be discoverers in that sphere. Probably this was the reason for making the work in such friendly and warm atmosphere. I got a great experience and even if the work was so irregular and we almost slept in the workplace because of the huge volume of plan, I honestly enjoined this internship and really happy about this project. Moreover, I can be sure that AQR is absolutely transparent and results of such check will be definitely independent and honest. This on my opinion will give the real picture of our financial sector's situation. Great job was done, so banks will be stronger after getting the results and comments from NBRK.

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"Future of travel agents in the light of emergence of online travel portal: Case study of Premium Travel agency in Kazakhstan"

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Abstract

This paper aims to investigate the future of brick-and-mortar travel agents in the wake of emerging economies. Ironically, it has been revealed that despite of tremendous developments in emerging technologies, there has been lack of uptake of technologies such as online travel portal to become virtual travel agents (VTA). To this end, paper uses perceived ease of use (PEOU) and perceived usefulness (PU) factors of technology acceptance model (TAM). Two sets of surveys will be conducted to collect data. First survey will target management of premium travel agency in Kazakhstan to identify organizational, innovation and environmental factors encouraging or discouraging agency from adopting OTP. Tables 1 and 2 above identifies factors under which both surveys will be designed. Second survey will target tourism consumers in Kazakhstan to identify factors encouraging or discouraging them to adopt OTP. Both surveys will be published on Google forms and link to the survey questionnaire will be send to targeted population. Data will be analysed thorough adopting regression and correlation analysis statistical tools. It is expected that findings of this study will assists practitioners, regulators and scholars in identifying survival of brick-and-mortar travel agents in Kazakhstan along with assessing readiness of traditional travel agents towards adoption of emerging technologies such as online travel portal.

Keywords: Travel agents, online travel agents, Online travel portals

Introduction and objective

Development of E-Commerce in the past two decades has shifted the way products/services being delivered to customers from physical brick and mortar channel to mechanical channel known as online delivery channel [1]. Every industry has witnessed impact of information communication technologies (ICT) and travel industry is not immune to it. ICT has led to automation and networking of tourism industry through development of automated distribution system. There are variety of benefits that tourists can gain through using ICT such as availability of pre-travel image

of destination that results in cognitively and emotionally encouraging customers to book online [2]. These web-services provides tourists with wide range of prospects for booking their tours directly thus eliminating role of traditional travel agents as an intermediary [3]. While travel agents have somewhat adapted through converting themselves into shape of online travel portals (OPTs) or virtual travel agents (OTAs) or running both multi delivery channel strategy, however mostly such development have taken place in the context of developed economies of Europe and North America as bother travelers and travel agents in developing countries such as Kazakhstan have not been able to adapt to emerging technologies. To this end, Garkavenko et al [4] went as far as to argue that adoption of ICT has been considerably low in Kazakhstan's tourism industry at both travel agents and consumer level. However, author fell short of identifying reasons behind lack of adoption of ICT in tourism industry, therefore this study will aim to evaluate perception and attitude of both travel agents and customers in Kazakhstan about OTP.

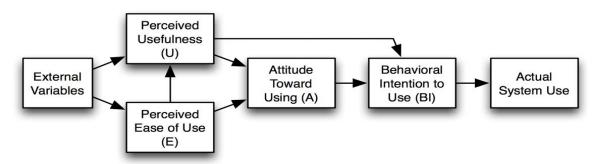
Kazakhstan is the largest country in terms of land size in Central Asia with booming business-tocustomer (B2C) E-commerce market [5]. Penetration of internet in the Kazakhstan's population has been identified as key driver of increase in B2C E-commerce sales in the country. However, B2C E-commerce market in the Kazakhstan merely accounted for less than 20% retail sales. Similar pattern has been noted in tourism industry. According to the study by Cook et al [6] while reserving holidays, tourists may use internet to get information however eventually they turn to brick and mortar travel agents to gain specialized service. Report by Euro monitor [7] reported that while online sales in travel industry of Kazakhstan is growing however it is not at par with that noted on developed countries. Reasons behind lack of rapid growth in online sales has been linked to underdeveloped IT infrastructure and lack of consumer trust. Therefore, it is important to identify the factors contributing towards lack of adoption of online sales channel by consumers and travel agents in Kazakhstan. To this end, discussion in this paper will seek to achieve four objectives. Firstly, to review literature surrounding impact of internet on travel agents. Secondly, to identify factors impacting lack of adoption of onl9ine sales channel by travel agents in Kazakhstan. Third, to identify factors impacting adoption of online sales channel by tourism customers in Kazakhstan and finally to recommend ways by which adoption of internet can be promoted in Kazakhstan's tourism industry.

Literature review

Olmeda and Sheldon [8] reported that internet putting future of travel agents across the globe at risk because it effectively eliminates their role as an intermediary between travellers and destinations. Poon [9] also agreed with Olmeda and Sheldon through arguing that internet provides customers with convenient and low-cost channel to support decision making process while making travel arrangements. In the nutshell, internet provides both customers and suppliers of tourism industry with a self-sufficient function to perform their tasks. However, development in web services means that suppliers and customers of travel destinations are going to gradually decrease their dependence on physical travel agents. Yet, there is a need to assess the extent to which people in Kazakhstan are ready to adopt OTA or OTP that will than depend on availability of ICT infrastructure, public awareness and perception of OTP.

Present study adopts technology acceptance model proposed by Davis [10] to predict the acceptance of technology by users [11]. Origin of TAM is grounded in theory of reasoned action (TRA) which identifies factors leading to behavioral intentions of people towards performing certain behavior. TAM signifies the linkage between two core believes associated with adoption of technology such as perceived ease of use (PEOU) and perceived usefulness (PU) with users attitude, intentions and behavior. Using PEOU, PU, attitude, intentions and behavioral constructs, TAM proposed that attitude towards using ICT depends upon user's perception of ICT's usefulness and its ease of use which in turn determined individual's attitude towards using the ICT leading to causing intentions and actual behavior. PEOU and PU are identified as external variables in TAM model that influence individual's attitude, behavioral intention leading to actual adoption of a system as shown in figure 1 below.

Figure 1: Technology acceptance model



Source: Matikiti et al., 2018

In relation to TAM presented in figure 1 above, convenience, speed and accessibility are considered as PU factors towards using OTP. However, security has been identified as major factor linked to PEOU that prohibits customers and travel agents from using OTA [12]. Additionally, lack of awareness and trust on OTP for booking holidays have also been identified as key PEOU factors resulting in inhibiting attitude and development of behavioural intention and thus actual adoption of system by consumers. Based on Davis's proposition it is suggested that PU causes prospective user towards perception that using technology could result in improving their job performance. In this study PU is constructed as a factor that ascertain the degree to which consumers of travel industry in Kazakhstan believes that usage of OTP can enhance their travel planning. Therefore, prospective traveller or travel agent who believes that OTP can be useful are more likely to demonstrate favourable attitude towards adoption of OTP, therefore first hypothesis of this study states that:

Hypothesis₁: Perceived usefulness of OTP has a positive significant impact on adoption of technology

In contrast to PU, PEOU is about extent to which individual believes that using particular technology will be easy to use. In the context of proposed study PEOU is about the extent to which travel consumers in the Kazakhstan tourism industry perceives that using OTP can benefit them while planning holidays for customers and themselves respectively. Generally, it is perceived that people tends to adopt a system if it is perceived to be easy to use. Therefore, second hypothesis of this study states that:

Hypothesis₂: PEOU has positive significant impact on adoption of OTP

Table 1 below identifies variables that will be used to evaluate perception and attitude of tourism customers in Kazakhstan about adoption of OTP.

Table 1: Research variables for assessing customer adoption of OTP in Kazakhstan

Group of factors	Variables		
Perceived usefulness	Convenience		
	Speed		
	Accessibility		
Perceived ease of use	Trust		
	Security		
	Awareness		

While TAM will be used to evaluate perception and attitude of consumers in tourism industry of Kazakhstan towards adoption of OTP, Khemthong et al [13]'s model will be used to evaluate factors affecting technology adoption among travel agents in Kazakhstan. Based on the diffusion of innovation theory, Khemthong et al identified three factors that impacts adoption of technology at organizational level such as organizational factors, innovation factors and environmental factors. Accordingly, it is suggested that adoption of technology by tourist organizations depends upon five factors such as size of organization, management support, organizational readiness, management attitude towards technology and knowledge of staff about ICT [14]. In contrast, innovation factors includes perception of individuals about benefits, barriers, capability and complexity of using technology. Finally, environmental factors involves extent of competition, customer orientation, government support and technological infrastructure. Based on the factors identified in above, present study proposed following hypothesis:

Hypothesis₃: Organizational factors impacts adoption of OTP among travel agents Hypothesis₄: Innovation factors impacts adoption of OTP among travel agents Hypothesis₅: Environmental factors impacts adoption of OTP among travel agents

Table 2 identified research variables that will be used to collect data on adoption of OTP by travel agents in Kazakhstan.

Table 2: Research variables for assessing adoption of OTP by travel agents in Kazakhstan

Group factors	Variables
Organizational	Size of organization
	Management support
	Organizational readiness
	Management attitude towards technology
	Knowledge of staff about ICT
Innovation factors	Perception of individuals about benefits
	Barriers, capability
	Complexity of using technology
	Capability
Environmental factors	Extent of competition
	Customer orientation
	Government support
	Technological infrastructure

Research methodology and data collection tool

Adoption of positivism philosophy, deductive approach and case study strategy in this study supports usage of quantitative methodology. Saunders et al [15] differentiated between quantitative and qualitative methodologies through arguing that while former uses numerical data to achieve research objectives, later uses non-numerical data for the purpose. This study will use online survey questionnaire to gather data. Yin [16] lauded usage of survey questionnaire for being cost effective, ease of collecting data and ease of processing and analyzing data. In this study two sets of survey will be conducted. One survey will be focused on tourism consumers in the Kazakhstan with the aim to identify factors encouraging or discouraging them to adopt OTP. Second survey will be conducted on the employees of 'Premium Travel agent' in Almaty, Kazakhstan with the aim to identify organizational, innovation and environmental factors encouraging or discouraging agency from adopting OTP. Tables 1 and 2 above identifies factors under which both surveys will be designed. Survey questionnaire will be published online on Google Forms and their link will be distributed among research participants. Survey questionnaire will be designed in the shape of five rating Likert-style. deVaus [17] lauded usage of Likert-style questionnaire in business and management research because they allow researcher to maintain focus of research participants. Moreover, Likert-style questionnaire also allows ease in data collection as they are quick to respond to.

Sampling

Sampling assists researchers in narrowing down research population to fit into the scope of research. In both surveys, probability sampling technique will be used because this sampling technique has been lauded for its fit into quantitative research instead of large-scale research were non-probability

sampling technique is used [18]. Participants of the consumer survey will be the tourist who have booked their holidays through Premium Travel agency. Participants of the second survey will be employees working at Premium Travel. Access to research participants will be made possible due to author's connection at the Premium travel agency.

Data analysis with critical thinking and discussion

Validity and reliability of data will be evaluated. Validity of data is about the ability of the data to answer research question therefore findings should relate itself to the research objectives [19]. On the other hand, reliability of data is about extent of consistency in data with findings of past relevant researches. In order to test validity of data, findings of this study will be compared with that of past relevant researchers. In contrast, reliability of the data will be evaluated through conducting statistical analysis. To this end, regression analysis tool will be used which will assist in identifying data reliability through assessing dispersion of data from mean. It is argued that the close the standard deviation to mean the more reliable is the data. Moreover, correlation analysis tool will be used to test research hypothesis. Correlation analysis statistical tool has been lauded for testing relationship between dependent and independent variables as identified in the tables 1 and 2 above.

Summary, conclusion and recommendations

Discussion in this document provides proposal for conducting research to investigate impact of ICT on travel agents in Kazakhstan. Based on the literature five hypothesis have been set consisting of factors to identifying consumers adoption of OTP such as PU and PEOU and factors related to adoption of OTP by travel agents such as organizational, innovation and environmental factors. This study has been identified to be positivist philosophically thus demands usage of deductive approach, case study strategy and cross-sectional time horizon. Furthermore, it has been proposed to conduct two sets of online survey on consumers and employees of Premium Travel agency in Almaty, Kazakhstan. Additionally, discussion has identified that study will use probability sampling technique and regression and correlation statistical analysis tools for data analysis. Ethical stance of research has also been identified. Findings of this study are expected to assist practitioners, regulators and scholars in identifying survival of brick and mortar travel agents in Kazakhstan along with assessing readiness of traditional travel agents towards adoption of emerging technologies such as online travel portal.

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"Perceptual and awareness challenges facing Islamic banking: A case study of Kazakhstan".

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Abstract:

This paper aims to analyze perceptual and awareness related hurdles facing Islamic banking in Kazakhstan. Islamic banking possess potential to stabilize and strengthened banking industry in Kazakhstan. Recently government has taken renewed internet in developing Islamic banking in the Kazakhstan through taking variety of regulatory initiatives. However, due to lack of interest of consumers it has been found that Islamic banking lacks development. Perceptual and awareness are two key factors that has been identified in literature as key causes of lack of adoption of Islamic banking by consumers in Kazakhstan. Therefore, propose study intends to conduct an online survey to evaluate perception and awareness of banking consumers in Kazakhstan about Islamic banking. Following proposition of social identity theory, sample population of this study will be all banking consumers in Kazakhstan. It is expected that findings of this research will lead to better identification of perceptual and awareness related hurdles facing Islamic banking in Kazakhstan. Additionally, findings of this study can be used by regulators to eliminate hurdles in the development of Islamic banking in the Kazakhstan.

Keywords: Islamic banking, Challenges facing Islamic banking, Islamic finance in Kazakhstan.

Introduction and objective

The purpose of this paper is to evaluate the challenges facing Islamic banking in the Kazakhstan from the perspective of consumer perception and awareness. Government in Kazakhstan took initiative to establish Islamic banking in the country with the aim to attract foreign direct investment and diversifying banking industry [1]. Additionally, government also intended to stabilize economy, simplifying process of interest rates, reducing speculation, dividing risk between stakeholders and finally diverting economic activity towards social sphere [2]. Thanks to regulatory initiatives taken by the government, assets of Islamic banking in the country has grown by 31.25% in 2019 from 0.16% in 2018 to 0.21% in 2019 with the target to raised it to 5-7% by the end of 2025 [3]. However, most of the development in Islamic finance has emerged from the perspective of supply side and not demand side as uptake of Islamic finance in the country among consumers has been reported to be lower than other regions in the Central Asia, South East Asia, Middle East and to some extent in Europe [4]. Abduh and Omarov [5] also conformed with the fact that lack of public interest is one of the key challenges facing development of Islamic finance in the Kazakhstan however moved on step-forward to suggest that banking consumers in the Kazakhstan lacks awareness and perception of Islamic banking resulting in lack of adoption of this nascent banking sector in the country. Therefore, this study aims to evaluating perceptual and awareness challenges facing Islamic banking in Kazakhstan.

With 18 million Muslim population, Kazakhstan possess huge potential to benefit from development of Islamic banking niche in the global banking industry [6]. Particularly, it can contribute towards attracting foreign direct investment in the country as during 2017's summit of Organization of Islamic Cooperation (OIC) on science and technology held that Islamic Development Bank (IDB) will finance projects of worth US\$1bn in collaboration with Astana International Finance Centre. Such projects could be precious for the Kazakhstan's economy given its geographical nature of landlock territory of Central Asia. However, real benefits of Islamic banking in the country cannot be attained until its adoption by common consumers. Thus, studying factors related to lack of adoption of Islamic banking by consumers in Kazakhstan possess both social and economic significance for the country. At the backdrop of identified challenges facing Islamic banking in Kazakhstan, this study has set itself three objectives such as to identify awareness and perception of people in Kazakhstan about Islamic banking, to identify factors prohibiting consumers from adopting Islamic banking and finally to recommend ways by which adoption of Islamic banking can be improved among consumers in the Kazakhstan.

Literature review

Discussion in this section will be divided into five sections. First, background of Islamic banking will be provided with focus on its principles and differentiation from conventional banking. Secondly, development of Islamic banking in the context of Kazakhstan will be presented. Thirdly, theoretical framework underpinning concepts of consumer perception and awareness about Islamic banking will be presented. Afterwards, discussion will move to assess development of Islamic banking in Kazakhstan followed by reviewing empirical literature on awareness and perception of Kazakh people about Islamic banking.

Islamic banking is founded on the principle of Islamic Sharia law that prohibits capitalism as it promotes non-materialism, ethical banking system that promote social welfare. Core principles of Islamic banking includes prohibition of Riba (interest), injunction of Gharar (prohibition of holding information and avoidance of excessive risk taking), prohibition of investment in non-ethical businesses such as alcohol, pornography and etc and emphasis on risk sharing [7].

It is the above-mentioned principles of Islamic banking that differentiates it from conventional banking. For instance, risk management in Islamic banking is based on promotion of profit/loss sharing principles however in conventional banking depositors transfers the risk to banks who bear whole responsibility against offering pre-determined fixed return [8]. Additionally, while Islamic bank does not support use of funds for investment in unethical business, conventional banking allows investment in any type of business but also promotes excessive risk taking marred by asymmetry of information.

Islamic banking was initiated in Kazakhstan's banking system in 2009 through legislative amendments [9]. However, it was not until 2010 when in collaboration with government of the United Arab Emirates first Islamic bank was opened in the Kazakhstan called Al-Hilal Bank. However, Islamic banking has seen slow development in the Kazakhstan as by 2018 addition of only one fully fledged Islamic bank was made possible called Zaman bank. However, government

in Kazakhstan has taken various steps towards development of Islamic banking in the country that involved development of Astana International Financial Centre (AIFC) in 2018 with the aim to accelerate domestic and regional development of Islamic bank and making Almaty province as a regional gateway for Islamic banking in the Central Asia. Drawing on the report by Thomson Reuters [10] growth of Islamic finance in a country is linked to its adoption at retail banking level which makes up to almost 80% of global Islamic banking assets. It has been reported that stakeholders such as government and banks in Kazakhstan needs to tackle problem related to consumers awareness of Islamic finance which is directly linked to their poor comprehension of perception of principles of Islamic banks that differentiates it from conventional banking [11]. Both perception and awareness of consumers are part of consumer behavior theory described as process that consumers goes through while selecting, purchasing, consuming and disposing of product/service [12]. Psychological, sociological and decision making are three stages that customer goes through while making a purchase.

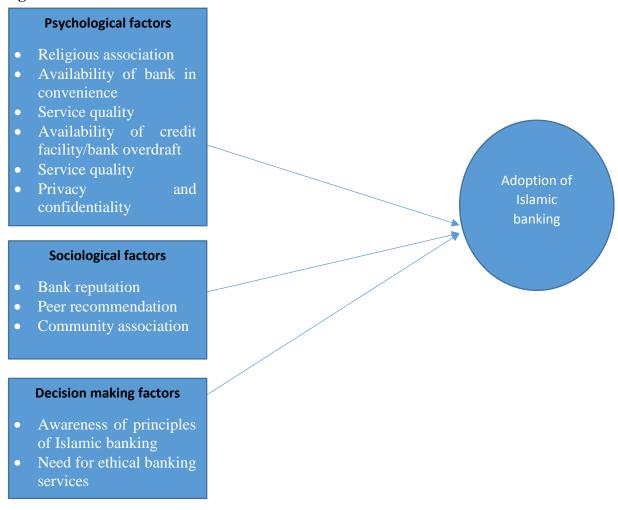
At psychological level, for individuals to make decision to adopt Islamic banking, it is important that they are aware of Islamic banking and possess its clear perception as it will allow them to process information in both short and long-term [13]. According to Saini et al [14] knowledge of Islamic banking invokes customer's interest. Therefore, at psychological factors such as religious association, ease of accessibility both in digital and physical environment and its ethical stance have been found to attract customers towards Islamic banking [15]. Other psychological level factors that influences customers while selecting a bank includes service quality, availability of credit/overdraft, availability of online banking services, privacy and confidentiality and security [16].

Sociological factors that have been found to influence customers selection of a bank includes peer recommendations, availability of credit/overdraft limits and reputation of the bank [17]. Religion is also identified as key sociological factor that influence customers to adopt Islamic banking. Bodibe et al [18] while studying factors affecting customers' decisions to adopt Islamic banking found that community influence plays significant role in customers' adoption of Islamic banking. However, here it should be noted that even a non-Muslims could have association with Muslims and may choose to bank with Islamic banks because of recommendations from his/her Muslim friends. Therefore, instead of using religious association, it would be better to use Islamic community association for impacting adoption of Islamic banking.

Finally, it is suggested that factors identified at psychological and sociological level leads customers to select a particular bank. However, consumers' decision to purchase a product highly depends upon their level of awareness and perception. To this end, Islamic banking has been criticized for the lack of singular interpretation of Islamic sharia law for causing perceptual problems among consumers towards adoption of Islamic banking [19].

Based on the review of psychological, sociological and consumer decision making factors, following research framework has been proposed:

Figure 2: Research framework



Based on the research framework, proposed study will aim to test following research hypothesis:

Hypothesis₁: Psychological factors significantly impacts adoption of Islamic banking **Hypothesis**₂: Sociological factors significantly impacts adoption of Islamic banking

Hypothesis3: Consumer decision making factors significantly impacts adoption of Islamic banking

Research methodology and data collection tool

Following survey strategy, proposed study will use online survey questionnaire tool for collecting data. Dillman and Bowker [20] lauded survey questionnaire as most effective and productive method for collecting large data. To this end, closed ended questionnaire based on five-scale Likert-style questionnaire will be developed. Survey will be published through using Google forms and link to the survey will be distributed among research participants. Key advantage of using survey questionnaire over other methods such as interviews lies in the fact that it provides researchers

better control over the conduct of the survey, assists in maintaining participant's focus on research topic and finally is cost effective [21].

Proposed study will follow probability sampling technique which is defined as the one in which chance of each case of research participant from selected target population tends to be known [22]. Target population of the survey will be the consumers in the banking industry of Kazakhstan. Targeting general population for investigation in this study lies in social identity theory that identified the way group of companies in an industry may have collective identity in the minds of wider population [23]. Similarly, Islamic banks in the Kazakhstan are part of wider banking industry thus people will have similar kind of affection to the banking industry or Islamic banking niche for the purpose of this study. In contrast, non-probability sampling technique does not support present study because it proposes to be suitable for large-scale studies where data from every possible population is required. It is expected that survey will gather at least 100 responses.

Data analysis with critical thinking and discussion

Collected data will be subjected to statistical tools of regression and correlation analysis. Regression analysis will be used to evaluate reliability and validity of the data and correlation analysis will be used to test research hypothesis. Cooper and Schindler [24] lauded correlation analysis statistical tool for testing relationship between independent (psychological, sociological and decision making) factors with dependent variables (adoption of Islamic banking in Kazakhstan). Data will be processed through using Microsoft Excel tool.

Summary, conclusion and recommendations

Discussion in this proposal has set foundation for conducting research to investigate factors impacting adoption of Islamic banking in Kazakhstan. To this end, discussion has found that proposed study will fit into the criteria of positivism philosophy, deductive approach, survey strategy and cross-sectional time horizon. Moreover, it also identified that following quantitative methodology, proposed study will collect data through using survey questionnaire. Using methodology of closed-ended questions, questionnaire will be designed in the shape of Likert-style five-rating questions. Survey questionnaire will be developed through using Google forms and link to the survey will be distributed among research participants targeted through using probability sampling technique. Data will be analysed through using regression and correlation analysis tools. Discussion has also identified ethical initiatives that will be taken to ensure high standards of research.

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"Determinants of profitability of banks in CIS countries"

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Abstract

Our purpose is to investigate how bank-specific, macroeconomic indicators and political stability in the country impact commercial banks' profitability in CIS (Commonwealth of Independent States) countries during the period of 1991-2017. We applied feasible generalized least square (FGLS) method in order to reveal variables affecting banks' profitability. Results of our empirical analysis state that bank specific factors have positive and significant impact on profitability, while macroeconomic factors affect profitability in a negative and significant way. Political stability has no effect on profitability of banks in CIS countries.

Keywords: Banks, Profitability, Political Stability, Performance, CIS countries

INTRODUCTION

Banks hold a money creation function by putting together savers and consumers and by doing so banks increase investment and consumption in the country. This in turn is boosting the economic activity in the country, so the banking sector is very important for countries' economies (Yuksel et al. 2018).

Therefore, as the economy's wellbeing is strongly connected with performance of banks, banks profitability is a popular and highly covered topic in the studies of performance of banking sectors in many countries around the world.

Since banks have a notable impact on the economy it is crucial to keep them profitable and prospering. In course of gaining profits banks face many types of risks affecting profitability. According to Faizulayev et al. (2018) both external and internal factors have significant impact on structure and performance of the banks. Profitability of the banks is defined as the difference between revenue and expenses. Yuksel et al. (2018) states that as per banking literature banks' profitability is identified as a function of both micro and macro determinants. Micro determinants are related to internal processes of the banks', so they are named as bank-specific variables and include size, capital, risk management, etc. Yuksel at al. (2018) further argues that macro variables like GDP growth, inflation, interest rate and tax rate affect bank's profitability in a very crucial way.

Collapse of the Union of Soviet Socialist Republics (USSR) in 1991 has led to a formation of 15 independent countries. All of them became members of Commonwealth of Independent states (CIS). Currently CIS includes 9 member states: Kazakhstan, Kyrgyz Republic, Russian Federation, Belarus, Azerbaijan, Moldova, Uzbekistan, Tajikistan and Armenia.

Each of newly independent countries started to develop their own economic systems and "for three decades old Soviet system countries have tried to convert into market-based economy system" (Faizulayev and Wada, 2019). As it was mentioned above, banking sector make a big contribution to the development of economy so CIS countries adopted major regulations on banking system right after gaining independence by creating a two-tier banking system with central bank and commercial banks in place.

This study is aimed to investigate the major factors affecting the banks' profitability of CIS countries by considering internal (bank-specific) and external (macroeconomic) determinants alongside with effects of FinTech and political stability in the country. As per Yuksel et. al (2018) there is insufficient amount of studies related to research on bank's profitability in CIS countries.

This study is organized in the following way: Section 1 is a literature review and Section 2 describes the data and methodology, also including the hypotheses. Section 3 presents results and provides their interpretations while Section 4 is a conclusion for this study.

1. LITERATURE REVIEW

1.1 Bank Specific Indicators

Different studies in given literature review show how bank specific, macroeconomic indicators and financial technology affect banks profitability, its ROA, NIM, ROE. According to the study of Faizulayev and Wada (2019) capital adequacy has a positive impact on NIM (net interest margin), as banks with optimal capital structure have higher possibility to repay its debt payments and increase profitability. Another study, which was conducted on countries of QIZMUT (Faizulayev et al., 2018) revealed that bank size can have a positive impact on profitability (ROA), however negative NIM shows that larger banks could be less profitable than smaller banks. This could be explained by the fact that loans are defined as the major indicator of earnings of these banks, an increased amount of them leads to higher return, on the other hand, rising debts will lower profitability. Based on regression conducted by Perera at al. (2013), risk profile for South Asian banks show different ratios associated with liquidity costs. For instance, the ratio of total loans to deposits and short-term funds have negative effect on ROA due to higher levels of non-performing assets and increased liquidity costs.

1.2 Macroeconomic Indicators

Riaz and Mehar (2013) examined the impact of bank specific variables and macroeconomic indicators' effect on banking sector's profitability in Pakistan from 2006 to 2010 period. The regression results accepted both study hypotheses and show that annual GDP growth rate, interest rate (discount rate) have significant impact on ROE. With the expansion of the economy in Pakistan, higher production will create better environment for development of financial industry, including banking sector.

The effect of dummy variables on conventional banks and Islamic banks is different in the research of Faizulayev et al. (2018). It shows that NIM of Islamic banks is more significant, however ROA is higher for the conventional banks. This is due to the main profit source of Islamic banks, which comes from non-interest income. During the crisis period, conventional banks experienced higher negative effect on profitability than Islamic banks did.

1.3 The impact of Financial Technology

The study investigating the effect of bank innovations on commercial banks in Lebanon conducted by Sujud and Hashem (2017) shows the result of regression analysis which proves that mobile banking, debit and credit cards, automated machines (ATMs), internet banking, point of sale terminals (PSTs) and electronic funds transfer (EFT) affect significantly the return on assets and profitability of banks. These innovations enable banks to make additional profit such as

commissions from transactions done through electronic devices by using debit and credit cards attached.

The study of electronic banking services conducted by Akhisar et al. (2015) reveal that profitability of banks of developed and developing countries is significantly affected by the ratio of brunches to the number of ATMs and electronic banking services.

1.4 The impact of political stability in the countries

The study of Yahya et al. (2017) shows that political stability has a crucial impact on profitability of Islamic banks in Yemen due to political situation. In the result of research, it was concluded that political instability had a positive impact on profitability (ROA and ROE) of Islamic banks under the period of study (2010-2014).

At the same time, in the result of study of Sanlisoy et al. (2017) it was stated that banks are influenced negatively by the political risk/instability. According to this study, political risk is formed by political instability and uncertainty which affects decisions of economic units and economic fields.

Literature review

Table 1

Authors	Title	Countries	Time span	Methodology	Result
					Islamic banks (IBs) have higher persistence of profits than conventional banks (CBs).
					CBs are doing better than IBs in
					terms of equity management.
					Concerning the credit and liquidity risks CBs are more prone than IBs.
Faizulayev et al. (2018)	Profitability and persistency in the service industry: the case of QISMUT +3	QISMUT+3	2006- 2015	GMM	The findings of management efficiency show that it has higher negative effect on CB than on the Islamic banks, especially in terms of ROA.
Faizulayev and Wada (2019)	What drives the banking performance? Case of Eurasian Economic Union	Countries of Eurasian	2011- 2017	GLS	Capital adequacy affects positively net interest margin.

		Economic Union			Size negatively affects the profitability of banks across EAEU regions.
					Costs to income affects negatively the financial performance of banks and it is highly significant.
Titko et al. (2016)	Drivers of bank profitability: Case of Latvia and Lithuania	Latvia, Lithuania	2008- 2014	Linear regression analysis	Positive relationships between bank profitability and bank size expressed by the volume of deposits.
Riaz and Mehar (2013)	The impact of bank specific and macroeconomic indicators on the profitability of commercial banks	Pakistan	2006- 2010	Multiple regression analysis	Credit risk, interest rate (discount rate), total assets have a significant impact on ROE. Credit risk and interest rate also has a significant influence on the ROA.
					Well-capitalized low risk banks and those with relatively more efficient production processes are more profitable.
Perera et al. (2013)	Determinants of commercial bank profitability: South Asian evidence	South Asian countries	1992- 2007	GMM	Bank size is positively associated with profitability.

					There is a positive impact of product differentiation. Slack legal systems positively affect
					banks' profits.
	Determinants of Profitability in the Banking Sector:				There is a negative relationship between loans to GDP ratio and the profitability of the banks in CIS countries.
Yuksel et al. (2018)	An Analysis of Post-Soviet Countries	CIS countries	1996- 2016	GMM	There is a low quality of the loans advanced in CIS countries.
	The impacts of bank-specific, industry-specific and				
	macroeconomic variables on commercial bank				Capital adequacy ratio positively affects financial performance
	financial performance: evidence from the Gulf	Gulf cooperation			Oil price remains important factor affecting bank performance
Alfadli and Rjoub (2019)	cooperation council countries	council countries	2011- 2017	OLS model	

					NPLs has positive and significant effect on ROA
Buchory (2015)	Banking profitability: how does the credit risk and operational efficiency effect?	Indonesia	2014	Multiple linear regression	Operating expenses to operating income (OEOI) has negative and significant effect on ROA
Sujud and Hashem (2017)	Effect of bank innovations on profitability and return on assets (ROA) of commercial banks in Lebanon	Lebanon	n/a	Linear multiple regression analysis	Bank innovations affect profitability and return on assets of commercial banks positively.
Francis (2013)	Determinants of commercial bank profitability in Sub-Saharan Africa	Sub- Saharan Africa	1999- 2006	Cost efficiency model	Both bank-specific as well as macroeconomic factors explain the variation in commercial bank profitability over the study period
Akhisar et al. (2015)	The effects of innovations on bank performance: the case of electronic banking services	23 developed and developing countries	2005- 2013	GMM	Ratio of branches to the number of ATMs and electronic banking services is are significant
Fani et al. (2018)	Impact of internal and external factors on bank performance in Pakistan	Pakistan	2012- 2016	Feasible generalized least square (FGLS) model	Capital adequacy, asset quality, liquidity, and inflation have strong but indirect correlation with banks' performance

					Management efficiency, earning quality, GDP, and stock market performance have positive correlation though the significant impact
Yahya, et al. (2017)	The impact of political instability, macroeconomic and bank-specific factors on the profitability of Islamic banks: an empirical evidence	Yemen	2010- 2014	Multiple regression analysis	Operating efficiency and financial risk have negative and significant relationships with ROA and ROE Capital adequacy has negative and statistically insignificant relationship with ROA and ROE
Sanlisoy et al. (2017)	-	Turkey	n/a	ARDL method	There is a negative effect of the political risk on the bank profitability
					Credit risk indicators have positive association with profitability of banks
Saeed and Zahid (2016)	The impact of credit risk on profitability of the commercial banks	UK	2007- 2015	Exploratory research design	Bank size, leverage and growth are positively interlinked with each other
Kjosevski et a. (2019)	Bank specific and macroeconomic determinants of non-performing loans in the Republic of Macedonia:	Macedonia	2003- 2014	Autoregressive distributed lag modelling	Profitability of banks, the growth of loans, growth of GDP have negative

	Comparative analysis of enterprise and household NPLs			approach (ARDL)	impact on rise-of nonperforming loans Banks' solvency and unemployment have positive impact on the rise of non-performing loans
Dietrich and Wanzenried (2010)	Determinants of bank profitability before and during the crisis: Evidence from Switzerland	Switzerland	1999- 2006 2006- 2009	Regression Analysis, Linear Model, Cross Correlation Matrix, Autocorrelation, Data collection based on Fitch- IBCA Bankscope (BSC) database	Banks that are heavily dependent on interest income are less profitable than banks whose income is more diversified. Average loan volume growth increases bank profitability positively. Higher funding costs result in a lower profitability

2. DATA AND METHODOLOGY

2.1 The data

The study is based on panel data statistics of commercial banks in CIS countries: Kazakhstan, Kyrgyz Republic, Russian Federation, Belarus, Azerbaijan, Moldova, Uzbekistan, Tajikistan and Armenia. The period of analysis is considered between 1991-2017 for all the variables except the indicator of political stability, which was collected between 1995-2017. We conducted the research from collecting data of industry specific and macroeconomic variables from World Bank database, whereas political stability indicator was taken from 2020 Index of Economic Freedom. 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

Symbol	Variables	Proxy	Researchers
Depender	nt variables		
NIM	Net interest margin	Net interest margin/total assets	Dietrich and Wanzenried (2010); Faizulayev and Wada (2019)
ROA	Return on assets	Return on assets (%) after tax	Faizulayev et al. (2018); Perera et al. (2013)
ROE	Return on equity	Return on equity (%) after tax	Riaz and Mehar (2013)
Independ	ent variables		
ТЕТА	Capital Adequacy	Bank capital to total assets (%)	Faizulayev and Wada (2019)
LIQ	Liquidity ratio	Liquid assets/total assets (%)	Dietrich and Wanzenried (2010); Faizulayev et al. (2018)
NPL	Credit risk	Non-performing loans to gross loans (%)	Titko et al. (2016)
GDP	LGDP	GDP Logarithm	Ky et al. (2019)
DUM	Banking crisis dummy	1=Banking crisis, 0=None	Dietrich and
			Wanzenried (2010);

			Faizulayev et al. (2018)
POL	Political stability	The rank of political stability (world competitiveness report)	Yahya et al. (2017)

2.2 Methodology

The purpose of this study is to empirically investigate the impact of bank specific, macro-economic and political stability factors on the banks' profitability in CIS (Commonwealth of Independent State) countries.

To empirically investigate the variables, we employ feasible generalized least square (FGLS). We employed this model in accordance with the article of Fani et al. (2018).

Our regression model is as following:

$$Y = \beta 0 + \beta 1TETA + \beta 2LIQ + \beta 3NPL + \beta 4GDP + \beta 5DUM + \beta 6POL + \epsilon$$

Here Y represents dependent variable, β represents the coefficients, $\beta 0$ and ϵ represent constant term and error term respectively.

As we took for dependent variables ROA, ROE and NIM, the regression models for them are shown below:

$$ROA = \beta 0 + \beta 1TETA + \beta 2LIQ + \beta 3NPL + \beta 4GDP + \beta 5DUM + \beta 6POL + \epsilon$$

$$ROE = \beta 0 + \beta 1TETA + \beta 2LIQ + \beta 3NPL + \beta 4GDP + \beta 5DUM + \beta 6POL + \epsilon$$

$$NIM = \beta 0 + \beta 1TETA + \beta 2LIQ + \beta 3NPL + \beta 4GDP + \beta 5DUM + \beta 6POL + \epsilon$$

Variables

For the empirical analysis we used 3 dependent variables as profitability proxies during our research: NIM (Net Interest Margin), ROA (Return on Assets) and ROE (Return on Equity). ROA shows how efficiently assets are used in order to generate profit for the bank. NIM indicates how efficiently banks are providing loans when generating profit. ROE is a measurement of how well a bank is generating profit from shareholders' investments in the bank.

Independent variables were chosen as follows: capital adequacy, liquidity ratio and credit risk were taken as <u>bank specific variables</u>, while GDP, banking crisis dummy, and political stability were taken as macroeconomic variables.

For bank-specific variables capital adequacy shows the bank's capital in comparison with its risks. Liquidity ratio stands for the ability of the banks to generate enough cash to meet short-term obligations. Credit risk of a banks is determined by the non-performing loans (NPLs) and stands for risk of failure of banks' credits. In the context of this study GPD is determined as the growth rate of gross domestic product during the investigated period.

Hypotheses of the study

H1: Capital adequacy has negative impact on profitability because higher amount of capital means giving less credit to the customers (Buchory, 2015).

H2: Liquidity has negative impact on NIM, as banks keep more money in the banks they lose opportunity to earn profit by investing those money (Faizulayev and Bektas, 2018).

H3: Credit risk has significant negative impact on profit, as increase of bad loans reduce profit of the bank (Kjosevski et al., 2019).

H4: GDP has significant impact on profitability of banks. Improvement of economic condition of the country will lead to higher profit for the banks (Yuksel, 2018).

H5: Political instability has significant and positive effect on bank's profitability (ROA and ROE) (Yahya et al., 2017). As the government improve political stability in the country this increases the cost for banks and profitability of banks goes down.

H6: Dummy variable affects negatively on profitability (ROA) (Faizulayev et al., 2018). Financial crisis in the world affects significantly the profitability of banks by decreasing it.

3. EMPIRICAL RESULTS

Table 2. Descriptive Statistics

Variable	Mean	Min	Max	SD
ROA	3.984706454	-24.1815	66.1731	9.21097708
ROE	13.95921973	-26.1042	117.537	15.0160524
NIM	6.398535989	0.170314	21.186	3.15296316
NPL	6.538882258	0.390536	20.9306	4.82676795
TETA	13.54115692	3.42154	24.4	4.61538371
LIQ	40.63473293	15.5267	81.9063	15.0029167

GDP	9.453192132	1.340120752	12.3617278	2.65531768
DUM	0.065843621	0	1	0.24852043
POL	53.32694301	30	70.6	8.6100111

Table 2 above illustrates the descriptive analysis of the independent and dependent variables used in the study. It can be concluded that the average performance and standard deviation indicators are positive. There are only two negative signs stand for profitability indicators (ROA with minimum boundaries of -24.1815 and ROE -26.1042. The mean value of LIQ is the largest one, which is 40.63473293, whereas its standard deviation is similar to ROE's which is also the highest and equal to 15.0029167 and 15.0160524 respectively. We can conclude that there is a high variation of these variables meaning the greater the level of dispersion around the mean. The mean value of ROA is the lowest (3.984706454). It shows small value, while its standard deviation comes third being equal to 9.21097708.

3.1 Multicollinearity, autocorrelation and heteroscedasticity tests

Application of feasible generalized least square (FGLS) model requires the existence of group wise heteroscedasticity, autocorrelation, multicollinearity tests. The results of diagnostic tests are shown in Tables 3, 4, 5, 6 and 7. Probability value of chi2 in heteroscedasticity test was significant (p < 0.05) that suggested heteroscedasticity in the data shown in Table 7.

Table 3. Multicollinearity results

	NIM	ROA	ROE	TETA	NPL	LGDP	LIQ	DUMMY	POL
NIM	1.0000								
ROA	0.1485	1.0000							
ROE	0.2025	0.6148	1.0000						
TETA	0.4414	0.3167	0.0055	1.0000					
NPL	0.1501	-0.1878	0.1611	-0.2269	1.0000				
LGDP	-0.5390	-0.1260	-0.0581	-0.6734	0.0201	1.0000			
LIQ	0.1642	0.1673	0.2262	0.1389	-0.1104	-0.1613	1.0000		
DUMMY	-0.1516	-0.3662	-0.1047	-0.2124	0.0991	0.2615	0.0983	1.0000	
POL	0.0779	0.0366	0.1117	0.2770	0.1446	-0.3378	0.1386	-0.0629	1.0000

The correlation analysis indicates that there is a positive correlation between independent variables, the bank's profitability variable NIM and capital adequacy TETA of 44.14%, and dependent variables ROA and ROE of 61%. The nature of these results matches with study of Yahya et al. (2017) and Akhtar et al. (2017). However, it shows negative relationship, especially between NIM and LGDP (-54%).

Variable	VIF	1/VIF
LGDP TETA POL NPL DUMMY	2.05 2.03 1.19 1.16 1.11	0.488194 0.492955 0.839368 0.861457 0.898640
LIQ Mean VIF	1.08	0.926685

Wooldridge test indicated no autocorrelation in panel data for all the variables shown in tables 4 and 5 as probability value was insignificant (p >0.05), apart from the variable for NIM which is 0.0023 in table 6, which proved the existence of disturbance in autocorrelation. In addition, results show that all the variables show the VIF less than 5 which is an acceptable level of multicollinearity.

Table 4. Autocorrelation for ROE

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Wooldridge test for autocorrelation in panel data H0: no first-order autocorrelation F(\ 1, \ 7) = 0.004 Prob > F = 0.9484
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Table 5. Autocorrelation ROA

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Wooldridge test for autocorrelation in panel data H0: no first-order autocorrelation F(\ 1, \ 7) = 1.212 Prob > F = 0.3074
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Table 6. Autocorrelation NIM

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Wooldridge test for autocorrelation in panel data H0: no first-order autocorrelation F(\ 1, \ 7) = 21.926 Prob > F = 0.0023
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3.2 Regression analysis using FGLS model

Table 7, 8 and 9 show the results of regression analysis between dependent and independent variables. The P-value of the bank-specific variables in three models LIQ (0.001), Dummy (0.004), LGDP (0.001), TETA (0.003) are less than 5%, which show the significant relationship with profitability indicators. Specifically, capital adequacy affects negatively on ROE (-.017874). These studies are consistent by its nature with those of findings of Fani et al. (2018). This can be explained as high capital might have adverse effect on the execution of bank if not properly managed.

Table 7. Determinants of ROE.

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares

Panels: heteroskedastic Correlation: common AR(1) coefficient for all panels (0.2035)

Estimated covariances = 8
Estimated autocorrelations = 1
Estimated coefficients = 7 Number of obs = Number of groups = 8 Obs per group: min = avg = 12.75 max = 19 Wald chi2(6) = 20.37 Prob > chi2 0.0024

Coef. Std. Err. z P>|z| [95% Conf. Interval] ROE -.17874 .316261 -0.57 0.572 -.7986002 .4411202 TETA .194792 -0.71 0.477 1.602472 -0.54 0.592 .2433499 2.281793 -.1384354 -.5202207 NPL -.858994 1.602472 LGDP -3.999781 3.47 0.001 .2383106 .0686105 .1038365 LIO .3727848 -9.959894 5.732161 -1.74 0.082 -21.19472 1.274935 DUMMY POL .1024502 .1282658 0.80 0.424 -.1489462 .3538465 8.889885 21.31393 0.42 0.677 -32.88465 50.66442 cons

Political factor (PF) in CIS countries shows that p-value equals 0.0 in the second model in Table 8 which means that political stability has a significant impact on the profitability of banks. This finding is in line with the study of Fani et al. (2018). On the other hand, it shows positive coefficient of 0.1025 in the first and negative impact -0.0511 in the last model. The p values are not significant in this case, meaning that we reject the null hypothesis regarding the positive impact on NIM

Table 8. Determinants of ROA.

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares Panels: heteroskedastic

Correlation: common AR(1) coefficient for all panels (0.2717)

Number of obs Estimated covariances 102 Number of groups = 8 Estimated autocorrelations = 1 Estimated coefficients Obs per group: min = avg = 12.75 max = 19 Wald chi2(6) = 28.31 Prob > chi2 = 0.0001

ROA	Coef.	Std. Err.	Z	P> z	[95% Conf.	Interval]
TETA	.1750671	.0699802	2.50	0.012	.0379084	.3122259
NPL	0583361	.0458013	-1.27	0.203	148105	.0314328
LGDP	.1113249	.4121721	0.27	0.787	6965177	.9191675
LIQ	.0273641	.0141798	1.93	0.054	0004279	.0551561
DUMMY	-4.62624	1.619141	-2.86	0.004	-7.799697	-1.452783
POL	.0077428	.0279404	0.28	0.782	0470193	.062505
POL	0	(omitted)				
_cons	-3.466215	5.337294	-0.65	0.516	-13.92712	6.994689

Dummy variable's coefficient is negative -4.6262 and has 0.4% of significant impact on profitability (ROA) shown in Table 8, which is consistent with previous researchers Faizulayev et al. (2018) who covered similar findings. Negative dummy variables could mean that banks might have faced with risky transactions during crisis. LIQ has a negative significant impact on NIM (Table 9) meaning an inverse effect. This may be justified as if the liquidity is too high banks may not be efficiently using its current assets or excess cash means there are high concentration on savings rather than spending, thus, banks do not tend to lend the money. Thus, we accept our sixth hypotheses.

Table 9. Determinants of NIM.

Cross-sectional time-series FGLS regression Coefficients: generalized least squares Panels: heteroskedastic Correlation: common AR(1) coefficient for all panels (0.3525) Estimated covariances 8 Number of obs 102 Estimated autocorrelations = 1
Estimated coefficients = 7 Number of groups = Obs per group: min = avg = 12.75 max = 19 Wald chi2(6) 37 74 Prob > chi2 0.0000 NIM Coef. Std. Err. z P>|z| [95% Conf. Interval] TETA .2116773 .0721126 2.94 0.003 .0703392 .3530155 NPL .0833427 .0417363 2.00 0.046 .0015411 -1.132526 .3493013 -3.24 0.001 -1.817144 -.4479077 LGDP -.0028303 .0288087 LIO DIIMMY - 0005064 1.523437 -.1066273 .004344 -.0511417 .0283095 -1.81 0.071 POL cons 17.43391 4.816372 3.62 0.000 7.993994 26.87383

The previous results indicate that there is a strong significant relationship between profitability and bank-specific variables except NPL and POL. Thus, we can accept first, second and reject and fifth hypotheses.

As per Table 9 the p-value for GDP is less than 5% and it has negative coefficient which means that GDP has significant negative impact on banks' profitability. This result is consistent with the study results of Faizulayev et al. (2018) which stated that GDP growth has significant negative effect on banks' NIM. Francis (2013) in his study suggests that the relationship between GDP trend growth and bank profitability can be pro-cyclical. He further explains such negative effect as decrease of bank credit during economic down swings due to increased risk and vice-versa. Also, Fani et al. (2018) in his study states that GDP is not always positively associated with banks' performance. This situation is consistent with the fact banks in developing countries have better performance than banks in developed countries.

Based on the above data we can accept our fourth hypotheses that GDP has a significant impact on banks' profitability.

As per Table 9 P-value for NPL is less than 5% and has positive coefficient which means that NPL or credit risk has significant positive effect on banks' profitability. Buchory (2015) obtained the same results in his study. This is contrary to the studies of Faizulayev et al. (2018), Alfadli and Rjoub (2019) which demonstrated results of NPL having significant negative impact on banks' profitability. Zahid and Saeed (2016) in their study explain the effect of significant and positive impact of NPL on bank's profitability with the fact that even after crisis banks "are taking credit risks and earnings benefits from interest rates, fee, and commissions etc."

As per Table 7 and Table 8 the effect of NPL on ROA and ROE is negative but insignificant.

Therefore, we can reject our third hypothesis.

CONLCLUSION

This study examines the impact of bank-specific, macroeconomic and political stability on the profitability of commercial banks in CIS countries. For this study we used panel data method with World Bank data source for 9 countries in CIS over the period of 1999-2017. Return on assets (ROA), return on equity (ROE) and net interest margin (NIM) were taken as dependent variables and independent variables were divided as follows: bank-specific variables (capital adequacy, credit risk, liquidity), macroeconomic variables (GDP, banking crisis dummy) and political factors.

The analysis of this study was done in 3 stages. First, the descriptive statistics showed that bank-specific variable such like liquidity has the highest mean. ROE has the highest standard deviation. Second, the multicollinearity, autocorrelation, heteroscedasticity tests were done to run regression model. The third step was application of FGLS model to estimate the effect of the independent variables on banks profitability. The results of this study indicate that GDP and dummy (DUM) have significant and negative impact on banks' profitability. Capital adequacy (TETA), liquidity (LIQ) and credit risk (NPL) have significant positive impact on banks profitability. The study showed that political stability has no impact on profitability of banks in CIS countries.

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"Determinants of Non-performing loans in CIS countries"

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Abstract

The target of this paper is to examine the impact of macroeconomic and bank specific variables on non-performing loans (NPLs) in CIS countries banking system. The analysis is fulfilled for 23-year period (1994-2017) by employing FGLS (OLS) regression. The results show that bank specific and macroeconomic variables are very significant factors in determination of NPLs. The results of this paper may predict future tendency of NPLs for various forms of banking systems in CIS countries. The originality of this paper is the impact of Fintech application on NPLs.

Keywords: Non-performing loans (NPLs), Banks, FGLS regression, Macro variables, Bank specific variables, Fintech.

1. Introduction

One of the main measures of the credit risk of banking system are non-performing loans. The increase in the number of NPLs means that the number of credit defaults are ether increasing, deteriorating the assets quality and causing financial crises. The weak performance of one bank can cause financial instability of other banks as all these entities couldn't operate independently. Taking into account previous researches show that the problem of NPLs is becoming the subject of concern over the world. Determining factors affecting NPLs will be the main element of minimizing NPLs and improving economic growth.

In this paper we will examine some macroeconomic and bank specific determinants of non-performing loans (NPLs) for CIS countries as they were not exclusion from 2007-2008 financial crisis along with the whole world.

CIS counties: Russia, Armenia, Azerbaijan, Belarus, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan.

2. Literature Review

Global Financial crisis was the main driver which induced interest in studying the main determinants of Non-Performing Loans (NPLs) in different regions in the world. NPLs are indicators of bad sign in other words bad loans or loan losses. Bank-specific determinants that can affect NPLs contain Bank size, Bank efficiency, Capital adequacy, Bank liquidity and ROA as indicator of Profitability and Macroeconomic variables are GDP growth, Inflation, Government debt and the year Dummy.

2.1.Bank-specific determinants

According to the statistic small and medium sized banks have high NPL ratios. Bank size is an important measure of bank's existing assets. Large number of assets allows banks to generate greater profits to meet their interest obligations and reduce bad loans in accordance with (A. Ghosh, 2015) literature who shows the positive relationships of NPLs and bank size. He also shows connections of NPLs increases and liquidity risk (lowers the liquidity) which is associated with inability to generate cash to meet short term obligations and accompanied with losses of capital.

As a measure of bank efficiency bad luck hypothesis was tested in the study of (Berger & DeYoung, 1997) which states that since the loans expire and are non-accruing extra expenses are produced dealing with them. This creates the impression of lower cost efficiency. The study estimates a significant negative relationship between bank efficiency and NPLs.

Banks are required by regulators to maintain certain amount of capital namely capital adequacy to ensure that there is enough capital for further operation of financial institution. The relationships between NPLs and capital adequacy of banks was examined by (Radivojević et al., 2019) in case of Latin American countries which is negative and not significant and by (S. Ghosh, 2005) in India who came up with considerably negative impact.

A measure of profitability of financial institutions ROA shows the ability of a company to generate profit from all the owned resources. Banks with high profitability are less involved in risky activities since they have no need to generate income. This was shown in (Ahlem Selma Messai, 2001) study in case of Italy, Greece and Spain that negatively associates ROA with NPLs.

Bank size (A. Ghosh, 2015) estimates NPLs using GMM model in US and the District of Columbia. Bank specific variables, regional economic conditions and national economic conditions were used. As a result, in line with some other variables Bank size is found to be positively correlated with NPLs.

(Kjosevski et al., 2019) explores the impact of bank liquidity on NPLs in the Republic of Macedonia by employing Autoregressive Distributed Lag Modelling Approach (ARDL). This study measures funds that are used by bank from received deposits to prolong loans and indicates that liquidity positively correlated with NPLs and it is not statistically significant.

Industry-specific determinants

Financial technology.

2.2.Macroeconomic determinants

Some possible determinants influencing NPLs are macroeconomic variables including GDP growth, Inflation, Government debt and Time dummy. Surveying Europe, US, Asia and Africa (Ozili, 2015) found that GDP growth positively affects NPLs. Similarly, (Beck et al., 2015) observed positive association between NPLs and GDP growth. As GDP per capita is in the phase of economic expansion the level of personal income is higher which increases the probability of loan repayment and thus decreases NPLs.

High Inflation can make easier the repayment of outstanding loans by reducing the value of the loan or by association with lower unemployment rate. However, it can have mixed impact on NPLs depending on cases. (Nkusu, 2011) noted that one of variable causing NPLs to increase is rising Inflation.

The rise in government debt may lead to lower wages thus worsening household's income and increasing NPLs. However, one of (Dimitrios et al., 2016) findings was negative and modest effect of government debt on NPLs.

In line with other variables (Kjosevski et al., 2019) tested the influence of year dummy to account for global crisis influence on NPLs. The study presented the positive significant relationship, which means that the global crisis deteriorated the ability of banks to repay their obligations.

Author	Title	Time	Methods	Results
		span		

1	Ozili (2015)	How bank managers anticipate non-performing loans. Evidence from Europe, US, Asia and Africa.	2004- 2013	OLS regression	This paper presents variables that affect NPLs specifically, macroeconomic and bank specific variables. The study concludes that the significance of each variable observed is less dependent on regional factors and more on country-specific factor. Loan losses reserves (significant) and change in GDP (modest) have positive effect on NPLs across all banks, while Growth in gross loan, Size of gross loan and loan to asset ratio is negatively related to NPLs.
2	Messai (2001)	Micro and Macro determinants of non-performing loans.	2004- 2008	Method of panel data	This paper presents the determinants of NPLs in Italy, Greece and Spain. Macroeconomic and financial variables are represented for valuation of NPLs. Results show the negative relationship between GDP growth rate, ROA and NPLs. Unemployment rate, Real interest rate, Loan losses reserve and Loan growth have significant positive affect on NPLs. Finally, changes in lending does not affect NPLs.
3	Radivojevića et al. (2018)	Econometric model of non-performing loans determinants	2000- 2015	GMM	The paper presents microeconomic and macroeconomic variables as determinants of NPLs in countries of Latin America. As a result, only GDP has significant negative effect on NPLs. Unemployment rate and

					Lending interest rate have positive relationship with NPLs. Finally, Inflation rate and bank's Capital to asset ratio as well as household financial consumption expenditure impact is negative and not significant.
4	Espinoza, Prasad (2010)	Non-performing loans in the GCC banking system and their macroeconomic effects	1995- 2008	GMM model	This paper studies the impact of macroeconomic and bank-specific variables on NPLs in GCC region. As a result, VIX (volatility index), expense/asset ratio, loans growth has positive relationship with NPLs. Size, Non-oil GDP growth and interest rates have negative effect on NPLs. Among them, VIX, expense/asset ratio and Non-oil GDP growth were significant.
5	Ghosh (2015)	Banking- industry specific and regional economic determinants of non-performing loans: Evidence from US states	1984- 2013	GMM model	The paper examines the determinants of NPLs in US sates and the District of Columbia. Bank specific variables, regional economic conditions and national economic conditions were used. As a result, Credit growth, Bank capitalization, Bank size and Unemployment, Loan-to-asset ratio (liquidity risk) (significant) are positively related to NPLs. However, Profitability (ROA), GDP and Housing price index have negative impact on NPLs. The influence of Real interest rate,

					Homeownership rate and Housing starts is insignificant.
6	Beck et al. (2015)	Key determinants of non-performing loans: New evidence from a global sample	2000- 2010	Using a novel panel data	The paper studies the macroeconomic determinants of NPLs across 75 countries during the past decade. As a result, the fixed effects results confirm that real GDP growth has a negative impact on NPLs while the evidence on our additional variables is more mixed. The dynamic Arellano-Bond estimations result that GDP growth, NEER and Interest rate have a positive and significant impact on NPLs. Share prices has significant negative impact on NPLs.
7	Nkusu (2011)	Non- performing Loans and Macro financial Vulnerabilities in Advanced Economies	1998- 2009	Single-equation panel regressions, VAR and GMM models	The study examines the impact of macroeconomic and financial variables on NPLs. As a result, Unemployment and Inflation positively affect NPLs. GDP growth Interest rates, Housing and Equity price and Credit to GDP ratio as well as Nominal effective exchange rate have negative impact on NPLs.
8	Ghosh (2005)	Does leverage influence banks' non-performing loans? Evidence from India	1993- 2004	Panel dataset regression	The study is conducted using data on India manufacturing sector. The variables used are bank specific, corporate specific and macroeconomic variables. The DER (debt equity ratio) is applied as a

					measure of corporate leverage. As a result, corporate leverage, the real cost of capital, real effective exchange rate, and rise in money growth have positive effect in NPLs, while, the bank's capital adequacy, higher GDP growth, and high inflation has considerable negative effect on NPLs.
9	Atilla (2015)	Bank concentration and non- performing loans in central and eastern European countries.	2000-2009	GMM	This paper examines the effect of bank concentration on the NPLs for ten Central and Eastern European (CEE) countries. As a result, Exchange rate, Unemployment rate, Credit/Deposit ratio, Foreign banks, Bank concentration ratio have positive effect on NPLs. However, Capital formulation and Export have negative effect on NPLs. Among them, bank concentration is an insignificant factor on the NPLs, whereas the Export, the Exchange rate and the Unemployment are significant factors.
10	Dimitrios et al (2016)	Determinants of non- performing loans: Evidence from Euro-area countries	1990- 2015	GMM estimations.	This paper purpose is to identify the main determinants (macro and bank specific variables) of NPLs in the euro-area banking system. As a result, Unemployment rate and Personal Income Tax have significant positive impact on NPLs, while ROA and ROE, FISCAL and Government Debt,

					GDP growth and Inflation rate were found to be negatively related to NPLs, but not significant. Only GDP growth was found to exert a significant impact. Business cycle and Personal Income Tax significantly affect the quality of the loan portfolio.
11	Kjosevski et al (2019)	Bank-specific and macroeconomic determinants of non-performing loans in the Republic of Macedonia: Comparative analysis of enterprise and household NPLs	2003-2014	Autoregressive Distributed Lag Modelling Approach (ARDL),	This paper explores the influence of bank-specific and macroeconomic determinants of all NPLs to enterprises and households in the Republic of Macedonia. As a result, Profitability and Credit growth have negative and significant impact on NPLs towards the specifications enterprises and households, while Capital Adequacy ratio and year Dummy have positive and significant impact only on non-performing loans of enterprises. GDP growth has negative impact on NPLs, while Exchange rate is a significant determinant only in the first model, Inflation was not significant in long-term dynamic model, however, it was significant in short-term dynamics. Liquidity of bank is positively correlated with NPLs (not significant).

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3. Data and Methodology

The sample used in this paper captures banks in CIS countries (Russia, Armenia, Azerbaijan, Belarus, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan) for a period of 1994-2017 years based on annual frequency. All data set was obtained from The World Bank and Global Economy databases. In our study we applied industry-specific, macroeconomic and bank-specific determinants

of NPLs. To run the regression, we used FGLS (feasible generalized least square) since it makes corrections for autocorrelation, heteroscedasticity and cross sectional dependency. We use this model if (N<T), so we are considering 9 countries (N) while the time horizon is 23 years (T) The economic model employed is:

$$NPL = \beta_0 + \beta_1 CTI + \beta_2 CTA + \beta_3 LIQ + \beta_4 ROA + \beta_5 SIZE + \beta_6 DUMMY + \beta_7 INFL + \beta_8 LGDP + \beta_9 DEBT;$$

where

NPL: dependent variable (the ratio of total NPL to the total amount of outstanding loan).

Bank size: bank existing assets. More assets generate more profit.

CTI: Cost to income ratio as a measure of efficiency. The higher the bank efficiency, the higher the revenues and the lower are NPLs.

CTA: bank capital to total assets as a proxy of capital adequacy. Maintenance of adequate amount of capital is expected to have negative impact on bad loans.

LIQ: bank credits to bank deposits ratio. More liquid banks which have sufficient cash amount easily meet their short-term obligations thus showing negative relationships with NPLs.

ROA: as measure of profitability is usually expected to be negatively correlated with bad loans.

FinTech: financial technology is thought to decrease number of NPLs.

LGDP: (logarithm of GDP) as proxy for GDP shows higher probability of loans repayment whereby is expected to have negative relationship with NPLs.

INFL: consumer price index as proxy for inflation is thought to make it easier to repay loan.

Debt: government debt if high increases NPLs.

DUMMY: crisis dummy (account for 2008-2009 crisis) is anticipated to have positive impact thus increasing NPLs.

 Table 1. Summary of variables

Symbol	Variable	Description	Expected sign	Researcher
Dependent Variables				
NPL	Non-performing loans			(Dimitrios et al., 2016)
Bank-specific Variables				
СТІ	Efficiency	Cost/income ratio	(-)	(Berger & DeYoung, 1997)
CTA	Capital adequacy	Capital/Total assets	(-)	(Radivojević et al., 2019)
LIQ	Liquidity	Loans/Deposit	(-)	(Kjosevski et al., 2019)
ROA	Return on assets	Net income/total assets	(-)	(Ahlem Selma Messai, 2001)
SIZE	Bank size	Bank assets (% GDP)	(+)	(A. Ghosh, 2015)
Industry-specific Variables	Financial technology		(-)	
FinTech				(0.19, 0045)
Macroeconomic		GDP at market price	(-)	(Ozili, 2015)
Variables	GDP growth	СРІ	(-)	(Nkusu, 2011)
LGDP	Inflation	Crisis dummy (2008-	(+)	(Kjosevski et al., 2019)
INFL	Year dummy	2009)	(+)	(Dimitrios et al., 2016)
DUMMY	Government debt	Government debt (% GDP)		
DEBT				

The data used in this study is unbalanced as we lack data in some of time periods.

. regress NPL ROA LIQ CTA CTI DUMMY INFL LGDP DEBT SIZE

Source	SS	df	MS	Number of		92
Model Residual	724.722675 1668.55845	9 82	80.5247417 20.3482738		= = =	3.96 0.0003 0.3028
				- Adj R-squa	red =	0.2263
Total	2393.28113	91	26.2997926	Root MSE	=	4.5109
NPL	Coef.	Std. Err.	t	P> t [95	% Conf.	<pre>Interval]</pre>
ROA	.0297805	.1341926	0.22	0.82523	71714	.2967324
LIQ	0116791	.017437	-0.67	0.50504	63668	.0230086
CTA	8763779	.2303929	-3.80	0.000 -1.3	34703	418053
CTI	037156	.0407322	-0.91	0.36411	81853	.0438732
DUMMY	3.08475	1.81236	1.70	0.09352	06109	6.690111
INFL	.0020379	.0078319	0.26	0.79501	35423	.0176181
LGDP	-3.336178	1.040865	-3.21	0.002 -5.4	06791	-1.265566
DEBT	0064334	.0248568	-0.26	0.79605	58815	.0430147
SIZE	0124249	.0409054	-0.30	0.76209	37988	.068949
_cons	60.58676	14.62131	4.14	0.000 31.	50032	89.67319

Starting by Multicollinearity test where we test the correlation between the independent variables, which ideally should be low since the independent variables should be independent.

. correl NPL ROA LIQ CTA CTI DUMMY INFL LGDP DEBT SIZE (obs=92)

	NPL	ROA	LIQ	CTA	CTI	DUMMY	INFL	LGDP	DEBT	SIZE
NPL	1.0000									
ROA	-0.1653	1.0000								
LIQ	-0.0969	-0.2187	1.0000							
CTA	-0.3061	0.3346	0.0880	1.0000						
CTI	-0.2739	0.0805	-0.0098	0.1379	1.0000					
DUMMY	0.2516	-0.2438	-0.1585	-0.1782	0.0449	1.0000				
INFL	0.1277	0.0082	-0.3024	-0.1541	-0.1458	-0.0651	1.0000			
LGDP	-0.0595	-0.1088	-0.1276	-0.7244	0.1928	0.0671	0.0186	1.0000		
DEBT	0.1051	0.0167	-0.1744	0.1420	-0.0806	0.0370	0.0972	-0.3569	1.0000	
SIZE	0.2506	-0.2317	0.0390	-0.3205	-0.4310	-0.0155	0.4474	-0.0545	0.0370	1.0000

The table above shows high correlation between GDP and CTA, GDP and DEBT, INFL and SIZE, CTI and SIZE, CTA and SIZE and INFL and LIQ. Correlation between other variables is very modest. To further detect multicollinearity we employ the variance inflation factor (VIF) if less than 5 is acceptable. In our model we got Mean VIF=1.90 which means that there is very low (or no correlation if VIF=1) correlation existing among the independent variables that does not require further corrections.

estat vif

1/VIF	VIF	Variable
0.273130 0.281659 0.529876 0.680391 0.724843 0.733887 0.745553 0.784495 0.848120	3.66 3.55 1.89 1.47 1.38 1.36 1.34 1.27	CTA LGDP SIZE INFL CTI LIQ ROA DEBT
0.040120	1.90	Mean VIF

Next we will check the model for autocorrelation where we examine the correlation between the error terms.

. xtserial NPL ROA LIQ CTA CTI DUMMY INFL LGDP DEBT SIZE

```
Wooldridge test for autocorrelation in panel data H0: no first-order autocorrelation F(\ 1, \ 7) = 18.566 Prob > F = 0.0035
```

The result of autocorrelation test shows that there is a first-order autocorrelation that should be isolated.

Further we apply the heteroscedasticity and homoscedasticity test.

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares
Panels: heteroskedastic
Correlation: no autocorrelation

Estimated of	covariances	=	8	Number	of obs	3	=	92
Estimated a	autocorrelations	=	0	Number	of gro	ups	=	8
Estimated of	coefficients	=	10	Obs per	group	:		
						min	=	7

avg = 11.5 max = Wald chi2(9) 100.82 = -236.9648 Log likelihood Prob > chi2 0.0000

NPL	Coef.	Std. Err.	Z	P> z	[95% Conf.	Interval]
ROA	0529535	.1221829	-0.43	0.665	2924276	.1865206
LIQ	0291621	.010742	-2.71	0.007	050216	0081082
CTA	2723299	.106879	-2.55	0.011	4818089	0628509
CTI	.0353448	.0244671	1.44	0.149	0126097	.0832994
DUMMY	2.849954	1.1981	2.38	0.017	.5017209	5.198187
INFL	.0025569	.0051051	0.50	0.616	0074489	.0125627
LGDP	3701491	.5698878	-0.65	0.516	-1.487109	.7468104
DEBT	.0409044	.0127686	3.20	0.001	.0158783	.0659304
SIZE	.0390283	.0213044	1.83	0.067	0027275	.0807841
_cons	13.04443	7.942684	1.64	0.101	-2.522948	28.6118

Cross-sectional time-series FGLS regression

Coefficients: generalized least squares

Panels: homoskedastic
Correlation: no autocorrelation

Estimated	covariances	=	1	Number o	of obs	=	92
Estimated	autocorrelations	=	0	Number o	of groups	=	8
Estimated	coefficients	=	10	Obs per	group:		
					min	=	7
					avq	=	11.5
					_		

19 max = Wald chi2(9) = Prob > chi2 = Log likelihood = -263.847 0.0000

NPL	Coef.	Std. Err.	z	P> z	[95% Conf.	Interval]
ROA	.0297805	.1266898	0.24	0.814	2185269	.278088
LIQ	0116791	.0164621	-0.71	0.478	0439442	.0205859
CTA	8763779	.2175115	-4.03	0.000	-1.302693	4500633
CTI	037156	.0384548	-0.97	0.334	1125261	.038214
DUMMY	3.08475	1.711029	1.80	0.071	2688056	6.438306
INFL	.0020379	.007394	0.28	0.783	0124542	.01653
LGDP	-3.336178	.9826694	-3.40	0.001	-5.262175	-1.410182
DEBT	0064334	.023467	-0.27	0.784	052428	.0395611
SIZE	0124249	.0386184	-0.32	0.748	0881155	.0632657
_cons	60.58676	13.80382	4.39	0.000	33.53177	87.64174

[.] local $df=e(N_g)-1$

. lrtest hetero homo, df (104)

Likelihood-ratio test	LR chi2(104)=	53.76
(Assumption: homo nested in hetero)	Prob > chi2 =	1.0000

Finally, we run the regression analysis itself.

Cross-sectiona	al time-series	FGLS	regres	sion				
Coefficients: Panels: Correlation:	heteroskedas	stic	_		panels	(0.62	61)	
Estimated cova		=	8		Number			92
Estimated auto			1		Number	_	_	8
Estimated coef	ficients	=	10		Obs per	group		-
							min =	7 11.5
							avg = max =	11.5
					Wald ch	ni2(9)		33.47
					Prob >			0.0001
NPL	Coef.	Std.	Err.	Z	P> z	[95	% Conf.	Interval]
CTI	.0079044	.028	7974	0.27	0.784	04	85374	.0643463
CTA	1710922	.165	7935	-1.03	0.302	49	60415	.1538571
LIQ	0029069		6797	-0.17	0.862		55984	.0297846
ROA	028842		8604	-0.30	0.764		67249	.1590409
DUMMY	1.107692		0595	0.91	0.360		26503	3.480414
INFL LGDP	.0108731 .0360692	.00	7497 8187	1.45 0.04	0.147 0.969		38208 92222	.0255671 1.86436
DEBT	.0693067		4136	3.24	0.969		73368	.1112767
SIZE		.034		0.35	0.730		55389	.0793161
_cons	4.95013		2535	0.39	0.695		79509	29.69535

4. Empirical Results

Empirical results are shown in tables depicted in methodology part. As a result of running the regression we got the table above which shows that increasing bank efficiency positively affects NPLs which means that increasing cost to income ratio may indicate rising costs at higher speed than income what in turn can lead to increase in number of NPLS. This result is contradicts with the results shown in the study of (Berger & DeYoung, 1997). CTA is negatively related to NPLs since adequate amount of capital ensures further operation of banks and thus decreases NPLs. This outcome is consistent with (Radivojević et al., 2019). LIQ and ROA have negative impact on NPLs which is concordant with (A. Ghosh, 2015) and (Ahlem Selma Messai, 2001) studies respectively. High liquidity can indicate that the banks are able to meet their financial obligations without external fundraising allowing to reduce NPLs. DUMMY was found to be positively related with NPLs as 2008-2009 crisis deteriorated the ability of meeting financial obligations and increased NPLs supporting (Kjosevski et al., 2019) study. Furthermore, we found that INFL has positive coefficient but it is not significant meaning that in the period of high inflation the value of loans increases thus making it difficult for banks to repay debts supporting (Nkusu, 2011). Positive impact of LGDP on bad loans which is opposite to (Ozili, 2015) and (Beck et al., 2015) study results which points out that even with growing GDP the realistic picture is much more different and growing GDP is not always the indicator of prosperity. The most significantly influential variable government DEBT explains that the higher budget deficit leads to the higher probability of default increasing NPLs contravening to (Dimitrios et al., 2016). Banks with large number of assets have greater fund available to customers that may increase the bad loans showing the positive correlation between NPLs and bank SIZE which we got in this study. This result is in line with (A. Ghosh, 2015) research. Finally, as a whole our model is valid as Prob >F =0.0001, however if we look at the table we can see that the p-value of each variable is quite high meaning that this results are not statistically reliable. We can trust only the result for government DEBT with p-value of 0.001.

5. Conclusion

Our research work captures the results of previous studies on determinants of NPLs of various countries. Employing the FGLS regression for CIS countries for 1994-2017 period we discovered that macroeconomic variable such as government DEBT is the most significant and positively correlated with NPLs. In other words, the increase in government DEBT lowers national income and increases the interest what in turn lowers the ability of loan repayment and stimulates higher NPLs.

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"Impact of oil prices on stock markets: Evidence from Gulf Cooperation Council (GCC) Financial Markets"

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Abstract

This research contains an analysis of the transmission of oil price shocks to the stock market in oil-exporting countries, in particular the countries of the Gulf Cooperation Council (GCC). A model of GulfBased GCC stock index fluctuation was built depending on the national currency rate, the US stock index S & amp; P500, and the global interest rate. The model was estimated by monthly data for the period from 2010 to 2019 (total 100 cases) using the method of vector autoregression (the VAR). The work has confirmed the hypothesis about the effect on the price of Brent crude on the GCC stock market, also its asymmetry was found.

Additionally, the exploration demonstrated that in the states of worldwide insecurity, from one viewpoint, and the need to guarantee long haul feasible turn of events, then again, the nations of the Persian Gulf reliably do the cycle of expansion of public economies. Simultaneously we arrived at the resolution that the area likewise keeps up genuine restrictions in this cycle, both goal (factorial) and certain inadequacies in the usage of vital projects. For the examination the measurable information gave by the United Nations Conference on Trade and Development (UNCTAD) for the period from 2010 to 2019 was utilized, which guarantees their equivalence and dependability. As indicated by the creator, the experience of the Gulf nations in advancing the cycle of financial enhancement might be valuable to different states with a huge crude material part, including the Republic of Kazakhstan..

Keywords: Gulf countries, GCC countries, OPEC, economic development, diversification, oil and gas sector, stock market, stock market pricing, stock index, influence of oil prices on the stock market, VAR model, UNCTAD.

Introduction and objective

Persian Gulf nations: Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. In 1981 every one of these nations, aside from Iran, joined in the Cooperation Council for the Arab States of the Gulf, known as the Gulf Cooperation Council (GCC). In this specific Diploma Project it was chosen to investigate especially GCC nations.

These states are among the economies with crude material fares. Simultaneously, the worldwide function of the GCC nations is critical. The normal development pace of Arab nations in the course of recent many years is 3–6.4% (World Bank, 2019). Every one of them is special in its own specific manner and appealing to outside accomplices. Notwithstanding Persian Gulf states quick turn of events, the nations of the area face various difficult issues. The economy of numerous Arab nations is genuinely reliant on the oil economic situations. In the midst of steadily low costs for oil and gas, just as a hop in the average cost for basic items, the populace and organizations in the district strongly diminished their expenses.

For quite a while, the factor of development in oil costs remained the development driver of both the world economy and the economies of the Gulf nations specifically. Be that as it may, beginning from the emergency of 2008, we notice solid unpredictability in the financial exchange, its apprehensive response to any, and particularly negative news.

A comparative circumstance exists in the oil and gas market. From the outset, there should be a solid relationship between these business sectors, yet which market plays a more significant deciding job? The motivation behind this examination is to set up and assess the reliance factor between oil costs and the Gulf securities exchange.

The significance of the examination theme is dictated by the expanding function of the Gulf nations in the worldwide economy and the requirement for a more profound investigation of the examples of improvement of their inexorably unpredictable monetary structure, including money related business sectors.

The investigation of the reliance of the securities exchange on the world oil value is of specific pertinence for Kazakhstan to fabricate an effective, expanded money related market, which is one of the conditions for worldwide intensity of homegrown organizations and the public economy in general, and improving Kazakhstan's function in the worldwide monetary framework.

The issue of the impact of the elements of oil costs on stock statements in oil-trading nations was considered in various unfamiliar and homegrown logical works, which are predominantly of a techno-econometric nature. Essentially, these works center on setting up the presence or nonappearance of a securities exchange response to the elements of oil costs without distinguishing the purposes behind such a response. The microstructure of securities exchanges and highlights of the public organizations of oil exporter nations, generally speaking, are not thought of.

Subsequently, the primary goal of this work is to direct an inside and out examination of the effect of the value signal from the world oil market on the financial exchanges of the Gulf nations. The exploration question is "The means by which the financial exchanges in the Persian Gulf nations react to oil stuns".

The extent of the investigation is restricted to the impact of oil value instability on the securities exchange of GCC nations, consequently research doesn't consider whatever other components that may impact financial exchange, for example, monetary and political conditions, eccentricities of securities exchange improvement in the locale, and so on; also the model created in this exploration doesn't consider different nations as opposed to Persian Gulf nations, especially Gulf Cooperation Council (GCC) nations, which prohibit Iran

State-of-art

The circuitous impact of the oil value signal on the world market on the estimation of offers is brought out by going it through the condition of the homegrown and world economy, through the financial arrangement of the sending out nation, just as through the news foundation and the political circumstance.

To decide the level of importance of aberrant impact, let us think about the standards of working of an open ware economy.

In view of current orders, oil-sending out nations have a place with open ware economies, which, thus, contrast in auxiliary boundaries, which decide the extents and paces of financial development of these nations (Erten, 2013). These auxiliary boundaries altogether influence the working of the budgetary area and the securities exchange.

Unfamiliar exchange fundamentally affects the proportion of utilization and creation in the nation trading oil. Signal progress from the world economy happens through fares, whose share in an open nation's GDP is typically high, for instance, in 2014 in the UAE - 81.7%, in Kuwait - 68.4%, in Russia - 28.4%. Simultaneously, costs for the primary fare merchandise are framed external the public economies of these nations.

It should be noticed that oil costs over the long haul are inclined to vacillations "Blast decay" (Taylor, 2010), and the elements of interest for oil relies upon the worldwide monetary cycle, which prompts a critical flimsiness of the large scale pointers of these nations. Additionally, their budgetary business sectors are dependent upon vacillations. As per Jones (1999), there is an entanglement of communication and synchronization of monetary business sectors. This prompts the way that costs in the budgetary and item ware market have pretty much coordinated elements. Outer variables, for example, the world cost of oil, the dollar rate, S and P500, and others, importantly affect the advancement of the budgetary area of oil-trading nations and on their financial exchange economies are regularly restricted.

So in the examination of Jones et al., 1996 it was inferred that in Canada and the United States the costs of organizations' offers rely upon the cost of oil, and stock costs reflect limited anticipated budgetary streams, yet there is no such example at organization stock costs in Japan and the UK. Further, the creators presumed that there was a negative direct connection between the cost of oil and the citations of portions of American non-oil organizations. Papapetrou (2001) indicated that the ascent in the cost of oil is reflected in the abatement in the stock returns in the securities exchange of Greece. Afterward, an immediate positive reliance of stock costs of the oil and gas industry on the elements of the oil cost was set up by various specialists (El-Sharif et al., 2005). Simultaneously, stock costs rapidly respond to rising oil costs, however to a decline in stock costs, they react late.

Concerning the GCC nations market, the article Hayo and Ali (2004) portrays the reliance of the productivity of the RTS file for the period from September 1, 1995 to November 30, 2001, on the cost of oil, the S and P500 - the US stock file, which is of unequivocal significance. Korhonen and Peresetsky (Korhonen et al., 2013) demonstrated that the GulfBase GCC list yield connected with the adjustment in the cost of WTI raw petroleum before the emergency of 2007.

Research methodology and data collection tool

A model of GulfBased GCC stock index fluctuation was built depending on the national currency rate, the US stock index S & P500, and the global interest rate. The model was estimated by monthly data for the period from 2009 to 2019 (total 100 cases) using the method of vector autoregression (the VAR). Moreover, for the study of diversification measures taken by the governments of the GCC states, the statistical data provided by the United Nations Conference on Trade and Development (UNCTAD) for the period from 2008 to 2017 was used.

Data analysis with critical thinking and discussion

The results of auto regression (unlimited) are presented in Table 1 below. In the first regression, all variables are present, in the second, the variables doll (dollar exchange rate) and industrial production index are excluded, which turned out to be insignificant in the first VAR model.

Indicator	Coefficient	Std. Error	ratio	sq.	sq. resids	likely hood	AIC	sc
		1" r	egression		Ü		7	
GCCINDEX(-1)(*	- 0,011142	(0,09109)	[-0,13742]					
c (*)	- 0,075737	(0,03172)	[-2,39417]		1			
oilbrent (*)	0,409957	(0,09105)	[4,50239]		1		-2,99	
Doll	0,455941	(0,29773)	[-1,59979]		1			
sp 500 (*)	0,450499	(0,15970)	[2,92253]					
girate (*) AED (**)	- 0,013379 - 0,373393	(0,00794) (0,14999)	[-1,70595]	0,57	0,27	27 153		-2,73
locrate (*)	0,003970	(0,00124)	[3,21297]					
Indust	- 0,124927	(0,09474)	[-1,47419]					
unempl (***)	- 0,009703	(0,00502)	[1,73491]		1	-		
regression			W	Ž.	9	Ž.		
GCCINDEX(-1)	- 0,047527	(0,09047)	[-0,59071]					
c (*)	- 0,093917	(0,03194)	[-2,72720]		1			
oilbrent (*)	0,470155	(0,09901)	[5,34223]		1			
sp 500 (*)	0,491924	(0,14992)	[3,30257]					
girate (**) AED (**)	- 0,014200 - 0,341975	(0,00793) (0,14450)	[-1,79100] [2,37750]	0,54	0,29	151 -	-2,99	-2,77
locrate (*)	0,004394	(0,00124)	[3,53921]		T			
unempl (***)	- 0,009449	(0,00507)	[1,97272]					

Table 1 Results of the auto regression analysis of indirect influence of oil prices on the stock market

To test our hypothesis, we carry out the Granger pair test for the variables GCCINDEX (MICEX index) and oil Brent for two sub-periods: from 2010 till 2013 and from 2014 till 2019 (Table 2).

from 2010 till 2013:								
Null Hypothesis:	Obs	F-Statistic	Prob.					
OILBRENT does not Granger Cause GCCINDEX	50	1.21362	0.1068					
GCCINDEX does not Granger Cause OILBRENT		11.3325	0.2531					
from 2014 till 2019:								
Null Hypothesis:	Obs	F-Statistic	Prob.					
OILBRENT does not Granger Cause GCCINDEX	50	2.56270	0.0387					
GCCINDEX does not Granger Cause OILBRENT		0.22790	0.7892					

Table 2 Granger pair test for the variables GCCINDEX (MICEX index) and oil Brent for two subperiods.

For the first sub-time frame, it was discovered that the development pace of the cost of Brent oil doesn't influence the elements of the GulfBase GCC list. At the second - the cost of Brent unrefined petroleum influences the elements of benefit of the GulfBase GCC list. We develop a relapse for just two of these factors. Normally, these relapses are not informative, but rather it is significant for us to take a gander at the coefficient and criticalness of the effect of the cost of Brent oil and affirm the aftereffects of the Granger test.

The relapse results are like the discoveries of the Granger test. In the second sub-time frame, the effect of the cost of Brent oil on the development pace of the MICEX list is considerably huger. We reason that the development pace of the MICEX list is significantly touchier to the decrease in the cost of Brent raw petroleum than to its development.

As a feature of the models looked into, an examination of information from the GCC nations securities exchange demonstrated the presence of a financial exchange response to the value signal coming from the oil market. An assessment was made of the response of the development pace of the MICEX stock list to an immediate and aberrant sign of the cost of Brent raw petroleum as per month to month information for the period from January 2008 to April 2017, and a huge more noteworthy affectability to a decrease in the cost of Brent raw petroleum than its development was uncovered. These outcomes show that the GCC nations economy is still generally reliant on the oil and gas area, and a huge hilter kilter market reaction says its proceeding "apprehension" is in a condition of emergency.

Summary, conclusion and recommendations

The fundamental objective of this examination is to direct an inside and out investigation of the effect of the value signal from the world oil market on the securities exchanges of the Gulf nations.

As a feature of the models inspected, an investigation of information from the GCC financial exchange demonstrated the presence of a securities exchange response to the value signal coming from the oil market. An evaluation was made of the response pace of the GulfBase GCC file development in the stock list on the immediate and circuitous sign of the cost of Brent raw petroleum as per month to month information for the period from January 2010 to April 2019, and a critical more prominent affectability to the decrease in the cost of Brent raw petroleum than on its development. These outcomes state about the still critical reliance of the Persian Gulf nations economy on the oil and gas area, and a huge topsy-turvy market reaction says his leftover "apprehension" being in a condition of emergency.

Handy utilization of the consequences of the investigation of oil value impacts on financial exchange lies by and by the wide scope of people, governments, of the Persian Gulf nations and the RK especially, public organizations, unfamiliar speculators.

There are the accompanying constraints of the examination. The example for the current examination contained just GCC nations, barring Iran from the example. This is because of the second restriction that we bar from the examination financial and political variables. The third restriction, is moderately little example size to guarantee fitting speculation of the discoveries of the examination (regarding the time period).

Among the suggestions for future examination is the accompanying. The current examination has depended to a great extent on quantitative procedure of information assortment and is hence prohibitive. Accordingly, a greater amount of subjective approach of information assortment ought to be attempted in future to give more extensive viewpoint to the current investigation. For example, the exploration configuration can utilize contextual investigation system or substance examination to give a comprehensive picture to the given subject.

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"Analysis of the effects of Corporate Social Responsibility activities on firm value of Korean companies"

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1. Background and Context

According to OECD (www.oecd.org/corporate), CSR means "the pursuit of effective harmony" between the company and society, and the meaning of 'harmony' means that the company and society are intertwined via interdependence on each other. The company in danger cannot function nor progress and could face many deeper obstacles. Often times, one obstacle brings another.

As a result, the corporation would not be able to progress further, the general welfare would be degraded.

As a production organization, a company is an open system that survives and grows through close interaction with the external environment. The importance of sustainable management is emerging amid rapid changes in the external environment surrounding a company, and one of the key factors of sustainable management is actively carrying out corporate social responsibility.

The purpose of this study is to observe and analyze relationship between corporate social responsibility and firm of Korean companies and whether active particiaption of CSR would lead to higher firm value. In developed countries today, corporate social responsibility (CSR) is increasingly getting more significant with much more attention.

2. Problem Statement

Most of the CSR participation of companies is conducted in various sectors of human, material, and financial resources. Stakeholders of companies keep eyes on the way the company is being managed. For example if they spot the company does not participate actively enough in CSR, they may incur pressure on the firm. Consequently, this can cause significant costs for the company. Therefore, companies should plan strategic CSR activities to carry out the CSR activities expected by internal and external stakeholders, and harmonize the rationality of corporate management to meet social demands.

The effectiveness of corporate social responsibility spending has been bringing a lot of confronting opinions of both pros and cons for a long time. In terms of objections to corporate social responsibility spending, Steiner (1980) argued that corporate social responsibility and contribution can lead to maximizing profits, and that corporate social responsibility spending undermines economic efficiency and profits. Unlike many other pros, his paper explicitly opposes the hypothesis of the paper.

3. Research Question

To test the nonlinear relationship between corporate social responsibility expenditure and corporate value, the following questions will be answered throughout the paper.

Would Companies with high social responsibility performance lead to higher corporate value? Advocates of those who argue the positive impact of CSR performance on corporate value can reduce costs or generate new profits for consumer groups who prefer products from companies with high CSR performance, and further reduce regulatory costs from those agencies imposing different restrictions and regulations on firms according to their social criteria.

4. Relevance and Importance of the Research

In fact, there is defined and concrete analytical concept of CSR and the concept itself has not been formed. The other is that it is not easy that consensus views are difficult to obtain because the materials of CSR tend to be irregular despite analytical researches done by many scholars. This is because business and social environment are changing and evolving very fast.

This study is based on empirical results which will prove whether CSR activities, which are recently recognized for their importance with its important role in increasing corporate value, would lead to upgrading value of corporations. In addition, there are implications that it induces active social activities of companies and at the same time presents the importance of strategic CSR activity plans to companies.

5. Evaluation model criteria

The social performance evaluation model of a company according to the Economic Justice Index is divided into manufacturing, non-manufacturing, and financial industry, and quantitative evaluation is performed. In 2016, the manufacturing and non-manufacturing industries consisted of 6 categories, 17 evaluation items, and 50 evaluation indices (53 detailed evaluation indices). The six categories and measures were 1. Soundness 25 points, 2. Fairness 20 points, 3. Social contribution 15 points, 4. Consumer protection 15 points, 5. Environmental management 10 points, 6. Employee satisfaction 15 points Total 100 points.

6. Literature review

Attention on CSR activities and costs and whether companies should adopt CSR implementations are always being debated and encouraged. However, it is yet difficult to evenly define what CSR activities are. Barlett and Preston (2000) defined it as an obligation to follow activities, make decisions, and pursue principles for the purposes and values of our society. After that, CSR is defined as a more comprehensive concept.

In addition, Lozano (2015) says that companies bear economic, legal, ethical responsibilities, and CSR involves the company's shareholders, customers, employees, transactions. The term indicates that all the actions that stakeholders, such as business owners, managers, trade unions, and local communities, must be executed ethically.

The research contributes to the existing literature on the relationship between corporate social responsibility and firm value. Prior studies related to the effects of the above CSR activities have mainly focused on the relevance of corporate value or financial performance, but research results are mixed and there is no clear agreement yet.

7. Research design and methods

The research is based on both qualitative and quantitative by the collection of secondary sources. This study analyzes whether the corporate social responsibility performance of companies listed on the Korea Stock Exchange have a positive effect on corporate value.

7.1 Research sample

Research Sample

Code	Туре	Details	
C1		metalworking products	2
C2		electronic components, video	3
C3		medical equipment	4
C4		mineral products	3
C5		primary metals	4
C6		medical	3
C7		Chemicals and chemical products manufacturing	5
C8		General household grocery	4
C 9	Manufature	plastic products	6
C10	ivialiulatule	home appliance electrical equipment	3
C11		semiconductor	5
C12		broadcasting equipment	8
C13		video and audio equipment	3
C14		automobile and trailer	4
C15		other transportation equipment	5
C16		other machinery and equipment	4
C17		handy electronic component	2
C18		computer and medical equipment	2

This paper selected 70 companies that were included in the top 300 companies in the KEJI Index, which were measured and published for 6 years from 2009 to 2015. In addition, financial performance data of Korea Stock Exchange Index were used. And the data was processed through a program called STATA.

7.2 Data Analysis Techniques

The regression analysis model for the hypothesis of *Companies with high social responsibility performance will have higher corporate value than those with low performance* is the following:

 $FV = \beta 1CSRP + \beta 2EP + \beta 3FOR + \beta 4RDR + \beta 5TP + \beta 6DR + \beta 7CSIZ + \beta 8Y + \epsilon$

- CC : Capital cost (Price earnings ratio)
- FV : Firm value (Tobin's Q ratio)
- CSRP: Corporate social responsibility point
- EP: Export portion
- FOR: Foreign ownership ratio
- TP : Type of business (dummy)
- DR: Debt ratio
- RDR: Research and development
- CSIZ: Size of business
- Y: Duration/history of business
- €: error

Corporate social responsibility point: 70 companies that were included in the top 300 companies in the Korea Economic Justice Institute Index which were published for from 2009 to 2015. The variable of the economic justice index in this study is the score obtained by score calculated according to KEJI's social performance evaluation model.

Firm Value: This study uses Tobin's Q ratio to measure corporate value. A high Tobin's Q ratio in an indicator that shows the company has a market value that is higher than the book value.

Capital Cost: The study uses a capital cost estimation method ratio. (Price earning and growth ratio.)

Export Portion:. When a company trades with foreign companies, it is an indication that the more active CSR activities are, the more exports are. As this improves corporate value, the export weighting variable can predict the positive sign.

Ratio of foreigners ownership: When looking at equity structure of the group, it consists of Koreans, foreigners and firms (domestic institutional investors, foreign institutional investors). Institutional investors of a corporation may be divided into domestic institutional investors and foreign institutional investors according to the nationality to which the institution belongs.

Research and development ratio: R&D ratio means R&D intensity. R&D intensity is related to the amount of R&D investment, and the status of R&D activities of the research subject can be viewed. R&D intensity is a variable that measures whether sustainable R&D for CSR management is based on the amount of sales achieved through R&D investment.

Job sector: The industry is used as a dummy variable of 1 for high-pollution industries and 0 for low-pollution industries to analyze the effecton the enterprise value.

Debt ratio: The debt ratio was used in previous studies as a variable controlling the risk factors inherent in the firm. The debt-to-equity ratio is an indicator of a firm's level of soundness and offers information on the capital's dependency on others.

Size of business: Using the logarithm of total assets, firm size is calculated. The explanation why the control variable involves company size is that larger businesses are looking for economies of scale and attempt to reach, increase their capacity to produce income based on learning abilities.

8. Analysis and Findings

The descriptive statistics of this study sample are shown in Table 1 and Table 2. Table 1 is the technical statistics of 70 sample companies that can be analyzed and included in the top companies

of the KEJI Index by year measured and published from 2009 to 2015, which is the target period for this study.

Table 1. Statistics of Economic Justice Research Institute Index

Year	Number of samples used	Standard Deviation	Medium	Max	Min
2009		2.5652	53.67296	62.48792	50.14768
2010	-	3.02808	54.41216	61.51288	49.43048
2011	_	2.38744	56.0164	63.94256	52.11008
2012	70	2.75968	58.71096	68.77376	55.27368
2013	_	3.13632	56.4916	64.96952	51.16936
2014	_	2.6224	61.23392	68.6532	57.98144
2015		2.56872	61.07904	69.96792	57.04512
		2.72448	57.37424	65.758	53.30864

According to the calculation as in table 1, Economic Justice Research Institue Index averge point is 57.3742. The highest point can be observed in year 2014 and lowest point in year 2009.

Table 2. Statistics by each variable in details

Variable	Code	Standard Deviation	Medium	Max	Min
Firm value (Tobin's Q)	FV	0.509	0.891	1.777	0.162
Capital Cost	CC	0.032	0.051	1.576	0.027
Corporate Social	CSRP	46.724	57.374	65.758	53.309
Responsibility point					
Export portion	EP	40.756	33.664	72.598	0.882
Foreign ownership ratio	FOR	0.138	0.128	0.787	0
Research and development	R	0.018	0.906	0.338	0
Debt ratio	DR	0.199	0.462	1.338	0.039
Size of business	CSIZ	414.304	16.911	489.186	1.742

Table 2 shows the descriptive statistics of each variable, including Tobin's Q ratio obtained from Korea Stock Exchange Index (global.krx.co.kr). In average, Tobin's Q rate comes down to 0.891, capital cost 0.051%, Economic Justice Research Index point 57.374 points, export portion 33.664%, foreign ownership ratio 0.128%, research and development 0.906%, debt ratio 46.2%, size of business 160 million Korean won, history of business to be 20.632 years.

Regression analysis of the impact of social responsibility performance on corporate value

To verify whether companies with high CSR performance have higher corporate value than those with low corporate value, a regression analysis was conducted using Tobin's Q ratio as a dependent variable and the economic justice index, export share, and foreign ownership as independent variables.

FV =
$$\beta$$
1CSRP + β 2EP + β 3FOR + β 4RDR + β 5TP + β 6DR + β 7CSIZ + β 8Y + ϵ

Correlation analysis

Variable	Code	Standard Deviation	Medium	Max	Min
Firm value (Tobin's Q)	FV	0.509	0.891	1.777	0.162
Capital Cost	CC	0.032	0.051	1.576	0.027
Corporate Social Responsibility point	CSRP	46.724	57.374	65.758	53.309
Export portion	EP	40.756	33.664	72.598	0.882
Foreign ownership ratio	FOR	0.138	0.128	0.787	0
Research and development	R	0.018	0.906	0.338	0
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^{*}p<.1, **p<.05,***p<.001

Regression analysis of the impact of social responsibility performance on Firm value

It was found that the CSR performance, the Economic Justice Index, had a significant positive effect on corporate value. The impact of CSR performance on corporate value comes through a variety of channels. The results of this study reveal that CSR performance has a positive effect on corporate value.

The positive effect of CSR performance presented by this study on corporate value is that for consumer groups that prefer products with high CSR performance, CSR can reduce costs or generate new profits and reduce regulatory costs for regulatory agencies.

	CSRP	EP	FRE	RDR	TP	DR	CSIZ	Y	Constant	R^2	Adj R^2	F-Value
Firm value	0.306***			0.101	0.127	-0.2*	0.363***	-0.066	2.834	0.262	0.236	6.397
t value	2.756			0.911	1.140	-1.798	3.263	-0.594				
Firm value	0.318***	0.274**		-0.103	-0.124	-0.098	0.4***	-0.083	2.872	0.209	0.188	6.146
t value	2.859	2.463		-0.927	-1.117	-0.879	3.596	-0.744	0.209			
Firm value	0.304***		0.439***	-0.092	-0.172	-0.11*	0.383***	-0.130	3.430	0.183	0.165	6.305
t value	2.740		3.556	-0.824	-1.544	-1.703	3.445	-1.172				
Firm value	0.315***	0.285***	0.397***	0.122	0.162	-0.180*	0.417***	-0.133	3.483	0.231	0.208	6.384
t value	2.835	2.566	3.572	1.101	1.457	-1.616	3.754	-1.196				

*p<.1, **p<.05, ****p<.001

9. Conclusion

The analysis of the paper was based on the technical statistics of 70 sample companies that can be analyzed and included in the top companies of the Korea Economic Research Institute Index by year measured and published from 2009 to 2015. The conclusion is that CSR performance had a significant positive effect on corporate value based on samples analyzed.

Therefore, this paper supports confirmation of Camilleri (2014) that there is a positive relationship between CSR involvement and financial performance of firms and also Dyllick and Hockerts (2002) arguement that the CSR activities of a company improved the image and reputation of the company, and the corporate value increased accordingly.

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"The prospects of RMB internationalization in Kazakhstan under the One Road, One Belt strategy"

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Abstract

In September and October 2013, during his visit to Central and Southeast Asia, Chinese President Xi Jinping put forward the initiative to build the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road" (hereinafter referred to as the "Belt and Road Initiative" or "BRI"). The Chinese government has taken the initiative to promote pragmatic cooperation in all its aspects, adhering to the concepts of peaceful cooperation, openness and inclusiveness, mutual learning and mutual benefit, and to build a community of interests, destiny and responsibility of political mutual trust, economic integration and cultural inclusiveness. It recommends that the countries along the route focus on strengthening cooperation in policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond.

Kazakhstan, where the BRI was first announced, as the first stop overseas along the Silk Road Economic Belt and the fastest growing country in Central Asia, plays an important role in the implementation of the BRI. At present, China-Kazakhstan trade is growing rapidly, while the trade structure is constantly optimized, bilateral investment continues to grow, and production capacity cooperation is promoted in an all-round manner. Kazakhstan put forward the new economic policy, the Bright Road, at the end of 2014, hoping to link with China's Belt and Road Initiative. In particular, at the end of August 2015, China and Kazakhstan signed an Intergovernmental Framework Agreement on strengthening cooperation in the fields of industrialization and investment, indicating broader prospects for cooperation between the two countries.

Kazakhstan is an important destination for Chinese foreign investment. According to the National Bank of Kazakhstan, China's direct foreign investment in Kazakhstan in 2018 was US \$ 1.489 billion, ranking fifth. The main areas of Chinese investment in Kazakhstan are oil exploration and development, equity mergers and acquisitions of Kazakh oil companies, gas station network operation, electric power, agricultural and sideline products processing, telecommunications, etc. With the in-depth implementation of the BRI, the number of Chinese-funded enterprises investing in and operating in Kazakhstan has increased, and the demand for high-quality, all-round financial services has become stronger.

Key words

One Road and One Belt, Kazakhstan, RMB internationalization

Introduction

In September and October 2013, during his visit to Central and Southeast Asia, Chinese President Xi Jinping put forward the initiative to build the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road" (hereinafter referred to as the "Belt and Road Initiative" or "BRI"). The Chinese government has taken the initiative to promote pragmatic cooperation in all its aspects, adhering to the concepts of peaceful cooperation, openness and inclusiveness, mutual learning and mutual benefit, and to build a community of interests, destiny and responsibility of political mutual trust, economic integration and cultural inclusiveness. It recommends that the countries along the route

focus on strengthening cooperation in policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond.

The world is undergoing complex and profound changes. The deep-seated impact of the international financial crisis continues to appear. The world economy is slowly recovering, and development is divided. International trade patterns and multilateral investment and trade rules are experiencing profound adjustments. There are still severe development problems faced by all countries. The joint construction of the Belt and Road follows the trend of world multi-polarization, economic globalization, cultural diversification, and social informatization, upholds the spirit of open regional cooperation, and is committed to maintaining the global free trade system and open world economy. It aims to promote the orderly and free flow of economic factors, the efficient allocation of resources, and the deep integration of the market, to promote the coordination of economic policies among the countries along the route, to carry out wider, higher-level and deeper regional cooperation, and to jointly create an open, comprehensive, balanced and financially inclusive regional economic cooperation framework. The joint construction of the Belt and Road is in the fundamental interests of the international community and demonstrates the common ideals and pursuits of human society. It is an active exploration of international cooperation and new models of global governance and will add positive energy to world peace and development. Countries along the Belt and Road have different resource endowments, whose economies are highly complementary, and there is great potential and space for mutual cooperation. With policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bond as the main content, the focus is on strengthening cooperation in the following areas.

Financial integration is an important support for the Belt and Road construction. Deepen financial cooperation and promote the construction of Asian currency stability system, investment and financing system and credit system. Expand the scope and scale of bilateral currency swaps and settlements in countries along the route. Promote the opening and development of the Asian bond market. Jointly advance the preparations for the establishment of the Asian Infrastructure Investment Bank and the BRICS Development Bank, and the parties concerned have discussed the establishment of the Shanghai Cooperation Organization financing institution. Speed up the establishment and operation of the Silk Road Fund. Deepen the practical cooperation between the China-ASEAN Banking Consortium and the Shanghai Cooperation Organization Banking Consortium and develop multilateral financial cooperation in the form of syndicated loans and bank credits. Support the governments of countries along the route, enterprises with higher credit ratings, and financial institutions to issue RMB bonds in China. Eligible domestic financial institutions and enterprises in China can issue RMB bonds and foreign currency bonds overseas to encourage the use of funds raised in countries along the route.

Literature review

The RMB internationalization was further developed as the RMB was increasingly used in cross-border payment and financing worldwide in 2019. More foreign central banks held RMB-denominated assets as reserves and the RMB as an invoicing currency witnessed remarkable progress. The RMB played a positive role in the international monetary system. In 2019, the cross-border use of the RMB grew rapidly despite of severe external circumstances. The total amount of cross-border RMB payments and receipts by banks on behalf of their clients in 2019 was RMB 19.67 trillion yuan, with a year-on-year (yoy) increase of 24.1%, maintaining a rapid growth and reaching a record high in terms of volume. The size of the RMB reserves was the 5-th largest in the International Monetary Fund (IMF)'s Currency Composition of the Official Foreign Exchange Reserves (COFER), with a market share of 1.95%, 0.88 percentage point higher than that of 2016 when the RMB officially joined the Special Drawing Right (SDR) currency basket. The market share of the RMB in the foreign exchange trading was 4.3%, 0.3 percentage point higher than that of 2016.

According to the latest statistics, in 2019, the RMB internationalization development presented the following characteristics.

Firstly, the RMB settlement in terms of cross-border trade and direct investment increased steadily despite of economic slowdown;

Secondly, the portfolio investment grew substantially which had become the main force to promote the cross-border use of the RMB;

Thirdly, the policies of the RMB cross-border payment improved constantly and a series of high-level pilot programs were launched successively to facilitate the trade and investment;

Fourthly, the infrastructure of the cross-border use of the RMB was further improved and the RMB clearing banks continued to expand, with the RMB Cross-border Interbank Payment System (CIPS) the RMB ranked 5th as a payment currency globally, with a market share of 1.76%.

The Cross-border Use of the RMB Remarkably in 2019, the cross-border RMB settlement amounted to RMB 19.67 trillion yuan, increasing by 24.1% on a yearly basis. The total receipts reached RMB 10.02 trillion yuan, with a notable increase of 25.1% yoy while the total payments were RMB 9.65 trillion yuan, growing by 23% on a yearly basis. The cross-border RMB settlement accounted for 38.1% of the total cross border settlement, recording a new height in history during the same period, with 5.5 percentage points higher than that of the last year. In 2019, Shanghai, Beijing and Shenzhen ranked the top 3 in terms of the annual cross border RMB settlement volume, with a share of 50.1%, 14.3% and 8.6% correspondingly. In 2019, the proportion of the cross-border RMB settlement with Hong Kong SAR of China was 44.9%, followed by Singapore (10.3%), Germany(3.4%), and Taiwan province of China(3.3%). Among them, the shares of Hong Kong SAR of China, Singapore, Macao SAR of China, the UK, Netherlands and Ireland witnessed an increase compared with 2018.

In 2019, between China and the countries along the Belt and Road (B&R), the crossborder RMB settlement registered over RMB 2.73 trillion yuan, accounting for 13.9% of the total during the same period, among which the trade in goods amounted to RMB 732.5 billion yuan, the direct investment to RMB 252.4 billion yuan, and the crossborder financing to RMB 213.5 billion yuan.

By the end of 2019, China has signed the bilateral local currency swap agreements with 21 countries along the B&R, and has established the RMB clearing arrangements in 8 countries along the route. In recent years, spurred by the market demand, the use of RMB has acquired active progress in neighboring countries and the countries along the B&R. In 2019, the crossborder RMB settlement between China and the neighboring countries registered RMB 3.6 trillion yuan, with a yoy increase of 18.5%, among which the trade in goods amounted to RMB 994.5 billion yuan, increasing 15% yoy; the direct investment amounted to RMB 351.2 billion yuan, increasing 24% on a yearly basis. Furthermore, the total cross-border RMB payments and receipts between China and the countries along the B&R reached over RMB 2.73 trillion yuan, with a yoy increase of 32%, among which the trade in goods amounted to RMB 732.5 billion yuan, growing by 19% yoy, the direct investment to RMB 252.4 billion yuan, growing by 12.5% yoy. RMB has been directly traded with 9 currencies of neighboring countries and the countries along the B&R, including Malaysian Ringgit, Singapore Dollar and Thai Baht. In addition, RMB has been traded regionally with 3 currencies, such as Cambodian Riel.

The opening up of China's financial market has provided diversified types of investment and financing channels for investors in neighboring countries and the countries along the B&R. Those investors could access China's financial market through multiple investment channels, including the Renminbi Qualified Foreign Institutional Investors (RQFII), Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, direct investment, and the Bond Connect. Domestic institutional investors can also invest in the RMB-denominated financial products in the financial markets of neighboring countries and the countries along the B&R via the Renminbi Qualified Domestic Institutional Investors (RQDII). In 2019, the Panda Bonds issued by such foreign institutions of neighboring countries and the countries along the B&R as the Philippine government,

Portuguese government, the New Development Bank and Cassa Depositi e Prestiti, reached over RMB 40 billion yuan, accounting for 68% of the total in 2019.

An increasing number of investors in neighboring countries and the countries along the B&R invested in China's financial market in a bid to gain high returns on investments in the RMB financial assets, and shared the benefits of China's economic growth. RMB asset has become an option of diversification of foreign exchange reserves for neighboring countries and the countries along the B&R gradually. The foreign central banks or monetary authorities of such countries as Korea, Singapore, Thailand, the Philippines and Indonesia have already included the RMB in their foreign exchange reserves. With further development of economic and trade exchanges between China and neighboring countries and the countries along the B&R, the interdependence of China and neighboring countries as well as the countries along the B&R has deepened. The RMB settlement and local currency settlement of neighboring countries and the countries along the B&R will embrace new opportunities.

Research methodology and data collection tolls

Economic cooperation between Kazakhstan and China, especially given the close cooperation under the "Belt and Road Initiative", is mutually beneficial and contributes to the growth of trade and investment between the two countries. Despite the active partnership between the two countries, it is observed that opportunities for economic cooperation still have space for development. The economic goals of Kazakhstan and China's economic advantages complement each other. Kazakhstan needs to increase production efficiency, as well as diversify its economy through the production of value-added goods in various industries. Meanwhile, China has extensive experience and resources to facilitate and participate in Kazakhstan's projects in this direction. In this context, the development of the offshore RMB market in Kazakhstan is of great importance, which in turn will attract more investors from China. This will increase the volume of bilateral trade and investment between the two countries.

The cooperation between Kazakhstan and China is mutually beneficial and has a functional basis and potential for further expansion. Kazakhstan is one of the key countries participating in "Belt and Road Initiative" (hereinafter – the BRI), and its geographical position plays a pivotal role in the successful implementation of BRI. The favorable geographical position of Kazakhstan, both in terms of its resources and its global transit potential, makes it an important BRI member country. In fact, 2 major BRI land routes from China to Europe pass through Kazakhstan.

- New Eurasian Land Bridge connects China to Western Europe;
- China-Central Asia-West Asia corridor connects China to the Mediterranean coast.

Due to its unique location, Kazakhstan has great potential to become a trade and logistics hub between Asia and Europe, having access to the following directions: a) to the east, directly to China; (b) to the northwest, directly to Russia and Europe; (c) to the southwest, directly to the Caspian Sea, connecting with Iran and Turkey (via Azerbaijan).

Kazakhstan takes part in the BRI within the two key strategic contexts:

- -Agreement on economic and trade cooperation between the Eurasian Economic Union (hereinafter referred to as "the EAEU") and China. The Act establishes the legal framework for the development of cooperation in such areas as:
- Trade protection measures, technical barriers to trade, competition and industry cooperation;
- E-commerce, intellectual property, public procurement, sanitary and phytosanitary measures. The document embodies the common intention of the EAEU and China to jointly build trade-economic partnership characterized by openness, mutual trust and cooperation. As for Kazakhstan, the membership in the EAEU also provides free movement of goods, services, capital and labour to the markets of member states.

The New economic policy "Nurly Zhol" (Bright Path). The program implemented by Kazakhstan is aimed at facilitating the construction of infrastructure in such areas as transport, industry, energy, the social and institutional development to ensure sustainable economic development and social stability. "Nurly Zhol" and BRI have created significant potential for bilateral cooperation. As part of this cooperation, joint projects are currently being implemented to:

- develop the construction of the cross-border highway "Western Europe Western China" and other cross-border highways;
- develop transport links in the Eurasian direction;
- increase the capacity of railway cross-border crossings; develop multimodal (mixed) transportations, as well as create conditions for the accelerated passage of regular container trains in the direction of Asia-Europe;
- develop the construction and operation of the Kazakhstan-China oil and gas pipelines.

Kazakhstan and China note that the Nurly Zhol and the BRI programs are mutually reinforcing, and therefore intend to strengthen cooperation on their interfacing. In September 2019, the Heads of States signed a Joint statement confirming that Kazakhstan and China will develop a long-term, strategic and comprehensive partnership3. Various documents were also signed in the areas of trade, agriculture, technology, information exchange, finance and strategic partnership, including the "The Memorandum of Understanding between the Government of Kazakhstan and the Government of China on the implementation of the cooperation Plan for the connectivity of the New Economic Policy "Nurly Zhol" and the construction of the "Silk Road Economic Belt".

China is one of the 5 main trading partners of Kazakhstan. Despite the short-term negative dynamics of the foreign trade turnover between Kazakhstan and China, as well as the volume of FDI from China to Kazakhstan in 2014-2016, the dynamics of these indicators have shown steady growth over the past few years.

However, the RMB's share in bilateral trade and investment between the two countries is very small. According to information provided by commercial banks in Kazakhstan, the current approximate share of trade and investment deals conducted in RMB is less than 10%. Currently, the bulk of settlements between Kazakhstan and China take place in the currencies of third countries, in particular, in USD. It can be assumed that a large part of these settlements has a full potential to be directly carried out in RMB in the coming years. In particular, in industries such as machinery, agriculture, construction, and the food industry.

The market opportunities of Kazakhstan and the economic advantages of China, as well as the capabilities of China's business ecosystem, complement each other.

Kazakhstan's economy is highly dependent on external demand for oil, gas and other natural resources. The extraction of natural resources and their subsequent realization in the form of raw materials or semi-finished products is the predominant part of Kazakhstan's export structure. On the other hand, the import structure of Kazakhstan consists of semi-finished, finished and value-added products.

The existing structure of Kazakhstan's imports focused on the purchase of finished products essentially reflects the unrealized potential of the economy of Kazakhstan. In fact, Kazakhstan has all the necessary physical resources, educated human capital and market of the neighboring states. In this regard, the relevant economic policies of Kazakhstan are aimed at:

- improving the efficiency of priority sectors of the economy;
- diversifying the economy to increase the share of the non-primary sector and facilitate the production of value-added goods to increase the export potential and increase the level of import substitution.

In addition to the demand for financing, Kazakhstan also needs to obtain the necessary knowledge, technologies and skills for the production and realization of value-added goods, which could meet all international standards necessary for their potential export. One of the potential ways to achieve this goal is to maintain partnerships with countries along the BRI, and, in particular, with China, which

has extensive experience in the development of regional chemical and industrial complexes, the agroindustrial complex and the food industry.

Chinese technology, knowledge and financial capabilities can support Kazakhstan's development strategy, while Kazakhstan can offer many unused opportunities in the form of its economic, production and transit potential for foreign investors. Thus, the potential deepening of cooperation between the two countries is mutually beneficial. Within the framework of the BRI, Kazakhstan and China are already implementing 55 joint projects in the field of production, infrastructure, telecommunications, energy, transport and logistics in the amount of \$27.7 billion5. It is worth noting that the form of this economic cooperation is characterized not only by the provision of loans from China but also by active financing in the equity and direct participation of Chinese investors in projects.

RMB can be used as a currency for investment and trade in the following areas of the economy: Agricultural Sector and Food Industry. About 180 million hectares of pasture land and about 25 million hectares of arable land allow Kazakhstan to produce environmentally friendly food products, as well as take advantage of the rapid growth in food demand on world markets6. Despite the opportunities offered by the agricultural sector, local entrepreneurs are new to modern methods of managing the agricultural production of value-added goods, food processing and marketing on the market and are forced to work in conditions of low labor productivity. In this regard, Kazakhstan and China have significant complementarity of needs in the field of agricultural science and technology, agricultural products and other areas. Chinese investors can fulfil the market's need to improve the agricultural sector in Kazakhstan by providing investment financing in the areas of: - construction of infrastructure for field irrigation, logistics and storage of agricultural products; - construction of primary, secondary and tertiary food processing facilities; - modernization of infrastructure for the accelerated passage of agricultural products for export.

The Mining industry is the basis for industrialization of Kazakhstan economy. Out of the 118 elements of the periodic table, 99 are located in Kazakhstan. Most of its products are exported, while the domestic market consumes about 20%7. The extraction and processing of natural resources in the long term will remain an important source of economic growth for Kazakhstan. However, the structure of production is dominated by raw materials and semi-finished products, which are processed abroad and re-imported into Kazakhstan in the form of finished products. Thus, the market also needs the development of infrastructure for processing raw materials. In this regard, Kazakhstan has an unrealized investment potential in the areas of: - exploration and mining of ferrous and nonferrous metallurgy, as well as providing the equipment with the necessary infrastructure; - the construction of smelters and the realization of value-added goods (deep processing). Machinery and Manufacturing. Due to the growth of the mining, oil and gas, agricultural industries in Kazakhstan and the region, the demand for modern equipment, machinery and logistics services is also growing. A similar trend is observed in the energy sector, where current equipment is noticeably worn out. The market has a strong demand for industrial machinery, as well as modernized manufacturing and electric equipment. An analysis of the trade structure of Kazakhstan shows that there is a significant potential for import substitution in the machinery market, whose share over the past five years has been confidently 80-85%, and its volume is estimated at 14.7 billion US dollars8. Therefore, the investment potential of this industry can be realized in the following areas: - multimodal developments in the fields of production of electrical equipment and agricultural machinery, manufacturing and process equipment, building materials, textiles and other fields; - optimization of the structure of production, modernization of production systems and the provision of production services. The chemical and petrochemical industry in Kazakhstan is an economically attractive investment platform due to the rich reserves of raw materials in the country and low operating costs. Besides, there is a steady demand for chemical products in the mining, industrial and agricultural sectors, both in the local market and in fast-growing markets such as China, Russia, Turkey, Iran, etc. Analysis of the trade balance in the industry shows that domestic production capacities cannot

cover the demand for chemical products and their derivatives (e.g. liquefied petroleum gas, liquefied natural gas, ammonia, caustic soda, polyethylene and high-quality base oils, etc.)9. In this context, Kazakhstan needs external technologies and financing to develop import substitution and increase export potential in the regional market. Transport and Infrastructure. Among the multimodal land routes for transporting containers from China to the European Union, Iran and Turkey, routes through Kazakhstan are the most efficient in terms of time and infrastructure. Land transportation is approximately 2-3 times faster compared to the maritime route and much cheaper compared to air traffic. In 2018, about 77% (about 250,000 TEU) of all overland container shipping between China and Europe went through Kazakhstan.

The introduction of the RMB as a tool for trade settlements and investments will not only strengthen economic cooperation between the two countries but will also attract more investors from China, especially private investors, to invest in the various sectors of the economy mentioned above. The main features of this context are as follows:

The scale of bilateral economic and financial cooperation between Kazakhstan and China is increasing. (Also, the RMB has been included in the NBK currency basket since 2014);

- The interest of Chinese investors in the Kazakhstan market and investment opportunities is growing;
- It is relatively difficult for investors from China, in particular, the private sector, to invest in foreign countries in USD, especially for the private sector. The use of local currencies (RMB and KZT) in trade and investment between the two countries should be strongly encouraged to promote economic cooperation between Kazakhstan and China.

Data Analysis with critical thinking and discussions

Chinese enterprises can invest using RMB into the projects in Kazakhstan and Central Asia. Such type of investment includes investments from centrally and regionally state-owned enterprises (hereinafter – "SOE"), private enterprises into the projects in Kazakhstan for the following purposes:

To acquire the project or;

To establish a joint venture with the project or;

To acquire a controlling interest in the project.

Scenario 1: A large Chinese SOE intends to invest in a project in Kazakhstan in a chemical industry that primarily exports its products to China and also exports to any other country. The project has achieved its leverage limit and intends to attract equity capital for further development. Moreover, the project needs advanced technology for its development. Thus, the project owner agrees to provide significant control to the Chinese SOE in the chemical industry for the investment into capital, technology provision and strategic partnership. The project has an offtake agreement with Chinese domestic enterprises, thus this project can accept RMB as an investment currency. Given this, Chinese SOE uses RMB ODI scheme to invest in the project and obtain significant control in the project.

Financial investors can invest in the projects in Kazakhstan and Central Asia using RMB as the currency of investment. Financial investors are investors whose primary business is to invest in other companies, with private equity funds constituting the majority of such investors.

Scenario 2: An agricultural project in Kazakhstan needs capital to develop its infrastructure and renovate its machinery. The project owner plans to do this by purchase advanced machinery and materials from Chinese enterprises. In order to diminish the costs and potential currency risk, the project owner plans to buy these facilities using RMB. Since the project has limited financial

resources, the project owner decides to attract one of the private equity firms from China to invest in its equity capital. The private equity fund from China uses RMB ODI scheme to invest in the project. Commercial banks here refer to banks that provide services such as accepting deposits, making business loans, and offering basic investment products to companies and individuals. These banks can provide project financing, loans, guarantees and other investment products to companies. Currently, CCB and Altyn Bank (CITIC Bank subsidiary) are focused on providing financing in RMB.

Scenario 3: A large agricultural complex in Kazakhstan that processes agricultural products into food products has great demand both in the local market and in neighboring markets. Due to the growing demand for soy products on the world market, the company intends to build a separate plant for the collection and deep processing of soybeans in Kazakhstan and their further export. For a more efficient implementation of such a project, the Company intends to conclude an EPC contract with a subcontractor from China, which, in turn, prefers to conclude a deal directly in RMB. It is also expected that most of the operational equipment will be delivered directly from China. The company decides to seek financing in RMB. The company approaches the Chinese commercial bank operating in AIFC for RMB loan. After all approval procedures, the commercial bank decides that the company can apply for the loan and the project uses the collected RMB to develop its separate plant.

Development banks can provide investment in RMB. This proposal defines development banks as a national, regional or international financial institution that is designed to provide medium-term and long-term capital for productive investment. Currently, China Development Bank has a representative office in Kazakhstan and has already provided RMB financing.

Scenario 4: An infrastructure project in Kazakhstan wants to attract capital to construct road according to the Nurly Zhol and the BRI plans. The project finds a potential supplier of road materials and EPC subcontractor from China. Since the project has lower potential costs if it uses RMB to finance its costs, the project owner decides to obtain RMB loan to finance its costs. The development banks from China considers the project and decides to finance the deal and provide RMB financing. The company uses the RMB collected to construct the road in Kazakhstan.

Astana International Exchange launched the Belt and Road Market, the market segment in AIX specifically designed to support the Belt and Road Initiative projects via the sustainable, market-oriented and diversified financing solution. AIX BRM Rules have been approved by Astana Financial Service Authority and have been effective from early 2019. The securities that are listed and traded on AIX BRM will be mainly denominated in RMB, these securities include bonds, equity, ABS, DRs and ETF.

According to AIX BRM rules, AIX BRM is able to provide sustainable, market-oriented and diversified financing solution for the following projects:

The BRI projects in Kazakhstan and in Central Asia,

Capacity cooperation projects in Kazakhstan and in Central Asia,

Kazakhstan's "Nurly Zhol" New economic policy projects, and the privatization program of Kazakhstan's state-owned assets, which is closely related to important resources, connectivity or infrastructure construction.

The issuers include Kazakhstan's institutions or enterprises, China's institutions or enterprises as well as the institutions or enterprises of any other BRI countries. The RMB funds raised in AIX BRM MUST only be used for the above-mentioned projects or exchanged into the local currency - tenge.

AIX Belt and Road Market allows the suitable projects or companies to issuer RMB-denominated bonds or ABS. AIX BRM allows the issuance of bonds and ABS in various types of options, amount and maturities.

BRM bond is the capital market-oriented, diversified and sustainable financing solution for a different type of issuers focused on the implementation of the BRI projects. While the BRI projects have historically depended on traditional bank loans, the capital market has not played its due role in financing the BRI. Bonds on AIX BRM aim to play their role in filling this gap.

BRM ABS is the capital market-oriented, diversified and sustainable financing solution for a different type of the BRI projects that have a pool of underlying assets. BRM ABS is a security which income payments and hence value are derived from and collateralized by a specified pool of underlying assets that generate stable cash flow. Pooling the assets into ABS allows them to be sold to general investors and allows the risk of investing in the underlying assets to be diversified.

AIX BRM is currently working on developing Green RMB bond product that will follow both Green Bond and AIX BRM rules, and which has serious potential for the development. For example, the concept of green economy is being actively implemented in Kazakhstan. From its inception, the AIFC has identified Green finance as one of its core pillars and focused on developing the necessary rule system, regulatory framework and products which can be favorable to promote and develop green finance in Kazakhstan and in the region. Moreover, AIX has agreed to support the Green Investment Principles (GIP) related to investments and operations in the Belt and Road region during the 2nd Belt and Road Forum in Beijing. Finally, investors are demonstrating their interest in green financing. The following are the advantages of issuing bonds and ABS to finance the BRI projects:

Bonds and ABS provide the market-oriented solution to finance the BRI projects;

Bonds and ABS provide diversification of a funding source for the BRI projects;

Interest rates on issuing bonds are generally lower than of other types of financing solutions

ABS allow the BRI projects to benefit from moving the credit risk associated with the securitized debt off their balance sheets to allow for more leverage of their capital;

Bonds and ABS are focused on supporting the development of infrastructure projects, which is one of the focus areas of the BRI.

Scenario 5: A project from Uzbekistan produces machinery and needs capital to renovate its plant to have advanced facilities. Since the project owner decides to import the advanced facilities from China, the project owner decides to issue RMB bond in AIX BRM to finance its renovation. The project has already acquired a stable sponsor and is applicable to AIX BRM listing requirements and issues RMB bond in AIX BRM. The investors from China participate in financing this project via the RQDII scheme and in the future might also participate via RMB Connect.

Banks in Kazakhstan can provide the following products that can hedge RMB/KZT currency risk: NDFs, forwards, swaps and options. These products are generally provided up to 1 or 2 years, with the possibility to extend on a case by case basis.

According to our analysis the following are considered the main reasons for the current state of underdevelopment of the OTC RMB/KZT currency risk hedging products:

RMB/KZT currency risk hedging products are expensive for the firms;

Underdeveloped RMB market: most companies, including Chinese ones, are used to operate in USD; Current banking regulations and currency regulations in Kazakhstan are unfavorable for providing the currency risk hedging products. For example, since foreign banks cannot open their branches in Kazakhstan's jurisdiction, foreign banks can provide a limited amount of hedging.

There is almost no demand for the RMB/KZT currency risk hedging products.

Exchange-traded RMB/KZT products

RMB/KZT FX products in the capital markets in Kazakhstan is currently present only on KASE.

KASE has a narrow range of RMB/KZT products for hedging RMB/KZT currency risks. Now RMB/KZT_TOD (T+0 settlement) and RMB/KZT_TOM (T+1 settlement) spot products are currently traded on KASE. Mainly, RMB/KZT_TOD is traded, with its trading volume much higher than RMB/KZT_TOM. Apart from that, RMB/KZT swaps (T+1 and T+2 settlement) and RMB/KZT_SPT spot product are available but are not traded on KASE. Bank of China Kazakhstan,

ICBC Almaty and Sberbank of Russia are market-makers in the RMB/KZT market. According to KASE, the market-makers accounted for 53% of the total volume of transactions with RMB from the beginning till August 2019.

Trade on KASE demonstrates significant potential for RMB/KZT direct bilateral trade. As demonstrated in the graph above, the dynamics of the RMB/KZT trade on KASE demonstrates huge and confident growth, increasing on average by about 62% from 2015 till the end of 2018. According to KASE, from the start of trading in RMB (from September 25, 2014) to August 5 of this year, 3,214 deals were concluded; if in 2014 only 6 participants were trading RMB/KZT, this indicator reached 15 in 2019.

Despite the significant growth of trade, the volume of trade is still significantly low. The volume of RMB/KZT trade on KASE in 2018 was only 218 million RMB, which is much lower than the Kazakhstan-China bilateral trade, which was about 80 billion RMB in 2018. This demonstrates a huge further potential for developing capital market trade of RMB/KZT products. The main barriers for the trade of exchange-traded RMB/KZT products are the same as the barriers for the OTC RMB/KZT products.

According to the observations and our analysis, the current market of RMB/KZT products in the capital markets in Kazakhstan is characterized by:

Unfavorable banking and currency regulations;

A narrow range of tradable available financial products;

Low amount of trade done;

Lack of products and services for hedging the currency risk of RMB/KZT;

Although there are some barriers for the use of RMB/KZT products, there is a huge potential for growth if these barriers are addressed.

Summary, conclusion and recommendations

As China CITIC Bank's first layout along the Belt and Road, Altyn Bank is based on serving the overall national strategy, closely following the process of RMB internationalization, and actively exploring and developing local RMB business needs, starting from the three aspects of channels, customers, and products. Vigorously promote the development of our bank's RMB business. The relevant situation is reported as follows:

- 1. In terms of systems. Firstly, since CITIC Bank's shareholding, Altyn Bank has joined the CIPS system as an inter-bank participating bank in the cross-border RMB clearing system. In the past three years of business operation, the employees of China and Kazakhstan have achieved clear processes, smooth communication, and guaranteed clearing Recognized by our customers. Secondly, Altyn Bank continued to increase its investment in IT software and hardware research and development, upgraded its corporate online banking system several times, and added a Chinese interface to facilitate the operation of Chinese-funded enterprises in Kazakhstan. The clear and easy-to-understand online banking interface and Chinese back-office services once again demonstrated the advantages of our bank's electronic banking have won a good market reputation. The third is to accelerate digitalization and innovate mobile banking products. Altyn Bank launched RMB foreign exchange settlement and sales and RMB cross-border remittance services via mobile banking, becoming the first bank in Kazakhstan to provide the service. The advantages of system construction have laid a solid foundation for our bank to develop RMB business.
- 2. In terms of funding sources. In the past two years, with the strong support of the head office, Altyn Bank has unblocked the source of RMB funds, and the cost is controllable. It has borrowed 300 million RMB from the head office to support the development of local Chinese and foreign companies and promote cross-border financing in conjunction with domestic branches. Products,

enriching the types of financing products of Altyn Bank, and accumulating experience in cross-border linkage business, becoming the vanguard of RMB internationalization under the Belt and Road initiative.

In terms of customers. (1) Since the China-Kazakhstan High-tech Enterprise Forum was successfully held, many projects have been successfully implemented under the active coordination of Altyn Bank. Beijing Xinfadi Agricultural Products Co., Ltd. signed the first batch of contracts for importing beef from Kazakhstan and settled in RMB; Envision Group and Shuanghui Group negotiated with Kazakhstan to find opportunities for cooperation. (2) Marketing leading companies in China and Kazakhstan to enhance the cross-border RMB brand effect of our bank. With the advantages of systems and personnel, leading Chinese and foreign companies such as PetroChina International, Shanghai Construction Engineering, Huawei Kazakhstan, CITIC Construction, Risen Energy, Universal Energy, XCMG Kazakhstan, Kazakhstan Development Bank, etc. have opened accounts and settled RMB settlements in our bank Business has gradually created a cross-border RMB ecosystem for Chinese-funded customers.

2. In terms of products. Paying attention to the characteristics of Kazakhstan's engineering companies, and seizing the opportunity of the letter of guarantee business of engineering companies, Altyn Bank has successively issued RMB 200 million guarantees for companies such as Universal Energy Kazakhstan and Risen Energy; In accordance with customers' exchange rate preservation and appreciation needs, we have launched a variety of exchange rate management products in RMB, tenge and other currencies, which have met the personalized service needs of exchange rate management of enterprises such as Huawei Kazakhstan, and realized the transfer of the business host bank of Huawei to our bank; Increased cross-border linkage with domestic and foreign branches, and vigorously promote RMB financing in Kazakhstan, and successively implement products such as cross-border syndicates, domestic guarantees and foreign debts.

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"THE STRATEGIC ROLE OF LEADERSHIP IN DEVELOPING INTERNATIONAL BRAND"

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Abstract

The conference paper aims to clarify the development of international brand between organizational structures and leadership role strategically of an individual brand supporting behavior. It proposes modeling the social transformation process and outlining why and how leadership is important throughout the international brand building process. The study also aims to expand the domain of corporate branding by including a broader range of human resource and leadership-related aspects than is normally found in the branding literature.

This conference paper discusses an overview study to examines the way firms leadership have developed international brand architecture and the drivers that shape the leadership role to turn them into brands, and also discusses implications for the design and management of the firm's international brand architecture. It also reports on the findings of a need assessment on Country of Origin effect (COO), taken both in the broad sense and also with specific reference to the world of luxury in this study which will outline the main theoretical-empirical contributions that have focused attention on, the Country of Origin effect on consumer behavior, Brand effect on consumer behavior, the COO and brand interaction effect on consumer behavior where literature was used to develop a survey instrument and guide the leaders to establish the needs of developing international brand.

Keywords: Organizational structure, leadership role, country of origin, consumer behavior

Introduction

The motivation for this work emerged from the current recharged interest in the subject of the development of a brand internationally under capable leadership and the model to use for its execution strategically, and Country of Origin impact (COO), taken both in the wide sense and furthermore with explicit reference to the universe of luxury brand extravagance. The study was embraced as a cycle adjusts leader's role and administrator's conduct to a corporate brand's identity in getting expanding consideration. In order to diminish the gap between the ideal corporate brand

identity and that apparent by the organization's partners it is often brought up that representatives in company plays a pivotal role in building up any brand internationally. (*Harris F. and de Chernatony* 2001)

Brand reliable conduct supports the improvement of a rational brand picture, and is viewed as one of the crucial achievement factors in corporate brand management. Regardless of this interest, the conversation of how brand-supportive behavior can be accomplished remaining parts fundamentally regulating. Corporate structures have been distinguished as a main thrust to empower representatives' acts in a way which accomplishes vital objectives. The corporate branding literature often calls attention to that organization structures, communicated by corporate character, are powers to effectively combine the corporate culture with the executives cycles and frameworks, so organizational thinking, conduct and corporate design are lined up with corporate culture. (*Hatch and Schultz*, 2001)

The question stays regarding how to adjust individual behaviors to the ideal brand identity. We believe that leaders all through the association should play a crucial part in two different ways: First, they are responsible for coherently and reliably characterizing and driving a corporate brand's identity. Second, leaders intercede between organizational structures and individuals. By doing so, leadership encourages international brand building through starting and encouraging behavioral changes reliable with the ideal brand identity.

Problem and Objective

Moreover, one of the level issue study explores is the aim of internationally brand building adjusting individual's conduct to the brand's embraced identity, to the view that structures expressed by corporate identity, encourage the integration of individual's behavior with the ideal brand guarantee. In any case, the problem as watched remains from gauging the degree to which structures brings out the necessary change measures in brand building. To give further insights of knowledge to this problem we draw on the structuration hypothesis of Giddens (1979, 1984a, b) as receiving "sensitizing device", we characterize corporate brand structures as rules and resources which representatives can attract on to acknowledge how they should act in a brand supporting way. Notwithstanding, its leaders and other entertainers don't make social frameworks; they imitate or change them in the consistent progression of conduct, drawing on structural features of social frameworks.

The overall objective of this study is to look into brand development advancement extension, implications of procedures and strategies to use by organizations, and leaders role and position to enter in any company's by different methodological methods of creating or needs to build up an international brand; To point the significant reasons for brand development and to dissect the state of the international market contribution and state of business extension, and what firm need control in practicing their choices and activities; To have a mission having its quality abroad for development of brand and too to get brand awareness mindfulness advantage, and following the accomplishment in the international market for firms to get their upper hand in overseas market; To utilize joint endeavor coordinated efforts to distinguish and to embrace for entering abroad market and creating brand name internationally by getting to the correlative resources.

Literature Review

The development and improvement of an international brand or worldwide marking of a brand, essential to the possibility of structuration is that structure is both the medium and result of the day-to-day conduct in which entertainers engage. Social frameworks replicate relations between the association's entertainers. However, entertainers don't make social frameworks; they imitate or change them in the constant progression of conduct, drawing on structural features of social

frameworks. In this sense, structure is both empowering and obliging, in virtue of the inherent connection among structure and organization. For example, an association's corporate culture characterizes the corporate brand personality, identity and standards of individual behavior. (*Rode*, 2004)

Simultaneously, corporate culture ought to likewise prevent brand-inadequate conduct. Another example is corporate plan, which grasps all the visual parts of the corporate brand. This is generally indicated in brand manuals, staff configuration brand correspondences. In this sense, corporate plan empowers brand reliable correspondence yet limits workers innovativeness. Corporate structures have been perceived as a central purpose to enable workers carry on in a manner which achieve key destinations. Similarly as formal and informal communications over all levels and functions help limit miscomprehension about the brand's guarantee the brand promise simultaneously adds to the proliferation of brand supporting correspondence (*Thomson et al.1999*.)

Besides, leadership and change perceives "corporate specialists" and "essential operators", whereby 'corporate administrators' keep up or re-model the social and social system and its institutional components while 'essential operators' work inside them. Exercises by these two kinds of operators urge and enable one another; change is mediated through adjustments in specialist conditions. If we join conceptualization of operators with socio and cultural circumstances as unequivocal unions of suggestion, dominance and legitimating, the leader is as someone who is vested with an arrangement of rules and resources and plays a significant role in duplicating or evolving social/definitive structures. Purposely situated performers search for reflexively to coordinate the overall conditions of system expansion, either to keep things as they are or to change those (Giddens, 1984a).

Research Methodology and Data Collection Tools

It is especially fitting for subjective analysts to be unequivocal about their convictions and purposes that are said by writer *Locke* (2003). Literature on the collaboration between corporate structures and brand supporting conduct is fundamentally of a regularizing nature. Likewise, the part of initiative and brand arrangement is not very obvious. The methodological piece of work was to figure out how to look at corporate brand structures, singular conduct of people and initiative to evaluate whether administration urges changes to encourage brand-supporting conduct, or to investigate whether the consideration paid to leaders was moderately irrelevant and that corporate branding structures assumed a lot more grounded jobs. This study objective, of figuring out how an association directed brand sufficient conduct, required an exploratory investigation utilizing the open-finished methodology of grounded hypothesis.

Profile survey questions is a questionnaire which intends to distinguish the segment information purposes of respondents and to check in the event that they fulfill all the necessary agendas for the examination, and consequently to confirm qualification. Altogether, 30 profundity interviews and one master bunch conversation were completed with representatives speaking to center and senior administration having primarily an advertising and corporate interchanges foundation. These interviews endured from 45 to 60 minutes. The information was supplemented by narrative investigation, including brand reports, depictions of inner cycles, and duplicates of worker magazine articles.

For investigation, we followed the four-phase coordinated process as delineated by *Asif and Sargeant* (2000). Explicitly we recognized and pointed particular classes of importance in the information. This anxiously concerns the issues, cycles and connections as they identify with corporate structures, single person conduct and leadership. The following stage was to move from a

graphical to a reasonable degree of conceptual examination. Instead of utilizing programming, we utilized outlines and organization graphs to arrange the information and to create a progression of hypothetical notices. From this, we determined hypothesis with respect to the connections between corporate structures, single person conduct and leadership, which were tried and refined as additionally rose up out of the interviews. In the phase of reviewing, drawing also, confirming, we utilized the hypothetical reminders to investigate and clarify the connections between the hypothetical classifications. End conclusions were conditional until they were completely grounded in the information (*Glaser and Strauss*, 1967).

Data Analysis and Findings

The research results indicate that for successful international brand building leaders needs to establish corporate structures (corporate culture, corporate design, corporate communication and corporate behavior) which convey coherent and consistent brand-related messages for staff. As employees are one of the key stakeholders to whom a company communicates its corporate identity, in line with *Schultz et al.* (2000), we found that successful internal brand building rests on a foundation of interplay between strategic vision, organizational culture and corporate identity. Such coherency seems to be an important consideration to stimulate employees' commitment with the brand.

The study expected to break down the discernment on the COO and brands taken both in the expansive sense and furthermore with explicit reference to the world of extravagance and their effect on its behavior of people. The structure fundamental of the exploratory examination of relations among COO and international brand as in the degree of monetary actions and business dynamics in general.

As indicated by the assessment of subjects examined, accordingly the attribution of "made in" is acknowledged just if the item has a similar COD and COM. Anyway from a diverse cross-culture

perspective this understanding varies fundamentally between the three countries considered; the level of youthful Kazakhstan who think about the COO as a joint aftereffect of COD and COM even arrives at 94% while the level of youthful Russians reduction to 12%; the Uzbekistan are rather in a middle position, actually thinking about the COO as a joint consequence of COD and COM (60%). At the end of the day if for the Kazakhstan and the Russians the COO is connected along with the design and the physical manufacturing for the Uzbekistan the idea of COO is clarified to a great extent (71%) just by the COM.

Finally, and all the more by and large, the findings acquired in this overview highlight examination that ought to be created in additional profundity. Firstly, it is important to investigate COO and international brand perception in different countries, (for example, China); the strategies and leadership to elevate perception of brands as luxury brands as mentioned other international brand countries, besides it is essential to test other methodological devices (both qualitative and quantitative) so as to additionally refine the examination of the determinants of the association among international Brands and COO on a more extensive examples.

Summary, Conclusion and Recommendations:

Summary

The concluding chapter highlights the major summary of this analysis and study:

The essential features to analyze like what is the value of a solid international brand organized territories in all service firms. The results likewise lead us to demonstrate that building an international brand includes various difficult choices, a firm-wide approach, strong and solid leadership and consistency too. It is straightforward to understand that the work needed to design, plan and execute an international brand and to give insights about brand building dependent on a structuration hypothesis viewpoint. It couples an analysis of the conduct of employees with an examination of corporate brand-related structures and related standards and rules.

Conclusion

This paper comes to the conclusion that focal function of an international brand in setting up the association's character and building its circumstance in the overall worldwide business place transformation starting with one method of structuration then onto the next (i.e. changes during international brand building measures) requires leadership among customers, retailers, and other market individuals causes it dynamically fundamental for firms to set up an obvious worldwide strategy methodology and framework. This is on the grounds that the presentation of new structural properties (new guidelines and resources that empower international brand building) happens at a basic juncture where the current institutional orders interceding the activity of leaders and representatives the same are called into question.

Recommendations

Further research is needed to understand how corporate branding structures are repeated in group co-operations by looking all more carefully at schemas and contents that rise up out of social collaboration. There is additionally a requirement for a greater comprehension of the role of the leader in international brand building. We believe that current study writing on international brand building have dismissed the commitment of correspondence and communication in encouraging brand-adequate behavior. There are however exemptions in addition to carry out leadership that considered interpretive structures and complex social cycles. There is no "best practice approach" towards leadership during an international brand building. However, we noticed the consideration required for issues that could conceivably have an impact on how the connections among employees and leaders occur. All things considered, it is a balancing act for leaders to figure out how and what do to that keeps the international brand building process progressing.

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"RELATIONSHIP BETWEEN COMPETITION AND EFFICIENCY IN THE BANKING INDUSTRY OF KAZAKHSTAN"

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ABSTRACT

The purpose of this paper is to determine the relationship between competition and efficiency of commercial banks. I obtain the data for Kazakhstan's biggest commercial banks for the periods 2009 till 2018. For my analysis I use descriptive statistics, correlation and the pooled ordinary least squares (OLS) regression analysis. The results show a positive and significant relationship between competition and efficiency of commercial banks in Kazakhstan. This result supports the hypothesis that if the level of competition increases, the efficiency of banks will also increase.

Keywords: Commercial banks, competition, efficiency

I. Introduction

The purpose of this paper is to determine the relationship between competition and efficiency of commercial banks. As a case study, I will collect data for Kazakhstan's the biggest commercial banks for the periods 2009 till 2018. This result should prove the hypothesis that if the level of competition increases, the efficiency of banks will also increase.

Commercial banks, as financial intermediaries between different categories of clients, perform specific operations, participate in the movement of loan capital, convert short-term deposits into medium-term or long-term loans, and provide various services to clients.

The relevance of the research topic is due to the fact that banking services in a market economy, being a traditional business activity, become the most important source of increasing bank income and meeting the needs of corporate clients and individuals. However, the issues of formation and development of the banking services sphere are not well studied in the banking literature, which makes the study of this problem not only relevant, but timely.

The purpose of the project study is to develop theoretical positions and a methodological basis for ensuring the effectiveness of interbank competition and their activities.

To achieve this goal in the thesis work required the following tasks:

- to study the nature, patterns and features of the formation and regulation of the competitive environment in the banking services market;
- explore the trends of formation and problems of development of the banking system at the present stage from the standpoint of the formation of competitive relations;
- to substantiate the method of calculating the indicator for evaluating the activities of a credit institution;
- to formulate constructive proposals and recommendations for improving the competitive policy of banks.

The object of the research is the market of financial institutions of Republic of Kazakhstan.

The subject of the research is the correlation between the level of competition and efficiency of commercial banks.

The theoretical and methodological basis of the research is the general scientific methodology, conceptual provisions contained in the scientific works of leading domestic and foreign economists and devoted to the general problems of relationships of credit institutions in the banking services market, the provisions of regulatory and legislative acts defining the requirements for the organization of a competitive environment in the banking sector, materials of scientific conferences and periodical economic press.

The practical significance of the project consists of results that show financial condition of the financial institutions. According to those indicators which will be determined and calculated during the process of making this project work, everyone who is interested in working with financial institutions can make analysis of the whole market. Furthermore, under increasing the efficiency of work in commercial banks will emerge the need for improving the performance of accounting information systems to provide appropriate information to the needs of the organization and its operations to assist management in many areas such as planning, control, and decision-making.

II. Preliminary literature review

According to study of Tunisian banks, Gharsellaoui (2015) used two approaches to measure competition. He used Herfindahl-Hirschman index as a structural approach, and the model Panzar and Rosse as non-structural approach. His empirical research is based on a sample of ten Tunisian banks between 1998 and 2013. He found that the lower concentration of banks leads to fierce competition between banks.

If we examine another literature introduced by Mlambo and Ncube (2011), it analyzed the competition and efficiency of the banking sector in South Africa using the Panzar and Rosse model for the period of 1999 - 2008. It is found that for this period the structure of the South African banking sector was described as a monopolistic market, because the top 5 largest banks make up over 85 percent of total banking assets in the country. Hence the results showed that the efficiency was rising over the period, but the number of efficient banks decreased.

Schaeck and Cihak (2008) offered new empirical evidence that efficiency plays an important part in the transmission from competition to soundness. They collected data for Europe and the United States during 1995-2005. The data covered more than 3600 European banks and more than 8900 U.S. banks. They measured competition by a Lerner index Granger and the Boone indicator that focuses on the impact of competition on performance of efficient banks and relate this measure to bank soundness. The results were the same for both areas (Europe and the U.S.), the competition increases bank soundness via the efficiency channel.

Pruteanu-Podpiera (2007) measured the level of banking competition in Czech Republic between 1994 and 2005. They used the Lerner Index on the loan market by using data on loan prices as an alternative way to measure competition. Also, they investigated the relationship between competition and efficiency by performing a Granger- causality-type analysis. Authors found that level of competition for the period of 1994 - 2005 hadn't been improved among banks in the Czech Republic. The results showed that there is a negative relationship between competition and efficiency in banking.

Gutierrez (2007) analyzed the level of competition of Spanish commercial and savings banks for the period of 1986 - 2005. The empirical analysis was grounded on a non-structural approach by Panzar and Rosse (1987) – the so-called H-statistic. During the period H-statistic was increasing, suggesting a more competitive environment among larger banks. Findings shows that concentration reduces competition.

Nevertheless, a research work done by Goddard and Wilson (2009) shows another result. They used the same method of measurement as Panzar and Rosse (1987) for the period 1994-2005. According to results, a decrease in cooperative banks' market power positively influences the degree of competition among commercial banks.

Another example of using the Rosse-Panzar statistic is Hondroyiannis' and Papapetrou's (1999) research, which assessed competitive conditions in the Greek banking system. The research covered the period from 1993 till 1995. The competition in the banking industry was evaluated using non-structural estimation technique. Their findings indicated that bank revenues were earned as if under conditions of monopolistic competition in Greece.

III. Research methodology

My research work will consist of introduction, three chapters, conclusion and references. First chapter will consist of describing the types of methods and approaches to determine the level of competition and efficiency in financial market. Second chapter will consist of results found during the analyzing the efficiency and level of competition in the market. And in third chapter I will give recommendations for improving the efficiency of banks.

Data analysis has been gathered from the website of National bank of Kazakhstan and the Kazakhstan Stock Exchange (KASE) platform. Audited annual financial statements of 28 commercial banks for a period from January 1, 2009 to December 31, 2018 were examined. To determine the relationship between competition and efficiency I use econometric technique such as descriptive statistics, correlation and regression analysis. As a result, I will be able to identify that whether there is a positive or negative/zero relationship between competition and efficiency of commercial banks in Kazakhstan. In addition, during the process of working on this paper, I made an analysis of competition of banking industry which is measured by HHI.

HHI (Herfindahl-Hirschman Index) is created by two economists Orris C. Herfindahl and Albert O. Hirschman. This model can help to define the level of concentration in the market by taking market shares of each participant of the market and sum up their squares. The main advantages of HHI are its easy calculation and low dependence on huge data sources. On the contrary, HHI calculations require only a small amount of data to assess the feasibility and provide a good direction and starting point for further analysis. The main disadvantage of HHI is its simple nature. The formula is so simple that it cannot cope with the various adversaries and complex markets that exist in today's market structure, especially in mergers and acquisitions.

Competition is an essential characteristic of the market and leads to better results for consumers, i.e. consumers are offered differentiated goods with low prices. Competition for market share in the banking sector improves consumer welfare by lowering prices, expanding choice, improving products, and improving service and access. In the long term, consumer interests also depend heavily on a stable and reliable financial system. I believe competition is good. It should result in intermediation services being provided at low cost, finance being directed to where it can be best used and consumers and small business being able to access it on fair terms.

To the main factors determining the level of competition in the banking sectors of developing countries, including Kazakhstan, are the degree of their concentration and the intensity of penetration of foreign banks into them should be attributed.

The scope of activities of modern commercial banks is almost all market sectors. Consequently, the banking competition is very extensive, and the competitive environment is diverse and heterogeneous.

In the modern world, for a highly efficient functioning of the economy of each state, a well-developed and successfully operating financial market is necessary. The main focus in the financial market should be to improve the quality of financial institutions, which implies their improvement, as well as ensuring long-term performance and sustainability.

In the current conditions of a downturn in economic activity in the country, an analysis of the *effectiveness* of commercial banks is particularly relevant, since it helps to obtain detailed information on the effectiveness of a bank, investors, depositors and other interested parties.

We will follow a similar method as that of Ajisafe and Akinlo (2014). Hence, our model is as follows:

ROA = f (INTERM, LN_TA, PCT_NPL, TE_TO_TA)

where: ROA is the return on asset and a proxy for efficiency variable (dependent variable);

INTERM is the intermediation ratio and a proxy for competition variable (measured by total loan to total deposit);

LN_TA is a natural logarithm of total assets and it captures bank sizes;

PCT_NPL represents the ratio of non-performing loans to total loan;

TE_TO_TA represents the ratio of total equity to total assets, it captures the proportion of total assets is financed by equity, and hence what proportion is financed by loans and non-equity shares.

All the variables are transformed into the log form to measure the elasticity of efficiency with respect to each independent variable. We will use the intermediation ratio as a proxy for the competition variable.

ROA is the ratio of the company's net profit, excluding interest on loans to its total assets. The return on assets ratio characterizes the ability of the company's management to effectively use its assets for profit. In addition, this ratio reflects the average return received on all sources of capital (own and borrowed).

IV. Results

The making an analysis of the level of competition in Kazakhstan's banking sector had been chosen structural approach. To be more precise, HHI (Herfindahl index). This model can help to make the measurement of the level of concentration in the market by taking market shares of each participant of the market and sum up their squares.

Taking the data about the Kazakhstan's banking sector for the last 10 years shows that from 2009 till 2017 years, the level of concentration in the banking sector was almost constant. But in 2018, this ratio sharply decreased, which has bad consequences for the market. This change in the level of concentration caused by Halyk Bank and Kazkommertsbank's integration which is the biggest integration in history of financial market in Kazakhstan.

According to the results, the HHI for Kazakhstan's commercial banks showed in 2009 a very high ratio (1821), which demonstrates the beginning of a monopolistic market. From the period of 2010 till 2014, this ratio decreased to 1225, which shows an oligopolistic market. In 2015, 2016, and

2017 years index a little bit increased, but the market still remains at an oligopolistic level. In 2018 the index sharply increased to 2483, which get the market to a monopolistic level.

Picture 1. HHI for the period of 2009 to 2018 years

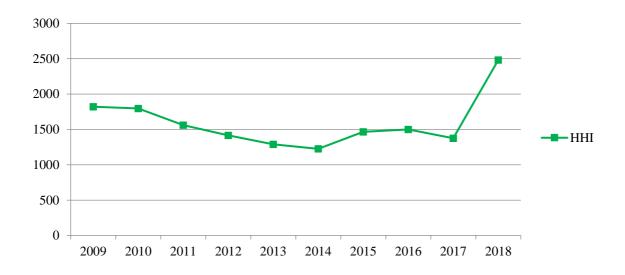


Table 1. OLS regression analysis

P-value = $< 0.01 \rightarrow$ significant at the 1% level

P-value = $<0.05 \rightarrow$ significant at the 5% level

P-value = $<0.1 \rightarrow$ significant at the 10% level

	Dependent variable: ROA					
	(1)		(2)		(3)	
Independent variables	Coef.	P>t	Coef.	P>t	Coef.	P>t
Intercept	0.027***	0.000	-0.038	0.512	0.012	0.835
INTERM	0.013**	0.032	0.014**	0.026	0.015***	0.004
LN_TA			0.002	0.332	-0.001	0.743
PCT_NPL			0.010	0.615	0.015	0.477
TE_TO_TA			0.105	0.164	0.121	0.105
Year fixed effects	No		No		Yes	

Adjusted R ²	0.013	0.026	0.118
Number of observations	112	112	112

Note that: ***, **, * denote significance at the 1%, 5% and 10% levels, respectively (two-tailed test). I use Huber-White standard errors (Huber, 1967; White, 1980).

In column (1), the coefficient on INTERM is positive and statistically significant at the 5% level. It indicates that as bank competition increases, its efficiency increases too, this supports my hypothesis.

In column (2), I control for INTERM, LN_TA, PCT_NPL, and TE_TO_TA; however, I do not consider year fixed effects. The coefficient on INTERM is positive and statistically significant at the 5% level, indicating the higher the bank competition, the higher the bank efficiency. The coefficient on LN_TA is positive but insignificant. It indicates that there is no relationship between bank size and efficiency. The coefficients on PCT_NPL and TE_TO_TA are positive but also insignificant.

In column (3), I also control for year fixed effects because time-invariant variables can affect bank efficiency. The coefficient on INTERM is positive and statistically significant at the 1% level, indicating the higher the bank competition, the higher the bank efficiency. The coefficient on LN_TA is positive but insignificant. It means that bank size is not related to bank efficiency. The coefficient on PCT_NPL is positive but insignificant. The coefficient on TE_TO_TA is positive but insignificant.

In summary, the results from Table 1 support my hypothesis that if the degree of competition increases, the level of efficiency of commercial banks will also increase.

V. Conclusion

The purpose of this study is to examine the relationship between competition and efficiency of commercial banks. Data for research that is needed to analyze has been taken from the website of the National Bank of the Republic of Kazakhstan and Kazakhstan Stock Exchange (KASE) platform. Data consists of audited annual reports of commercial banks and covered periods of time from 2009 till 2018. To determine the relationship between competition and efficiency, I use the econometric technique such as descriptive statistics, correlation and regression analysis.

The results show a positive and significant relationship between competition and the efficiency of commercial banks in Kazakhstan. This result proved our hypothesis that if the level of competition increases. The efficiency of banks will also increase.

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"The Impact of Oil Price Changes on KAZ Economy"

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Abstract

The thesis discussed two important considerations which are such as, the changes in the oil price has indefinite influence on the countries who are considered as oil importing ones, however, it is harsh on the oil exporting ones, as Russia, Kazakhstan and Turkmenistan. Following by, it should be mentioned that this research is very biased; however, many studies were used in the finding of an answer to the research question. This is study which studies the influence of oil price shocks on the Kazakh economy after the COVID-19 and one of the first ones which is fully regarded for the consideration of oil price effects in the history, including the post COVID-19 price changes which happened in 2020. It can be said that there is an impact of world oil prices on the depreciation of the tenge against the dollar, which can be seen in the reflection in the exchange rate of 1 dollar against the KZT as of today (1 dollar=427 tenge). This usually happens due to the influence of oil price changes and the devaluation of Kazakh tenge as a result of money flows in dollars into the economy of Republic of Kazakhstan, ass this all happening due to the increase in oil prices, as the importers are here to buy the oil, there is an increase in the flow of money in dollars into the economy, that is why the amount of dollar currency in the market is high, which contributes to the appreciation of the dollar against the tenge, nevertheless, there is a condition which can not be influence as the government can take special considerations and regimes, and sometimes the changes in the commodity prices is ineffective.

Key words: *oil price, GDP, inflation, economic growth, government, currency*

The topic of this thesis is important because of the two important considerations which were discussed above:

- Changes in the oil price has indefinite influence on the countries who are considered as oil importing ones, however, it is harsh on the oil exporting ones, as Russia, Kazakhstan and Turkmenistan.
- This research is very biased; however, many studies were used in the finding of an answer to the research question. This is study which studies the influence of oil price shocks on the Kazakh economy after the COVID-19 and one of the first ones which is fully regarded for the consideration of oil price effects in the history, including the post COVID-19 price changes which happened in 2020.

Therefore, this thesis is dedicated in order to provide full answers to these two significant points above. Even though the main results described in this article generally support earlier researches on the same subject. terms.

Introduction and objective:

There is a huge hypothesis, whether the oil price is an influencing factor for the financial markets or does not have any related features which may concern the market economy of the Kazakhstan. This question has been researched for years and has been assessed by a tremendous number of researchers, whose works are going to be mentioned in this thesis research in order to clarify the topic and all other regarding content. It is not a secret that oil prices have been playing a specific role in defining the market conditions since the initial developments have taken place. Oil price has influenced not only stock market, but it also had a significant influence in the behavior of consumers, companies and the government itself

State-of the-art literature review

There are studies which have been held by Evans and Fisher (2011), which claims that oil price has almost no correlation with the inflation level which has been taking a place over the world. This is supported by the evidences created by the Chen and Wen (2011) who are also claiming that oil prices are not a subject to the changes in the inflation trends. These both sources which are discussed above can serve as an evidence to the fact that oil price changes, in fact, cannot be an influencing factor for the inflation changes. This contradicts the ideas which were explained in the paragraph above, which states that oil price do have an effect on the inflation, more precisely, the economy, as it defines the growth or the loss in the environment of the country. Obviously, these sources do contradict each other and therefore they are expected to be assessed by more sources, which can be supportive to define what is the real situation followed by the research objectives that are going to take place after the literature review.

Research methodology and data collection tool

The aim of the whole thesis is to identify possible reasons and at what level the oil price is correlated to the economic growth which happen between GDP and inflation. The main research question is "What are the factors in the relationship between oil price and economic growth?" Actually, the VAR approach is going to be used in the data collection process, where it is going to assess all the details and values of the economic factors, such as GDP, inflation, etc. and the oil price.

All of the information is going to be used in this thesis will be taken from the official statistics that government has provided with, and there will be no violation of the of the law. All of the prices and other data used in this research are strongly checked by the official standards of the government, on other words, they are credible and

Data analysis with critical thinking and discussion

It is not an easy task to draw a conclusion from the secondary sources which have been discussed above, as most of them rely on the fact that is concerns their local environments only. According to the sources discussed above, it can be said oil price is an important factor for several countries, whom which the oil export make up the majority part of the exports, where in case of Kazakhstan, it talks in bigger numbers. Therefore, the oil price is significant for defining the future economical growth and etc. All of the analysis and their forecasts, as well as all assumptions which are described above can be different, and therefore, most of them can be considered as not applicable for the situation and circumstances in Kazakhstan. In other words, it can be explained as the matter of fact which can vary from different aspect in different economies. Most of the researchers which are mentioned above do not hesitate the position which says that there is not a strong correlation between a price of oil and an economy, meanwhile, other researchers agree that there is correlation. The next step of the data analysis is going to help to answer the question of this thesis. This part has excluded and included the evidences and false claims, which accordingly has been done to the criticism of the situation of the government.

Summary, conclusion and recommendations

Based on what have been stated above, it can be said that there is an impact of world oil prices on the depreciation of the tenge against the dollar, which can be seen in the reflection in the exchange rate of 1 dollar against the KZT as of today (1 dollar=427 tenge). This usually happens due to the influence of oil price changes and the devaluation of Kazakh tenge as a result of money flows in dollars into the economy of Republic of Kazakhstan, ass this all happening due to the increase in oil prices, as the importers are here to buy the oil, there is an increase in the flow of money in dollars into the economy, that is why the amount of dollar currency in the market is high, which contributes to the appreciation of the dollar against the tenge, nevertheless, there is a condition which cannot be influence as the government can take special considerations and regimes, and sometimes the changes in the commodity prices is ineffective.

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"Contagion and Switching Effects Following Aviation Disaster. The Case of Boeing 737 Max"

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Abstract

The major topic of the following thesis is a contagion and switching effects following aviation disaster on the example of the case of Boeing 737 Max. Researching articles and studies about contagion and switching effects after aviation disasters, it was decided to research this problem, based on the case of Boeing 737 Max as the primary one. However, taking into account that there are some other similar cases, the following thesis would like to consider the accidents in the United States to compare the features of Boeing 737 Max case with the cases, happened in the United States.

The following topic is rather significant as it covers one of the hugest business industries in the world. Aviation becomes a part of modern life and it is impossible to imagine it without airplanes. Taking into account that people around the whole world use aviation for moving from one part to another, it becomes clear that the large investments and finances are concentrated there.

The problem of contagion and switching effects relate to a phenomenon of a "black swan", which could be a sufficient problem not only for the aviation sector, but for the whole global economy as well. The topic is quietly innovational and there are not so many sources about a "contagion" effect, its consequences for aviation enterprises and the major switching effects.

Key words: aviation, Boeing 737, crush, contamination, switching effects, aviation disaster, emergency, airplanes, aviation Company, aviation troubles, Boeing 737 Max, the United States, aircraft.

Introduction and objectives

At the moment, questions of aviation safety are significant in both governmental policies and global economy. As Karanikas, Chionis and Plioutsias (2020) have mentioned, despite the fact that a number of passengers is increasing, the statistics shows that the flights did not became safer and there are still a lot of risks of aircraft crushes and aviation disasters after its occurring. Undoubtedly, the probability that a person can die as a result of an accident in commercial aviation is extremely small compared to other modes of transport, such as a car or bicycle accident, as well as with other more unexpected scenarios, such as an accidental pistol shot or a dog attack. However, a continuous increase in safety can be explained by a number of factors. Planes have become more reliable, so security systems and protocols have improved significantly. It has led to a situation, when a number of design solutions had a significant impact on accidents, including improving the aerodynamic characteristics and design of the liner, criteria for fault tolerance of the design, improving cockpit devices and increasing the number of operated aircraft with automatically controlled flight. Scientific advances have also allowed the aviation industry to better understand how the human factor affects flight safety. At the same time, significant improvements have also been made in production processes, aircraft operations and regulation (p. 8).

According to DAnniballe, Silva, Marzocca and Ceruti (2020), aviation safety continues to show a high volume and increase in the number of insurance cases, which means that aviators and insurers should not be reassured. More expensive repair work and claims for engines, damage from ingress

of foreign objects into the engine, incidents with ground collisions, sliding and falling, suspension of fleet operation, incidents with incorrect refuelling and the award of liability are only some of the areas in which insurers observe increased activity. In recent years, the number of budgets, spent for claims, exceeds the total amount of insurance premiums in the aviation sector and this fact should be mentioned accordingly. In this regard, increasingly complex aircraft also contribute to more expensive claims. In particular, more complex engines and in some cases use composite materials such as resin bonded carbon fiber layers, which are strong and light and help increase fuel efficiency, can be expensive and more labor intensive to repair. Now more aircraft are using composite materials and significant damage is more expensive to repair than in traditional metal alloy engines (p. 11).

MacGilis (2019) emphasised that the increasing complexity of aircraft design, technology and production also leads to more costly shutdown incidents. in which entire fleets participate, as in the case of the Boeing 787 Dreamliner in 2013, after problems with the electrical system related to lithium-ion batteries, and recently after two fatal accidents involving the Boeing 737 Max for a short period from 2018 to 2019. It was reported that Boeing reserved at least \$5 billion to cover costs associated with the global suspension of the 737 Max. Such incidents highlight the difficulty of finding technical solutions to complex problems, which increases the time required to return aircraft to service. Even after the cause is found, the task of modernising the fleet takes a considerable period of time. Civil aviation and flight safety authorities are becoming increasingly cautious, and that is right. However, this is likely to lead to a larger and longer suspension of aircraft operations in the future.

As Rushe (2020) indicated, analysing a variety of aviation disasters' cases, a situation with Boeing 737 Max has attracted more attention and it was decided to investigate a topic of contagion and switching effects after these aviation disasters. Looking through the latest news, it became clear that the consequences of two disasters of the latest Boeing 737 Max aircraft became quietly serious and unpredictable for the largest aircraft manufacturer in the world - Boeing. The facts are clear as in Fall of 2018 an Indonesian Lion Air airliner has crashed, and in Spring 2019 an Ethiopian Airlines plane crashed under similar circumstances. Disasters claimed the lives of 336 people, and none of those on board survived. This situation has lead to the complete stop of the entire global fleet of 737 Max, which followed just five days later and became the main dramatic financial contagion of the world airline industry in recent years. It was found that the first innovative piling prevention system (MCAS) introduced by Boeing, led to both crashes as it automatically directed the nose of the aircraft down even when the autopilot was turned off. Boeing did not prepare a new pilot training program for Max, so they did not know about the new system. For both fateful flights, the angle-of-attack sensor erroneously has reported the overly set bow of the ship, MCAS itself turned on and sent the planes down, so the pilots did not have time and opportunity to understand what was happening and turn off the system. In the last year Boeing Corporation began developing and certifying updated software and hoped that Boeing Max would return to flights by summer. As the American regulator (FAA) put forward all the new requirements for re-certification of Boeing Max, new violations were revealed during primary certification. At the moment, Boeing Corporation has really serious financial troubles, because of these two dramatic accidents and pandemic in the world.

So, the next objectives were stated.

First, it is to demonstrate any international evidence when investors pay attention on the past events, have some essential behavioural biases and because of it have changed stock decisions. The situation can be predictable when investors move the stock prices, because the stock value has two major types of information, such as a risk exposure and expected earnings. In this regard, if there is

an information about the crash, it can negatively influences on the stocks as and well and even the crash was in one part of the world, it can impact a stock performance in its another part.

Second, it is to analyse the most scandalous and well-known cases to recognise contagion and switching affects, following aviation accidents and disasters. In addition, considering the situation of Boeing, it is rather difficult situation as this manufacturer is one of the global leaders. Second, as MacGilis (2019) has stated, the example of Boeing is rather obvious as it demonstrates consequences of the company's incompetence towards its technological updates and innovations, without pilots' knowing. Aviation industry is sensitive in these terms and requires more attention to the details. After both accidents in 2019, Boeing Corporation temporarily suspended the supply of these aircraft to customers after the US Federal Aviation Administration and other regulatory authorities decided to stop the operation of these aircraft. However, production of airliners continues, and Boeing initially had no plans to slow down production. However, some customers have already stated that they can cancel their orders. Garuda Indonesia said it could cancel its order for 20 aircraft of this type, and the Vietnamese company VietJet said its recent order worth \$25 billion will depend on the results of the investigation. Kenya Airways, according to reports, is considering the possibility of switching to aircraft of the main competitor of the American corporation - the European aircraft manufacturer Airbus. It is necessary to highlight that the competition between these two largest producers has always been very tough. Airbus's A320 Neo model is a direct competitor to the Boeing 737 Max. The instruments and control systems on the aircraft of the two manufacturers are different from each other, and the pilots must be certified on a type of aircraft, so they cannot control the type of aircraft on which they were not trained. However, if the 737 Max planes cannot fly for a long time, some customers will face a delay in their orders. This can lead to the renegotiation of many contracts, which can hit the future income of the American corporation.

Third, it is to define what are the major contagion facts from the emerging markets and more development markets in the aviation industry.

Fourth, it is possible to highlight reliable financial biases, connecting with the contagion after aviation disasters, such as a financial panic, a loss of confidence, accountability and others.

State-of-the-art Literature Review

DAnniballe A., Silva J., Marzocca P., Ceruti A. (2020). The role of augmented reality in air accident investigation and practitioner training

Nowadays, contagion and switching effects can be named as the negative consequences of some obstacles and issues in the aviation industry. Several factors and risks can be named in this situation. First of all, there is a shortage of pilots and this issue causes problems and the demand for new pilots. In fact, a required number of pilots could double the current labor force due to the large number of aircraft, significant demand for air travel and tightening the supply of labor. The lack of pilots led to an exponential increase in activity in flight schools, which led to an increase in risk. Increasing demand increases the cost of aircraft used in schools, as schools increasingly use more sophisticated aircraft to train pilots. The average insurance cost of aircraft in some schools has increased from about \$100,000 in the past to \$1 million today. Flight schools are prone to accidents, but requirements are becoming more expensive with rising costs and increased activity. Landing accidents are most common, but insurers also see total losses. A shortage of pilots can also lead to problems such as pilots flying with less experience, reduced transparency of training to meet demand, and pilot fatigue.

Second, there is an excessive dependence on automation systems. Questions continue to arise about the excessive dependence of pilots on aircraft automation systems, which can pose a threat to life as technology becomes more complex. A number of major accidents highlight the problems associated with interacting with these systems. In general, training standards have improved, but systems can still fail or be misused, albeit rarely, and it is necessary to continue to pay special attention to pilots flying with and without automation during training. Pilots should be better trained to be able to take corrective action in the event of a technical failure.

Akyildirim E., Corbet S., Efthymiou M., Guiomard C., Connel J., Sensoy A. (2020). The financial market effects of international aviation disasters

There is more turbulence in flight. Turbulence is tested every day on flights around the world. Extreme turbulence could cause structural damage to the aircraft, which could cost millions of dollars, while changing the flight path and flight altitude to avoid turbulence is estimated to cost U.S. airlines more than \$100 million a year. In the future, turbulence is expected to increase due to climate change, with the North Atlantic Flight Corridor expected to grow the most. This corridor is a route that many international flights use to move between North America and Europe and about 3,000 flights, crosses the Atlantic on the same day. Turbulence is often unexpected. Pilots should be properly trained in how to deal with this situation.

Then, a rapid growth in the number of unmanned aerial vehicles. The US-only commercial drone market is expected to triple in the next five years, one of the biggest challenges affecting the aviation industry. Unmanned aerial vehicles benefit from an air transport system, such as the ability to take aerial photographs of terminal buildings, provide 3D runway maps to detect maintenance work and the ability to quickly detect foreign objects at airports, thereby providing security support. However, as the number of drones increases, the risks also increase. Aviation incidents involving drones and other incidents of reckless behaviour at or around airports are on the rise. Safety reports related to unmanned aerial vehicles in the United States rose from zero in 2014 to more than 250 in 2017, while the number of times an unmanned aerial vehicle threatened the safety of an aircraft in UK airspace increased by more than a third in 2018 alone to 125. Even a small unmanned aerial vehicle can cause \$10 million in physical damage if it hits the plane's engine. In the event of an incident, aircraft may also be forced to make an emergency landing, which will lead to a delay or cancellation of the flight and significant economic losses. Drones have become safer as technology has improved. However, regulation is still lagging behind innovation.

MacGilis A. (2019). The case against Boeing

Further, analysing a situation with Boeing 737 Max, it is possible to emphasise that it was conducted a preliminary investigation, launched by decision of the head of the US Department of Transport, Elaine Lan Chao. The study has revealed a huge violation of the certification procedure for Boeing 737 Max airliners. First of all, the problem was applied to checking the MCAS system, which should prevent the aircraft from piling, even if the autopilot is disconnected, and the liner itself is manually controlled. It is known that the Boeing engineers themselves developed the algorithm for checking this system, and they did it on behalf of the FAA. In fact, it turned out that MCAS decided to change the position of the stabiliser even if information about increased angles of attack was given by incorrectly operating sensors. In case of obtaining data on too high angles of attack, when the nose of the aircraft is strongly pushed up, MCAS could change the position of the stabiliser and direct the nose of the aircraft down four times more than it was indicated in the original documentation. This

is what ultimately became one of the causes of two Boeing 737 Max disasters at once, in which people died.

However, in addition to such negligence factor of FAA officials, facts and direct abuse of authority were revealed. So, in particular, the leadership of the aviation administration demanded that its engineers approve not reliable data obtained as a result of the tests as soon as possible and quickly issue the necessary type certificate to the corporation for its new Boeing 737 Max. This circumstance, along with other revealed facts, was the reason for the criminal investigation, which the US Department of Justice began to conduct together with the FBI. It is known that one of the regional branches of the FBI is located just in Seattle and special agents have already attacked the corporation's plants in Renton and Everett, located in Greater Seattle.

Rushe D. (2020). Boeing's 'culture of concealment' led to fatal 737 Max crashes

Since the disaster in Ethiopia, the capitalisation of Boeing Corporation has decreased by \$25 billion as a result of a 10% drop in the value of its shares. Long-term damage would depend on the cause of the disaster. If it comes to defects in the aircraft control systems software, the costs for its elimination will be less than for elimination of major errors in the aircraft design. It means that if the second crash was caused by the same causes as the crash of the Indonesian company Lion Air, this will require an aggressive replacement of all software, as well as training crews for possible system failures. However, Boeing will have to face the need to restore consumer confidence in it as the reputation of the American company has already been thoroughly undermined. These two catastrophes of the new model, on which such hopes are placed in a very short period, are a serious blow to the business reputation. The major difficulty is the fact that social networks are filled with messages and comments on this subject. Everything now depends on how this situation will be resolved. The suspension of Boeing 737 Max flights is not the first case of temporary decommissioning of aircraft for safety reasons. Flights of another Boeing aircraft - 787 Dreamliner were suspended in 2013 due to battery fires. Then the engineers managed to quickly fix the problems, and the plane resumed flights. It is still in demand, and the number of orders for it does not decrease. The airliner of McDonnell Douglas model DC-10 in the early stages of its operation had safety problems. In 1979, it was decommissioned after a disaster that led to the death of 271 people. This plane crash remains the largest in the history of US civil aviation, but after reconstruction, these aircraft were again put into operation and flew until 2017.

Research Methodology and Data Collection Tools

It was decided to use a method of event analysis. Considering that the aviation industry has different disaster cases with the negative consequences for a whole industry and a total decline in the financial revenues of the companies, initially it was planned to investigate only one specific case - Boeing 727 Max crash. However, analysing the topic carefully and reviewing other situations, it will be conducted an event analysis of at least three same cases, happened in different periods of time. A different in time will allow to see why the previous mistakes were not learnt by the modern companies and why such situations are constantly repeated.

The major research question is whether an international financial contagion exists in the aviation industry, based on the case study of Indonesian Boeing 737 MAX crash.

For the following research such hypotheses were stated.

Hypothesis 1: *There is an international financial contagion in the aviation industry*.

Such hypothesis would help to realise how the aviation disaster in a particular country has influenced on the investors' behaviour, the stock performance and a financial situation of the enterprise. Based on the future investigation results, it is indicated that in case of declining performance, the hypothesis would prove that there is a contagion. In case of null results, the hypothesis will prove that the situation is not stable and positive.

This hypothesis is a key to understand does the shock/event in one country had an impact on the investors' perception of the stock, which will be assessed through abnormal returns. If the analysis would show that there is a declining performance, therefore it would be consistent with the "contagion" effect. We would reject the null hypotheses, if there would not be any movement in increase of the economic environment.

Hypothesis 2: If there is an international financial contagion, it has a short-term effect on the manufacturer stock performance.

This hypothesis would help to analyse the mean-reversion of the stocks of the aviation companies, which have experienced crashes. In case if the analysis demonstrates that a contagion lasts more than an event window, the mentioned null hypothesis is going to be rejected.

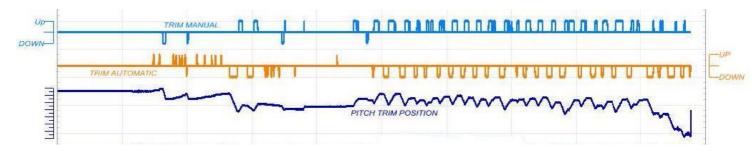
Data Analysis

First of all, it is necessary to start from an analysis of a situation with Indonesian Boeing 737 Max Crush.

According to Rushe (2020), on October 29, 2018, Lion Air flight 610 has departed from Jakarta (Indonesia) with 189 people on board. It was a new 737 Max, which was the last model of the Boeing line of aircraft. Take-off and rise to a height of about 480 meters was normal, after which the pilots have removed the flaps. At that moment, the aircraft unexpectedly dropped to 270 meters. In radio conversations with air traffic controllers, pilots reported a problem with the control system and asked about their height and speed displayed on the radar screens of dispatchers. The equipment in the crew cabin gave variable readings. The pilots extended the flaps and rose to 1 500 meters, but after retracting the flaps, the nose of the aircraft dropped and it again began to loose an altitude. Over the next six to seven minutes, the pilots fought their own plane, they tried to maintain the level of the nose, but the flight control system constantly lowered it down. In the end, the plane crashed into the water at high speed and all on board were died.

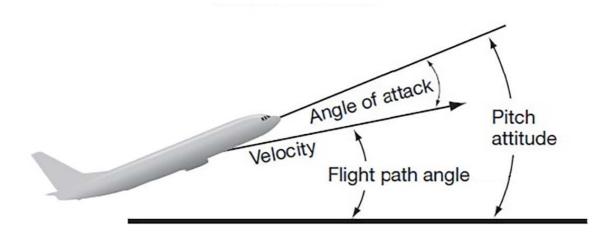
As it was mentioned in Aircraft Accident Investigation Report of Committee of National Transportation Safety of Indonesia (2018), these ascents and descents were caused by the movements of the horizontal stabiliser, which is a small, wing-like surface in the rear of the fuselage. The stabiliser controls the pitch angle of the aircraft, where the nose is directed. On the Boeing 737 Max, it does in two ways. The elevator trimmer mechanism tilts the entire stabiliser, while the movement of the pilot's control wheel moves the elevator, which is a movable steering wheel in the rear of the stabiliser. In both cases, moving the rear of the surface up causes the nose of the aircraft to rise. Further, the commands, supplied to the altitude trimmer system and its effect on the aircraft, are shown by three curves from flight data (p. 25). See Picture 1 below.

Picture 1: The commands of Boeing 737 Max



From Picture 1 above, it is seen that the line marked "trim manual" (a blue line) reflects the actions of the pilots, "trim automatic" (an orange line) shows commands from the electronic systems of the aircraft, and "pitch trim position" (a dark-blue line) shows a slope of the stabiliser, which is a higher position on the graph indicates a command to raise the nose. So, a struggle between man and machine is obviously noticeable. In the second half of the flight, the automatic balancing system repeatedly sent commands to lower the nose at intervals of about 10 seconds. In between these automated commands, the pilots, using the control wheel buttons, raised their nose up with a trimmer. In response to these conflicting commands, the position of the horizontal stabiliser fluctuated with a period of 15-20 seconds. The sawtooth movement lasted about 20 cycles, but towards the end the inexorable automated nose lowering commands prevailed over the shorter pilot nose lifting commands. In the end, the stabiliser went into its maximum dive deviation and remained in it until the plane crashed into the water.

Analyzing a whole crash, the charges why it was happened are directed towards MCAS, as MacGilis (2019) has stated, the new system of the 737 Max series. MCAS stands for Manufacturing Characteristics Augmentation System and this surprisingly complex name gives no idea what this system is doing. Obviously, MCAS is not a hardware device and in the compartments of electronic equipment of the aircraft there is no case with MCAS marking. The MCAS system consists entirely of software. This is a program running on a computer. MCAS has only one functionality. It is designed to prevent aerodynamic piling, which is a situation, when the nose of an aircraft is raised relative to the surrounding air flow so high that the wings cannot keep it in the air. Pilots are trained to get out of piling, but they do not practice such a skill on aircraft filled with passengers. In commercial aviation, a major emphasis is placed on avoiding piles or preventing them. Airliners have mechanisms for recognizing impending piling and they report this fact to the pilot with light and sound indicators, as well as a stick shaker. On the flight 610, the captain's helm vibrated almost from the very beginning to the end. Some aircraft when threatened with piling are not limited to simple warnings. If the bow of the vessel continues to rise, the automated system intervenes and lowers it down, intercepting manual control from the pilot if necessary. This is what MCAS is designed to do. It is armed and ready for battle, subject to two criteria: the flaps are retracted (and they are extended only during take-off and landing) and the aircraft is in a state of manual control (not autopilot). As Vie (2014) mentioned it in her study, if these conditions are met, the system is triggered when the



aerodynamic value called angle of attack (AoA) rises to a range of dangerous values. See Picture 2 below.

Picture 2: Angle of attack

From Picture 2, based on the article of Vie (2014), it is possible to see that the angles, indicated in the figure are the turns of the aircraft hull relative to the pitch axis, which is a line parallel to the wings perpendicular to the fuselage and passing through the center of gravity of the aircraft. If a person sits in the same row as the exit, then there is a possibility that the pitch axis passes under the seat. Rotation along the pitch axis raises and lowers the nose. Pitch attitude is defined as the angle of the fuselage relative to the horizontal plane. The angle of inclination of the flight-path angle is measured between the horizontal plane and the speed vector of the aircraft, that is, it shows how smoothly it rises or descends. Angle of attack is the difference between the pitch angle and the angle of inclination of the flight path. This is the angle at which the aircraft moves through the air surrounding it, assuming that the air itself is stationary and there is no wind (p. 22).

Summary, conclusion, and recommendations

The case of Boeing 727 Max is one of the most discussible in the aviation, which has caused sufficient debates in terms of contagion and switching effects, software drawbacks in the aircraft and a necessity to checking all possible negative sides and consequences. It is possible to make some conclusions. First, erroneous sensor data is dangerous, no matter who controls the plane: a computer or a person. A reasonably designed instrument and control system would take steps to detect such errors. Currently, the only protection against such failures is system redundancy, and in an unmodified version of MCAS, even this protection has been compromised. An important point giving advantage to live pilots is that they are reasonable and sometimes skeptical about the readings of the devices. Such prudence is quite possible for automated systems. Many sources of information can be used. For example, a mismatch between AoA sensors, pitot tubes, static pressure receivers and air temperature probes is not only an error signal, but also an opportunity to understand which of the sensors turned out to be faulty. Inertial reference system provides independent control of aircraft position and GPS signals can even be used. It is generally accepted that the main difficulty is to understand all these data and draw the correct conclusions from them. Secondly, the feedback controller has another source of information: an indirect model of a controlled system. If a pilot changes the angle of the horizontal stabiliser, this pilot should expect that the state of the aircraft will change in a known way, such as its angle of attack, pitch angle, airflow speed, height and speed of change of all these parameters. If the result of the control action does not correspond to the model, then something happens wrong. Persistent transmission of the same commands when they do not lead to the expected results is unreasonable behavior. Autopilots have rules of conduct in such situations; similar serviceability checks can be implemented in low-level control rules performed during flight in manual mode.

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"Marketing Strategies for Pharmaceutical Products in Kazakhstan: An Empirical Study"

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1. Introduction

The pharmaceutical industry is the largest industry in the world, with global revenue of about \$ 2.8 trillion. In recent years, the pharmaceutical industry has undergone significant changes with new demands on payers, suppliers and manufacturers. Customers are now demanding the choice and convenience inherent in segments other than the pharmaceutical industry (Kalotra, 2014).

In order to fulfill new facing demands and challenges drug producers have to use new tricks and techniques. It is obvious that pharmaceutical companies examine different marketing strategies and tools to overcome to each other in order to gain more customers. Such activities without any drought increase significantly company expenses, hence, the aim of this empirical study to exam effectiveness of applying contemporary marketing strategies, techniques etc.

The current study attempts to show how Kazakhstan applies all above mentioned tools compare to other marketers and their effectiveness.

2. Kazakhstan Pharmaceutical Market Overview

The pharmaceutical market in Kazakhstan has very attractive features. It is expected to be the most accessible, competitive and transparent market in Central Asia. In addition, it has a favorable regulatory environment, ease of doing business compared to neighboring countries, and very progressive from a legislative point of view. It has also grown significantly in recent years, but in terms of market size, its potential is limited by a relatively small population of about 17 million. The high rates of economic growth in recent years, combined with the accelerated development of the oil and gas sector and the mining industry, are giving impetus to the development of the pharmaceutical sector. In the short term, the pharmaceutical market of Kazakhstan is determined by a balanced policy of import substitution and integration with regional CUs, including Russia and Belarus, and accession to the WTO. In the long term, it can use its potential by supplying neighboring countries such as Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan with low domestic production (BMI, 2014).

3. Market Segmentation - Prescription drug market

Prescription drugs accounted for two-thirds of the market in value terms, approximately 65% in 2013. About 55% in volume terms is sold through retail pharmacies, and the retail market accounts for 75-85% of the total market in value terms. The increase in cost was due to an increase in government spending and the Guaranteed Medical Assistance Program (hereinafter - GOMBP). The introduction of comprehensive health insurance or similar universal drug coverage can have a major impact on this sector. The introduced compensation system fully covers drugs purchased for the treatment of coronary heart disease, hypertension, COPD, pneumonia, infectious diseases, specific cancers and autoimmune diseases. The coverage is expected to be covered by several patented drugs. Thus, generic manufacturers are expected to see strong market growth in the medium term. In numbers,

this market sector will grow to US \$ 2.31 billion by 2018 from US \$ 1.20 billion in 2013 (BMI, 2014, p. 16).

4. The purpose of the study

The aim of the study is to exam efficiency of applying marketing technics in Kazakhstan from 4P marketing strategies ankles such as product, price, promotion and place. That means if Kazakhstani pharmaceutical companies apply these strategies adequately or not. If there any obstacles occur when doing so. To be precise, as for product strategies, how oversea drugmakers adopt their strategies in Kazakhstan, vice versa if local pharmaceutical manufacturer adopts foreign experiences or only rely on government subsidy. Regarding to price strategy, the current year we face global Govid-19 pandemic which stimulates drug makers to be more fairly to consumers. Thus, local government also started to set recommended prices for medicines. It is, obviously, limited some marketing activities such as medical representative visits to hospitals and clinics that, therefore, entails disappearing some drugs from doctor's prescription. All these as a whole affect to promotion strategies as well. However, there is still plenty room for improving place strategies. Covid-19 not only effected negatively for economies, but also created new way of doing business, hence, many have started to switch traditional way of doing businesses to digitized one. All in all, all mentioned strategies will be examined in this study in Kazakhstan context.

5. The significance of the study

The results of this study will benefit potential new companies who wants to the local market, existing pharmaceutical companies in the market as whole. Market appraisal before entering will help rethink the marketing strategies, as for existing players to review or even reconstruct it. It believes that this empirical study will provide enough arguments insides of pharmaceutical business such as grossing issues, marketing techniques applied with local culture buying habits etc. Therefore, this study not only aims to exam effectives of certain marketing strategies, but also how it can help to society from economical and health aspects.

6. Objectives of the study

Research Objectives are:

- What is marketing strategy for pharmaceutical business, traditional and modern methods and advantages and disadvantages to drug makers.
- Identify, analyze the main issues of implementation of marketing strategies in local pharm companies and study the methods for evaluating the effectiveness adopted by local and foreign drug makers
- Understand the key milestones at which performance is measured and evaluated
- Understand the better marketing strategy can work for our society

7. Limitations of the Study

- Limitations for this study without deep background knowledge;
- There are not so many local drug makers to exam,
- There are limited open sources to collect data,
- It contributes to the conclusion that every truth is valid and the same for all;

• The purpose of qualitative analysis is a completed and detailed description.

Key words: drug makers, drug, pharmaceutical companies, Kazakhstan.

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"How a company should recognize indexation in accordance with IFRS requirements?"

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Abstract:

Economy of the Republic of Kazakhstan - the largest economy in Central Asia, which make it the most attractive investment magnet among CIS countries for international companies and development banks. Almost all funding provides in US dollars as it is the most safe-haven currency in the World. By working as an accountant at the international leasing company which offers retail financing solutions in three currencies (Kazakh Tenge, US Dollar and Russian Ruble), I'm interested «How a company should recognize indexation in accordance with IFRS requirements? ». As the huge portion of company's portfolio includes USD financing deals. However according to the Article 127 of Civil Code of the Republic Kazakhstan «The Tenge shall be the legal tender, which is obligatory for acceptance, in accordance with its nominal value, in the entire territory of the Republic of Kazakhstan». Which means that all resident companies are prohibited to make foreign currency transactions. After receiving financing from Corporate treasury and International banks in USD, the company has to sell foreign funds and make deal with local clients only in KZT. Later the company receive funds in local currency and should convert it again to USD and return financing in the same currency, which was initially provided. Unfortunately, tenge is unstable currency, which depends on Oil pricing in the World Market. It also has passed through the five stages of devaluations since independency. In terms of hedging risks the company applies indexation. Therefore, I've chosen this topic for the research.

Introduction and objective:

The company - International leasing company, which provides retail financing solutions and extended protection products to customers and dealers for the complete line of Cat machinery and engines, gas turbines, other related equipment. The company offers financing to customers in 3 currencies: US Dollar (USD), Russian Ruble (RUB) and Kazakhstani Tenge (KZT). The huge portion of deals financed in USD. As the Company is registered in the form of a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan. The company and its customers are residents of the Republic of Kazakhstan. To align with the Article 127 of Civil Code of the Republic Kazakhstan «The Tenge shall be the legal tender, which is obligatory for acceptance, in accordance

with its nominal value, in the entire territory of the Republic of Kazakhstan» both sides are prohibited to make foreign currency transactions, therefore leasing contracts are signed only in KZT. Despite all agreements conclude in KZT, customers more often choose financing in USD and RUB. By selecting these currencies, the %age of interest rates would be much less than in KZT. In this case the huge portion of deals financed in USD and RUB. Exchange rates apply for USD and RUB financing it's called indexation.

Interests' rates for different currencies vary:

- KZT 17-20%
- RUB 11-13%
- USD 3,5-5%

According to the above data it's become clear, why customers prefer foreign currency financing more than tenge financing, due to this fact indexation and accounting treatment for indexation occurs.

In order to reduce currency risks in Leasing Agreements, the company established conditions according to which leasing payments (Principal and Interest) are subject to indexation when the exchange rate of USD to KZT changes against the initial exchange rate in the leasing agreement. In terms of principal indexation is applied only when the exchange rate of the USD to KZT increases. If the exchange rate of the USD to KZT decreases, the company has the right (lessee - obligation) to estimate the leasing payment on the principal at the fixed initial exchange rate (The rate was set on the date of contract conclusion). In terms of Interest indexation is applied in both cases, when USD increase and decrease to KZT exchange rate. This indexation occurs if the rate changes more than 1%. If the exchange rate decrees the same methodology like in Principal indexation should be applied. For RUB changes should be more than 3%.

In accordance with IFRS the company accounts sum of indexation as embedded derivative and recorded separately from the main contract. The subject of leasing is heavy equipment, the lessor is recognized it as Inventory and the lessee as Fixed Asset.

By using the following procedures customers provide payments for leasing item: After handover of the leasing item into temporary possession and use, the lessee pays to the lessor the leasing payments, including the advance leasing payment and periodic leasing payments. The leasing payments include the principal and interests. The lessee shall also pay to the lessor other amounts provided in the General terms

Procedure for payment of advance leasing payment. Before the machine handover the lessee make payment to the Lessor of the Advance Payment at the amount and within the terms specified in the Agreement. Interest on the Advance Leasing Payment doesn't accrue and shouldn't not be paid to the Lessor. The Advance Lease Payment should be credited in full to the Principal on the handover date. If this obligation is not fulfilled, the Lessor have the right not to perform its obligations under the Agreement.

Procedure for Payment of Periodic Leasing Payments. The Lessee make Payment to the Lessor of Periodic Leasing Payments within the terms specified in the Agreement according to the payment schedule. All payments made by non-cash funds transfer in KZT.

Indexation of Payments. All Settlements under the Agreement are carried out in KZT. The lessor could choose the financing currency between USD, RUB and KZT. If the lessor selects USD or RUB, the additional condition would take place in the leasing agreement – Indexation of payments.

For USD:

Principal's Indexation Amount is calculated if only C>1,01, by using the following formula:

Ind = ((P * C-P) * VAT), where:

Ind = Principal Indexation Amount

P = Principal Amount

C = Coefficient

VAT = current value added tax rate in the Republic of Kazakhstan. Currently VAT=12%

Indexation occurs only if the current rate comparing with the initial rate changes more than for 1%. Initial exchange rate – rate that was fixed on the date of machine handover. The same formula is used for RUB, only C is different, indexation occurs only if the C>1,03.

The Principal and Interest Indexation Amount determined by the Lessor in the invoice. In the Invoice, the Lessor specify the applicable exchange Rate on the Invoice Date. Indexation also include VAT. In case in the period between the Invoice Date and the Payment Date the exchange Rate would increase for more than 1% for USD financing and more than 3% for RUB financing, the lessee has to reimburse the difference to the Lessor.

The main issue of my research is to understand:

- 1. How to recognize debt indexation in accordance with IFRS requirements?
- 2. How a company should recognize receivables under financial leasing agreements in accordance with IFRS requirements?
- 3. What tax consequences under Corporate Income Tax arise for the company when recognizing indexation of principal and interests in accordance with IFRS requirements?
- 4. Does the indexation amount increase in the value of the leasing object and for what kind of value should the lessees have to accrue depreciation?
 - 5. How the company should recognize VAT in accordance with Kazakhstani Tax code?
- 6. Should the company issue additional invoices for the amount of indexation on a monthly basis?

State-of the-art literature review and background information:

- 1. The Code of the Republic of Kazakhstan from 25th of December 2017 No. 120-VI on Taxes and Other Mandatory Payments to the Budget (the Tax Code)
 - 2. IFRS 16 Leases
 - 3. IFRS 9 Financial Instruments
 - 3. The Civil Code of the Republic of Kazakhstan the General part the 27th December 1994
 - 4. The Law of the Republic of Kazakhstan about financial leasing dated 5 July, 2000 No. 78.
 - 5. The company's internal policies (accounting, tax, compliance documentation)

Background Information

The company is registered in the form of Limited Liability Partnership (LLP) in accordance with the law of the Republic of Kazakhstan. When the costumers are looking to finance equipment, acquire working capital, improve cash flow or protect investment, the company understands the customers' businesses and has the solutions to fit their needs. The quality service throughout the life cycle of equipment including purchase, protect, manage and resell are offered. By having a single provider supported by network of more than 2,500 dealers. The costumers have a powerful balance between making the process of acquiring, using and servicing the equipment simple and effective.

The company operates in North and Latin America, Asia Pacific and EAME regions. The first entity in CIS was established in 2002 in Moscow, then in 2008, due to the expansion of activities in Ukraine. The youngest Kazakhstani entity within CIS opened the doors in November 2015 in Almaty.

Moscow have a few business activities (Finance leasing. Operating leasing and proving borrowing for dealers), while Ukraine and Kazakhstan have only one main activity – Finance leasing. All operations are doing in collaboration with dealer, as the company doesn't sell an equipment by themselves.

When the costumer decides to take the machine on lease, it enters into the financial agreement as a lessee, the company enters into financial leasing agreements in which it acts as a lessor. The Company and lessee are residents of Kazakhstan. The functional currency of the company and the lessee is Kazakhstani tenge (KZT)

In order to finance deals under the lease agreement, the company borrows cash in foreign currency (US Dollars) from related parties that are not residents of Kazakhstan.

According to Kazakhstani legislation, all transactions between residents can be carried out only in KZT. In order to reduce foreign exchange risks in the Leasing Agreements, the Company established the conditions according to which leasing payments (principal and interests) are subject to indexation when the exchange rate of the US dollar to KZT changes in relation to the initial exchange rate established in the Leasing Agreement. In terms of the subject of leasing, indexation is applied only with an increase in the US dollar to tenge, in terms of interests - both with an increase and a decrease in the US dollar to tenge.

In accordance with IFRS, the amount of indexation in the Company's accounting is treated as a financial derivative and it is accounted separately from the main contract. The subject of leasing is road construction and other equipment, which is recognized by the lessor as inventory, by the lessor as a fixed asset.

The company wants to reduce currency risks as since the independence of the Republic Kazakhstan national currency tenge went through the 5 stages of devaluation.

1st stage 1994: The most expensive tenge could be bought in 1993. 1 USD cost only 4.7 tenge. However, this price lasted only 1.5 months, and in January 1994 the dollar went up by almost 18 times, 1 USD was equal to 88 tenge.

2nd stage 1999: In 1999 the US dollar jumped immediately from 84 to 138 tenge. At that time, the head of the National Bank was announced to citizens of Kazakhstan about the transition to a free fluctuation of the tenge. The purpose of the devaluation was to increase the volume of exports and its competitiveness.

3rd stage 2009: Since February 4, 2009, with the aim of preserving gold reserves and maintaining the competitiveness of domestic commodity producers, the National Bank of Kazakhstan stopped supporting the tenge in the former implicit corridor and established a corridor for a new tenge exchange rate of about KZT 150 per dollar with a fluctuation of +/- 3% or 5 tenge. The tenge rate devalued from 121 to 150. The national currency was devalued by 23.9%. During this period, the contraction of business activity in the world led to a decrease in demand for oil and metals, and this was the basis for Kazakhstan's exports. During the year, the price of oil fell almost 4 times, for metals - almost 2 times. The main trading partners of Kazakhstan and the nearest neighbors - Russia and Ukraine - devalued their national currencies by 40-45 %. Therefore, the tenge was devalued. Otherwise, Kazakh products would lose their competitiveness (Message of the President of the Republic of Kazakhstan N.A. Nazarbayev to the people of Kazakhstan, 2009).

4th stage 2014: The National Bank of Kazakhstan announced the devaluation of the national currency on February 11, 2014. On February 11, the tenge was devalued by 20%.

5th stage 2020: The outbreak of the Coronavirus pandemic has been unpredictable, and has an impact to world markets, which reflected in foreign exchange. The effect of COVID-19 touches every part of the economy all the world, including the Republic of Kazakhstan. During the march of 2020 the tenge was devalued for 15% from 380 to 448 tenge per 1 USD.

Summing up all devaluations in Kazakhstan the Kazakhstani tenge devalued almost for 100 times from 4.7 KZT = 1 USD in 1993 to 448.5 KZT = 1 USD in 2020. After such a brief excursion into the history of independent Kazakhstan, it becomes clear why the company wants to minimize its foreign exchange risks.

Research methodology and data collection tool:

In order to analyze selected issue and make recommendation I did the following:

- 1. Have a discussion with Chief accountant and Financial manager;
- 2. Reading Tax Code's articles related to leasing, CIT and VAT. Compared tax codes of 2018, 2019 and 2020;
 - 3. Analyzing the company's accounting policy;

- 4. Analyzing current Kazakhstani Leasing Legislation;
- 5. Discussion with leasing companies about accounting methodology of Indexation.

Data analysis with critical thinking and discussion:

The research would include qualitative and quantitative data collection techniques and analysis procedures to strengthen the validity and quality of data analysis and research finding. Also, a comprehensive review of Tax code and current leasing law and IFRS standards helped to answer for my following questions:

- 1. How to recognize debt indexation in accordance with IFRS requirements?
- 2. How a company should recognize receivables under financial leasing agreements in accordance with IFRS requirements?
- 3. What tax consequences under Corporate Income Tax arise for the company when recognizing indexation of principal and interests in accordance with IFRS requirements?
- 4. Does the indexation amount increase in the value of the leasing object and for what kind of value should the lessees have to accrue depreciation?
 - 5. How the company should recognize VAT in accordance with Kazakhstani Tax code?
- 6. Should the company issue additional invoices for the amount of indexation om a monthly basis?

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"Tax optimization and firm performance: Evidence from the emerging market of Kazakhstan"

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Abstract

Taxes on corporate profits are obligatory and usually result in a large outflow for firms that, if not planned, lead to disproportionate and unwilling transfer of corporate resources to the government with its negative impact on the operating capacity and firm value with further negative effect on firm performance. In the light of this, the study examined the effect of tax planning on firm value. The purpose of this research is to investigate the relationship between corporate tax optimization and firm performance in context of Kazakhstan over a 7-year period. This study combines the factors that can be closely related to effective tax rates and can influence the firm's value. Financial debt, earnings management, firm age, firm size, ownership and audit quality factors are discussed in this study. To find out the effect, the work includes the balanced panel data with 176 non-financial firms and 308 total number of observations. The time period of the study conducted is seven years i.e. from 2009 to 2014. Our findings help decision makers, researchers, policy makers and other interested parties to better understand the main role of tax planning and optimization in the management of firms and their performance.

1. Introduction

The significance of taxation in management of the company is gradually growing. The executives of giant firms attach importance to tax topics, especially to the relationship between tax optimization and the firm's value (Alvarez & Marsal, 2012). According to the study of Capiez (1994) "tax optimization consists in minimizing mainly the income tax in order to maximize the result after taxes." Furthermore, Bryant-Kutcher, Guenther, and Jackson (2012) concluded that tax optimization interest managers to reduce tax burden and increase level of profits as much as possible. Therefore, tax optimization increases the net income of company and as a result will more likely attract attention of foreign investors, because improvements in net income positively influence company's performance. Particularly foreign investment decisions are mainly based on the reputation of the enterprise, but manipulations with tax reduction and profit maximization may look suspicious. The legal way for tax optimization is minimizing the taxable base for investment and financing actions. As a result, we decided to examine the relationship between tax optimization and the firm's performance. Fundamentally tax reduction methods can take many forms. Some of them are legal and raise no doubts; some are focused on searching for and taking advantage of loopholes in the law (Machan, 2012). As a matter of fact, tax policies are directed to enhance government revenue to close budget gaps or, in some cases, of attracting business activity. For instance, favorable tax regime positively affected Kazakhstan to take the leading position among the CIS countries in attracting

direct foreign investments. However, in recent tax policies have in some instances tended to heighten tax planning challenges and increased tax authorities' expectations for transparency.

Today in Kazakhstan the tax topic is very relevant in connection with the development of market relations. The market is growing, companies are interested in maximizing profits and reducing costs, and therefore the proper structuring of their transactions and domestic tax policies are gradually coming to the fore. First of all, tax optimization implies a set of preventive and always legal measures aimed at simplifying the company's taxation procedure, effective use of benefits and exemptions provided for by tax legislation. Tax optimization can be caused by imperfection and relative complexity of the tax system of Kazakhstan. Tax optimization is considered as a legitimate activity, first of all, it should be perceived as the optimal combination of legal norms in order to reduce the tax burden, but necessarily within the framework of current legislation.

In terms of investment climate in Kazakhstan according to the report of the World Economic Forum, Kazakhstan is on 42nd place among 148 countries.

3. Literature review and hypotheses development

The last two decades have witnessed an explosion of interest in tax planning, yet there is surprisingly little empirical evidence and until recently there has been little research on tax optimization and firm's value. And no studies on the relationship between tax planning and firm performance. In this section, we examine the relevant literature on tax planning and the firm performance. Then, we explain the relations between firm performance and earnings management, investment, financing, audit quality and size.

3.1. Tax optimization and firm performance

The previous studies on tax optimization and firm's value afford audience make conclusions whether tax planning was successful or not basing on the numerical results. However, performance of company is more complicated to measure, it is tightly connected with company valuation after tax optimization manipulations. Moreover, if in developed countries management of corporations give special attention to the value creation to company, not only monetary but also non-monetary like reputation. Previous studies on taxes and the firm performance assumed a linear relationship between tax optimization and the market-to-book ratio (De Simone & Stomberg, 2013). Jacob and Schütt (2014) explain two measurements of tax avoidance such as an expected level of future tax rates and uncertainty. They summarized that, for entities with effective tax avoidance, before the tax earnings had an important impact on a firm's value and performance. In addition, firms, with floating effective tax rates, received a discount on their earnings. In this study, we used Effective Tax Rates as a proxy of tax optimization.

H1: There is a negative relationship between tax optimization and firm performance.

3.2. Earnings management and the firm performance

Earnings, also known as the "bottom line" or "net income", are the single most important item in financial statements. They all are determined that how much a company involves in value-added activities. Basically, the theoretical value of a company's stock is the present value of its future earnings. Earnings management is defined by Schipper (1989) as "the process of taking deliberate

steps within the constraints of Generally Accepted Accounting Principles to bring about desired level of reported income." It is one of the tools used for handling accounting information due to gaining profit in capital markets through trade. Some managers decide to use judgement and conclusions in financial reporting and to either influence contractual outcomes that depend on reported accounting numbers or to mislead some stakeholders about the underlying economic performance of the company (Healy and Wahlen, 1999).

Therefore, the following hypotheses are formulated:

H2: Earnings management by companies adversely impacts firm performance.

3.3 Financial debt and firm performance

The firm is financed by debt and equity, the most common foundation of financing for the firm is financial debt. Debt financing is one of financing options most commonly pursued by companies. Financial leverage can be described as the extent to which an entity is using the borrowed money and it is a measure of how much firm uses equity and debt to finance its assets. As debt rises, financial leverage rises as well. It has been seen in different studies in the world practice that financial leverage has the relationship with financial performance The role of debt in corporate governance depends on the structure of corporate ownership and control. Two professors in the 1950s Modigliani and Miller developed the capital-structure irrelevance proposition. American economists presented the seminal work which hypothesized that the tax benefits of debt increased firm's value with further increase of firm performance and reduced the cost of using debt capital. Their study hypothesized that the tax benefits of debt increased firm value and reduced the cost of using debt capital. Therefore, the tax perspective considers that financial debt is a tax source of benefit to the firm. Actually, as a result of interest expense on outstanding debt being deductible, allows the tax burdens to be decreased and to increase firm's value afterwards Therefore, we tested the following hypothesis:

H3: Leverage has a negative effect on firm performance.

3.4. Audit quality

The audit is a formal examination of an organization's or individual's accounts or financial situation. The companies listed on the stock exchanges are obliged to pass audit check on quarterly, semiannually or annually. The local entities listed on Kazakhstan Stock Exchange are also a subject of audit check, each company may choose auditing firm itself, but the national companies have be monitored by Big 4 companies and each five years change audit partner. The audit quality has significant impact on the both firm value and firm performance. Lots of studies used Big 4 firms rather than Non-Big 4 firms to approximate audit quality. Thus, as a result we tested the following hypothesis:

H4: Audit quality has a positive impact on firm performance.

3.5. Firm age

In nature, aging is a process associated with a general decline in the physical functioning of the human body. We want to know whether firms also weaken and lose their ability to compete over time, and we want to know why that happens. The term business cycle also refers to phases in the life of an ongoing business covering a year or several years, whereby the company takes in revenues from normal operations for a year or more, re-evaluates business performance and growth prospects, adjusts or changes the `business model`. As firms grow older, their profitability seems to decline. Despite the fact that logically as firm grow older, their profitability seems to decline. However, these entities are more reliable in the eyes of investors and management, and as a result the companies "with history" have higher performance.

H5: Firm age has a positive effect on firm performance.

3.6. Firm size

There is a list of firm performance determinants, and one of them is firm size. Are larger firms more profitable better than smaller firms? Discussions of the role of firm size in explaining firm performance have been ongoing in the fields of business organization and industrial economics. The conventional wisdom is that larger firms tend to be more profitable than their smaller counterparts, either due to efficiency gains or higher market power.

H6: Firm size has a positive impact on firm performance.

3.7. Ownership

The term foreign ownership encompasses all forms of foreign private investment in a foreign country which confers control and ownership over a package of resources. The package may include technology, capital, management and financial expertise, etc. It is generally considered that foreign ownership has a positive impact on a firm's performance, especially in developing and emerging economies. Foreign investments provide access to certain specific assets such as technology, managerial ability, access to foreign markets, corporate governance techniques and other intangible benefits.

H7: Ownership has a positive impact on firm performance.

3.8. Sector of activity

According to the study of Assadi, Aliani and Omri well determined the sector can help the firm management to benefit from certain tax advantages as tax reduction and can influence, also, the firm performance. In this work earlier was mentioned that company's value improvement more likely beneficially influence firm performance rather than worsen its performance. The number of researchers mentioned the importance of the activity sector in the firm's value increase and performance (Zimmerman, 1983). Therefore, we tested the following hypothesis:

H8: The firm performance depends on the sector of activity.

4. Data and Methodology

In this section, we present our data, the sample selection of our research, variables (dependent, independents). Then we present the model, the descriptive analysis, the statistical tests and the results of the calculations.

4.1. Sample selection

Our empirical study is based on a sample of 176 Kazakhstani companies over a 7-year period. We began with a sample of all Kazakhstani firms listed on Kazakhstan Stock Exchange during the years from 2010 to 2016. We chose these seven years because they represented the most recent years with available financial statement data. For the listed firms, we collected the data from the financial statements provided by the firms and checked by independent auditing companies. However, due to insufficiency of the data, some firms were automatically eliminated. We excluded firms working in the financial sector, i.e. banking, insurance and investment firms; and real-estate firms because of their accounting and tax differences. Moreover, financial institutions are excluded from research because they have different corporate governance structure and specific regulations. Indeed, these companies are obliged to submit to sectorial standards techniques, whereby the financial accounting techniques are departing from those other manufacturing, commercial, industrial and services providing firms. The final sample consists of 308 firm year observations for the period from 2010 till 2016.

4.2. Measurement of dependent variables

Firm performance as the dependent variable of the study has different measures. Unbiased performance measurement is necessary for both strategic and diagnostic purposes. This study employed return on assets as firm performance measure. Return on assets is an indicator of how profitable the firm is. It gives a manager, investor, analyst or other interested parties an idea as to how efficient and profitable a company's management is at converting its assets to generate earnings. Return on assets is calculated by dividing a company's net profit by total assets.

4.3. Measurement of independent variables

Effective Tax Rate is calculated by dividing tax income by earnings before taxes. The most recent research of Aliani (2014) used this measure as a proxy of tax minimization activities. **Leverage** is calculated by dividing debt by total assets (Guenther, 1994). **Firm size** is measured by the natural logarithm of total assets. **Firm age** is measured by the number of years since the foundation of the firm. **Audit quality** takes a value of one if the firm is audited by Big Four, otherwise zero. **Ownership** takes a value of one if foreign ownership is present, otherwise zero.

4.4. Research model

According to the classical financial theory, we investigated that firm performance was restored by managerial choice. Thus, tax planning was a means of creating value by applying all available means and strategies. We developed the model presented below to show the relationship between tax planning and the firm performance:

$$\begin{split} ROA_{it} &= a_0 + \beta_1*ETR_{it} + \beta_2*LEV_{it} + \beta_3*SIZE_{it} + \beta_4*AGE_{it} + \beta_5*AUDIT_{it} + \\ &+ \beta_6*OWN_{it} + n_i + \sum_{it}, \end{split}$$

We applied this model on unbalanced panel data for a sample composed of 308 observations.

5. Findings and Analysis

Table 1 Definitions and measurement of study variables

Variables	Acronym	Measurement
Return on assets	ROA	Net profit divided by total assets
Effective tax rate	ETR	Income tax divided by earnings before tax
Leverage	LEV	Debt divided total assets
Firm size	SIZE	Natural logarithm of total assets
Firm age	AGE	Number of years since the foundation of the firm
Audit quality	AUDIT	Takes a value of one if the firm is audited by Big Four, otherwise zero
Ownership	OWN	Takes a value of one if foreign ownership is present, otherwise zero

Table 2 Descriptive statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
ROA (%)	308	6.79	19.45	-118.31	81.79
ETR (%)	308	23.26	12.97	0.02	91.73
LEV (%)	308	29.55	30.17	0.00	261.09
SIZE	308	17.63	2.33	11.58	28.38
AGE	308	12.43	5.29	1.00	24.00

Dichotomous variable

AUDIT	308	0.69	0.46	0.00	1.00
OWN	308	0.17	0.38	0.00	1.00

Note: ROA – return on assets; ETR – effective tax rate; LEV – leverage; SIZE – firm size; AGE – firm age; AUDIT – audit quality; OWN – ownership type.

The results from table 2 above reports the summary statistics for the variables used in the study. The mean (average) of return on assets for the panel data recorded 6.79%, which shows that every KZT 1 worth of total assets of the firms will generate KZT 0.068 profit before interest and tax as earnings for the firms within the period under review. This accounting measure of firm performance shows that Kazakhstani quoted firms have a very low performance.

For the financial debt, we noted that this was, on average, 29.55%; this showed that the Kazakhstani firms had one-third levels of debt which minimized their performance. The variable size generated an average of 17.63%, and the age of the firm recorded 12.43. This value suggested that the Kazakhstani firms, selected in our sample, were small in size; this played a role in the firm's performance.

As regards the dichotomous variable audit quality, we found that 69% of companies listed on Kazakhstan Stock Exchange prefer consulting services of Big 4 companies, other 31% of companies prefer services of local auditing firms. This led us to conclude that management of companies suppose that Big 4 auditing firms are more reliable and have positive impact on company's performance and image.

As regards the another dichotomous variable ownership type, we found that 17% of companies listed on Kazakhstan Stock Exchange has a foreign investment, i.e. the share of foreign investors is more than 51% out of 100%, and the left 83% of companies are financed by local investors.

For the financial debt, we noted that this was, on average, 55%; this showed that the Kazakhstani companies had large amounts of debt which minimized their values. Actually, the average of the corporate investment was about 2.69%; this showed that the both investment and tax benefits positively influenced on the firm performance. The variable size built an average of 81.91% which suggested that the Kazakhstani firms, selected for this study, were large in size; this played a role in the firm' performance.

Table 3 Correlation matrix

	ROA	ETR	LEV	SIZE	AGE	AUDIT	OWN
ROA	1						
ETR	0.195	1					
LEV	-0.493	-0.066	1				
SIZE	0.103	0.055	-0.064	1			
AGE	-0.006	0.078	-0.074	-0.002	1		
AUDIT	0.097	0.194	-0.059	0.476	0.100	1	
OWN	-0.022	0.011	-0.083	-0.175	0.111	-0.078	1

Note: ROA – return on assets; ETR – effective tax rate; LEV – leverage; SIZE – firm size; AGE – firm age; AUDIT – audit quality; OWN – ownership type.

As presented in Table 3, the correlation matrix of the explanatory variables shows that there is a reasonable correlation of the variables. We noted the absence of strong correlations which might preconceived our results. We verified the degree of correlation between the effective tax rate and the return on assets on the one hand and, on the other hand, between the effective tax rate and the other variables. It may be explained by a strong correlation between the variables that could influence the nature of the relationship between the firm performance, as measured by the economic profitability and the other variables.

Table 4 Regression analysis

This table presents fixed-effects regressions of ROA on independent variables. Definitions and measurements of all variables are reported in Table 1. The robust t-statistics are in parentheses.

ROA	Coef.	Robust Std. Err.	t	P>t	[95% Conf.	Interval]
ETR	0.04	0.10	0.41	0.686	-0.16	0.25
LEV	-0.42	0.06	-6.97***	0.000	-0.54	-0.30
SIZE	8.88	4.49	1.98**	0.053	-0.10	17.87
AGE	-1.69	0.73	-2.30**	0.025	-3.15	-0.22

AUDIT	-1.95	3.21	-0.61	0.545	-8.36	4.46
OWN	-8.15	2.41	-3.38***	0.001	-12.97	-3.33
Constant	-114.77	73.10	-1.57	0.122	-260.95	31.40
sigma_u	24.545948					
sigma_e	13.227754					
Number of	observations					308.00
R-square (%	%)					10.31

Note: ROA – return on assets; ETR – effective tax rate; LEV – leverage; SIZE – firm size; AGE – firm age; AUDIT – audit quality; OWN – ownership type.

The correlation analysis indicates that there exists the negative relationship between dependent variables such as leverage, firm age and company ownership with firms' performance indicator of return on assets. According to the results in Table 4 Effective Tax Rate has t-value of 0.41, it signifies that this particular variable is not important in the model. Effective Tax Rate has no impact on return on asset; it indicates that Effective Tax Rate has no influence of firm profitability. Other studies had negative or positive relationship between return on asset and Effective Tax Rate. With regard to leverage, the result shows that firm leverage has a negative and significant impact on return on assets. It is observed from the regression analysis that "leverage" has a t-value of (6.97). The leverage is negative, and it means that companies with low debt have higher profitability. This finding is consistent with finding of Filipovic and Demirovic (2016) that showed a negative impact of debt (leverage) on the profitability of joint stock companies. The most studies state that firms with lower debt are more profitable rather than companies financed mostly with debt. However, Modigliani and Miller (1963) stated that debt levels indeed was relevant. It means that the new view encompassed the idea of debt generating value in form of tax shields, indicating that firms should maintain high leverage to maximize firm value. Despite the opportunity to save dollar amount by increasing the debt part in the company, in our study the less debt firm has the higher profitability it may earn.

The results from the work present a negative relation between firm size and its profitability. Similarly, as Effective Tax Rate with t-value 0.41 audit quality has t-value of -0.61, t-values within the range of -2 and +2, variables seem not to be important enough in the model, so they need to be removed. And the last variable the ownership has negative t-value of -3.38, it shows that foreign investment concentration has negative impact on company performance, these companies are less profitable.

6. Conclusion and Implication of the Study

The main objective and aim of this work are to examine the relationship between tax planning and the firm performance. Specifically, we distinguished the factors, which could be related closely to effective tax rate and had influence on the firm performance. The core purpose of this study is to

observe the tax planning-firm performance relationship. This research specially incorporates the factors that can be intimately related to effective tax rates and can influence the firm performance along with firm's value. We stressed the audit quality, firm size and age, debt, sector of activity. To demonstrate such an effect, we used a sample of Kazakhstani firms listed on Kazakhstan Stock Exchange for a period from 2010 to 2016. The findings indicate that the tax optimization has no impact on firm performance. The results also show that there is negative impact of debt on the firm performance; this showed that the indebtedness of Kazakshtani companies was forwarded to the financial operating cycle. However, investment had a beneficial impact on the company's value and performance. The activity sector was essential; this can be clarified by the importance of the sector of industry to the creation of the company's value. The entity's size had a positive effect on its economic performance; it was persistent with the political theory which showed that, if the firm's size increased, the firm's value and performance increased, also. The firm age has a negative impact on firm performance; the younger companies are more profitable. Concentration of foreign investment in company has negative effect on the performance and these companies are less profitable. As Kazakhstan is a developing country so the results will be different from those obtained for developed countries. Kazakhstan has been facing many crises over a period of years. Also, these crises have been increasing the risks faced by the trading and the industries of Kazakhstan.

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"GREEN ENTREPRENEURSHIP OPPORTUNITIES IN KAZAKHSTAN AND CULTURAL CHALLENGES ASSOCIATED WITH IT"

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1. Introduction

The state of the ecology in the country remains extremely important in the modern world. All kinds of governmental institutions force companies, enterprises and private sectors pay higher attention to the environment and reduce harm generated by human activities. In addition, the modern green movement makes people think more about ingredients and materials that are included in the preferred products. Sometimes, consumers reject one good due to the absence of eco-friendly ingredients or, on the contrary, the presence of the harmful substances. People try to separate recyclable materials and dispose them in specific containers.

In 2011 European Committee underlined the problem that had been faced by the majority of the developed and emerging countries. In that paper the experts stated that the financial and environmental crisis show the necessity of rapid changes in the system of the world economy. In other words, governments should pay a higher attention not only to the economic and financial dimensions but also to the sustainability and ecological issues within the country. For example, Bina and La Camera (2011) mentioned that the green economy has been distributed during the financial crisis as a solution to the problems in local, regional and world markets.

According to Stern (2006), scientists all over the world share a mutual opinion regarding the fact that the danger rising from the environmental issues can be solved only by applying "collective economic adjustments" to the global economy (as cited in Georgeson, Maslin & Poessinouw, 2017). Based on the summary of the seventy-fourth session of the United Nations General Assembly, where the last scientific researches and reports were brought, the main aim today is to achieve economic, environmental and social sustainability growth (Zhemin, 2020). On this basis Bina (2013) states that the majority of the international organizations and institutions agree that green economic growth acts as the best way to overcome crisis, both financial and environmental ones.

Muo and Azeez (2019) have noticed a phenomenon in the world market. Sustainable development and green economy promote green entrepreneurship, and often name it as the missing link towards

sustainability. However, the same entrepreneurship that was based on the traditional model has caused a need in the new entrepreneurs. As a result, entrepreneurs have created the global problem that today requires the same entrepreneurs to save the global economy. It sounds reducales, but situations like this one force humanity to move towards the new knowledge and "to migrate from dirty traditional business model in which business organizations are over reliant on the economic profit at the expense of sustainability development which was the main trust of green entrepreneurship" (Farinelli, et al., 2013).

2. Problem Statement

Business growth and increase in the entrepreneurship sector has been one of the main drivers towards the stable, positive economic growth. Enterprises create new job opportunities for the population, stimulate productivity growth and encourage development of the innovative products and modifications. The Global Entrepreneurship and Development Institute publishes the annual Global Entrepreneurship Index by each country. This statistic covers 137 countries all over the world and provides the best visualization of countries' performance regarding both domestic and international markets (GEDI, 2020).

In the global list of the Global Entrepreneurship Index for 2019 Kazakhstan occupies only 59 places out of 136 countries. In comparison to other CIS countries it is almost the best result, right after Azerbaijan. However, the overall performance of this region is not as good as primarily in the Western countries. So, this factor may create an additional challenge to the green entrepreneurship development in Kazakhstan and other CIS countries.

At the same time, environmental issues become more and more important during the years. Political institutions spend more time on the development of green campaigns, implementing eco-friendly technologies and improvement of the environmental conditions within the country. Green entrepreneurship may become a great opportunity for entrepreneurs in the countries, where this 'green movement' is especially required.

According to Stiglitz, Sen & Fatoussi (2008), a great rush towards higher GDP growth performed as an "unreliable compass", which resulted in the current economic situation, ecological problems and little attention to the social well-being. Georgeson, Maslin and Poessinouw state that today governments should be more ecology oriented, in order to "deliver more resource efficient, lower carbon, less environmentally damaging, more socially inclusive society".

The main challenge that can be faced in the Kazakhstan market, as well as in other emerging countries and regions, is the fact that government and population focus more on the business issues and financial side of the question rather than on the meaning of 'green'.

Developed countries, on the other hand are more focused on the sustainable aim of the opportunity and how these actions may help in the social meaning (Farinelli et al., 2013). However, there is also a potential problem in the developed markets, when governments spend more money on the eco-friendly innovations or development of the new sustainable resources (Macilwain, 2011). The problem here appears after the development of the prototype is ready, counties face the lack of entrepreneurs who would enter the market with this green innovation. So, there is not enough action towards the green economy.

Another challenge that can be faced by the green entrepreneurs is the traditional business model against which the green economy fights. The problem here is the difficulty associated with the process of entering the world market with new innovations that confront the traditional concepts. For example, the global business environment may have an established relationship among the entrepreneurs or heads of the business organizations who would not be interested in innovations and changes in the working system.

This research is directed to investigate the green entrepreneurship field in terms of the Kazakhstan Republic. A superficial analysis may show that there is a lack of environmental friendly tendency in the developing countries and also some challenges with an entrepreneurial motivation among the citizens.

Green entrepreneurship plays a potentially important role in the future economic and social development of the countries, especially the ones as Kazakhstan, due to the decreasing ecological situation and increasing necessity in new eco-friendly innovations. The aim of this study is to collect the information regarding the potential business opportunities in terms of green entrepreneurship in Kazakhstan and identify the possible barriers which may slow down this innovative implementation in the business sphere.

According to some studies, motivation theories may be considered as a theoretical explanation of the personal force towards the entrepreneurship opportunity. It may include financial issues, security, social status, personal satisfaction, seeking for achievements or challenges, or any other individual force that pushes a person towards entrepreneurship (Stephan, Hart & Drews, 2015). This research work focuses on three factors that are expected to have a significant positive relation with the green entrepreneurship intention among students in Kazakhstan:

- 1) Perceived Opportunity. The past years studies have shown that the main drivers, that are considered in terms of green entrepreneurship, are social and environmental ones. However, the level of development of entrepreneurship itself among the population also depends on the individual and cultural forces. For instance, as mentioned by Kirzner (1979) a force in the face of the "perceived opportunity" rises from personal intention of being alert to new opportunities (as cited in Nhemachena & Murimbika, 2018). So, some individuals are more likely to take on new challenges than others. But the overall power of influence of this factor depends on the portion of this kind of individual in the specific population.
- 2) Role Model. The second factor is the "role model", that according to the motivational theory is used as a psychological way to motivate people by using a community as the main motivator to achieve goals (Morganroth, Ryan & Peters, 2015). This factor is mostly based on the sociocultural criteria of the society where an individual life. Based on the social learning theory, Singh, Vinnicombe and James (2006) state that individuals "observe the behavior of others in given situations, and note the outcomes of those behaviors". In other words, a person tends to follow the similar model of behavior that is common in the society where that person lives. In this study the role model factor is used in order to measure the strength of social and cultural structure's influence on the potential entrepreneurs.
- **3)** Community and Social Motivations Factor. The last factor that is considered in terms of the Kazakhstan market is "community and social motivations factor". This factor is considered by Stephan, Hart and Drews (2015) as one of the green entrepreneurial motivation forces. The authors measure intention that rises from "the motivation of an entrepreneur to contribute to

his/her community" by taking sustainable entrepreneurship opportunities. As mentioned by Benz and Frey (2008), Block & Koellinger (2009), the main green entrepreneurial motivation primarily rises from the non-economic factors rather than economic ones (as cited in Nhemachena & Murimbika, 2018).

These three factors (perceived opportunity, role model and, community and social motivations) are considered as the key potential forces that can be faced in Kazakhstan society, and that may act either as katalizators or as inhibitors in terms of green entrepreneurship.

3. Methodology

This study is based on quantitative research. Aliaga and Ganderson (2002) describe a quantitative research method as the one that uses numerical information in order to explain any required issues by applying a range of both mathematical and statistical methods. Quantitative data is easier in the analyzing processes due to the definite answers that are usually presented in a form of a fixed-answer survey, such as the multiple-choice questions. This type of the research method focuses on the numerical data collected from the population. The questions are formed on the basis of hypotheses that are identified through the research model and its dependent and independent variables.

Sampling method in this research paper is non-probability sampling. All participants in the data collection are volunteers who were chosen randomly based on their current 'student' status. One hundred of survey links were distributed to one hundred potential respondents. Due to the current pandemic situation in 2020 and physical limitations of conducting the research work, the sample size was determined depending on the response rate out of those one hundred samples distributed to the general public with a 'student' status. The final number achieved 84 participants who have filled in the survey form and submitted the response.

4. Data Collection

The current global pandemic environment create difficulties to physically collect the data. Because of this, the online non-contact method was adapted for this research by using the online google forms platform. This method provided safety and convenience for participants. The google form data collection process of this research is available under the following link: https://docs.google.com/forms/d/e/1FAIpQLSfOrhEZxovuoFJRGo - ujqZizFOT5dqqrdU8wiEDljL2-3CXQ/viewform

5. Analysis and Findings

Significant positive effect in this study is measured by Likert scale. If the majority of respondents either "Agree" or "Strongly agree" with all statements that included in one factor, then the effect of this factor is considered as significant and positive one. From the statistical side of a question, the factors are analyzed by taking into account the Mean value calculated based on the results of data collection.

Mean is an average answer entered by each respondent. It shows an average value associated with each sentence in a form of a shared opinion among the sampling population. This measure is taken as the main value based on which the significance level of each factor is identified. The criteria here depend on the numerical result of the mean. If the mathematically rounded means of all five

statements that are included in one factor are more or equal to "4", that appears as "Agree", then the factor is considered as a significant one. If the mathematically rounded means of all five statements that are included in one factor are less than "4", that appears as "Agree", then the factor is considered as a non-significant one.

Hypothesis 1: Perceived opportunity has a significant positive effect on green entrepreneurship intention among students in Kazakhstan.

According to SPSS calculations, the first factor (Perceived Opportunity) which was presented by PO1, PO2, PO3, PO4 and PO5 variables.

Mean $(PO1) = 3.99 \approx 4.00$, Mean $(PO2) = 3.50 \approx 4.00$, Mean $(PO3) = 4.14 \approx 4.00$, Mean $(PO4) = 4.14 \approx 4.00$ and Mean $(PO5) = 3.95 \approx 4.00$. The average mean for all means of Perceived Opportunity variables equals to 4.00. Since all the mathematically rounded means of all five statements that are PO1, PO2, PO3, PO4 and PO5 are equal to "4", then the factor "Perceived Opportunity" is considered as a significant one. Hypothesis 1 is accepted.

Hypothesis 2: Role model has a significant positive effect on green entrepreneurship intention among students in Kazakhstan.

According to SPSS calculations, the second factor (Role Model) which was presented by RM1, RM2, RM3, RM4 and RM5 variables.

Mean $(RM1) = 3.63 \approx 4.00$, Mean $(RM2) = 3.57 \approx 4.00$, Mean $(RM3) = 4.10 \approx 4.00$, Mean $(RM4) = 2.94 \approx 3.00$ and Mean $(RM5) = 2.52 \approx 3.00$. The average mean for all means of Role Model variables equals to 3.60. Since all the mathematically rounded means of all five statements that are RM1, RM2, RM3, RM4 and RM5 are less than "4.00", then the factor "Role Model" is not considered as a significant one. Hypothesis 2 is rejected.

Hypothesis 3: Community and social motivation has a significant positive effect on green entrepreneurship intention among students in Kazakhstan.

According to SPSS calculations, the third factor (Community and Social Motivation) which was presented by CSM1, CSM2, CSM3, CSM4 and CSM5 variables:

Mean (CSM1) = $4.24 \approx 4.00$, Mean (CSM2) = $4.10 \approx 4.00$, Mean (CSM3) = $4.26 \approx 4.00$, Mean (CSM4) = $3.83 \approx 4.00$ and Mean (CSM5) = $4.33 \approx 4.00$. The average mean for all means of Role Model variables equals to 3.60. Since all the mathematically rounded means of all five statements that are CSM1, CSM2, CSM3, CSM4 and CSM5 are equal to "4.00", then the factor "Community and Social Motivation" is considered as a significant one. Hypothesis 3 is accepted.

6. Recommendation

Due to the limited time and financial support this study was focused only on three factors that were considered as potentially most related ones. It recommended to the future studies in the same field to focus on the wider range of motivational factors or drivers which may have a significant effect on the green entrepreneurship intention. Since not all of them may create an appropriate significancy to the

researchers. For instance, the results of this research paper have not identified any strong relation between the "Role Model" factor and green entrepreneurship intention among students.

In addition, a bigger part of population should be examined in order to get a better picture of the situation in the country. This study takes into account only people who live in Almaty. It is expected that answers may differentiate from the rest of population due to the variety of environmental factors and some differences in the mentality of people in different regions of the country. However, since Almaty is one of the most developed cities in Kazakhstan in terms of infrastructure, the results of the study still have a huge importance on the local and international level.

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«Strategy for the development and management of the poultry farm»

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Abstract

In these theses, a theoretical and literary review of the concept of enterprise strategy is carried out. The activity of the Almaly Kus LLP poultry farm is analyzed. The study revealed the influence of internal and external factors on the activities of the enterprise. The financial and economic results of the enterprise are analyzed, the main problems of the poultry farm are identified. SWOT analysis performed. According to the results of the SWOT analysis, it was concluded that, along with the low risks of introducing a new financial control and planning system, there are huge opportunities to obtain a high effect from the implementation of the planned changes.

The main problems are pricing policy, Almaly Kus LLP fails to gain a foothold in the large markets of Atyrau, and Almaly Kus LLP did not receive the required state subsidies, due to the problem of providing the enterprise with drinking water.

A survey was conducted among competing companies such as Golden Goose LLP, Aknar PF LLP, and Almaly Kus LLP. Also using the Likert scale, 120 respondents were interviewed. As a result, recommendations are proposed to improve the financial performance of the enterprise, a financial strategy is recommended to get the company out of crisis, a mechanism for exercising internal control over the financial results of Almaly Kus LLP is proposed, and planning with the help of budgeting is proposed.

Keywords

Strategy, financial strategy, poultry farm, influence factors, Likert scale, methodology, variables, crisis management, financial plan.

Introduction

In the organization's activities, the issue of strategy is given a special place, which is determined by the target significance of market indicators. Currently, strategic planning can be considered as one of the important management concepts in general for the enterprise. In modern conditions, the effective implementation and long-term development of economic activity largely depends on the use of strategic management in organizations, determining goals and objectives, studying the external and internal environment, the changes that have occurred, choosing and implementing alternative strategies. Strategic management includes all the management functions as the initial stage of the enterprise management process. Proper strategic management guides the enterprise into the future, allows them to determine their long-term development trends and their position in the business.

The implementation of the strategy is a system of measures that contribute to the revitalization of the enterprise in the field of production, finance, staff motivation to achieve their goals. The main objective of implementing the enterprise development strategy is to create the necessary conditions for effective, competitive, sustainable operation of the enterprise.

Various aspects of the development and implementation of strategies are devoted to the works of Ansoff I., Vesnin V., Volodkina M., Goremykina V., Gradova A., Doyle P., Karloff B., Klivetsa P., Kotler F., Meskon M., Mishchenko A., Otenko I., Ponomarenko V., Porter M. and others. Given the

results of the works of these scientists, it should be noted that they do not pay enough attention to issues of converting strategies into plans and programs that are tools for implementing the strategy. This is what determines the relevance of the chosen research topic.

There are a lot of strategic analysis tools. To develop a strategy, you may need more detailed information both about the external environment (markets, competitors, suppliers), and about the company (products, company business processes, management, resources). Unfortunately, today there is no universal set of techniques that would guarantee the company the receipt of information of the required quality and in the right amount to develop an effective strategy. It must be understood that the analysis is not an end in itself - its final result is draft decisions, in this case, a strategic plan. Therefore, company management should do the following: to start with, choose a few (the less, the better) strategic analysis techniques and begin to put them into practice, and do it regularly. After conducting a strategic analysis and preparing information for developing a strategy, the company is faced with the second fundamental task of strategic management - formulating a strategy. This problem of enterprise strategy formation was investigated by such famous scientists in the field of strategic management as: Ansoff, Mintzberg, Drucker, Strickland and Thompson. In their books they described the mechanisms of development, implementation of the strategy, its implementation. Unresolved issues remain on the development of the strategy from the point of view of diversification of the strategy in the areas of company activity, the formation of goals.

The object of study is the poultry farm LLP Almaly Kus.

The subject of the study is the Strategy for the development and management of the poultry farm.

The theoretical and methodological basis of the study was the concepts, theoretical propositions and hypotheses in the field of strategic planning, strategic management, substantiated in classical and modern economic literature, monographs and articles of domestic and foreign scientists, materials of scientific conferences, publications in periodicals on the studied issues, legislative acts and regulatory documents in the field of strategic management. The solution of the tasks was carried out using a system, functional, process approaches, methods and tools of strategic management.

The management significance of the study is that management at the LLP Almaly Kus poultry farm begins with planning the assembly of the industrial laying hens shop in batches, continues with planning the required number of young stock, incubating the required number of eggs and planning the number of parent flocks. After determining the quantity and movement of poultry along the technological chain, production volumes, planning of the activities of the remaining services of the poultry farm begins. At the present stage of development, effective management of a poultry farm is impossible without government support and the participation of the scientific community.

The practical significance of this work can be determined from the point of view of developing recommendations for improving the enterprise strategy of LLP Almaly Kus and these recommendations can be implemented in practice.

The political significance of the study is that, in accordance with the current veterinary legislation of the Republic of Kazakhstan, the owner of LLP Almaly Kus is responsible for the health, maintenance and use of animals, and the manufacturer of these products is responsible for the release of animal products safe in veterinary and sanitary terms. In this regard, the head of the poultry farm is obliged to carry out economic and veterinary measures to ensure the prevention of animal diseases and the safety of animal products in veterinary and sanitary terms. It must maintain livestock premises and facilities for storing feed and processing livestock products in proper condition, prevent environmental pollution by animal waste, comply with zoo hygienic and veterinary and sanitary requirements related to keeping animals, storing and selling livestock products, comply with established veterinary and sanitary requirements. Rules for the storage and sale of animal products, as well as follow the instructions of specialists in the field of veterinary medicine on measures to prevent animal diseases. Compliance with these standards by the poultry farm, as well as high-tech equipment used in the conditions of broiler poultry sites, allows creating comfortable conditions for the growth of healthy poultry, which is of political importance.

State research question:

Can we according to the results of the study, in conjunction with the use of modern approaches to the strategic management of the poultry farm, as well as applying our model of the strategy for managing the poultry farm, we will help to get the enterprise out of crisis?

Answer: Yes, our results will help to get the enterprise out of crisis.

As example, we suggested improving production technology, as well as adapting the work of the enterprise when the external environment changes. A financial strategy for the poultry farm is recommended, namely: concentrated growth in general accordance with the overall corporate and company strategy. It is proposed to take into account and keep records of risk factors. Almaly Kus LLP should take into account the risks of the financial market, inflationary changes and insolvency. It is also recommended that there be an alternative in the strategy, which is the most important distinguishing feature of the entire strategic management system of the organization and is associated with all elements of the strategic financial structure.

The main principle of anti-crisis management of LLP "Almaly kus" is the timely diagnosis of crisis phenomena, the urgency and adequacy of response to them.

Almaly kus LLP proposes to form a mechanism for internal control of financial results. The conditions for the uninterrupted functioning of all the main economic processes of the enterprise depend on the capabilities of a properly adjusted mechanism and its competent use.

In order to increase the financial and economic efficiency and financial stability of Almaly kus LLP by coordinating the efforts of all departments to achieve the final, quantitatively determined result, in our opinion, the organization should introduce planning, carried out using budgeting.

3. Methodology and data collection tools

The study was carried out by us through a questionnaire survey, interviews and long-term visual observation, as well as using the Likert scale. The questions were formed in such a way as to determine and correlate the main socio-psychological and demographic characteristics of consumers with their monetary costs for products, their relationship to prices, quality of goods, and place of purchase. The survey focused mainly on residents of the Western region of the city of Atyrau.

For my research paper the data collection I used Almaly kus LLP, Golden Goose LLP, Aknar PF LLP, and Almaly Kus LLP web sites, official resources such as news, reports or government websites, etc.

5. Data Analysis

Analysis of data is the most important part of thesis. Analysis of data summarizes the data collected. It includes evaluating the data collected by using empirical or logical reasoning in order to determine patterns relationships or trends.

As a result of a survey of 120 respondents, we found that the "product" of the poultry farm is in great demand, consumers consider the "product" to be of high quality, are satisfied with it, and are ready to recommend it to others. The poultry farm already has its regular customers. This suggests that the company has the prerequisites for the further development of its activities. A lot of attention should be paid to additional advertising, as it has a great impact on consumers. In this case, as it turned out, newspapers and the Internet play an important role for consumers, and public opinion is very important. You should also pay great attention to the development of the poultry farm brand.

7. Recommendation

As a recommendation, we suggested improving production technology, as well as adapting the work of the enterprise when the external environment changes. A financial strategy for the poultry farm is recommended, namely: concentrated growth in general accordance with the overall corporate and company strategy. It is proposed to take into account and keep records of risk factors. Almaly Kus LLP should take into account the risks of the financial market, inflationary changes and insolvency. It is also recommended that there be an alternative in the strategy, which is the most important distinguishing feature of the entire strategic management system of the organization and is associated with all elements of the strategic financial structure.

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"Momentum effects in total return, Sharpe and Sortino ratios for growth and value stocks".

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Abstract: Momentum effects, the "premier anomaly of investing", is investigated in this paper. In addition to Total return momentum, single stock Sharpe and Sortino ratio momentum effects are considered. The investigation is further extended into momentum effects in Value and Growth stocks. Evidence that suggest the existence Total return momentum effects for Value stocks is presented, while the results for all stock and Growth momentum effects confirms findings in earlier research.

Keywords: Efficient Market Hypothesis, Momentum, Asset pricing, Value investing.

Introduction and objective:

This study aims to investigate the performance of portfolio selection based on momentum effects for single stock characteristics such as total return, Sharpe and Sortino ratios for the period starting from 1990 till 2019 in the US stock markets. While the momentum effects based on total return have been extensively investigated in the academic literature starting from early 1990s, the investigation of momentum based on Sharpe and Sortino ratios has been mostly overlooked by the researchers. Another often omitted area of investigation of momentum factors is their strength or weakness in different types of stocks. For the purposes of this study I will investigate these 3 types (total return, Sharpe and Sortino ratios) of momentum-based portfolios in growth and value stocks and compare their performances.

First, I will present the literature review and summarize the main findings and influential papers in this area of research, then I will explain in details the methodology and sources of data for this investigation. In the latter part of the paper the results will be presented and important findings will be discussed.

Literature review:

Momentum-based investing can be defined as the investment strategy where the stocks that have risen (usually called 'winners' in the literature) in the past are bought while the stocks that have fallen (usually called 'losers') are sold short. According to Jegadeesh and Titman (1993), the momentum strategy yields on average 1% per month gross returns and outperforms other strategies such as those that are based on value and size factors (Asness, Frazzini, & Israel, 2014). Academic researchers have found the evidence for momentum effects going as far back as 1801 for US stocks (Geczy & Samonov, 2016) and from 1866 for UK stocks (Chabot, Ghysels, & Jagannathan, 2008). Moreover, the evidence for momentum effects are present not only in US or UK stocks but also for stocks in European countries and Japan, equity index and commodity futures, and for currencies as well (Asness, Moskowitz, & Pedersen, 2013). Moreover, Ammann, Moellenbeck, and Schmid (2011) demonstrate the strategy retail investors which can be used to profit from momentum effects.

However, as there is no 'free lunch', momentum has its own drawbacks. A momentum crash can be defined as a period when momentum stocks heavily underperform compared to the general market or even deliver negative returns. In the past, the most extreme momentum crashes took place in the summer of 1932 and in the spring of 2009. Daniel and Moskowitz (2014) argue that momentum crashes happen when short-leg of the portfolio (past losers) substantially outperform its long-leg (past winners). Thus, in such a period momentum portfolio which consists of long positions in winners and

short position in losers suffers large negative returns. For example, in the period from March to May 2009, the long-leg (winners) rose by only 8% while the short-leg (losers) rose by more than 160% (Daniel & Moskowitz, 2014).

While the existence of momentum contradicts EMH in general, momentum contradicts the weak from especially as to successfully run the strategy only the historical stock prices are needed. This apparent contradiction pushed finance researchers to try to reconcile the existence of momentum with EMH by arguing that the superior returns of momentum strategy came with higher risk. Carhart (1997), Fama and French (1993; 2015) tried to explain the momentum effects through common market risk factors such as higher cost of capital, higher business and excess risk. However, in their 2012 paper the original formulator of the Efficient Market Hypothesis, Eugene Fama together with Kenneth French stated that the multifactor models cannot fully explain away the returns of momentum strategy (Fama & French, 2012)

Momentum-based strategies are often compared against and seen as in contradiction to value-based strategies. Value investors try to find relatively cheap stocks that may go up in the future while momentum-based investors tend to buy relatively expensive stocks. Value investors use different fundamental valuation techniques to select stocks. In academic literature the value-based stock portfolios are build using accounting identities and ratios such as book-to-market, cash-flow-to-price and earnings-to-price. The presence of momentum effects may not be surprising in growth stocks, which are usually characterized with high price-to-earnings ratio. Value investors would see both momentum and growth stocks as relatively expensive, and thus, would not consider investing into them.

Methodology and data:

Methodology in this paper largely follows Jegadeesh and Titman (1993), however, due to time constraints and to reduce the computational burden instead of deciles (10 equally sized bins), I use quintiles (5 equally sized bins) in order to construct the portfolios. To original total return momentum, I add single stock Sharpe and Sortino ratios momentums. Moreover, I extend Jegadeesh and Titman by further dividing the stocks into value and growth types. I define the growth stocks as the top 20% of stocks by Price-to-earnings ratio for a given month. Similarly, I define value stocks as the top 20% of stocks by book-to-market ratio for a given month. As the subset of value and growth stocks is relatively small, in order to investigate momentum effects in them, I divide them into 3 equally sized bins (33% highest, 33% middle, 34% lowest).

The data on monthly stock returns is taken from the CRSP stocks price database which includes all tradable US stocks in the period from 1990 to 2019. This database is merged with Compustat database which provides the information on financial statements of publicly traded companies. Compustat data was used to determine if a stock is growth, value or neither. A stock is classified as value if its bookto-market ratio is among top 20% of all stocks for that period. A stock is classified as growth if its Price/Earnings ratio is among top 20% of all stocks for that period. Only the companies which have both return and accounting information are selected for the purposes of this study. In total, my dataset contains the information on 14884 stocks and more than 1,5 million datapoints.

Single stock Sharpe and Sortino ratios are defined using the following formulas:

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Sharpe\ ratio = \frac{12\ months\ total\ return - risk\ free\ rate}{\sigma(past\ 12\ monthly\ returns)} Sortino\ ratio = \frac{12\ months\ total\ return - risk\ free\ rate}{\sigma(past\ 12\ negative\ monthly\ returns)}
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Discussion:

The results obtained for total return momentum largely fall in line with earlier papers by Jegadeesh and Titman (1993) and by Dolvin and Foltice (2017). The Winners portfolio displayed the highest returns in tests for all stocks. This is results of Sharpe and Sortino ratio momentums also are similar to each other and to total return momentum strategy suggesting that the momentum effects may exist for these two ratios as well. Possibly, the most interesting finding of this paper comes from the investigations of momentum effects in value stocks.

To the best of the author's knowledge the existence of momentum in value stocks has never been investigated by researchers. The strong performance of the Total return Winners portfolio suggests that momentum effects may exist even within relatively cheap value stocks and the cumulative returns point towards possible economic significance of this phenomenon to investors. However, it should be noted that the classical Long-Short momentum portfolio went bankrupt and, following the results of this paper, this may not be the right way to exploit the momentum effects in value stocks.

The results of Sharpe and Sortino ratio Momentum strategies are somewhat surprising. Here, the Winners portfolio is no longer the best performer. The best performer in both Sharpe and Sortino ratio Momentums is the middle Portfolio 2 and it is the only portfolio which outperforms the Base portfolio in both of the strategies. This finding may suggest that the single stock volatility, Shape and Sortino ratios should be an even more important criteria in selecting value stocks as the stocks with both too high and too low volatility are the main contributors to the Winners and Losers portfolio respectively.

This finding is especially interesting in the light of the fact that the value stocks are usually considered to be cheap stock and define the value investing principle of buying undervalued stocks with the intention of selling them later at a much higher price. This results suggest that the amount to which the value stock has increased in price in the last year can be a significant factor in determining the future growth in price of value stocks. Although, for value investors it may seem contradictory to invest into appreciating stocks, momentum factor should be one of the most important factors in selecting value stocks.

Summary and conclusion:

This paper is an attempt to fill the gap in the literature regarding the momentum factors in Sharpe and Sortino ratio based strategies by considering momentum effects also in Value and Growth stocks. The procedure and methodology largely followed the seminal paper by Jegadeesh and Titman (1993), however, there were some simplifications in order to decrease computational burden and satisfy the time limitation of this task. The results of this study for Total return momentum portfolios suggest that during the period from 1991-2007 the classical momentum Long-Short portfolio did not perform as well as the earlier papers suggested, instead, the middle portfolios had the highest returns. However, since 2008, the results suggest that this situation has changed and its more in line with the earlier papers.

Possibly, one of the main consequential findings of this paper is that the preliminary evidence of existence of Total return Momentum effects in Value stocks. This may be a controversial finding and it may defy the logic of Value investing, therefore, this warrants further, more detailed and focused investigation.

Due to time and procedural limitations, some simplifications of the original methodology were made and therefore the findings of this paper have only suggestive characteristics.

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"The influence of foreign exchange rate and inflation rate on Kazakhstan's stock market performance"

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Abstract

This study aims to investigate the influence of the foreign exchange rate and inflation rate on the Kazakhstan Stock Exchange (KASE) Market performance. The monthly data were collected from the National Bank of the Republic of Kazakhstan, Committee on statistics of Kazakhstan, and Kazakhstan Stock Exchange (KASE) for the period spanning from 2010 to 2019. To estimate the influence, a multiple regression analysis has been employed. The empirical results show that the inflation rate has a positive association with Kazakhstan's stock market return, and it is significant.

In turn, the foreign exchange rate exhibited that it is insignificant, and at the same time, has a positive relation to Kazakhstan's stock market performance.

Key words: stock market return, exchange rate, inflation, KASE

Introduction and objective

Shifting an emerging economy to a developed, stable and strong one is the paramount objective that stands towards developing countries. In turn, accomplishing this goal requires the existences of well-functioning financial system, which definitely includes well-developed stock market as the stock index can be used as a prime measure of economic situation (Blokhina, Niyazbekova and Grekov, 2016).

Kazakhstan's stock market was founded in 1993. According to the results of 2019, 52 companies are the members of Kazakhstan Stock Exchange (KASE Annual Report 2019).

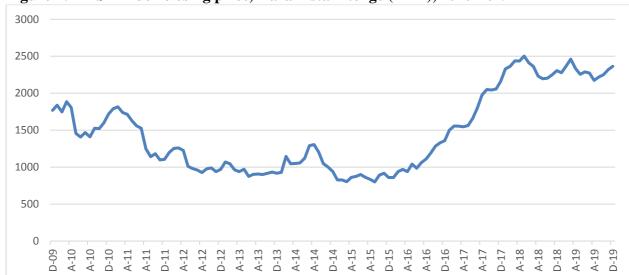


Figure 1: KASE Index closing price, Kazakhstani tenge (KZT), 2010-2019

Source: Kazakhstan Stock Exchange.

Figure 1 shows that by the end of January 2010 KASE Index closing price was 1838,82 KZT, and on December 2019 it reached 2363,79 KZT.

Despite the fact that Kazakhstan's stock market is evolving, it is quite small and is in the process of development, which means that the local stock market needs to be improved. One of the ways to improve the stock market is to investigate a wide range of factors and indicators that can affect the stock market volatility and performance.

It is necessary to point out that attention towards the effect of different macroeconomic indicators was centered on advanced and developing economies except for Kazakhstan. This fact specifies the scarcity of local empirical studies. Also, the data and time period of the available researches is not the latest. Hence, this paper aims to use actual data and explore the influence of selected macroeconomic indicators on Kazakhstan's stock market performance.

The exchange rate namely between U.S dollar and Kazakhstani tenge, and the inflation rate are one of the most crucial indicators that have an influence on the local stock market. This can be explained by the fact that U.S dollar is a world currency, which influences the local stock market and economy. In turn, inflation is another major indicator that has an influence on both the stock market and the economy in general.

The research question of this paper are the following ones: What is the influence of the foreign exchange rate and inflation rate on Kazakhstan's stock market performance?

State-of the-art literature review

Searching the empirical studies related to this issue revealed the existence of plenty of research papers, which assessed the influence of different macroeconomic indicators on different countries' stock market performance. In this paper was presented the following ones.

Rafiq, M. et al. (2019) used the Ordinary Least Square method to assess the relationship between the KSE-100 index, exchange rate, interest rate and bank stock returns in Pakistan from January 2007 to December 2018. The result identified that the stock market is positively significant in all banks, the exchange rate is negatively significant. However, the interest rate was found to be insignificant. Also, the stock market price and the bank stock return revealed a positive link.

Another investigation of the linkage between the stock market and the four macroeconomic variables in emerging markets was done by Barakat, Elgazzar, and Hanafy (2016). They considered the four macroeconomic variables (exchange rates, interest rates, money supply and inflation) in two emerging economies, Egypt and Tunisia, for the period from January 1998 to January 2014. Results of Vector Auto Regression, co-integration test, and Granger causality test indicated that in both Egypt and Tunisia all four macroeconomic variables (exchange rates, interest rates, money supply and inflation) have a long run and causal relationship with the stock market.

The link between macroeconomic variables and stock market in developed countries like United Kingdom and Germany was established by Mahedi (2012), who examined the causal link between them in the long-run and the short-run from the period of February 1999 to January 2011. The findings indicated that there were short run interactions and long term causal relationship between stock market and a set of selected macroeconomic variables in both countries.

Golder, Md. Nazrul and Kayser (2020) attempted to investigate the whether macroeconomic indicators have a long-run link with stock market index of Dhaka stock exchange. The application of Johansen Cointegration test and Granger Causality test revealed a long-run linkage between the stock market and all three variables. Particularly, foreign exchange reserves and crude oil prices were found to have a significant negative effect on the stock index of Dhaka in the long-run, whereas the exchange rate positively influences on it.

As the topic of this paper is the influence of the foreign exchange rate and inflation rate, the following empirical studies will be related to them.

Okechukwu, I.A. et al. (2019) investigated Nigerian Stock Market by exploiting monthly data from January 2009 to December 2011. They used Ordinary least square models, which showed that the stock market has a significant negative relationship with the exchange rate. Interest rate supported the negative relationship but found to be insignificant at 5% level of significance.

Cakan and Ejara (2013) explored the association between the exchange rate and stock prices in twelve emerging market countries over the period of May 1994 to April 2010. Outcomes of linear and non-linear Granger causality tests indicated for nine countries the existence of bi-directional causal linkage between stock prices and exchange rates.

Alireza et al. (2019) conducted the study using the data set from February 1999 to March 2016 of seven countries that established free-floating exchange rate regimes. They concluded exchange rate's influence on stock index returns is a statistically significant across selected countries.

Sekmen (2011) revealed the influence of exchange rate volatility and the stock market returns of the U.S. He used autoregressive moving average (ARMA) models and concluded the exchange rate volatility has a negative effect on U.S. stock market returns.

Aydemir and Demirhan (2009) examined the relationship between the stock market prices and exchange rates in Turkey. The study results found a two-way relationship between the stock market prices and exchange rates. This can be explained by the negative correlation between 100 sampled companies.

Gnagne and Bonga-Bonga (2020) demonstrated that the exchange rate volatility has a positive influence on equity returns in Brazil, India and South Africa. However, in China and Russia this linkage found to be negative.

Geetha, Mohidin, Chandran and Chong (2011) in their study tried to re-examine the relationship between inflation and the stock market return in the US, China and Malaysia in both the short run and long run. Also, they measured the effect of other variables, like interest rate, exchange rate and GDP. On the one hand, tests that were conducted revealed a long-run association between chosen variables and the stock market in all 3 countries. On the other hand, outcomes of the Vector Error Correction Model in the US and Malaysia expressed the absence of a short-run connection between inflation (expected and unexpected), exchange rate, interest rate, GDP with the stock market.

Omotor (2010) examined this relationship in Nigeria using monthly and quarterly data of Nigeria from January 1985 to December 2008. The sample size was divided into two sub-periods: February 1985-January 1997 and January 1997-December 2008. Results of the sub-period 1985(2)-1997(1) showed a negative relationship between the stock market returns and inflation. However, this relationship was positive in the second sub-period 1997(1)-2008(12). Same negative link between the stock market prices, exchange rate and inflation was found by Nkoro and Uko (2016). They used GARCH(1,1)-S models to find that the exchange rate and inflation volatility describes the Nigeria's stock market volatility. However, Ibrahim and Agbaje (2013) in their study, which was also conducted in Nigeria a long run, positive and significant relationship between stock returns and inflation. They employed ARDL bounds testing co-integration approach and used data from 1997 to 2010.

If we turn to the local stock market, one of the studies was done by Blokhina, Niyazbekova and Grekov (2016) described the influence of macroeconomic variables on the Kazakhstan stock market (KASE) using 2005-2014 years' time-series monthly data set. The results of Engle-Granger cointegration test revealed that stock market index is cointegrated with CPI, exchange rate, 10-year long-term bond and price for Brent oil (oil price) that shows the existence of long-run relationship. In addition, reserves of the Central Bank and export affect to the changes in the Kazakhstan's stock index. They concluded that Kazakhstan's economy incurs by the influence of oil prices (Brent), export volumes and national currency rate.

Association between stock returns and inflation rates was evaluated by Bhatti, R.H and Pak. O (2013). They investigated monthly data form three CIS countries – Kazakhstan, Russia and Ukraine data from 2001 to 2012. Regression results suggest that the coefficients of both current and expected inflation are statistically significant in Kazakhstan.

The last and most recent empirical study presents the influence of the exchange rate on the stock market. This study that was conducted by Nurmakhanova, M. (2019) exploits a sample from 2007 to 2017. Results of the research revealed the absence of a long-run relationship among the variables in the bivariate model.

Research methodology and data collection tool

Multiple regression will be employed in this paper by using secondary data for the time period of 2010-2019. Monthly data were collected from National Bank of, Committee on statistics and Kazakhstan Stock Exchange (KASE). Exchange rate between U.S dollar and Kazakhstani tenge, and inflation rate are considered as independent variables and KASE index return as dependent variable. The hypotheses for this paper are the following ones:

H0: There is no significant influence of foreign exchange rate on Kazakhstan's stock market performance.

H1: There is a significant influence of foreign exchange rate on Kazakhstan's stock market performance.

H0: There is no significant influence of inflation rate on Kazakhstan's stock market performance.

H1: There is a significant influence of inflation rate on Kazakhstan's stock market performance.

Data analysis with critical thinking and discussion

Table 1: Ordinary Least Square regression results

Source	SS	df		MS		Number of obs		120
Model Residual	306.451818 4443.46004	2 117		225909 782909		F(2, 117) Prob > F R-squared	= 0. = 0.	4.03 0202 0645
Total	4749.91185	119	39.91	152257		Adj R-squared Root MSE		0485 1627
Stockreturn	Coef.	Std.	Err.	t	P> t	[95% Conf.	Inter	val]
ChangeUSDKZT	.0796151	.1468	258	0.54	0.589	2111656	.370	3959
Inflation _cons	2.821552 .3675966	.5763		2.76 0.64	0.007 0.525	.7986212 773933		4483 9126

Ordinary Least Square regression results showed that change in foreign exchange rate and inflation rate both positively influenced on. Inflation rate has a significant influence on Kazakhstan's stock market performance, but change in foreign exchange rate has no significant influence.

R-Squared value is 0.0645, which means that 6.45% of variation of a dependent variable (Kazakhstan Stock Exchange Index return) is explained by the change in foreign exchange rate and inflation rate. The positive link between foreign exchange rate and inflation rate can be explained by the fact that the depreciation of the local currency in terms of USD has a positive influence on the local stock market performance. This linkage was discovered by the results of the empirical study that was done by Robert D. Gay (2008), who revealed this relationship in investigated countries such as Brazil, Russia, and China.

As for inflation rate, Barakat, Elgazzar, and Hanafy (2016) assumed that in case of expected inflation, when inflation rate goes up because of an increase in demand, which is more than supply, companies tend to raise their prices. The increase in the prices leads to the company's earnings and dividends growth and, eventually, to an increase in company's stock price.

Summary, conclusion and recommendations

Gaining knowledge of the effect of macroeconomic indicators namely foreign exchange rate and inflation rate on the stock market is a crucial objective. As the study shows, there is a large number of research paper that was conducted in an attempt and with the purpose of revealing some relationship between them. The results of the literature review of this paper indicate that there is no constant influence of foreign exchange rate, inflation rate either in advanced economies or emerging markets. It depends on the level of efficiency of the market and many other factors.

Furthermore, there is a scarcity of literature review and empirical studies on the influence of the foreign exchange rate and inflation rate on Kazakhstan's stock market performance.

The result of this study showed that the inflation rate has a positive association with Kazakhstan's stock market return, and it is significant. However, the foreign exchange rate showed that it is insignificant, but has a positive relation to Kazakhstan's stock market performance.

The findings of this paper can contribute to further investigation and empirical studies on this issue. In addition, the findings can help policymakers to get some additional and recent information about the association between the foreign exchange rate, inflation rate and Kazakhstan's stock market

performance. Moreover, this study can be helpful for investors to manage their risk exposure and make investment decisions.

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"Bankruptcy forecasting of Kazakhstani oil and gas industry using Altman Z-score model"

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Abstract: The oil and gas sector is one of the leading economic industries of the Republic of Kazakhstan. At the beginning of the 19th century, oil started to be extracted even earlier than in Iran, Kuwait, Mexico, Norway and Saudi Arabia. Until recently, hydrocarbon reserves have been located mostly in the western part of the Republic of Kazakhstan. As of January 01, 2019, there are more than 250 oil and gas fields in Kazakhstan; the estimated volume of oil reserves is about 30.0 billion barrels or 1.7 per cent of the world's oil reserves. According to the explored reserves, the Republic of Kazakhstan ranks twelfth in the world to the countries of the Middle East, Latin America, Russia and the United States. Since Kazakhstan is a global leader in oil and gas discovered reserves, it is important to investigate how oil and gas companies are controlled in terms of financial indicators.

Key words: Altman Z-score model, bankruptcy forecasting, oil and gas industry, EPOG companies.

I. Introduction

Kazakhstan's economy is heavily dependent on exports of natural resources in particular oil and gas. This is clearly illustrated by the official statistics figures: in 2019, 58% of the country's overall exports were oil goods, and 44% of the state budget was built up at the expense of the oil and gas industry. In their message, the oilmen remember that during the era of high oil prices and past disasters, they saved and increased jobs, routinely paid budget taxes, built and modernized the country's oil and gas industry, and conscientiously carried out projects of social responsibility.

Every year, businesses are increasingly growing production levels, increasing capital spending, generating new jobs and hiring more and more contractors to complete the amount of work. Since the beginning of their operations, oil and gas firms have jointly spent more than \$2.8 billion in ventures. There is an annual rise in tax collections. In the last two years, oil and gas producers have paid more than \$187 million in taxes and spent around \$195 million.

- Research purpose:

At the present time of the global economic crisis stimulated by the pandemic, businesses are in a tough position. Subsoil consumers call the most important assistance measure the tax priorities. The Union of Subsoil Consumers of Kazakhstan submitted its tax proposals to the Government twice-on 7 April and 5 May 2020. Unfortunately, however, they did not find a response from government departments. However the topic of taxes needs early thinking and decision. Lack of government

funding will lead to major unemployment and layoffs of oil and gas industries, to the closure of firms, which can lead to a reduction in the standard of life of the populace, to tension and turmoil, and in the event of a severe recession-a civil eruption. The primary objective of this study is to review the feasibility and validity of the Altman Z Insolvency Prediction Model in the oil and gas sector on the market in Kazakhstan.

- Research importance:

Altman Z-score model was developed in 1968 to measure the probability of failure of businesses, it is important to consider why it continues to be used over the years. The key issue of this paper is to explain how the Altman Z-score model is relevant to the current market situation and whether it can be extended to oil and gas companies listed on KASE in 2020. The Many businesses running on the market with profitability can have any probability of bankruptcy, and the idea of this research paper is to measure the probability of failure of the above-mentioned companies with the support of the Altman Z-score model and to explain why "negative results" are not always an indication of financial distress.

II. Literature Review

Altman Z score description

The first model for forecasting bankruptcy was created by E.I. Altman in the late 1960s. This work-based approach to analysis has extended around the globe to insurance, banking, and credit risk researchers.

Altman Z score model published in the article Financial Ratios, Discriminant Analysis and Corporate Bankruptcy Forecast, for public corporations with shares listed on the stock market.

Z = 0.012*X1 + 0.014*X2 + 0.033*X3 + 0.006*X4 + 0.999*X5

Where:

X1 = Working capital/Total assets

X2 = Retained Earnings/Total assets

X3 = Earnings before interest and taxes/Total assets

X4 = Market value of equity/Book value of total liabilities

X5 = Sales/Total assets

Z = Overall Index

X1, working capital/total assets

Working capital is the difference between current assets and current liabilities. It is used to show the liquidity of the company and the ability of the company to convert assets into cash. (Deb,2019).

X2, retained earnings/total assets

This ratio shows the profitability of a company over time. According to Altman (Altman, 1968), the younger the firm, the lower retained earnings to total assets it has. That is way this analysis is quite not fair to young firms showing a huge ability to go bankrupt.

X3, earnings before interest and taxes/ total assets

This ration measures earnings before interest and taxes to total assets. This ratio shows how effectively the firm uses its assets to generate earnings. It shows real productivity, not depending on tax and leverage (Fitriani, 2019).

X4, market value equity/book value of total liabilities

This ratio measures how assets can decline in value before liabilities can exceed the value of it and go to bankruptcy.

X5, sales/total assets

This ratio measures how much sales a company can generate based on assets it has. It shows a company's ability to generate revenue based on its assets. According to Altman, it is placed the last but not the least place in a total discriminating ability of the model.

Zones of discrimination:

$$Z > 2.99$$
 – "safe" zone

$$1.81 < Z < 2.99 -$$
"grey" zone

$$Z < 1.81 -$$
 "distress" zone

Application of Altman Z score in a fraud detection

The Enron case

Fraudulent accounting information, with the intention of confusing customers, creditors and shareholders, are undermining the business as it did with Enron Corporation.

The research reviewed Enron's annual reports with the aid of Altman and other templates in order to investigate how early financial misconduct may have been found in the business. On the basis of the Altman Z score model, indications of failure were discovered and Enron's fraud of earnings was prosecuted. (Ofori,2016)

Toshiba case

Toshiba is one of the most popular firms in Japan with a market cap of 13,381 yen. Toshiba overstated its net profit for a number of years, including its top executives. Researchers also suggested that top management have exerted pressure on managers by establishing a deep organizational culture that has driven company executives to distort statistics to accomplish their targets.

The study showed that the Altman Z-score model was successful in the identification of fake financial statements. (Mehta, 2017)

III. Research methodology

The sample period covered in this analysis is 2015-2019. The financial data of the companies listed on KASE will be collected for the five-year period. Also on basis of secondary testing, financial data will be tested empirically. The financial review carried out in this research concerns oil and gas firms. A selection of 40 oil and gas companies listed on the Kazakhstan Stock Exchange will be chosen. With the help of the Z - score Model, likely financial distress will be predicted.

IV. Results

As part of the analysis, on the basis of the developed regression model, the key guidelines for preventing business bankruptcies can be established. They need to concentrate on metrics such as:

- ratio of own working capital assets (ROWC);
- indicator of return on equity (ROE).

Less important for the financial situation and the extent of bankruptcy of the company are considerations such as:the coefficient of turnover of equity (ER);

- level of return on sales (ROS);
- current liquidity ratio (CurrentRatio).

The causes for bankruptcy are exceedingly numerous-this is the product of the interaction of a variety of variables which in turn, are frequently divided into:

- internal, arising within the company, which are related to errors and omissions of management and personnel;
 - external, which originate outside the company and are usually outside its sphere of influence.

As foreign analysts have found out in the traditional market economy, one third of the company's bankruptcy is due to external causes and two thirds to internal ones. Domestic scholars have observed the contrary tendency that contemporary Russia has a distinct proportion of the influence of these influences, i.e. external factors exceed internal factors. Confirmation of these terms

is the protracted and turbulent geopolitical condition embodied in the West's economic sanctions, which impact almost all sectors of our nation.

A comparative assessment of the techniques and procedures used to determine the bankruptcy of a company using different methods makes it possible to assume that there is actually no single framework for determining the risk of bankruptcy. In order to produce a true outcome in the selection of a model for a specific entity, it is appropriate to take into account the branch of the organization, the statutory basis of the State, the legal form, as well as other essential factors related to both the manufacturing and financial operations of the corporation under study and the implementation of the insolvency system of the company.

V. General Discussion

Study carried out in this paper in conjunction with the objectives set allows for a range of theor etical and practical conclusions to be drawn. Bankruptcy is an important part of the international aff airs business structure. Competition recognizes and promotes the richest players on the market and gets rid of those who do not comply with its strict criteria. In the face of economic crises and uncert ainties, the distinction of business actors is rising.

Enterprises that are unable to compete become the ballast of the national economy, driving economic partners into insolvency. Bankruptcy is used to clean up the economic climate of the market system.

Bankruptcy is a form of institutional economy that represents economic, legal, organizational and socio-ethical ties regarding the inability of corporations to meet their obligations to the state, creditors, partners and society as a whole. This initial concept of bankruptcy was provided by the author on the basis of the study of the work of international and domestic scholars, as well as on the basis of his own observations and a thorough review of the actions of domestic companies.

Limitation of the researched model:

-The proposed model for estimating the risk of bankruptcy, taking into account the impact of the most important ratios of financial analysis, has verified that the percentage of bankruptcies and stable activities given is appropriate and indicates the high quality of the resulting equation. Explanatory variables do not completely evaluate the default risk, which may be due to the lack of macroeconomic variables, quantitative variables that demonstrate the age of the company or the number of employees.

-The main challenge in this research was the application of the Z-score model to oil and gas firms. The Z-Score was initially developed to forecast bankruptcy for manufacturing companies almost 50 years ago in the United States of America. It is an old model that is commonly considered suitable for forecasting bankruptcy through the funding of experts and researchers. Another important drawback for prediction models, such as the Altman Z-Score, is that the applicability is largely focused on historical knowledge. Eisenbeis (1977) suggested that, due to the lack of value information used in forecasting models such as Altman, the prediction of the future financial situation of the business is focused solely on the analysis of past data, while the economy is changing dynamically.

-Finally, the Altman Z-score model based on the formula, covers financial ratios that are entirely dependent on individual financial reporting, and it is well established that the handling of financial statements is a constant global issue that can have a negative effect on business stability and potential customers. Another drawback of this model is the time period, taking into account the prediction of an episode of financial uncertainty, i.e. up to five years, that it is not enough for the organization to make consistent improvements to its strategies.

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"Case study Abercrombie and Fitch: Value Creation and omnichannel strategy

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Abstract

This paper is the result of a group project that has been undertaken at University of Lille in spring 2020 during my Erasmus exchange period.

The course "Technique du vente" (Sales techniques) involved as assignment a group project that consisted of analysing a case study of a chosen company in the retail sector, preferably in the clothing industry.

My group was an international group, with a French, Moldavian and Mexican mates, with whom we decided to choose the company Abercrombie & Fitch, which is a very popular international brand among the young generation.

As my thesis is about "The impact of the exchange studies abroad on student career and personal success", I truly believe that this project gave me some skills that will be useful in my career and that I learnt how to apply the marketing theory to a real international case by making consultancies to the company.

In this paper I will analyze the value creation of the brand Abercrombie and Fitch, its digitalization shift and the omnichannel strategy used to reach the customers.

I will look at the company's value creation process, its communication channel, its digital marketing and the managerial implications which can be drawn from the observations. It is important to note that I will explore these different aspects through the impact that the company's digitalization process may have had on each of them.

Keywords: digital marketing, omnichannel strategy, value creation, stakeholder management, customer experience, service management, experiential shopping, customer shopper journey, service dominant logic, fashion trends, inclusion, brand recognition, brand awareness, brand restructuring, generation Z, millennials, Abercrombie and Fitch, Hollister, casual clothes, concept store.

Introduction and objective

Abercrombie & Fitch originated in 1892. Initially named Abercrombie Co. by David Abercrombie, the company's initial product focus was on high quality outerwear. It was not until 1904 that Abercrombie Co. became Abercrombie & Fitch, after Ezra Fitch became a partner of the company. From the very beginning, Abercrombie & Fitch was designed to dress the wealthy and prominent figures of American society and elite. Today, Abercrombie & Fitch continues to have this casual and sophisticated image and it is primarily aimed at upper-middle class citizens. Abercrombie & Fitch became particularly famous in the 2000s with its revolutionary concept store and glamorous image. Abercrombie & Fitch's first flagship store opened in 2005 on 5th Avenue in New York City, sealing

their image as the new favourite American brand for young adults. Abercrombie & Fitch's golden age came in the 2000s. The company's particularly innovative concept appealed to many young Americans and, more broadly, to teenagers around the world. The glamourous settings in which the clothes were displayed, accompanied by models as salespeople helped Abercrombie & Fitch establish itself as one of America's most popular brands. This distinctive image did not appeal to everyone and the brand was heavily criticized for its image choices. The brand's emphasis on traditional Western beauty standards and the numerous scandals regarding its discriminatory practices severely impacted the company.

After the departure of the former CEO of Abercrombie & Fitch in 2014, the company underwent an image change. The digitalisation of the economy has offered new development opportunities for the brand. The rise of social media and the increasing use of e-commerce practices have forced the company to move away from its impersonal flagship stores to focus on a more dynamic relationship with its consumers through an online retail offering. The company has undertaken major improvements and continues to develop its more diverse and inclusive brand image.

State of the art Literature Review

There has been a shift in the recent years from different companies in terms of value creation. From a product based value creation perspective, companies have now favoured a different approach which put services and more broadly intangible output at the centre of its creation of value.

The American company Abercrombie & Fitch exemplifies this shift towards a service dominant logic with a growing emphasis on intangible means of value creation. A service dominant logic or SDL (Vargo & Lusch 2004) reflects a more active process of value creation in which stakeholders such as consumers, together with the company, create value through the relationship.

The product is thus no longer the sole creator of value and value creation cannot be distinguished from the sales experience through which specific and competitive knowledge and skills are being transferred and which surrounds the product.

Co-creation of value through consumer exchanges is an essential process in the service dominant logic. Abercrombie & Fitch corporate culture and values revolves around four core aspects: "Commitment to Quality", "Authentic Goodness", "Always Forward" and "Our Promise to Consumers". In the latter aspect, A&F expresses its goal to integrate consumers into the value creation process by "put(ting) you at the centre of everything we do" and "provide(ing) you with world class service, quality and value in every interaction – guarantee". Although their objective is to move towards a more service-oriented approach, A&F's value creation process is not fully in line with the service dominant logic.

In recent years, A&F has made significant improvements in terms of strategy in order to adapt to new consumption practices. The initial concept of the A&F store is to offer consumers an immersive sales experience.

The experience surrounding the purchase of A&F's products undeniably participates in the creation of value through the development of intangible resources. It is important to point out that A&F's sales experience has recently evolved together with their store concept in order to correspond to a different customer segment and to provide the customer with a more intimate sales experience.

While the concept of the A&F stores was recognizable by its subdued lighting and the powerful perfume smell, A&F decided not to give up these aspects but to display them in a more subtle way. Brighter stores and a less intense perfume scent help the brand to offer to customers a more subtle and sophisticated experience which translates into a stronger emotional dimension around the sales experience.

Thus, A&F store concept goes beyond the simple presentation of a product and tries to offer customers an immersive experience adapted to their expectations and tastes.

A&F's evolution towards a service dominant logic also involves the abandonment of its flagship stores, which initially defined and differentiated the brand from other retail competitors. A&F's flagship stores, located in particularly attractive and central locations in the world's capitals and major cities, are now being replaced by smaller and more intimate stores. A&F stores are now designed with the objective of building a closer relationship with the consumer. As part of their new strategy, A&F has decided to focus on innovation and information and thus move further away from the good dominant logic.

We can take the example of recently renovated A&F stores, which incorporate innovative features with the main objective of developing the involvement of consumers in the value creation process and to propose an ever-immersive experience. A&F's "Suites" (fitting rooms) provide customers with more room to try on products and allow them to personalize their shopping experience by offering to change the lighting and music inside these fitting rooms.

Customers can create their very own atmosphere and may take pictures of their outfit which can then be shared on social media. As a result, the consumer is the actor of his shopping experience, which no longer consists of a mere product purchase but becomes an activity in itself providing him/her with a pleasant moment inside the store due to the different services offered around the purchase. The customer becomes the value creator of his/her experience and thus follows the logic of the "market with" rather than the traditional "market to".

A&F investment in the omni-channel has contributed to the development of more dynamic exchanges with consumers. This choice seems to be aimed primarily at enabling the co-creation of value with the consumer by having better informed and more active consumers.

The development of e-commerce has led companies to expand their online sales and to propose a more coherent and harmonious commercial offer. Technology can be integrated into the purchasing process and give consumers the possibility to be more active in it. By integrating and merging digital touchpoints into their brick and mortar stores, for example by allowing customers to retrieve clothes from the stores after buying them online, A&F facilitates the customer's shopping journey and moves towards a dynamic exchange relationship.

An important component of the service dominant logic is the integration of marketplace feedback in order to improve the company's offer and thus improve the financial performance of the company. It is only recently that A&F decided to really integrate and take into account customers' feedback and to adjust its offer accordingly.

The attention given and the efforts made on the consumer relationship represent an operant resource of the company. Prior to the change of the brand's CEO in 2014, many customers complained about

the lack of extra-large sizes for women and many complaints were made about the brand's image which focused primarily on individuals meeting Western beauty standards.

Failure to take consumers' feedback into account and company's discriminatory practices contributed to the company's decline and resulted in huge losses. A&F decided to work on its image and offer, in order to better correspond to consumers' needs and expectations. It is possible today to find extra large sizes in the women's section of their online and offline stores. At the same time, the company is committed to being more inclusive and has decided to focus more on diversity. Technology and the multiplication of touchpoints have enabled the company to gather information about consumers' wants and needs.

The integration of the desires expressed in customers' feedback allows consumers to participate in the development of the brand's commercial offer and to participate in its evolution. In this process, consumers co-create value which, once again, follows the service dominant logic of the "market with".

When looking at the essay entitled "The evolving brand logic: a service dominant perspective", the authors, Stephen L. Vargo and Yi He, put forward the idea that brand value has evolved together with the shift from the product dominant logic towards the service dominant logic. By examining the brand value evolution process, we can understand the extent to which A&F brand value creation has evolved. The A&F brand value is one of its main assets.

It is important to point out that the A&F logo helps customers to quickly recognize the product and to differentiate it instantly from other retail brands. This can result in an increased demand for a specific product of the brand. The brand value was therefore mainly embedded in the physical goods and thus shifted the attention of the company, here A&F, to its product (operand resources). This may also mean that the price of the goods was defined by the brand which added value to the physical good and resulted in higher prices. We can conclude that the product value sold by A&F was established by the company, which is more consistent with the value-in-exchange concept. Thus, products embed and create value for the brand and more broadly for the company. A&F products mainly translate specific images such as the image of a "fashionable" and "casual luxury" brand.

By definition, A&F products are not so different from other clothes sold by other retail stores. They do not have specific characteristics which give A&F a competitive advantage over its competitors. The main reason why customers choose A&F rather than H&M, for example, can be explained by symbolic needs. By following this logic, we can also, perhaps, move further away from the value-in-exchange concept. A&F clearly embodies specific images that drive customers to buy their product. Customers' perception of the brand indirectly implies their involvement in the creation of brand value.

The way customers perceive and understand A&F, gives value to their products (value-in-use). Based on this understanding, we can assess that customers are involved in the creation of brand value together with the company. Today, A&F's products are less brand-centric and its famous logo is disappearing more and more from their products.

The value of the brand, which used to be mainly embedded in the logo and thus in the physical products, no longer seems to be the company's priority. A&F's decision may reflect the brand's intention to rely exclusively on the consumers' perception of the brand to create brand value and more broadly value for the company.

Efforts are made by A&F in order to move further away from the product dominant logic and to embrace a more dynamic and collaborative value creation approach.

The company's digitalization process greatly helps the company to have a more dynamic exchange relationship with consumers and allows them to better participate in the value creation process.

Their brand value, which undeniably plays an important role in the company's value creation, continues to embed value in physical goods, even if this is less and less true. A&F still needs to make significant efforts to fully adopt the service dominant logic.

Research methodology and data collection tool;

This research has been done qualitatively, by taking into account the modern theories of value creation and omnichannel strategy and applying them directly to the case of Abercrombie and Fitch.

The brand itself has several case studies on internet and they were also taken as a source of information.

To gather secondary data for this research it was used the official website of Abercrombie and Fitch all the social pages of the company (Facebook, Instagram, Youtube), Google analytics and Google news.

Data analysis with critical thinking and discussion:

By looking at the Google analytics of the search, Hollister has more popularity among social media, except for Youtube, even though it started recently to upload video there. The fact that Hollister has so many followers explains why people do not know that Hollister belongs to the Abercrombie and Fitch Company and is becoming the most preferred and searched brand among the Abercrombie brands (Abercrombie and Fitch, Abercrombie Kids, Hollister).

Below the suggestions that I would give after analysing the digital marketing approach of Abercrombie and Fitch.

Online sales are an important driver for Abercrombie business as customers are increasingly starting their shopping journey online;

Do some focus groups and personal interviews to people in order to have some extra market research insights;

The value that the products offer should be hedonic / pleasure / entertainment / game and needs to target the places and categories of events where Abercrombie can make the difference;

Do more celebrity endorsements; celebrities and VIP people attract the customers and are a fast way to spread the word of mouth;

The retail market is hyper-saturated, shops need to differentiate and add extra value. Tcheesebox could be a good partner for them, as teenagers love selfies. Also M&Ms could be a potential profitable partner;

Be present and focus in outdoor events, mainly concerts, festivals, parades, sport events and wherever people may want a 'souvenir' from that event;

Use more effectively storytelling via social media; connect with communities and consumer tribes via social media like Twitch, Pinterest, Snapchat, TikTok;

Make a strong customer relationship and create a link with consumers; drive consumer engagements through integrated marketing;

Keep the customer experience memorable, multisensory, extraordinary, hedonic and pleasurable;

Reach the top of mind awareness and position the brand;

Continue to focus on aligning product, voice and customer experience;

Invest more cash into its localization efforts;

Take into account that loyalty programmes provide valuable data and insights that enable the company to direct special attention to the most valuable customers

The app Abercrombie and Fitch that can be downloaded into our smartphone is another great tool that is used in order to be closer to the customers and prospects. By using this app, it is possible to shop, to see the new arrivals, to get promotions, get to know events around you, download the store playlist, scan to ship and pick up in store. All these services are part of the omnichannel strategy of Abercrombie and Fitch. One aspect that the company should bear in mind is that not all over the World we use the same social network and it is not enough to be present in the online platforms like Facebook, Instagram, Twitter and Youtube to reach all the customers. For instance, in China they should open a Weibo and WeChat account, to operate in Russia they should better open a VKontakte account, in Central Asia Telegram while in Latin America, Africa and many developing countries Whatsapp. Even though these are the most common used social networks, new forms of socializing are taking place and are disrupting the messaging and photo sharing technologies.

Other upcoming apps that will be more and more used by teenagers (generation Z) in the future are Twitch, Spotify, Snapchat and TikTok. They have the power to be viral and therefore their content can become viral too. With these tools Abercrombie can better reach their target audience and increase their top of mind awareness among teens. In conclusion, they should still keep the current social media accounts but add the new ones as integration, all with the same identity and aligned to the brands they represent.

Summary, Conclusion and Recommendations

1. Finding a way to become "exclusive" without actually going out of your way to exclude others.

Abercrombie's branding was so exclusionary that it ultimately became offensive and therefore ineffective.

Exclusivity in brands is a powerful thing. There is nothing wrong with it, and this is one thing many brands want to do. If the brand is able to attain an appearance of exclusivity, it instantly becomes more attractive to potential customers. Furthermore, all brands target specific types of customers, but they do so without telling people outside of their target market that they're not welcome. While being unique, brands should pay attention to sending a positive message to all consumers. Make everyone have a yearning mood for the brand, the brand can be used as an incentive and role model, rather than a "They do not welcome me", "I do not deserve this brand", "They do not welcome fat people," This shop makes me very stressed. "They invite everyone to become a customer, but use their marketing efforts to reach out to the people who are most likely to shop and spend money with them.

At present, the brand image of Abercrombie & Fitch is "classic East Coast collegiate style", "young, pretty bourgeoisie, sunshine, health, fresh body". These are the keywords it wanted to convey. In response to these original intentions, I think they can focus on branding in the direction of "health" and "lifestyle". Abercrombie & Fitch will no longer be a brand that only recommends products to customers with the perfect figure, but a brand that inspires and encourages customers to have a healthy figure / healthy lifestyle. It will be a symbol of self-requirement and a self-disciplined lifestyle.

Let the non-target group have the idea of "I want to become more fit and buy an Abercrombie & Fitch to reward myself" instead of the idea of "This brand does not welcome me".

2. Repositioning

Today, Abercrombie & Fitch's brand positioning and target customer groups have been misplaced. A few years ago, Abercrombie & Fitch positioned its brand as a light luxury brand, which means, it is positioned on the same level as light luxury brands such as Coach and MK. So Abercrombie & Fitch's retail stores are also in golden locations in other countries around the world. For example, the Champs-Elysées in Paris and major high-end shopping malls in China. Their retail stores are often located in the same location as luxury brands such as LV, Chanel and Dior.

However, at the same time, their target customers are young people, the so-called "classic East Coast collegiate style". This is a contradiction, because most young people don't think of Coach or MK as a symbol for "cool". So for Abercrombie & Fitch's main customer group, the brand Abercrombie & Fitch has lost a lot of "coolness", both in terms of brand positioning and price. Meanwhile, Abercrombie & Fitch rejects middle-class customers who can pay their prices. For example, in the United States, the group recently offered to pay a television host to stop wearing his clothes. The show it hosts on MTV, the "Jersey Shore", was deemed too vulgar by the brand.

I think it's time for Abercrombie & Fitch to reconsider and to determine their positioning. They can choose to continue its positioning of light luxury and transfer the main customer groups to the middle class; or to make its brand positioning more affordable and "cool" (but different from fast-fashion brands) and regain the favour of young customer groups.

3. Offer more diversity and inclusion

In addition to the brand image controversy, the management of Abercrombie & Fitch is also much discussed. Unlike their "classic East Coast collegiate style" brand positioning, their management approach is said to be military style management. They have strict requirements on employees' dress code, makeup, and even nail length. In addition to strict military style management, the Abercrombie & Fitch's management style has also been labelled as "discrimination." For example, employees wearing prosthetics will be assigned to work in areas where they can be hardly seen by customers.

All these tags have had a very negative impact on the management and recruitment of Abercrombie & Fitch. It is very difficult to find new talents that would like to work in such a "appearance first" company

In a global business environment, a publicly-traded company is expected to grow. Diversity and inclusion, rather than exclusion, is often key. To remain competitive for talent and for customers, it is imperative that companies attract and value diverse talent and enable that talent to attract and value diverse customers. Companies increasingly rely on an heterogeneous workforce to increase their profits and earnings and the companies adaptability and innovation. Furthermore, diversity is associated with increased sales revenue, more customers, greater market share, and greater relative profits. In short, from a strategic business perspective, an extreme, image-driven, appearance-focused branding strategy may not be the best approach.

CONCLUSION

Significant efforts have been made by Abercrombie & Fitch to base their value creation process on more intangible means of value creation. Their relationship with consumers appears to have greatly improved and the resulting dynamic clearly enables the company to further integrate them into the value creation process. Current and future improvements will be based primarily on the company's digitalization process, which will facilitate the co-creation of value.

As a worldwide company, Abercrombie is present in a huge number of countries. They are using all modern forms of communication like the social media, but I have the feeling they could make the customer participate more inside these channels so as to improve the feedback on products for instance. Recently, we can see a new turning point in their strategy as they are relocalizing and reshaping their shops, while they focus more on the use of new technologies and the efficiency of their distribution channels to simplify the life of their clients.

Since Abercrombie did a brand repositioning from 'only cool kids' and being exclusionary to an inclusive brand, many things changed especially in their digital strategy. The main aspects that were taken into account were to offer the customers a seamless shopping experience in digital commerce with the help of online purchase options and pickup in store.

Furthermore the Venmo payment system has been adopted to accelerate the transaction and satisfy the savvy customers.

From big and dark stores there has been a remodelling with new and smaller prototype stores, with spacious halls, lighter and colourful.

In September 2019 Abercrombie reached 30 million loyal members and this is a positive progress, compared to the previous years. In fall 2019, Abercrombie and Fitch ranked 4th as popularity brand among upper income teenagers brands after Nike, American Eagle and Adidas; this is a great outcome due to the new strategy that has been implemented.

Abercrombie and Fitch will face many challenges in the future, these will include managing and optimizing many social networks accounts and digital communities, streamline customer processes and keeping or augmenting the top of mind awareness among teenagers.

Hence, if Abercrombie can use its brand charm and culture to reposition itself, and also find new solutions in management and branding, it will be able to find its place in this highly competitive fashion industry. Therefore integrating these elements is what they need to think and practice in the near future.

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"Blogging as the Marketing Tool"

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ABSTRACT

Blogging is now a great opportunity for companies to promote their products or services. This study shows how blog promotion affects purchasing intent and consumer perception of a brand. A number of studies were reviewed and the scope of the study was identified, identifying gaps.

INTRODUCTION

Study Background

Some research explains how different types of blogging can be used for commercial purposes in the field of marketing. J. Jansen, Zhang, Sobel & Chowduri (2014) read microblogs as part of a marketing strategy that is available online orally. In the study, they found that this approach had a positive effect on customer experience and consumer perception of the brand created by social micro-blogs. Many studies on microblogging are designed to be used as a tool to increase efficiency. Fei Hao, Ming Chen, Chongsheng Zhu and Mohsen Guizani studied microblogging in social blog marketing in 2015, which explores the effectiveness of these blogs in the overall marketing strategy and their impact on customer acceptance.

Problem statement

As Bert Markgraf (2010) states: "A common problem with marketing is to use the right advertising environment or focus on a message that does not meet the specific needs of the target market. You can solve this problem by reviewing your advertising strategy and adjusting the media and message as needed. "According to many previous studies, many companies see the problem of providing accurate information about their products to potential consumers. This research revealed that the company has a new platform for consumer communications. Blogging is now very popular among people, and companies can use it as a new marketing tool. In the new era of the competitive market, general marketing activities may be ineffective for the company's overall strategy, which may negatively affect the company's market share through ineffective means of sending messages to advertisements or other marketing campaigns.

Research questions

- 1. Is there any influence of Blogging on Brand Perception?
- 2. Is there any influence of Blogging on purchase intention?

Research objective

This study is conducted to describe the effectiveness of blogs as a tool of marketing mechanisms in an effective competitive environment. In this study, we will look at different types of advertising on blogs and how they appeal to potential customers. Blogs can be considered as an information message idea that can enhance the effectiveness of the overall marketing strategy implemented by different marketers, which can convey the description to the target audience. Studies by Dreze and Zufryden (2004) have shown them that blogs are becoming increasingly important. Factors influencing purchasing decisions are differentiated depending on the type of product and the age of the people surveyed. BIG research (2005) found that the impact of blogs ranges from 1% to 10.5%. The market share of blogs on different platforms is gradually increasing, and marketers can use effective blog posts to gradually increase the market share of their companies. In this study, we look at how blogs have a positive impact on consumers' perceptions of brands and purchases. This study also aims to describe how blogging as a marketing tool affects brand balance in terms of customers and its prospects.

Contributions

The proposed research helps to ignore how blogs reinforce the marketing strategies of different companies and how they affect people's minds when making decisions. On the other hand, if we find that the small impact of blogging and the number of disadvantages of blogging as a marketing tool are ineffective and insufficient for marketing mechanisms. The study also explains how people control blogs and how people rate advertising products through blogging.

LITERATURE REVIEW

The meaning of a Blog

A blog is a personal diary on the Internet. Today, the term is familiar and understandable to all Internet users. The origin of the term "blog" is associated with the phrase "web access" - "record web events". In 1997, Jorn Berger abbreviated it to the term "weblog", which became popular among Internet users. About a year and a half later, Peter Merholtz, the creator of the Peterme weblog, introduced it as "we blog" which means "we blog" (Borodkin, 2014). Thus, the word "blog" became the definition of any Internet diary, and also gave rise to the word "blogger" - "diary maker".

In August 1999, Pyra Labs, a San Francisco-based company, created the Blogger portal, which allowed for a fast, simple, and essentially free personal blog (later acquired by Google as Blogger) (Borodkin, 2014).

In 2006, the consulting company Technorati registered 50 million blogs. In 2007, about 175,000 new blogs were created in one day.

The number of blogs on the Internet has been growing rapidly since 2008. Many users not only create their own blogs, but also become regular readers of other people's Internet diaries.

As of March 2008, 346 million active Internet users between the ages of 16 and 54 read blogs worldwide. (U.a, 2008)

It should be noted that the use of social networking channels is free. Some social networking channels can benefit a company or a user, and blogs are no exception. This means that blogs are a marketing tool on social media that can be used as a source of profit for a private business. The following paragraphs explain how to make money from blogs.

Or in the "Content" position:

Text blogs - contains only text articles;

Photoblogs - main content - photos;

Music blogs are the main content of music files;

Video blogs - the main content of such blogs will be videos and movies;

Podcast blogs - contain information in the form of sound files;

Multimedia blogs - contain any of the above types of content.

However, the content of blogs does not define their "Creative Purposes" topic: a blog of any format, which can be a separate diary and thematic blog; and some can be business blogs with specific content.

Blog Marketing

Divecha (2007) says that advertisements, reviews, and offers that are included in blog marketing and written by bloggers offer certain services or products. Blog marketing is a part and parcel of content marketing, where its function and method are to create and distribute valuable, useful and important content. As Bill Gates (1996) put it: "Content is King. Because carefully crafted content has a constructive effect on those who read it. It is important to always keep in mind that a small customer / reader can be the main or best consumer of tomorrow. So the goal is to make a strong and good impact on the target audience / potential customers with quality and valuable content. Stremtan (2010) divided blog marketing into two parts:

- corporate blogs (business blogs) created to advertise or promote the company's products or services.
- promoting blogs (for-profit blogs) are blogs run by bloggers who advertise or promote someone else's products, services, or companies.

The court block is a tool for professional and personal use.

Corporate Blogs/Business Blogs

There are several benefits to blogging. The first is that there is no need to invest in it, ie products or services are promoted free of charge. The next step is to establish a close relationship with consumers who can comment on the company's production, the consequences of which can lead to its development.

In addition, through blogs, the company gains an ethical reputation and shares / demonstrates its value. To create and make an effective social media marketing plan, a company must use all social media tools and channels, but not all of them are suitable for every business. The last benefit is that search engines open the top blogs in the rankings (Holtz 2006). Additional files, such as photos, videos, and audio, can be uploaded to blogs to make the information more attractive and valuable. Business blogs also show how employees work for a company and tell clients that everyone who works there is equally average, and that all of this makes customers honest and trustworthy.

Consumer Brand Perception

If at the beginning of the emergence of commodity-money relations, people chose to choose the characteristics of the product in terms of quality and functionality, now purchases are often made unconsciously, and unnecessary items are often purchased. The main subjective factor that leads to the purchase of a product is the consumer's perception of the brand. (Viktoriya Redko, 2016)

In today's world, more attention is paid to the brand: brand agencies are opened, research is conducted in this area. And this is entirely justified, because the main function of the brand is to establish an emotional connection between the manufacturer and the consumer. The brand helps people choose hundreds of identical products that meet its expectations.

A brand is a relationship between a consumer and a product based on a certain associative series. There are two types of associations in marketing: primary and secondary (Victoria Redko, 2016).

Primary associations are a set of images and recommendations that are directly related to the brand, for example: logo, product packaging, price, etc. All of these items that the consumer sees, they are quickly remembered and are quickly deleted if they depend on the ability to remember. The brand did not interest anyone.

Secondary associations form an emotional connection that is stored in the mind for a long time. These are abstract concepts related to values or principles formed in childhood. Marketers work hard to create an emotional connection using a variety of techniques and tricks.

When a brand wants to make an impact on the market, the hardest part is finding the right blogger that fits your brand. This will make you look more closely at your product and who is in the market to buy it. For example, if some brands sell dog food, should they really attract bloggers who specialize in dog food. (Lauren Jung, 2015).

H1: Blogging as a marketing tool to enhance brand perception

Purchase intention

According to the analysis of interview materials by Yana Bagina, Anastasia Kochervey, Svetlana Naryan (2017), there are four types of purchases influenced by the advice of bloggers. This classification is based on two criteria. The first criterion is primarily related to the need for the product at the time of purchase or the recommendation of the blogger. The second criterion is impulsiveness / intentional buying. If the consumer does not initially plan to buy a product or does not even know that it exists, but when he buys it under the influence of the blogger's advice, it is about buying it as a "recommendation" purchase.

H2: Blogging as a marketing tool to enhance purchase intention

Methodology

Research Design

This study will have a quantitative design to find out how effective marketing marketing can be to improve brand perception and purchasing intent. Quantitative analysis of the survey shows how important these two concepts are to each other.

Sample design

The target audience of this study is everyone who reads and sees the blog. The sample is taken from people with different criteria of gender, age, geographical location, nationality.

Data Gathering

The data is gathered on a number of pre-prepared multiple choice questions, do they think blogs are a great way to browse products online, do they have an impact on shopping blogs, and are consumers interested in popular brands through blogs.

DISCUSSION AND CONCLUSION

The topic of advertising on blogs is not the first month of excitement. No exaggeration, this is a fashionable topic. The relative novelty of the phenomenon allows many blog owners to present them as an ultramodern, effective means of advertising, as a result of which it acquires television, radio and print media.

For many people, the Internet has long been not only a source of information, but also a clean environment. The advent of new Internet technologies has allowed people to see the Internet not only as a large library, but also as one of the communication platforms, and sometimes even the main one. On the one hand, the so-called Web 2.0 technology, which has given impetus to the development of social networks, as well as the dissociation of people in life, on the other hand, forces them to spend more time in the virtual space. The number of Internet users is constantly growing, and the number of bloggers is growing. This environment has its stars: bloggers with an audience of several thousand readers, but also a great influence on the mind. Some successful posts come out of the blog format and begin to travel around the world authors, which gives authors a significant level of fame. Of course, the virtual environment of blogs is beginning to be perceived as a very interesting platform for advertising. After all, by influencing a small number of review leaders, you can reach tens, maybe hundreds of thousands of potential customers. However, this is only on paper. In fact, everything is much more complicated.

The purpose of this study was to analyze the relationship between the use of blogs as a marketing tool and brand perception; Intention to use and buy blogs as a marketing tool. This study aims to examine the effectiveness of blogging as a tool of marketing mechanisms and how it affects consumers' purchasing intent and brand perception. Then, testing was performed to confirm the alleged connection.

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"The relationship between job stresses, WLB and life satisfaction among employees in hospitality sector".

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Abstract:

This paper endeavors to elaborate on relationship between job stress, WLB and life satisfaction amongst employees of hospitality industry also referred as 'low risk industries' – i.e. the service & hospitality sectors. In particular, the stress derivatives will be closely evaluated such as interpersonal confrontations, lower quality of life and other curricular stressors that affects performance and life satisfaction of workers. The research will follow quantitative methodology as to quantify the problems by generating numerical data and draw vivid statistics on relationships between research variables namely occupational stress, WLB and life satisfaction. Questionnaires will be used as a tool to collect first-hand information. The findings of the research will shed light on experiences hospitality workers face on daily basis and it will be a guideline for employers of the industry to alleviate the stressors, boost the performance and to reduce turnover rate.

Introduction and Objective

The service industry is the sub-segment of catering and tourism industry (Travel and Tourism Economic Impact 2016 World, 2016). The service sector has boomed in 90s and during globalization with more and more people enjoying to spend time travelling (Aminudin, 2013). Less border

limitations and more countries coming into peace has brought favorable environment for tourism to thrive. Increase of tourists' inflow into the country has many advantages such as contribution to GDP, marketing, cultural exchange etc.

Although tourism is full of joy, the other side of the coin remains complicated. It requires highest level of competence from employees and managers otherwise the business will drown in the deep sea of a current competition. The competition in the hotel business is very high and if you underperform in a single aspect, the bankruptcy is inevitable. So, each aspect of the game is very important.

In essence, human capital plays a key role in generating value for this kind of business because it is always a human who provide a product/service (Enz & Siguaw, 2000). Employees are the key determinants of service quality, image, income and productivity of an organization (Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010). They carry out their task in different departments like customer service, food and beverage, housekeeping, and others which have a high frequency of face-to-face interaction with their customer. In other words, they need to be able handle these issues very quickly and appropriately to meet the expectation of customers. All the responsibilities that are burdening employees eventually lead employees to feel stressed (Bharwani & Butt, 2012). Employees need to be extremely competent and educated to treat customers the best way. They also need to look good and talk good as they directly represent the hotel they are working in. (Sampson & Akyeampong, 2014). So all in all, because of external pressure posed by management, customer wants and hotel norms many frontline waiters, housekeepers, cooks are suffering from job stress which derives from excessive work and inflexible working hours. Such kind of problems related to stress and health detriment occur because employees lack time to spare for their families and have a lower quality of life (Ariza-Montes, Arjona-Fuentes, Han & Law, 2018).

Stress can directly or indirectly affect emotional exhaustion, satisfaction, and turnover rate (Lazarus, 1993). Job stress is very common issue in customer-oriented fields and it creates dissonance of interests among employees and managers (Ruyter, Wetzels, & Feinberg, 2001). In addition, high level of job stress impacts the productivity of the employees and it bears a huge amount of health care costs need for the employers (Krone, Tabacchi, & Farber, 1989). Job stress can be alleviated by maintaining a good relationship between employers and employees (Khodarahimi, Intan, & Norzarina, 2012).

The productivity of the hospitality sector depends on the human resource factors (AlBattat & Som, 2013). And the scope of work includes interaction with the customer, long working hours, repetitive work, high workspace and problems with coordination of work (Hannerz, Tüchsen, & Kristensen, 2002). This job stress creates a demand of an individual to make the decision to get a balance between work life and family (Wong & Ko, 2009). However, people find that it was difficult to work under different roles at the same time, for example, a parent at home or manager in the department which cause them to feel stressed (Grandey & Cropanzano, 1999). As a result, when the employees start to feel that their life is not balanced due to the job, it will actually make them to quit their current job.

People involved in service industry must be positive and active because they have to deal with their guests who expect them to provide highest quality of service. (Hofmann & Stokburger-Sauer, 2017). According to Dann (1990), frontline positions in hospitality sector which have a high frequency of face to face interaction with the customers are exposed to high stress levels. Sampson and Akyeampong (2014) proved that individuals who work in the service industry show a sign of stress and overload because of the high pressure and demand that placed by the organization. Lee and Wang (2002) stated that an individual's workload and responsibility give rise to high occupational stress. High work-life conflict or low WLB reduced job satisfaction will cause lower organizational commitment and productivity, higher absenteeism and higher turnover (Hobson, Delunas & Kesic, 2001; Bell et al., 2012).

Razak, Yusof, Azidin, Latif, & Ismail (2014) stated that people in high stress environment have many health and social downsides, however, if the stress can be handled effectively then the stress can result in better performance. Bell et al. (2012) also shows that high stress will lead to ill-being when

the individual didn't use or choose the suitable coping strategy to cope with the stress. According to Lazarus and Folkman (1984), the stress can be eliminated through effective coping. The styles of coping might change when an individual face different problems or stress level. When situations faced by the individual change frequently, help-seeking and problem-focused styles such as direct action coping styles will be more effective (Rotondo et al.,2003).

Past researches have proved that WLB has a positive impact on job involvement and life satisfaction (Omran, 2016). Haar et al. (2014) mentioned that WLB has a vital role in explaining job and work-life enrichment which bring advantages to life satisfaction of the individual.

In the study of AlBattat and Som (2013), they seek the impacts of demographic factors, job stress, job satisfaction and working environment on employee satisfaction in hotel industry and concluded that job dissatisfaction will increase employee turnover rate. Turnover crises can be reduced by higher compensation and by improving workplace conditions whereas low salaries, poor training and unacceptable working conditions could lead to higher turnover rate (AlBattat, Som, & Helalat, 2014). Research carried out by Abdullah, et. Al (2009) found out the factors that influence employee satisfaction and loyalty and conclude that the increase of employee satisfaction could increase the employee involvement into work. Rubel, Kee, and Rimi (2017) found out between role stressors and turnover intention, work-family conflict (WFC) act as a significant mediator.

Despite a number of studies highlighted the relationship between WLB and life satisfaction (Omran, 2016; Haar et al., 2014) and stress and WLB (Razak et al., 2014; Bell et al., 2012), limited studies were found to examine the inter-relationships among job stress, WLB and life satisfaction. Therefore, this research intends to fill the gaps by looking into the indirect influence of WLB in the relationship between job stress and life satisfaction. Besides, this research will evaluate the moderating effect of proactive coping strategy between job stress and work-life balance among employees in the hotel business

Research methodology and data collection tool:

How does job stress influence WLB of employees in the hospitality sector? Does proactive coping moderate the relationship between job stress and WLB?

Multiple literature mentioned above have mentioned the presence of high level of stress in service sector. Especially hospitality sector seems to be stressful because of high customer expectation, strict quality control and conflict of interest between management and employees. Stress is major component when evaluating hospitality sector as it affects all aspects of employee performance. For example, when a worker is under pressure, he can't smile and greet customers sincerely, he can't perform at his best and his thoughts will be somewhere far from the job because human nature is built to avoid burden in any form. So in this research, I intend to elaborate on the extent to which stress affects WLB and other aspects of work such as performance, health & emotional aspects and turnover rate.

Methodology

Quantitative research will be used in this study. Quantitative research is more structured and used to quantify the problems by generated numerical data or transformed data into usable statistics (Kothari, 2004). It concerned with data and numbers which can be easily be quantified. Methods to collect quantitative data include various forms of survey, fixed alternative questions and it typically begins with data collection based on hypothesis. In quantitative approach, researches involve descriptive research design in our study. Through quantitative research design, data can be collected

from large sample size and usually less time consuming. This research involved a cross-sectional research, in which the research data are collected once and measures the outcome and the exposure(s) in the population at the same time (Setia, 2016).

Data analysis with critical thinking and discussion

This study aims to collect primary data by using self-administered questionnaires to conduct the research. Primary data will be collected in order to acquire accurate results. It can be defined as the first-hand information and shows the most accurate results as it was not collected before (Sekaran & Bougie, 2013). The method of collecting primary data is through the distribution of questionnaires to the relevant respondents. By using this method, the original data can be collected from the target sample. Furthermore, questionnaires enable researchers to collect information in a short period of time and it is cheaper than other primary data collection methods such as interview. The questionnaire will be adopted and modified from related research journals of the past researchers.

According to Sekaran and Bougie (2013), collecting data through questionnaires are less time consuming and less costly than observation and interviews. The questionnaires will be distributed to the employees not only in person but also through email and services like Surveymonkey etc. Researchers will contact the Human Resources Manager and employees directly working in the hotel industry to explain to them the purpose of the study and request their permission to collect data from their employees.

Summary, conclusion and recommendations

All in all, the research focuses on revealing psychological problems among workers in hospitality industry that leads to stressful state of mind and draws a relationship between job stress, WLB and life satisfaction. The problem itself derives from various sources for instance, interpersonal communications such as meeting the expectations of customers, being pressured by employers and having lower quality of life. To sum up, the research helps to identify the stress triggers and draws an emotional roadmap through which employees of hospitality industry go along on daily basis and seeks to open a way for industry workers to find solutions on how to reduce stress among service workers and live happier life.

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Zholamanova M., Arzayeva M., Doszhan R., Turlybekova A. and Kukiev A., 2018. *Devaluation in Kazakhstan: History, Causes, Consequences*

"Board Characteristics and Financial Reporting Quality"

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Introduction and objective

The primary objective of this thesis is to examine the relationship between Board characteristics and Financial Reporting quality in the context of KZ public firms between 2010 and 2019 years.

Recent global debacles in the accounting profession have hindered the confidence of accounting information users. The fall of the so-called too big to fail companies such as Enron, WorldCom, Parmalat and their respective external auditors has raised concerns about the integrity of the trade. Since then, researchers have investigated the reasons behind these great companies' failures and attributed them to low ethical standards.

Code of corporate governance of KASE has been considered a benchmark in companies. Orazalin (2019) believes that the code will support firms in mitigating mismanagement, remediating any deficiencies in management mechanisms, prevent power abuse and manage risk efficiently. Orazalin believes that compliance with these recommendations is an essential basis for assessing the quality of the management system, its reputation and the interests of its shareholders. However, the quality and reliable information provided by its shareholders (particularly on directors' operations) has

become a commodity to be paid for in order to effectively and effectively measure the performance of an entity.

Financial statements are useful instruments that users need in order to make efficient economic decisions. Therefore, it is imperative that the reported information is verified by an independent audit and is efficient, realistic and reliable. Nevertheless, today's financial reporting periods have seen ongoing questions about the quality of financial reports posed by corporate accounting scandals. The consequences of juicy profits and the eventual collapse of major companies worldwide are seen as unavoidable indicators. This led to critics of the Board's effectiveness in its financial reporting responsibilities and overall management of the company.

The Code of Corporate Governance recommended a unitary board structure in which non-executive directors (NEDs) would provide the board with an independent review, thus separating decision management from decision control. But one key argument that truncates this fact is that managers are chosen essentially from the same management – a practice that tends to threaten the sacred quality of the independence of the Board. After the collapse of a number of local and international business organizations, such as Anderson, Enron, WorldCom, Parmalat, Xerox, there was an increased demand for independent directors. However, very little can be said about the effectiveness of an independent board in effective financial reporting, as the theoretical assumption is far from practical.

The issue of board diversity (gender and nationality) is the culmination of the problem of director's independence. Conventional boards were strongly criticized for encouraging homo-social dominance and the promotion of few members of the foreign board. Homo-sociality is described as a relationship of the same sex which has no romantic or sexual undertone. The Board currently dominates male directors with little or no opportunity for women to represent and foreign management, thus losing their repercussions, since they can introduce a heterogeneity of thoughts and experiences as well as reduce asymmetry of information and the associated costs of agencies.

Expertise in the board can be canceled to bypass the normal accounting standards and practices in financial reporting (for academic qualifications, professional qualifications, age and experience). As experts, they can be influenced by various forms of creative accounting aimed at misleading financial report users.

The following research questions were raised against the above backgrounds.

- i. What is the impact of board independence on the quality of financial reporting?
- ii. How does the diversity of the board affect the quality of financial reporting?
- iii. What is the impact of board expertise on the quality of financial reporting?

State-of the-art literature review

The financial report of any firm should include relevance, comparability, timeliness, understandability, faithful representation and verifiability as set out in the International Financial Reporting Standards. The financial statement must always contain detailed information on a company's economic performance (as shown in the revenue statement), its financial position, its cash

flow statement and its equity change statements (International Accounting Standard 1). This ensures that the information supplied is of high quality.

Verdi (2006) defines the quality of financial reporting as the exact manner in which it displays information on business operations and their expected cash flows, so as to inform shareholders of the operations of a company. The quality of financial reporting also refers to the extent to which financial statement provides us with fair and authentic information about a company's financial situation and performance (Tang, Chen & Zhijun, 2008). In order for a financial statement to be considered as having a quality attribute, it may be deducible from the above definitions that it should be able to provide authentic / true information concerning the economic performance, the financial position and operations of cash flows in order to keep shareholders and other stakeholders informed of the current situation of the entity. The financial reporting quality was also determined by Martínez-Ferrero, Garcia-Sanchez and Cuadrado-Ballesteros (2013) as the accuracy of the information transmitted by the financial reporting process. This definition focused mainly on the financial aspect of corporate information, so the definition was further broadened and modified. We defined reporting quality as the accuracy of information transmitted in both financial and non-financial reporting. At the end of the financial year, the financial statements of firms should have some element of truth. This is known as "quality." It is thus imperative that companies 'financial reports are of high quality in order to increase users' confidence.

The quality of financial reporting can be directly or indirectly assessed. It can directly be measured by means of accrual models, value relevance models, specific elements in annual reports and a qualitative characteristic operationalization (Beest, Braam, et Boelens, 2009).

Accruals' model focuses on the quality of the measured income and main hypothesis is that managers use discretionary accruals to manage their income (Dechow, Sloan, & Sweeney, 2002). Management of revenues is expected to adversely affect the quality of financial reports by reducing their usefulness in decision-making. The main benefit of this model is that it measures income management and is calculated on the basis of the information contained in the financial statement (Beest et al., 2009). In its calculation, it also excludes non-financial components (Beest et al., 2009). This model cannot therefore give a true and fair view of financial statements in an era of human accounting and environmental accounting.

A qualitative model could also be called the International Accounting Standard Board (IASB) as a method of operationalizing the qualitative characteristics of financial reports. This model focuses on the non-financial components of the financial report. The model distinguishes between fundamental and qualitative features. While relevance and true representation are key features, the improvement characteristics consist of comparability, timeliness, understandability and verification. The key features of relevance in the financial report ensure, according to Beest et al. (2009), that information is useful for users to evaluate, correct and confirm past and current events and to influence their economic decisions. Moreover, the information in the financial report must have a reliability attribute in order to make it useful for taking decisions. Faithful representation means that the financial report should reflect and represent the actual economic position of the reported financial information. In other words, it must demonstrate a high degree of objectivity and balance. In other words, the faithful representation affirms that the financial statements should faithfully represent what they claim to be. IASB (2008) also pointed out the importance of timely, verifiable, comparable and understandable financial reports as a means of further improving the quality of financial reports.

The use of profit management is known to be widely applied in the application of indirect measures. Managers often use it in changing figures in the financial statements (Healy & Wahlen, 2019). According to them, income management comes about when managers use subjective judgement in financial reporting and structure transactions to modify financial reports either to mislead some stakeholders with regard to the underlying company economic performance or to influence contractual results that are contingent on reported accounting practices. Where management uses subjective judgements in financial reports as a means of changing financial reports, negatively affecting the quality of financial reporting, it becomes desirable to have a discretionary accrual model as a tool to measure the quality of financial reporting (Healy & Wahlen, 2019).

Under the KASE corporate governance code for public corporations a non-executive, non-essential shareholder is the independent director of the company whose shareholdings do not directly or indirectly surpass 0.1 percent of the company's paid-up stock. Furthermore, the director has not previously been hired or has no commercial or technical relationship with the firm.

Anderson et al. (2004) submitted that a board consisting primarily of staff or employee directors can be prepared to dissimulate unfavorable knowledge to direct personal gain and thus ignore this interaction with the company's stakeholders. The autonomous board of directors are prepared to represent both the management and the company's stakeholders by careful oversight and complete publication of both financial and non-financial information.

Diversity of the board is a crucial factor in improving Corporate Governance (Wang, 2015) in an organization, provided that diversity in the boardroom promotes stronger decision-making and creativity in an organization. Some of the characteristics of a diversified committee include gender, age, learning and functionality, experience in business or exposure, and nationality (Wang, 2015). Sirnidi, Gul and Tsai (2011) thought that a combination of people with diverse talents, experience, information capacity and readily accessible to assist with their time professionally is the strongest board. It is notable that the expenses of a diversified board are reasonably costly, and their high costs may impact the efficiency of the business (Wang, 2015), and this may also impact the consistency of the financial statements.

Studies have examined the relationship between board diversity and consistency of financial statements (Makhlouf, Al-Surf & Almubaideen, 2018). Other literary divisions (Dobbin & Jung 2010) report a relevant and negative association between board diversity and the consistency of financial results. A third line in publications also submitted that the diversity of the Board would not have to do with the consistency of financial statements (Firoozi, Magnan, & Fortin, 2016).

In fact, gender diversity does not readily support the traditional makeup of the board in general to support the linear association between sex diversity and financial reporting efficiency, as male sex often replaces the number of female counterparts in the boardroom (Ilaboya and Lodikero 2017). This is illustrated by the laws of Europe, which say 30 percent of women's gender on the board, and Kazakhstan, where certain government offices are designed for women.

Research methodology and data collection tool

Study population

There were all listed companies in KASE (191 listed companies as of 31 May 2019), while the target population was forty-three (43) listed companies in KASE

Instruments for Data Collection

The secondary data were hand-picked from the sampled listed firms' annual reports (2010-2019).

Data Analysis Method

The study used inferential and descriptive statistics. Tables were well presented with detailed statistics, including Minimum, Maximum, Standard Deviation, Skewness, Kurtosis, and Jarque-Bera statistics.

Data analysis with critical thinking and discussion

In the past, the accounting profession doubted the integrity and relevance of corporate scandals. In this context, we examined the impact of the management features on the quality of financial reporting by the listed manufacturing companies. Razaee et al. (2003) and Waweru and Riro (2013) have stated that good governance promotes accountability mechanisms among the main corporate participants and can improve corporate overall performance. Healthy corporate governance accounts to shareholders for management. Many prominent participants in the discussions on financial reporting and auditing practices have increased their attention to the role of corporate governance procedures in the development of credible information on financial statements (Levitt, 1998).

Diversity of the board is a key element in strengthening Corporate Governance (Wang, 2015) in an organization, given that diversity in the boardroom encourages better decision-making and innovation in an organization. Some of the characteristics of a diversified committee include gender, age, learning and functionality, experience in industry or exposure, and nationality (Wang, 2015). Sirnidi, Gul and Tsai (2011) felt that a mix of people with different abilities, knowledge, information power and readily available to help with their time professionally is the best board. It is noteworthy that the costs of a diversified board are fairly costly because their high costs may affect the performance of the company (Wang, 2015), and this may also affect the quality of the financial reporting.

Summary, conclusion and recommendations

This thesis explicitly represents a milestone for why: first, a novel addition to the EM literature is made by the researcher; in the meantime, this article is the first feedback to explore the relationship between the impacts of many features of board members and EM function. No one report further explores the efficacy of the management experience of the Board of Management and of the firm's experience in business management supervision.

Results from this study could help corporate governance bodies that deem changes in best practices. This study finds in particular that the organizational management system (board) seems to have a negative link with EM. CEO duality and firm-specific management experience are among the least relevant FRQ improvement variables (Klein, 2002). Since CEO Duality and Board of Directors are

the most significant forum for Board of Directors to address and express their experience, it is impossible to see them as a less reliable internal governance tool. Regulators and other defaulting entities would have to pay a high price for this problem. Findings of this analysis thus support primarily shareholders, management and members of the public who are carefully informed about the adverse effects of EM.

The features of Corporate Governance also range from Agency theory (Jensen & Mackling, 1976), Stakeholder theory (Freeman, 1984), Resource reliance theory (Pfeffer & Salancik, 1978). Current research on resource dependency theory was based on this study to understand the correlation between the management characteristics and the standard of financial reporting in listed manufacturing companies in Kazakhstan. The philosophy reflects on the role of the board in supplying the company with access to services. Their characteristics as resource sources are also highly important (Abdullah & Valentine, 2009; Ezelibe et al., 2017). Scale, freedom, plurality, vigilance and so on are some of its characteristics. The Board's features are designed to increase the consistency of financial reporting in a business and, in exchange, increase the trust of the organization's stakeholders.

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"Securities Investment Strategies in Kazakhstan"

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Introduction

In Kazakhstan, there are several conditions for investing money savings. This is due to the economic and socio-political changes in the country. The first and main condition for many is to keep money savings in foreign currency. The second is to minimize the risk but get a guaranteed return. The third

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is the availability of money savings, which is the ability to withdraw money savings at any time. According to a population survey conducted by the National Bank of Kazakhstan (National Bank of Kazakhstan, 2020), 63% keep their money in a bank deposit, 24% prefer cash, and 9% prefer to buy real estate. Other methods of money-savings investment popularity are relatively low; 3% of respondents invested in securities and bought gold even less, only 1%. If we compare these data with other countries, this is a low indicator. For example, in the United States, more than half of the population invests in securities.

Investing in the stock market will increase your own funds. However, do not forget, the higher the income, the higher the risk. The traditional way to save money from inflation is to buy gold. Nevertheless, as a rule, the rise in gold price occurs when the stock market is uncertain. Buying gold assets is quite attractive for long-term investments; over the past five years, the index has grown by 55%. Government bonds, as a form of conservative investment, is also a low-risk way. Another popular method is depositing but within the amount guaranteed by reimbursement through the Kazakhstan Deposit Guarantee Fund. Profitability from deposits in national currency officially remains above inflation. All these advantages explain the popularity of these particular types of investment among Kazakhstanis. However, after the decrease in foreign currency deposits rate to 1% of the remuneration in 2017, foreign currency's more profitable investment question has matured among the population. The stock market is profitable to increase money savings. It is necessary to have financial knowledge, act wisely, and, most importantly, control risks. Therefore, it is essential to choose a strategy for a successful investment. The result will depend on the chosen strategy.

Securities Market in Kazakhstan

According to the Report of the National Bank of the Republic of Kazakhstan for 2019 (National Bank of Kazakhstan, 2019), at the end of 2019, the securities market was represented by 39 brokers and dealers (19 banks and 20 non-banking organizations), 9 custodian banks, 20 investment portfolio managers, 2 transfer agents. There are 3 infrastructural organizations: the first Kazakhstan Interbank Currency Exchange (Kazakhstan Stock Exchange, 2020), the second Astana International Exchange (Astana International Exchange, 2020), and the third Central Securities Depository (Central Securities Depository, 2020), which shows the nominal holding of securities, opening and the maintenance of bank accounts, the assignment of international identifiers to securities and the maintenance of a registry system. At the end of May 2020, the number of trading accounts opened for individuals in the Central Securities Depository of Kazakhstan was 122,353 (Central Securities Depository, 2020). Figure 1 below shows the dynamics of account growth from June 2012 to May 2020.

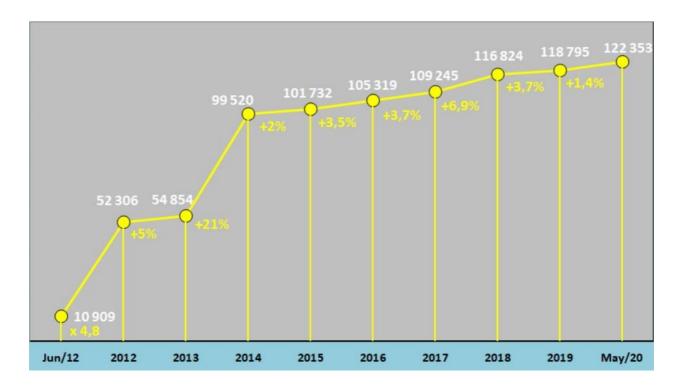


Figure 1. The number of trading accounts opened for individuals in the Central Securities Depository of Kazakhstan (Central Securities Depository, 2020)

From June 2012 to 2014, the growth was 832%, and from 2014 to May 2020, it was 20%. The sharp increase of 832% was due to the placement of shares of KazTransOil and KEGOC. It is safe to say that the People's IPO program among the population was carried out successfully and positively experienced. This program helped improve the financial literacy of Kazakhstan citizens and ensured the liquidity of the domestic stock market. The total population of the Republic of Kazakhstan is about 18,860,109 people (Worldometers, 2020), while accounts of individuals are opened at the rate of 0.64% of the total.

Securities Investment Opportunities

The culture of investing, like the class of retail investors, has emerged recently in Kazakhstan. The state is interested in this direction to continue its popularization. For this, it is essential to improve the population's financial literacy to assess all risks and make informed decisions following the chosen strategy not to be disappointed in the stock market. More than 122 thousand individual accounts have been opened in the Central Securities Depository, and only one-sixth of them is active - about 20 thousand individuals. The share of securities in household savings is only 15% (Forbes Kazakhstan, 2019). Due to the lack of financial literacy, there is an opinion among Kazakhstan's population that the financial market is a dense forest, and it was not created for them. Recently, more and more financiers and financial structures are taking measures to change this opinion among Kazakhstanis. Since a developed stock market will contribute to the development of Kazakhstan's economy by attracting funds directly to the private sector of the economy, which is an alternative to bank lending, furthermore, this, in turn, will help solve the problem and attract investment in the real sector of the domestic economy and contribute to the development and improvement of every Kazakhstani's quality of life.

Current Scenario of Securities Investment in Kazakhstan

The stock market plays an important role in Kazakhstan's economy, ensuring the redistribution of capital from investors to issuers operating in various sectors of the economy of Kazakhstan. Today, the infrastructure of the stock market as a whole meets international requirements. The necessary institutions have been created and functioning to ensure the market's operation, such as a stock exchange, a central depository, a single registrar, and a clearing organization. To attract investors to the securities market, various tax incentives are provided that exempt investors' income received from transactions with shares and bonds on the stock exchange, and dividends, and other remuneration on securities. Given the lack of institutional investors' activity in the stock market, special emphasis was placed on retail investors. In particular, retail investors' access to the stock market was significantly simplified through new technological solutions, dynamic identification tools, and remote service systems. Opening an account with a broker in 5 minutes with only an identity card and discovering opportunities to become a shareholder of KEGOC or Apple is today's reality in Kazakhstan (Jysan Invest, 2020).

Securities Investment Strategies

There are different investment criteria. Some investors make spontaneous decisions based on various news releases, and some buy only blue chips. Someone is guided by analytical data based on fundamental analysis and analyzing economic and political changes in the world, while someone acts, relying on intuition. Some investors pursue a strategy of looking for undervalued stocks and buying them, hoping for their future growth. There are strategies in which the portfolio consists only of stocks with strong market positions with a large capitalization. Also, each investor determines the investment period - someone buys securities for several weeks; these are adherents of an active investment strategy, while others have kept them in their portfolio for decades - passive investors.

Most investors do not have a clear strategy, or they often change it, which leads to rash actions in the stock market, spontaneous or emotional decisions to sell or buy a particular share. Such actions often lead to financial losses. It is necessary to take a closer look at successful investors in their strategies, which consist of clear rules, steps, and methods based on experience. Having decided on the strategy and following it, the investor increases its money savings.

Research Objectives and Questions

The objectives of the study are to determine at what stage the stock market of Kazakhstan is today by analyzing the structure and characteristics of the stock market in Kazakhstan, its participants, the current scenario and opportunities for investing in securities, what types of strategies for investing in the stock market exist and what strategies are theoretically most beneficial to Kazakhstanis, to analyze the identified strategies during the research process. By analyzing these factors, it is possible to find answers to the following questions: Whether Kazakhstanis choose the most profitable investment strategies in the stock market? Are those right investment strategies in Kazakhstan contexts? What are the alternative investment strategies Kazakhstan can pursue?

Research Methodology and Data Collection Tool

The choice between qualitative or quantitative data collection should be based primarily on the type of knowledge that needs to be gained from research, for example, for questions about ideas,

experiences, and meanings, or for exploring something that cannot be described numerically, collecting qualitative data correctly. Nevertheless, if it is necessary to develop a more mechanistic understanding of a topic, or if the research involves testing hypotheses, it is right to collect quantitative data.

A qualitative method is suitable for the thesis and achievement of the goal, given the need to understand the experience of investors; what investment ideas and strategies they followed. It is important to note that qualitative research is more subjective than quantitative. It involves exploring and reflecting on less tangible aspects of the research object, for example, same as the thesis's case, the value and attitudes towards various strategies for investing in securities and the perception of the investment environment for its development and improvements.

The primary source of information selected consists of three groups of actors: investors, brokers staff, and stock exchanges staff. The nature of the research questions, such as strategies chosen, are often confidential, and respondents such as brokers and exchanges are competitors. Furthermore, in this case, the most acceptable method of polling is individual interviewing, which is carried out in the form of a focused conversation according to a pre-prepared plan, whose answers to the questions posed to them serve as the initial source of information. At least fifteen formalized interviews are planned. The researcher's communication with respondents is strictly regulated by a detailed questionnaire, instructions, and additional input data if they find it difficult to understand the question.

Significance of the Study

This study will introduce Kazakhstanis to an essential tool for increasing their income - investing in securities. This method is an excellent alternative to known investment methods, such as buying real estate, purchasing gold assets, or bank deposits. The development of this direction, in general, will allow the population of Kazakhstan to increase their financial literacy, develop the ability to manage money savings properly, and increase their income. An important conclusion that can be drawn during the research process is that the development of the stock market, and with it the culture of private investment, will improve the well-being of retail investors in Kazakhstan and give an impetus for further study and popularization of this area, which will entail the development economy of Kazakhstan.

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"Defining Social Entrepreneurship in the context of Kazakhstan: building a case for definition"

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Abstract:

What is the current role of social entrepreneurship in Kazakhstan society? How is social entrepreneurship contributing to the development of the country? How does the government view and support ongoing social enterprise? These are some of the questions this research attempted to address in order to provide an overview of the current challenges and trends influencing the growing framework for social entrepreneurship across Kazakhstan. In order to guide the research and fully understand the nuances and arguments surrounding the terminology, attention was given to appropriately unpack the debated definitions for social entrepreneurship and show how it contrasts with conventional entrepreneurship versus charity. The literature review was conducted as a survey of relevant information currently available for what is happening in the area of social entrepreneurship in Kazakhstan and provides information of key gaps in the research. Interviews were conducted with key players in order to gain crucial perspective from within the industry. A preliminary analysis was conducted to extrapolate meaning from the interviews conducted. The work concludes by highlighting current gaps in the development of social entrepreneurship in Kazakhstan and summarizes the findings in a series of propositions.

I. Introduction

Social entrepreneurship can be defined as the process of creating value by combining unique resources in order to obtain significant social returns and sustainable profits (Martin, Osberg, 2007). Social enterprises are mission driven businesses which exist to address social needs for the common good by selling products or services. Social entrepreneurship is still a relatively modern concept and practice world wide and has only been active in Kazakhstan for the last 6 years. (Dees 2001). Social entrepreneurs are unique from traditional entrepreneurs in that that they seek to be problem-solvers, who fearlessly pursue, and development groundbreaking ideas just like traditional entrepreneurs, but they diverge in that their motives and values rest on the social impact or transformation that can occur through the enterprise or venture rather than the entrepreneurial motivations of maximum profit or increasing market share (Roberts and Woods 2005; Martin & Osberg, 2007). Social entrepreneurs are radically possessed by their ideas, committing their lives to relentlessly work to solve the unsolvable problems in society. They are dreamers but also highly realistic individuals who seek to practically implement and integrate their ideas and visions into society. (Dees, 1998). Social entrepreneurship encompasses a large range of processes and activities that transform society by consolidating and creating social value through organizations and individuals. It plays a significant role in social development and driving economic growth and activity (Audretsch 2013). According to the Organization for Economic Co-operation and Development (OECD), social entrepreneurship has continued to grow in popularity as made evident by the rising number of social entrepreneurs and social enterprises and has shown tremendous potential for being a tool for rural development by helping individuals and communities to improve their quality of life, independence, and increase the inclusion of persons from vulnerable groups into society. However, while strong interest exists, in the context of Kazakhstan there continues to be relatively slow growth in the industry when compared to other countries of similar GDP and there has yet to be significant government recognition in terms of support specifically for social enterprises and the legalization of a definition is still pending.

This research was conducted in order to gain insight into how social entrepreneurship is understood and developing across Kazakhstan from the perspective of social entrepreneurship stakeholders. By focusing on key stakeholders from within the industry it allowed the concept to be further explored and understood in terms of how social entrepreneurship takes form in Kazakhstan by using qualitative analysis to assess the real challenges and needs of the industry and provide analysis for current gaps and trends, and obstacles to definition and further government recognition. The interviews and case studies conducted contribute to the existing theoretical framework in order to help strengthen and extend the understanding of social entrepreneurship and help in moving towards a legalized definition.

Problem Statement

The phenomenon of social entrepreneurship has continued to expand internationally as global challenges prevail and wealth disparities increase (Zahra 2013), wide gaps remain in welfare programs being able sufficiently target those most in need (ISSA, 2016), and the universal nature of social needs persists (Kenrick, D.T. 2017). The vastness and complexities of these global problems provides social entrepreneurship with an opportunity to become a model for increasing the effectiveness of welfare programs and addressing the needs of the poor and vulnerable (Thompson, John & Alvy, Geoff & Lees, Ann, 2000). 'Social entrepreneurship offers an incredible solution to the many challenges that continue to persist specifically in developing countries like Kazakhstan.

However great the potential, in existing literature, there is currently very little empirical data available for social entrepreneurship in the context of Kazakhstan and specifically literature which links empirical information with theoretical premises (Shaw, Eleanor & Carter, Sara, 2007). Literature that is available, is limited in scope and quality focusing primarily on theoretical understanding and quantitative metrics providing little information that could be used toward building a standardized definition and progressive framework for social entrepreneurship in Kazakhstan.

II. Literature Review

Definition and common understanding of social entrepreneurship in Kazakhstan

"The world is changing. Young people now have different views of the world. They are eager to create projects that not only produce profits, but also positive results, and gain spiritual pleasure from this" - Emin Askero

There is currently no legal definition for social entrepreneurship in Kazakhstan or laws pertaining to this specific segment of entrepreneurial activities. However, the last 20 years has seen an increasing focus on identifying and supporting social entrepreneurs both by local public and international organizations, and government agencies. In 2006, the Association of Kazakhstan Entrepreneurs (KAZKA) was founded and they have since defined social entrepreneurship simply as an "innovative activity initially aimed at solving or mitigating social problems of society in a self-supporting and sustainable manner". They have also put forward a criteria to assess whether or not a company meets the criteria of a social enterprise. In order to do so the company must have a social impact which includes solving or mitigating a specific and tangible social problem, they must be self sufficient and financially sustainable (donations cannot be their primary source of income), innovative in the application of new technologies and approaches to solving long-term social problems, they must be entrepreneurial in their approach and finally replicable in that they can be duplicated and scaled up in order to increase their social impact (Амантурлина, 2016). Steps taken by KAZKA have greatly contributed to the understanding of social entrepreneurship both on a government and public level allowing for further development and recognition of this unique industry segment.

Despite significant efforts being made, according to Andrey Bachishe of Eurasia Foundation of Central Asia (EFCA) "Studies have demonstrated a low awareness and absence of a universally-accepted understanding of what social entrepreneurship is in Kazakhstan. Further stating that "People hesitate to invest in business that does not provide fast profits,". However, there is a growing consensus across the republic that projects which are classified as social entrepreneurship are enterprises that are oriented towards the primary goal of providing solutions for social or environmental problems (Zhanna, 2018). This developing definition creates distinction from traditional entrepreneurial activities happening within Kazakhstan. As of October 8th, 2020 a new law had been drafted and a special working group established in the senate of parliament for the purpose of finalizing policy that will serve to organize and address the needs of social entrepreneurs and the vulnerable groups they often serve (Nurbay, 2020)

In the early 2000's, organizations first began to emerge across Kazakhstan that were established to specifically solve social problems by using commercial services or product production as a way to maintain the financial sustainability of their activities. In 2010, this was followed by the establishment of a variety of forums and conferences focused on social entrepreneurship and allowed

for the exchange of experiences between participants. There are currently several organizations and companies working to see greater clarity brought to the definition and general understanding of social entrepreneurship and to see an increase in the recognition of its significance and potential for substantial contributions to society through the support of social enterprises and educational programs. This includes the following companies and organizations: Chevron, Civil Society Development Association (CSDA), Alma U the Eurasia Foundation of Central Asia (EFCA), and the British Council in Kazakhstan (iseed program).

In terms of government support for social enterprises or social entrepreneurs in the Republic of Kazakhstan, nothing specifically exists outside of what is provided for traditional entrepreneurial activities. However, since 2005 public procurement has been provided for non-governmental organisations (NGO) and grants have been made available since 2016. Since then government financing of entrepreneurial or social entrepreneurial projects has increased by 1.5 times totalling 900 million tenge (US\$3 million). Rewards programs have also been established such as the Ozgeris ustasy award which acknowledges NGO's which specifically work to solve social problems within Kazakhstan. There are also several entities such as Asar forum which helps to facilitate interactions between state sector, business and NGOs and government established sources for financial support such as the Damu (Entrepreneurship Development Fund), NPE, Akimat, and BSL.

Size and scope of active social entrepreneurial projects

Since there is not a legal definition for social entrepreneurship within Kazakhstan, there is no comprehensive database to offer an overview of the number of active enterprises or their size (Бапиев, 2020). However, the first official award program Ozgeris ustasy (meaning creator of change) was established in 2019 to recognize the top 15 social enterprises in Kazakhstan whose activities best fit the definition of social entrepreneurship. The award winners received 500 thousand tenge (1164.28USD) in grants (Бапиев, 2020). This award program was established as a partnership between MIOR RK and the corporate fund Impact Hub Almaty (IHA). As a result of contestants applying to the award program, a directory of social entrepreneurs in Kazakhstan began, and in 2019 consisted of 152 social entrepreneurs across the republic of Kazakhstan. While not complete, this register provides valuable insight into the dominating sectors for social entrepreneurs which includes over 40% providing assistance/support to vulnerable groups followed by 14.5% targeting education. Another official statistic published in Delovoi Kazakhstan in February of 2020 stated that according to official data there are about 250 social entrepreneurs currently registered in the country, with 37 of them living in Astana. According to this report the majority of social entrepreneurs implemented social projects in the sectors of education and environmental protection (DKN, 2020).

Sectors and regions where social entrepreneurs are active

As mentioned in the previous sections the primary sectors for social entrepreneurs are vulnerable groups (includes people of disability), education, and environmental protection. According to research data collected by Indira Aytbay from Alma University and based on a sampling of 150 companies, the following 10 sectors currently have the most activity: people with disabilities, economic development, education, senior care, environmental protection, migration, human rights, women, youth and SE support organizations. While the majority of these enterprises operate in Almaty and Nur-Sultan, there are three known projects in Atyrau region, two in Mangistau, and many smaller projects in Shymkent, Kostanay, Kyzylorda, East Kazakhstan region and Uralsk (Kazakhstan Today, 2019).

Despite the fact that Kazakhstan is just beginning to engage in social entrepreneurship, all existing publications and reports demonstrate that social entrepreneurship is continuing to emerge and is becoming an increasingly recognized and vital part of Kazakhstan's economy and society. Today more than half of all SE organizations provide services targeting children and families with children, one third is targeting environmental transformations and another third is serving people with disabilities. With continued economic growth and demographic shift researchers predict that the demand for education, developmental services and environmental concern will grow as the number of young children increases, and an increasingly large percentage of the population can afford to pay for quality services for their children and family.

Regardless of the obvious successes, there are still many barriers to expanding the opportunities for entrepreneurial activities in Kazakhstan. According to leaders who are pushing to see the industry grow, there continues to be barriers on many levels that need to be addressed in order to see growth continue. This includes addressing the public understanding of both the terminology and the overall idea of social entrepreneurship. In addition, disorganization in state structures and bureaucracy, legal ambiguities, undisclosed tax information, difficulty procuring investors and finding people who are able to write up strategic business plans for unique projects are all challenges that social entrepreneurs currently face and will need to work in partnership with one another and with government agencies in order to find solutions (CYPRUS, 2016). According to PR expert Anna Shelepova, continued efforts must be made to address the ambiguities and misconceptions if the industry is going to be successful and continue to grow.

III. Research methodology

Data for my research paper was collected by personally interviewing key players in the social entrepreneurial industry in Kazakhstan. Individuals were chosen based on the dimension of the industry they fulfilled a specific role which included educators, social enterprise owners, and project leaders and snowball effect was utilized to find new contacts within the industry. The following questions were used as the core interview questions in order to investigate the current challenges and development of social entrepreneurship in Kazakhstan:

- 1. What is the role and current nature of social entrepreneurship in Kazakhstan?
- 2. What are the influencing factors driving the evolution of social enterprise?
- 3. How are the necessary resources acquired by SE's in order to function sustainably?
- 4. What are the primary goals and actual impact of social enterprises?
- 5. How are SE insiders perceiving, understanding and experiencing social entrepreneurship?

Data was analyzed using a recursive and dynamic process of conducting interviews in a way that every interview led to more understanding and adaption for the following interview in terms of how the specific questions were asked and the types of participants chosen. This approach allows for the phenomenon of emerging themes within data to occur and is critical in guiding qualitative analysis (Creswell, 2014). This, according to Merriam & Tisdell, helps to keep the process of collecting and analysing data on track with the desired goals and prevents the research from going in an unintended direction. The snowball method was predominantly used in finding key players to talk with, with each interview being asked to share contacts that met the pending needs of the research. In addition to this an inductive approach was used to analyze the data in order to develop themes and concepts, and produce a model that was based on the significant themes uncovered. Using conventional content analysis as described by Hsieh & Shannon the data was evaluated and coded directly from the data itself (Hsieh 2005). This method of analysis was chosen primarily due to the complexity and fragmentedness of the phenomenon of social entrepreneurship.

IV. Results

Based on preliminary findings the following proposition were derived from analyzed interview materials:

Proposition 1

Social enterprises are emerging in local, regional, national communities that are considered vulnerable, powerless, marginalized, and are often under serviced by government/institutions, and as result are experiencing restricted access to resources, and socio-economic development opportunities.

Proposition 2

Social entrepreneurship exists in order to provide a problem solution that balances both sustainability and social impact. These elements must operate in proper balance in order to create both economic and social value.

Proposition 3

Social enterprises are created to fill a need of an identified social deficit or problem and as such the perception of the need must be clearly understood by the stakeholders, and the social enterprise must have the capability to address the identified need.

In addition to these propositions initial findings showed there continues to be a strong interest and positive trend for social entrepreneurship across Kazakhstan amongst both entrepreneurs and intrapreneurs as individuals look to address unsolved social problems within their communities and large corporations look to new social models for enacting positive change. Government support for entrepreneurs in general continues to grow as does interest in the growing sector of social enterprises with government agencies such as Atameken and JSC "Almaty Social-Entrepreneurial Corporation" which held in 2019 the first award program for social enterprises and are conducting regular free trainings and holding regular roundtable discussions to network social entrepreneurs and work towards building a stronger support framework and a clearer definition for social entrepreneurship in Kazakhstan. Despite the positive trends there also remains areas for further attention and development such as the lack of a legal definition which would greatly help with government regulation and support, a lack of understanding what social entrepreneurship is still widespread in both public and government bodies making it difficult for community acceptance and in some cases government support, there are also remains a large gap between what support is available for SE's

and what the SE's are aware is available, and because of the lack of clarity across the sector their exists very little in way of ethical oversight and policy enforcement. In addition to these growth areas, the education system is still lacking in providing sufficient educational opportunities for entrepreneurs desiring to become social entrepreneurs with only a few high level institutions providing some developing programming.

V. General Discussion

Based on the interviews conducted and data analysis there are many areas that would benefit from further research. Currently, both high level and micro level data is severely lacking in this field in Kazakhstan and the industry would benefit greatly from quality research focused on providing broad information on individual enterprises and research focused on investigating the financial dimension of social enterprises, which remains a challenge to scalability and sustainability for many companies. Extensive opportunities also remain to research the impact of social enterprises and the metrics by which they can be measured as well understand how such company models might be used to see further development of Kazakhstan's rural areas and other sectors where the risks and challenges are too great for traditional entrepreneurial activities.

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"THE EFFECT OF UNCONDITIONAL ACCOUNTING CONSERVATISM ON EARNINGS OUALITY"

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Abstract:

The purpose of this research paper is to examine the impact of unconditional conservatism on the quality of the earnings in the Kazakhstani context of large companies. Since 1995 there has been a strong interest in accounting conservatism for the researchers, and this topic was studied for years in many articles in different geographical areas. In the beginning, I reviewed articles explaining the definitions and measures of the objective of the paper, unconditional conservatism, and quality of earnings. Afterward, there is an explanation of the measurement of unconditional conservatism and earning quality. The paper examines 30 large Kazakhstani companies between 2010 and 2019 using classical models to calculate the quality of earnings and unconditional accounting conservatism.

Key words: Unconditional conservatism, accounting conservatism, earnings quality

I. Introduction (and objective)

The main point of the paper is to examine the effect of unconditional accounting conservatism on the earnings quality with the sample of Kazakhstani listed companies. The question that the paper is going to answer is: "What is the effect of unconditional accounting conservatism on earnings quality of the listed companies in Kazakhstan?

There are two aspects of accounting conservatism and earnings quality that are crucial in accounting and in the reporting of the organization, both aspects introduce biases as well. Due to the importance of both aspects, the reporting of the company should be prepared with a high level of accuracy and attention.

The idea of conservatism in accounting straightforwardly associates with uncertainty. We can consider conservatism to be a bunch of rules that requires an elevated level of justification before the association can profess to show any benefit. The fundamental idea is to perceive the most dire outcome of the financial future of the organization. Between two other options, companies should pick the one that shows less profit and more expense. As indicated by the standard, if there is conservatism whether the organization made a gain, it has not been recorded, and it would lead to less benefit. From another site, if the potential loss has occurred and the amount is impossible to record, it should be disclosed in the financial statements notes. Conservatism is the principle that most influences accounting valuation (Chakrabarty & Moulton, 2012; Watts, 2002).

There are two types of conservatism- conditional and unconditional conservatism. Conditional conservatism is when the organization recognizes the bad news on time and delays the good news recognition if it is not proofed, but unconditional conservatism, on the other hand, the net book value of net assets is less than the market value of net assets due to the adoption of pre-defined accounting applications.

II. (State-of the-art) Literature Review

A Large number of researchers show the relationship between unconditional accounting conservatism and earnings quality in different time periods, geographical areas and markets. The following literature review summaries the discussed issues.

A basic way to deal with estimating profit quality as the inverse of estimates and decisions installed in gatherings depends on changes in total accruals (e.g., DeAngelo, 1986). At the point when some portion of the total accruals stay unaltered after some time, changes in the total accruals might be subject to manipulation and may influence the estimation of the earning quality. Earning persistence alludes to the circumstance when the procuring of the organization isn't diminished by some key moves or rivalries. It likewise helps in the assessment of the organization's general situation. Stock returns are significant for important and conservatism. Timeless shows the converse relapse of income on returns, and conservatism is the ratio of the slant coefficients on negative returns to the slope coefficients on positive returns in an opposite regression of earnings on returns. The principle distinction among timeless and conservatism is that conservatism has a capacity to show economic losses and gains. Both joined attributes are described as "Transparency." According to Watts (2003) who shows several aspects that stay that conservatism is a desirable part of earnings.

Basu (1997) expressed accounting conservatism as a result of recording "bad news" faster than "good news," explaining that earnings are two to six times sensitive to negative returns than to positive returns. This shows that unrealized losses are recognized faster by the organization than unrealized earnings. There is a repetitive difference in persistence and timeliness of the earnings between "good news" and the "bad news".

Penman and Zhang (2002) examines the accounting conservatism, the quality of earnings, and stock returns. This examination created symptomatic measures that show the contrast between future return on net operating assets and the current return on net operating assets. The examination created analytic measures that show the distinction between the future return on net operating assets and the current current return on net operating assets. Additionally, it shows that the securities exchange doesn't suitably assess lower quality income. The discoveries in this examination show that conservative accounting diminishes the earnings.

Lara et al. (2016) explore the relationship between conditional conservatism and earning management. The results show that conditional conservatism decreases earnings management based on the accruals, and this leads to the compromise between the management of the accruals and real earnings management.

Following from the previous researches it is not possible to predict the relationship between earning quality and accounting conservatism, based on the above discussion, I proposed the following null hypothesis:

Hypothesis1 (H1): There is no relationship between unconditional accounting conservatism and earnings quality.

III. Research methodology (and data collection tool)

This research will examine the effect of accounting conservatism on earnings quality, based on the data collected from the Kazakhstan Stock Exchange (KASE) database. The KASE was founded in 1993 to offer companies accounting standards on the basis of International Financial Reporting Standards. The sample consists of 30 large non-financial Kazakhstani companies. The sample period is between 2010 and 2019.

In this research, I am going to use two measures of unconditional conservatism. First is suggested by Givoly and Hyan (2000) and second is suggested by Ahmed and Duellman (2013).

The first measure of unconditional conservatism, *Skewness*, is the difference between cash flow skewness and earnings skewness. The skewness of earnings is equal to:

$$(x-\mu^3)/\sigma^3$$

where μ and σ are the mean and standard deviation of the earnings (cash flows) over the last five years. All variables are deflated by total assets, and larger values of skewness indicate greater unconditional conservatism.

The second measure is suggested by Ahmed and Duellman (2013) and is defined as follows:

$$\frac{NI - CFO + Depr}{Average\ total\ assets}$$

and averaged over the previous three years, multiplied by negative one. Larger values indicate greater unconditional conservatism.

To measure earning quality, I follow Dechow et al. (1995) and estimate the modified Jones model as follows:

$$\frac{TA_{i,t}}{Assets_{i,t-1}} = k_1 \frac{1}{Assets_{i,t-1}} + k_2 \frac{\Delta REV_{i,t}}{Assets_{i,t-1}} + k_3 \frac{PPE_{i,t}}{Assets_{i,t-1}} + \varepsilon_{i,t} \tag{1}$$

TA represents total accruals defined as TA= EBXI- CFO, where EBXI is the earnings before extraordinary items and discontinued operations, and CFO is the operating cash flows (from continuing operations) taken from the statement of cash flows. Assets refer to total assets; REV is a change in revenues from the preceding year; PPE is the gross value of property, plant, and equipment.

The coefficient estimates from equation (1) are used to estimate the following firm-specific normal accruals (NA_{it}):

$$NA_{i,t} = \hat{k}_1 \left(\frac{1}{Assets_{i,t-1}} \right) + \hat{k}_2 \frac{(\Delta REV_{i,t} - \Delta AR_{i,t})}{Assets_{i,t-1}} + \hat{k}_3 \frac{PPE_{i,t}}{Assets_{i,t-1}}$$

where AR is the change in accounts receivable from the preceding year.

Finally, I obtain discretionary accruals, measured as the difference between total accruals and firm-specific normal accruals, i.e., $DA_{i, t} = (TA_{i, t}/Asets_{i, t-1})-NA_{i,t}$. In this study, to capture earnings quality, I use the absolute value of discretionary accruals.

IV. Results (Data analysis with critical thinking and discussion)

27
9
243
(50)
193

To test my hypothesis, I used Pearson Correlation, Spearman's Rank Correlation, OLS regression analysis, Generalized Method of Moments (GMM). When I used the OLS regression analysis and GMM method I identified that there is no relationship between unconditional accounting conservatism and earnings quality. Also, I added control variables such as Firm Size, Leverage, Big 4 and Loss, Sales Growth, ROA and Year Fixed Effect.

V. General Discussion (Summary, conclusion and recommendations)

The results of the research shows there is no effect of unconditional conservatism and earnings quality. It indicates that the management of the organization uses accounting conservatism and that has no impact on the quality of earnings.

From the theoretical point of view, this research will help to see the relationship between unconditional accounting conservatism and earnings quality based on the sample of the Kazakhstani listed companies. Also will make a contribution to the existing literature. From the practical point of view, this paper will help users of the information to make proper decisions and right choices.

During the research I identified some limitations: the historical data in Kazakhstan has a very short period, short time for the research and the results cannot be generalized in general.

For further research, the companies that are on KASE should show all needed information on the financial statements that will help the users of this information to make right decisions. Also, the sample size should be increased.

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"Analysis of Capital Structure and its influence on Cost of Capital of companies listed at the Kazakhstan Stock Exchange".

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Abstract:

Companies cannot ignore the importance of capital structure when making financial decisions. The objectives of the dissertation research are aimed at establishing the relationship between the capital structure and the cost of capital of companies listed on the Kazakhstan Stock Exchange for five years (2015-2019). The study is based on data extracted from the audited annual financial condition of

selected firms. Correlation and regression analyzes were used to identify the influence of capital structure on debt cost, cost of capital, size and Weighted average cost of capital (WACC)

Introduction and objective:

What is Capital Structure? The capital structure is the aggregate of the company's financial resources from various sources of long-term financing. This is the ratio of short-term liabilities, long-term liabilities and the company's equity capital.

It is one of the most important indicators for assessing the financial condition of any company. It also characterizes the ratio of the size of equity and debt capital, and determines the level of financial stability of the company, controls the effect of financial leverage and is used in calculating the weighted average cost of capital (WACC).

In the future, when a company expands, it needs additional capital. When a company expands, it needs capital, depending on which sources of financing the enterprise distinguishes between borrowed capital and own funds. Borrowed funds have two advantages. First, when calculating the tax, the interest paid is deducted, which reduces the actual cost of the loan. Second, those who provide the loan receive a fixed income, and shareholders should not share their profits with them if the venture is successful.

Borrowed funds have drawbacks, however. First, the higher the debt ratio, the more risky the enterprise is, hence the higher the cost of capital for the firm. Second, if a company is going through hard times and its operating profit is insufficient to cover the interest expense, shareholders will have to fill the gap on their own, and if they cannot, the company will be declared bankrupt.

Thus, companies whose profits and operating cash flows are volatile should limit their debt capital. On the other hand, companies with more stable cash flows can easily increase debt. The main goal and objective of the Master thesis is to find out if the cost of capital is influenced by the capital structure. In order to answer this question, it is necessary to analyze the influence of the capital structure on the cost of debt and the cost of equity. In this connection, a research question was raised, which is to be answered: How does the capital structure affect the cost of capital of companies quoted on Kazakhstan Stock Exchange.

At the moment, the Kazakhstan Stock Exchange is the sole representative of the securities market in the Republic of Kazakhstan. The headquarters of the Kazakhstan Stock Exchange is located in the city of Almaty. The Kazakhstan Stock Exchange was founded on November 17, 1993, under the name "Kazakhstan Interbank Currency Exchange", the main function of which is to organize and develop the national currency market through the introduction of the tenge. In 1996, the exchange was re-registered under the name "Kazakhstan Stock Exchange" (KASE). KASE also received a perpetual license from the National Securities Commission of the Republic of Kazakhstan to organize trading in securities. The Kazakhstan Stock Exchange is divided into the following main sectors:

- foreign currency market;
- the market for shares and corporate bonds;

- the market for government securities.
- the market for derivatives:
- repo market;

The KASE Index is a stock index. This index includes state and non-state companies. KASE index is the main indicator of the stock market of Kazakhstan, calculated by the Kazakhstan Stock Exchange. The Index value is recalculated after each transaction in shares included in the list of the representative index. Currently, the representative list of the index includes 8 most liquid shares of the largest and fastest-growing Kazakhstani issuers, whose economic activities are related to the main sectors of the economy. The list of issuers and their weight in the index are regularly reviewed. The KASE index reflects the change in prices for market deals in shares of the representative list of the index, taking into account the level of capitalization of their issuer and the number of shares in free circulation.

Literature review

For many years, the most urgent and unsolved problem in the theory of corporate finance is the problem of finding and justifying the optimal capital structure.

Most often, the capital structure is understood as the ratio of own and borrowed funds. Accordingly, the optimal capital structure is one that maximizes the value of the company.

The literature review begins with a presentation by Modigliani and Miller of the basics of capital structure in ideal markets. After that, we will look at the theories of imperfect markets.

Modigliani-Miller theory

The optimal (target) capital structure is achieved when the company increases its value at a minimum level of capital cost. To determine the optimal capital structure, use the WACC, which follows from the MM models.

The theoretical part of my research is based on the capital structure theory of the famous Modigliani-Miller theorem (MM theory), the theory of compromise and the theory of hierarchy.

The main idea of MM theory is that no matter what capital structure a company uses to finance its activities, it does not affect the company's market value. According to the MM approach, the following assumptions are made:

- 1. Availability of an efficient capital market, symmetry of information, providing a level playing field for firms and investors;
- 2. Lack of transaction costs;
- 3. No taxes:

- 4. No bankruptcy costs;
- 5. The absence of the influence of borrowed funds on the profit of the company before interest and taxes.
- 6. Borrowing costs are equal for firms and investors;

Assuming there are no taxes and bankruptcy costs, the capital structure of the company is irrelevant as the WACC will remain unchanged. If paying interest to a firm does not provide a tax benefit to increase its share of debt, no matter how the company borrows, then capital structure is irrelevant to the firm's market value and share price.

Compromise theory

The initial foundations of the theory of compromise were laid during the debate on the Modigliani-Miller theorem. Including income tax in the theorem proved that debt financing allows a company to obtain a tax shield effect. However, to avoid the possibility of an endless increase in borrowed capital, the founders of the compromise theory A. Kraus and R. Litzenberger emphasize that an increase in debt can also lead to an increase in the costs of bankruptcy. The capital structure trade-off theory was proposed by Kraus and Litzenberger (1973) and argues that there is an advantage in financing a company's operations with debt through tax incentives. This means that debt financing is cheaper than equity financing, which lowers the WACC and increases the value of the company. However, tax breaks decrease as the number of debt increases, which increases financing costs and bankruptcy costs, so the company should balance financial risk and lower WACC by choosing the optimal debt-to-equity ratio.

Hierarchy theory

Hierarchy theory is an alternative financial theory of capital structure that was first proposed by Donaldson (1961) and popularized by Myers and Mailuf (1984). Funding is known to come from three main sources, such as domestic funds, borrowed funds, and new capital.

According to the hierarchy theory, there is a financing hierarchy, so the company must start financing from internal resources, not borrowed funds, and, finally, the capital. The main reason for financing a company's operations with equity capital as the last source is that the issuance of new shares sends a bad signal to investors and means that the stock is overvalued, and therefore will lead to a decline in the share price.

The essence of the hierarchy theory is revealed in the process of forming the capital structure according to several rules:

- 1. The corporation, first of all, must use internal sources of financing retained earnings and depreciation;
- 2. When determining the dividend payout ratio, the corporation should take into account its investment plans and future cash flows;

- 3. In the short term, there are certain restrictions on adjusting the number of dividend payments from the general meeting of shareholders;
- 4. To expand investments, the corporation, depending on real cash flows, can create additional internal funds or sell outdated real assets;
- 5. The Corporation can use external sources of financing only if there is no possibility of increasing internal sources:
- 6. The sequence of using external sources should be as follows: bank loans, issuance of debt instruments, and the issue of shares;
- 7. The cautious attitude towards the issue of shares is explained by several reasons, such as the possible decline in the value of shares and the excess of the costs associated with the placement of shares over the costs of the placement of bonds.

Asymmetric information theory

One of the most important assumptions of the Modigliani-Miller theory is the assumption of full access to information for all market participants. This is not the case. Very often, one of the parties to the agreement (investor or borrower) is better aware of the conditions for concluding and executing a transaction than the other. Similar situations in economic theory are described by models with asymmetric information. When the manager of a firm knows more about its future than analysts and investors, he can determine, based on available classified information, that the price of a firm's stock or bonds is overvalued or undervalued.

One of the most common situations in real life is the model of the relationship between the client and the agent when the actions or characteristics of one of the parties to the agreement (the agent) are hidden from the other (the client). The problem of asymmetric information is also present in the relationship between the owners and creditors of the firm. Lenders, unable to assess the riskiness of a loan, raise interest rates, which makes it impossible for borrowers to receive funds. One of the ways to solve this problem are signals - certain objective information provided by the agent to the principal, which directly or indirectly indicates the actual properties of the agent.

A new placement can often be seen as a negative signal, indicating insufficient domestic funding sources or the riskiness of new projects, which usually increases the cost of financing, as investors who assume that the investment is risky to require more profitability. This can serve as one of the explanations for the predominant use of internal sources (retained earnings) to create new capital.

Fluctuations in the size of dividends can be a negative signal for investors. Consequently, firms, even in situations where it is economically unprofitable, as a rule, maintain the number of dividends paid at a constant level, thereby signaling the stability of the corporation's position. Firms with an unstable financial position and unstable or insufficient profitability are not able to maintain the number of dividends at a constant level. Thus, in the eyes of investors, dividends are the most important sign of corporate sustainability.

Monitoring allows one to identify the actions of agents, requires corresponding costs, and indicates that the equilibrium position in situations with asymmetric information, as a rule, is not cost-effective.

According to the theory of asymmetric information (Akerlof, G. A., Spence, M.A. & Stihlitz, J.E., 1970), the information field affects financial decisions, and the price of securities depends on the information available to investors about the financial condition of the company. At the same time, the completeness and quality of information about the financial condition of the company, which is owned by managers and investors, can vary significantly.

Because of the asymmetry of information, corporations prefer to maintain a certain reserve credit potential, which does not allow reaching a critical level of financial leverage. This determines the formation of such a structure of funding sources, which allows, if necessary, to attract borrowed funds on fairly favorable terms.

Research methodology and data collection tool;

For this Master thesis, the research collected data from the financial statements of all companies listed on the KASE. For data purity, the following companies have been excluded:

- foreign companies
- banks
- Insurance companies
- national companies (and related)
- brokerage and dealer companies

All firms included in the sample had to meet the following criteria:

- 1) None of the selected firms should be excluded from the list during the study period.
- 2) All selected firms were to be included in the list as of December 31, 2019.
- 3) Financial statements for all five years should be available to all firms involved in the case.

While collecting data, there were difficulties and a number of limitations. First, the sample size and number of observations are rather small for the reasons mentioned above. Almost all companies selected for the study are not public, since they do not trade their shares, and therefore there are difficulties in determining the price of shares. For the same reason, it is difficult to calculate the market capitalization of the company and the market value of capital.

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"Gender diversity and Earnings quality"

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Abstract:

The main objective of my thesis is to examine the effect of gender diversity on earnings quality. The Study shows that gender equality has not been achieved yet and Kazakhstan still needs to defeat gender stereotypes. In this paper I have analyzed the representation of female in different sectors, their involvement in BOD, Audit committee, finance. The data were obtained from Kazakhstan Stock Exchange (KASE) and Gender statistics of Kazakhstan. The results shows that wide gender diversity has positive impact on decision-making and subsequently on earnings quality

of the company.

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Despite on significant presence of women in the job market, the gender pay gap persists in Kazakhstan. Moreover, the gender wage gap is significantly lower among those who enter the job market for the first time, and tends to raise with increasing of age of employees.

Introduction and objective:

For many years gender diversity was discussed in business world. Because top activities and duties set to be seen as «Man post», but this view is extremely changed in the last two decades. To encourage the cooperation of women, some countries adopted the gender quota. First country, which is adopted this quota was Norway, they established 40% of female members in the board of directors. Countries such as France, Germany, Belgium also established this mandatory quota, of course they were different, but the main idea was the same.

The main objective of this paper is to analyze how gender diversity effects on earnings quality. As we mentioned before this topic is important in business world. Political progress lead to more female in managerial functions. The social purpose of this thesis is that the political issues, which will lead to a higher cooperation with female in management functions will have an effect on the earnings quality. This thesis contributes to the research. It examines the influence of gender diversity in other European countries, which adopted a gender quota. It also investigates whether there is a distinction between mandatory or voluntary adoption.

This thesis consists two parts, which are crossed by the independent and dependent variables: independent variable-gender diversity, dependent variable-earnings quality, this will be measured by the level of attendance of female in the board of directors. The variable takes a value of one when at least one woman is current. When there is no female the value is zero.

Before the theory about this subject I would like to provide the concise definition of earnings quality. Earnings quality is the degree to which reported earnings capture economic actuality, in order to properly assess the company's financial performance.

This paper is established on the concept that there is a distinction between men and women. An assumption that verify and explains this concept is the-Social Role Theory. The SRT states that the approach, which people see the different genders is established on the consideration of the role performance of men and women.

The main problem, which will be disclosed in this paper is that how Kazakhstani local companies should reconsider their policy about gender diversity.

Kazakhstan, whose GDP is 10,000\$ per person is adjacent to Seychelles and Cambodia. Also gender diversity affects the performance of individual companies. McKinsey analyzed more than thousand companies in 12 countries. They found that income in the companies with a high gender diversity indicator is on 21% higher than the average. The return on equity is also higher on 19% in the companies, which are headed by women. Kazakhstan women are increasingly started their own businesses. More than 40% of small and medium-sized companies headed now by women. Interestingly, there are more women, who have accounts in official financial institutions than men (56% compared to 52%).

Also there is a growing number of women entrepreneurs, who are credited in banks. According to the Center Credit Bank's (local Kazakhstani Bank) analysis, the number of women entrepreneurs are nearly 30% of the total number of borrowers. This statistics has been maintained for the last four years with the smooth growth of 1-2% per year. At the same time, the number of overdue loans among women is lower - about 6% of the issued loans.

It's not a poor statistics, but still they are relate to Small and Medium-sized companies.

In the BOD the number of females is notably less.

State-of the-art literature review;

The main skill, which is required in the board of directors is leadership. Different types of leadership, could lead to the different approaches of managing, which is subsequently will influence on the earnings quality of a certain firm.

Different types of leadership are established on the few different characteristics. Osland

(2010) provided an overview of the characteristics of men and women. In his thesis he mentioned that men are: aggressive, independent, objective, logical, rational and analytical. In contrast to that women are: emotional, sensitive, co-operative, intuitive and tactful. Also he added that characteristics of men are: confident, assertive, ambitious. On the other hand, characteristics of women is that they receptive to ideas, talkative, gentle and empathetic.

This part shows how companies with gender diversity express increase in earnings quality. In this thesis earnings quality measured by using two approaches. First model is counted discretionary accrual quality as the absolute value of the estimation failure in accruals after managing for certain aspects. Second model measures eearnings quality by lower-performance-adjusted discretionary present accruals.

Srindhi provided another conclusion, but which is related to previous one. He believes that including women in the board of directors is a reasonable way to develop reporting discipline of a company. Also to improve the confidence of investors in the financial statement.

Krishnan and Parsons (2008) is also about the influence of gender diversity in high duties. This paper lead to the prior research, which is explains relation between gender diversity and earnings quality by using women at a position of senior managers as an explanatory factor.

Their measurements are different, but findings identical. They do not recommend that hiring more female, will lead to an increase quality of reported earnings, but they assumes that earnings quality is positively and reasonably linked to a high gender diverse senior management.

Research methodology and data collection tool;

In this part I would like to refer to Hypothesis development and empirical models. It is all about gender diversity, which wholly describes main differences between male and female.

Hypothesis development and Research & Design. At this part we will consider the hypothesis and the assumptions regarding the consequences of the empirical analysis. These assumptions are established on the different theories of the previous research.

The main idea of different types of leadership in the merger with previous research consider that men and women do have different types of leadership. This factor leads to the distinctions in the earnings quality.

The Agency theory assumes that authority of the firm makes decisions, which are established on the self-interest. According to this assumption, controlling could solve this issue partly. Previous research provided information that female have better controlling skills, which would advise that female could have a positive effect on the earnings quality.

A lot of authors argues that more gender diverse boards will have a positive influence on the earnings quality. Based on the issues of all these previous researches, the assumptions of the issues for the first two hypotheses of this paper are that firms without female in the board of directors have a lower earnings quality than firms with female in the board of directors. I will consider the following hypothesis:

H1: The earnings quality in the firms with gender diverse boards of directors is higher than in the firms without gender diverse board of directors.

The expectations for the second hypothesis are established on the previous research about gender quota's. Smith states that there are different pros and cons of mandatory and voluntary adoption of a gender quota. An assumption is that there will be a distinction in the influence of a mandatory or voluntary adoption of a gender quota on the earnings quality. To analyze this, the third hypothesis is provided:

H2: The influence of a voluntary adoption of a gender quota on earnings quality does not contrast from the influence of a mandatory adoption of a gender quota.

Empirical model.

To measure the gender diversity in a board of directors, a dummy variable is used. The dummy will be 1 if at least one woman is attending in the board of directors. If not, the dummy will be 0. The other factor of the hypothesis is the analysis of earnings quality.

Kothari assess an additional discretionary accrual measure in which the ROA is added to analyze the effectiveness of performance matching in the contrast of a regression-based approach. Total accruals are used in this model to estimate the discretionary accrual model. Kothari defined it as the difference in non-cash current assets subtracting the difference in current liabilities excluding the current part of long-term debt, subtracting depreciation and amortization, to the extent to total assets. Let me provide this model and concise definition of each variable, model looks like this:

$$ACC = \alpha (I/TA) + \alpha \Delta REY + \alpha PPEG + \alpha ROA + s$$

Where:

ACC – accruals scaled by lagged total assets of company i in year t;

TA - TA of company i in year t-1;

 Δ REY – change in revenues less the change in receivables scaled by lagged total assets of company i in year t;

PPEG – gross value of the PPE scaled by lagged TA of company i in year t; ROA – NI scaled by lagged total assets of firm i *in year t*;

Overall model is:

$$EQ = \alpha + \beta YEMBOD + \beta QUOTA + \beta YIRMSIZE + \beta SGROWTH + \beta LEYERAGE + s$$

EQ stands for earnings quality.

EQ stands for earnings quality. YEMBOD is a dummy variable, which will be 1 if at least one woman in the board of directors, if there is no woman, amount of the dummy will be zero. QUOTA is the second dummy variable, which will be 1 if the company is based on a country which mandatory adopted a gender quota. If it was a voluntary adoption, the amount of the dummy will be zero. SGROWTH, YIRMSIZE and LEYERAGE are the control variables.

Data analysis with critical thinking and discussion. Studies shows that if there is more women in the board of directors, so there is increase in earnings quality. Also this study lead to the actual stream of literature, by presenting empirical evidence and there is powerful relation between earnings quality and women in the board of directors.

According to the Deloitte report, the rate of women in the BOD is 16.9%. This statistics based on data for 2018, across 49 countries. In Kazakhstan only 7.4% of women take place in the BOD, which is significantly lower than the average. Leaders of this rating are: Norway, France and Sweden. Last one in this list are Qatar and Saudi Arabia. Kazakhstan took 42 places out of 49.

Norway	41 %
France	37,2 %
Sweden	33,3 %
China	10,6 %

Russia	8,5 %
Kazakhstan	7,4 %
Mexico	6,5 %
South Korea	2,4 %
Saudi Arabia	0,7 %

Summary, conclusion and recommendations

Nowadays gender diversity is very important, companies cannot expect to be competitive in the worldwide economy, if they are not going to reconsider their principles.

The research revealed that gender diversity stereotypes such as «Men takes risks», «Women avoid risks», etc. These sharp differences between men and women are defined by these stereotypes, which subsequently effects on job performance.

I find gender diversity issue one of the high importance problems. All of the above statistics indicates that Kazakhstan is moving in the right direction, there is a certain positive shifting from year to year in this direction, which is evidenced by the world reports and studies. Of course, the participation of female in the management can become a driver of successful business development, which subsequently affects on earnings quality.

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"The effect of oil on Kazakhstan's economy and stock market"

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Abstract

Kazakhstan's economy suffers from the phenomenon known as the "Dutch disease." This phenomenon describes how economies that heavily rely on one natural resource suffer from a demand drop for this resource. The study explores to what extent oil price affects the economy and stock market of Kazakhstan. The country's economic system is resource-driven; thus, oil export heavily influences economic growth and the stock market. The oil prices are quite volatile to both external and internal problems. Therefore, that has caused unsustainable economic growth and even an economic downturn. The study examines the effect of oil prices on economic indicators and stock markets.

Consequently, I use a regression and correlation model to find the dependency of oil and other macroeconomic indicators. I collected data from the World Bank, the IMF, and regional official statistical databases for the research. Also, I utilized analytical methods in the study by finding similarities and differences in visual graphs of collected data. The assumption is that adverse shocks of oil price will significantly affect the economy and stock prices, rather than

positive oil price shocks. The findings state that due to oil price volatility, the economy becomes less stable, and stock prices are negatively affected. Furthermore, oil also affects forming the national budget, reserve, and national currency. That means that Kazakhstan needs to diversify and modernize its economy faster than it is done today.

Key words: oil price, stock prices, Kazakhstan, economy

Introduction

Kazakhstan is the largest Central Asian economy, with one of the highest nominal GDP and GDP per capita among the post-Soviet countries. Moreover, the state is among the world's leading oil exporters and has vast oil reserves, and the economy is mainly dependent on oil revenues (World Bank Report 2020).

This argument is backed by the fact that the OECD study on the effects of COVID-19 on Central Asian countries found that economic experts emphasized that Kazakhstan's total export and GDP growth rely mainly on gas and oil revenues 75% and 35%, respectively.

As the average oil price in 2014 hit \$93.17 and then decreased by more than twice in the following year to \$43.29 (Macrotrends database), the negative impact on economic growth was significant. The Kazakhstan Stock Exchange data also showed that stock prices declined substantially during this period, leading to negative financial consequences.

Based on the above statistical evidence, it can be observed that both stock prices and the economy are reasonably dependent on oil prices. The research paper aims to assess the degree to which oil prices affect the economic growth and performance of the stock markets in Kazakhstan. There are several reasons why the topic is valuable. First of all, the effect of oil prices on Kazakhstan's stock market has not been sufficiently assessed. This is evident from the fact that the study goes beyond the standard analysis of oil exports' economic growth effects. Besides, this research subject is important because it will determine whether there is a correlation between high oil prices and high stock market results.

In my research I will try to prove two hypotheses:

- 1. Kazakhstan economy and stock prices have statistically significant dependence from oil prices both in the short period of time and in the long term.
- 2. The decreasing oil price will more negatively affect the economy, than that of increasing oil price will affect positively: the low oil price harms the economy, while high oil prices do not significantly benefit the economy in the long run.

First, a summary of the current literature on oil and economic interaction will be presented. After reviewing existing papers and studies on oil and economic dependence, I will introduce what data I have used, how I have collected it, and which variables I have used for the regression analysis models. Following this, the methodology of my research paper will be defined after this segment. In the data analysis segment, I will provide my results and a detailed analysis of the results and provide a comprehensive conclusion to the work that will provide answers to my research work. In the summary section, I will make some recommendations on how the government should better plan oil price fluctuations and reduce oil exports' overdependence.

Literature review

The various scholars studied the relationship between oil, GDP growth rate, and the stock price. (Gade Gómez-Loscos and Montañés, 2016, Singhal, S., Choudhary, S., & Biswal, 2019, Kumar 2019). In fact, Gade Gómez-Loscos and Montañés analyzed the exchange rate and stock prices of the U.S. economy on oil price dependence. They did not find a significant effect of oil in

a long period from using yearly statistics. However, after integrating monthly indexes of oil price and GDP growth rate, they found a correlation (Gade Gómez-Loscos and Montañés 2019). Other scholars investigate stock prices and exchange rate fluctuations of the Mexican country on the oil price. (Singhal, S., Choudhary, S., & Biswal) The study found some correlation between oil prices and economic indicators; however, they questioned the real significance of that effect. They found that the evidence pieces are not relevant in the long term and found other macroeconomic factors that influence higher than the oil price. Finally, after comparing all factors, the study found a short-term interactional relation between oil prices and Mexico's stock market. They concluded that oil prices negatively affect the stock market (Singhal, S., Choudhary, S., & Biswal, 2019).

The literature is relevant since the Kazakhstan economy is also oil-dependent. According to statistics, Kazakhstan is one of the largest oil producing countries in the world. According to the analytical Trading Economy website Kazakhstan is in the top 20 most oil-exporting countries (Trading Economy, 2020). This position is a global oil market underlines that the Kazakhstan economy is a beneficiary of high oil prices. (Nurmakhanova, 2019). The previously cited researchers found evidence only in a short-term period; however, long time interactions matter. Moreover, no research assesses long-term interaction and found direct evidence of how oil will hurt or benefit the economy. Thus my research will focus on long-term effects.

Besides, some scholars found a negative correlation between oil price and financial indexes. The other scholars made conclusions that oil stock prices and oil price have a positive relationship (Nurmakhanova 2019, Kumar 2019). Nurmakhanova found that the effect is higher in the oil oriented economies (2019). The studies found evidence of oil on stock price interactions and saw the impact of oil prices on Kazakhstan and India's GDP growth rate. Scholars who focused on Kazakhstan found that the stock market highly depended on oil prices (Nurmakhanova and Katenova, M. (2019)). Many of the listed companies in KASE are from the oil industry or work as supplementary organizations for that oil company. (Nurmakhanova, Kumar, 2019). Nurmakhanova and Katenova, in their work "Are stock market and exchange rate affected by oil price in Kazakhstan?" focused on Kazakhstan's economy and underlined the dependency of Kazakhstan on the oil industry. Their data collection consists of a ten-year index of the Kazakhstan Stock Exchange between 2007 and 2017. Their research reveals the relationship between Kazakhstan's oil and stock prices over various times. It shows that oil has had a significant impact on some economies, especially on countries that are dependent on oil (Nurmakhanova, M., & Katenova, M (2019). In the study, Nurmakhanova applied the Granger causality test to figure out what the oil price influenced degree market markets. Nurmakhanova noticed the absence of a longterm association between oil prices and the exchange rate. As for Kumar, he researched the effects of oil prices on the Indian stock market and found observational evidence that exchange rates, stock prices, and oil prices were associated (2019). In India, Kumar found a strong link between oil price and the exchange rate (2019). The partnership was bidirectional nonlinear (Kumar, 2019).

Studies have also concentrated on the linear association between oil price and the exchange rate (Akram 2006). The analysis mainly proved the power of oil prices on the economies that produce oil. Akram's study, which investigated the statistical relationship between the Norwegian Krone and oil prices, is a clear example of the work. A linear relationship between oil prices and the exchange rate was not established in the analysis. Still, a negative nonlinear association was observed between the price of oil and the Norwegian crown. Akram argued that global oil markets could only affect the exchange rate if oil prices were dramatically low. The studies suggest that the effects of oil prices on the economy are small but statistically significant, while in my research, I want to prove that the effect was higher.

There are significantly different analyses of this analysis's contributions, which has certain benefits over the previous literature. I use data in the time dimension for broader coverage than

the earlier studies. Data is considered to compare GDP from 2009 to 2019, for comparison of stock prices from 2009 to 2019, and for oil prices from 2009 to 2019 and it is done in quarterly terms.

Research methodology and data collection tool

A quantitative approach is used for this analysis. The data gathered from the World Bank, The Global Economy database, KASE database, and IMF is used as inputs to build the models. All data is largely publicly available. To identify causal effects between oil prices and other economic variables, I perform a correlational analysis and use a data-descriptive approach. Also, the study includes simple regression and multiple regression models of Ordinary Least Squares (OLS).

I statistically calculated the relationship between two variables in the correlation analysis: changes in oil prices and GDP growth rate changes. The measure is best used for variables that display a linear relationship with each other. However, the correlation process does not have a real impact since it only shows that oil prices affect the growth rate of GDP and stock prices, but it can not address the degree to which it affects and why.

I use OLS regressions for more profound research. To find correlations between oil price and macroeconomic indicators, such as GDP growth rate. That is why I use a simple regression model to find correlation between the change in oil price as an independent variable. In contrast, the macroeconomic indicators are dependent variables. I use this fundamental theorem of regression:

$$\mathbf{Y} = \alpha + \beta \mathbf{X} + \mathbf{\varepsilon},\tag{1}$$

where the percentage change of the oil price is an independent variable, and y is a dependent variable representing the change in the growth rate of GDP. This means that dependent variables, such as GDP growth rate, are influenced by the oil price.

$$\mathbf{Y}\mathbf{1} = \boldsymbol{\alpha} + \boldsymbol{\beta}\mathbf{X}\mathbf{1} + \boldsymbol{\varepsilon},\tag{2}$$

In the second equation the same formula will be applied where X1 will represent the change in average oil price, and Y represents the change in stock returns.

A simple regression analysis was used to find the GDP growth rate and stock prices change due to oil price changes. The primary purpose of that econometric model is to find the most sensitive oil dependency period and find the tendency from economic oil independence. For compiling regression models and finding the correlations, I use the ordinary least squares model. This approach aims to show that both the economy and the stock market are highly dependent on oil production, while it also influences a high rate of growth of 2010th in Kazakhstan. To find the interaction between the two variables, I propose a detailed analytical structure. I then accept the dynamic analysis of the relationship between shocks in oil prices, avoiding the periods of instability and systemic splits. I use three complementary methods to detect structural breaks in assessing the interaction between GDP, stock returns, and oil price: graph construction and analysis, correlation analysis, and regression models.

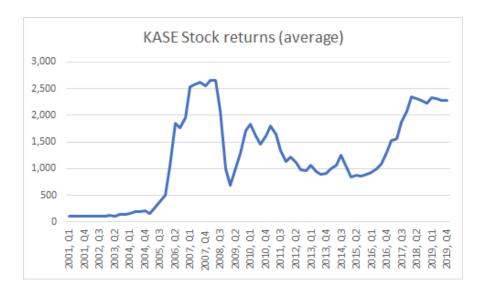
Data analysis with critical thinking and discussion

Graph 1 clearly illustrates how average oil price can be shifting due to the market conditions and other factors and as an oil-based economy, such changes have an impact not only on the GDP growth, but also on the stock market performance.

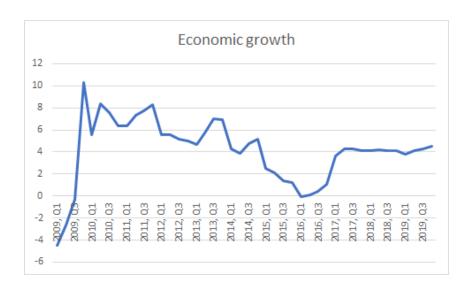


Graph 1: Average crude oil prices (quarterly)

There can be a pattern, that when the oil prices go down, so does the stock returns and that is demonstrated in the period of financial crisis of 2007-2008, where the KASE stock market crashed and has yet to recover to the previous peak level in the subsequent years. There can be a pattern, that when the oil prices go down, so does the stock returns and that is demonstrated in the period of financial crisis of 2007-2008, where the KASE stock market crashed and has yet to recover to the previous peak level in the subsequent years.



Graph 2: KASE average stock returns (quarterly)



Graph 3: Economic growth (quarterly)

According to the graph, the economic growth is a less volatile indicator than the oil price. A possible explanation could be the politics of the National Bank to control national currency from devaluation and for that purpose it used national reserves and currency funds (Jarosiewicz, 2015). Even though the GDP failed due to decreasing monetary volume of export, the effect was not so huge, because the National Bank tried to keep national currence in high valuation.

SUMMARY OUTPUT								
Regression Sta	tistics							
Multiple R	0.58147136							
R Square	0.338108942							
Adjusted R Square	0.321965258							
Standard Error	0.11128397							
Observations	43							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	0.259369687	0.25937	20.94373	4.33E-05			
Residual	41	0.507748997	0.012384					
Total	42	0.767118683						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-0.004703748	0.017578709	-0.26758	0.790363	-0.0402047	0.03079717	-0.04020467	0.03079717
Change in stock returns	0.577885287	0.126274203	4.576432	4.33E-05	0.3228694	0.83290121	0.32286936	0.83290121

Table 1: Change in stock returns (simple regression analysis)

The findings indicate that the oil prices have a larger effect on the stock returns, than it does on the economic growth. A 1% increase in the oil price corresponds to a 0.58% increase in the stock returns and a negligible change in the GDP growth rate. What could have affected the accuracy of the regression analysis could have been the fact that there was substantial volatility in the GDP growth rate, especially in 2009 and 2015.

SUMMARY OUTPUT								
Regression Sto	ntistics							
Multiple R	0.113690427							
R Square	0.012925513							
Adjusted R Square	-0.011149474							
Standard Error	0.135898391							
Observations	43							
ANOVA								
	df	SS	MS	F	ignificance I	=		
Regression	1	0.009915403	0.009915	0.536886	0.4678949			
Residual	41	0.757203281	0.018468					
Total	42	0.767118683						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.014057577	0.020943545	0.671213	0.505849	-0.028239	0.05635392	-0.02823877	0.05635392
Change in GDP growth	-0.002820141	0.003848841	-0.73272	0.467895	-0.010593	0.00495275	-0.01059303	0.00495275

Table 2: Change in GDP growth rate (simple regression analysis)

	Change in oil prices	Change in stock returns	Change in GDP growth rate
Change in oil prices	1		
Change in stock returns	0.58147136	1	
Change in GDP growth rate	-0.113690427	-0.331599837	1

Table 3: Correlation between oil prices, stock returns and growth rate

The table 3 illustrates that there is a stronger correlation between the change in average oil price and the change in stock returns, than there is between the change in stock returns and economic growth. This could signify that Kazakhstan's stock market is to a higher degree reliant on the oil growth, whereas the economy is affected to a lesser degree.

Summary, conclusion and recommendations

The research found the relationship between oil prices and stock prices. The effect was great, and we could conclude that oil prices significantly influence the stock market in Kazakhstan. Interaction between the oil price and GDP growth rate was not so significant. This means even Kazakhstan is an oil dependent country due to the high share of oil industry in the economy, the oil prices changes do not have such great changes in the economy. This observation opens for us two details: on long-term Kazakhstan doesn benefit from oil and oil from one hand benefits Kazakhstan economy, from the other hand oil harms the economy. The empirical results from research statistically prove that reliance of oil does not have a significant effect on the economy, thus Kazakhstan should work on looking for a new direction of development. The study could help investors, to know the intuition behind the stock market in Kazakhstan. The conclusion is that the stock market is not safe and needs diversification.

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"Investment pitch on Energy Recovery Inc"

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Abstract

The paper aims to explore the analysis of Tesla Inc.'s impact on the automotive industry and the United States' economy. I will analyze the company with qualitative and quantitative methods which will suffice its valuation. Tesla's disruption to the automotive industry can lead the major automotive corporations to switch from gas to electric vehicle, which can be defined as a revolution within the industry; a change for cleaner environment and stable economy.

Introduction

Tesla, Inc. is an American company that is headquartered in Palo Alto, California, founded by the current chief executive officer, Elon Musk. Tesla is mainly known for their pure electric vehicles, which first gained people's widespread attention in the year 2008 with the release of their first electric sports car and continued to gain popularity worldwide with their new models and its subsidiary, SolarCity.

"Bill Gross, an esteemed fellow bond market investor, wrote a fascinating commentary in which he argued that General Motors served as a 'canary in the coal mine' for the U.S. economy as a whole" (Rieder 2015). This quote further elaborates how Tesla is replacing General Motors in the 21st century which seems as if a new sprout is growing from the ashes clouded by smog (Lambert 2017). The car industry seemed to have extremely high level barriers to entry until Tesla appeared. Its appearance seems to have a huge impact within the automotive industry and the United States' economy for two main reasons: Oil and technology.

Literature Review

The fluctuations of oil prices have a huge impact on the global economy, but even greater impact to those oil consuming countries like the United States and China. According to the U.S. Energy Information Administration (EIA 2017), the United States consumed a total of 7.08 billion barrels of petroleum in the year 2015. During that year, the average price per barrel was \$52, which

equals to \$368.16 billion. Given these numbers, one can imagine how much impact it can have when the price fluctuates on a daily basis.

One can safely assume that the price of oil has a direct correlation to the economy. Higher oil price means higher airplane ticket, higher price on all imported goods, and even higher price of domestic goods. As a result, consumers would spend less money, and when the money is not circulating as it should in any given country, there is a disastrous effect on the economy.

Although, Tesla proved itself to be an impactful corporation in the automotive industry, it is extremely difficult for Tesla to have any significant effect on the U.S. economy solely with its electric vehicles. However, with the technology that Tesla has to offer can cause a dramatic effect even in the U.S. economy. "Morgan Stanley research now projects that in the U.S. electric vehicles will grow from less than 1 percent of the automobiles on the road to about 5 percent by 2025" (Rieder 2015). It further points out that if these projections prove to be correct, it would decrease the oil demand by approximately 7 billion gallons per year, which is about 4% of the total demand (Rieder 2015).

With the recent bizarre election that resulted in Donald Trump being the 45th president of the United States will likely to be a positive reinforcement to Tesla. Donald Trump claims to mainly support American corporations that are solely based within the country. "The President-elect has a strong emphasis on US manufacturing... creating US jobs...and also be positive on renewables" (Lambert 2017). Although, it seems that President Trump does not believe in climate change, he strongly urges companies to manufacture within the company and fully shows his support to the companies that have manufactures within the United States of America (Worland 2017).

Elon Musk's Tesla Inc. and SolarCity are epitomes of all automotive companies as well as gas-driven companies. A subsidiary of Tesla, SolarCity specializes in solar energy service. They are best known for their rooftop solar panels that provide electricity from the sun's energy instead of burning coal or using natural gas. This pure energy gained from the solar panels is revolutionary as "Solarcity's carbon footprint per unit of energy production is 95% lower than that of fossil fuel power plants... Not only are fossil fuels bad for the environment, they are a finite resource. Limited availability creates a volatile market in which energy prices can skyrocket in a short period of time (SolarCity 2017). Economy is a social domain that emphasizes the practice of management of resources (James 2015). There are no better companies that manage scarce resources that are provided in our planet. SolarCity further states that solar installation reduces each household electric carbon footprint by more than 80% per year.

"While solar power is growing rapidly, we still use about 100 times as much energy in the form of oil." Rapier continues to explain that even though solar consumption grew at a 38% rate and oil consumption grew at about .7%, the actual increase in solar consumption was 11.6 million metric tons of oil equivalents versus an increase in oil consumption of 32 million metric tons (Rapier 2016). This further explains that major gas-driven energy is being replaced by solar energy. This revolutionary innovative technology allows the businesses in the world to rely less on oil which naturally decreases the demand for oil. There has not been much research done about how much oil demand solar energy can reduce but the impact it can bring is certain. It is only a

matter of time when solar energy surpasses coal and begins to rival with oil in the amount of energy it supplies globally.

In addition, Tesla's innovative product, its lithium batteries that are composed of thousands of small, cylindrical, lithium-ion cells have the ability to store sufficient energy for an extended period of time. By utilizing this battery, Tesla invented the Powerwall and Powerpack which can be used to generate electricity in houses. It also uses solar energy to charge and it can be used for air conditioning, heater, and all other utilities in a house.

The article, "As Tesla Goes, So Goes the Economy" (Rieder 2015) contains logical and unbiased view toward the new growing market, solar-powered industry. The author does an excellent job on comparing General Motors of the 1900s to Tesla in 2000s. He provides the readers with strong evidence of exponential growth in solar-powered energy source and how it can decrease the demand for oil in the future. In addition, the article explains how much impact it will have on the economy with clear numbers and graphs.

On the other hand, the article "When Will Solar Overtake Oil?" (Rapier 2016) shows bias in the article in such a way that seems too optimistic toward the idea of solar power energy in the near future. Although, we can safely assume that it has a high potential to take over oil industry, it won't be for at least a couple of decades. However, the author provides great detail in how rapid the solar powered energy industry is growing with a clear graph in comparison to bio-fuel production.

Tesla Inc.'s innovative and revolutionary products like the lithium batteries and solar-powered energy can reshape the economics of current automotive and fossil fuel dependent industries. A clean renewable energy that our only star provides is definitely one of the most revolutionary idea that has been studied by many companies and thinkers of the world. The most important aspect one needs to consider is the act of making it happen. With the ever-growing solar panel installments and with more people switching from gas driven automobiles to electric can definitely stabilize the fluctuation the economy faces due to price change and scarcity of oil.

I would like to use "Here's how electric cars will cause the next oil crisis" by Randall T. and Gregersen's "Telsa's innovations are transforming the Auto industry," to further point out the facts and the possibility of Tesla's transformation in the automotive industry. These two articles clearly define the possibility of Tesla's future impact on the automotive industry financially and economically.

First, Randall T's article describes how solar powered energy will replace the fuel industry that we have at the moment. Renewable energy is the future to our safe environment and automotive industry. Currently, gasoline vehicles are vast majority of automobiles on the road but as people become more aware of its harmful effect to the environment, more of the electric vehicles will appear. Furthermore, more factories and infrastructures will produce goods with solar powered energy, which may eventually drive out fossil burning methods.

In addition, the article "Tesla's innovations are transforming the Auto industry "points out how Tesla is doing financially as well as economically in the world of gasoline consuming automotive industry. It explains how Tesla will be making profits even with the reduced price of its current vehicles. "They point out the astonishing fact that Tesla reeled in nearly 400,000 reservations for its Model 3 in a single week- pre-orders that will rack up over \$16 billion of vehicle sales (Gregersen 2016).

I wish to use sources about oil prices and how it affects the world's economy. Today, the fluctuation of oil prices has a strong correlation to the economy of the world. Along with Tesla's increasing sales of its innovative electric vehicles, if the fossil burning industries change their method of creating energy to solar based energy, its impact on the economy and the environment can be enormous.

Research Methodology

Problem Statement

There are 253 million automobiles on the road in the United States today (Randall). It is expected that the number will only rise due to the exponential increase of population. As of today, only 6% of the 253 million cars are pure electric vehicles (Hurst). Tesla and other automotive producers are working to increase the percentage to 35% by 2030 (Hurst). Seba's approach integrates analysis of how the technology is experiencing massive reduction in cost while generating increasing returns all the while pushing through new technological innovation at a rapid pace.

Research Question

The main objective of the study is to examine whether the automotive industries are being affected by Tesla Inc. today. Specific objectives of the study can be defined by: To observe the shift in the automotive industry from gas to electric vehicles.

Procedure

I have chosen qualitative method to gain information and knowledge about what people believe Tesla can bring to the current automotive industry. A set of questionnaire will be sent to 16 professors and faculty members of different expertise. I believe it is a great method to gain unbiased opinions since it will be written on paper and not through verbal communication.

Questionnaire:

- 1. How will Tesla shape the future of Automotive Industry?
- 2. What is the biggest strength Tesla has as of today?
- 3. What is the possible outcome Tesla and SoarCity can bring to the economy of the United States?

Variables and Sample Size

The questionnaire will be sent via e-mail to 16 professors and faculty members of Kimep University with different background, or specialty. The collected answers will be utilized to evaluate the impact Tesla is likely to bring in the future.

Participants

- ▶ Professor Seitova (Business Communication): I believe Tesla's revolutionary A.I. technology will once again shape the automotive industry. It has proven that the EV is already shaping the current system, or the design of it all.
- ▶ Professor Katenova (Accounting & Finance): Significant impact. Tesla Inc. changed the game with new invention, and got rid of traditional. Replaced gasoline driven cars to EV. Tesla claimed in 10 years, they would replace all cars with AI driven cars (Self-driving). This is a huge project that will change and shape our society. However it will destroy all human resources regarding in that matter (taxi drivers, bus, etc). Just like how smartphones changed the way we communicate, Tesla will change the way we go from one place to another.
- Aruzhan Kazbek (Assistant at MBA): As for Tesla and U.S. automotive industry, Tesla has shaped the design of future cars, ex. Door knobs, curvy edges.
- Nursultan Isimov (Assistant for management department): Tesla received the safety rating of 7 out of 5. not 5/7 but 7/5. This means that not one accident was reported during the entire period of testing self-driving cars.
- ► Eric Lee (Faculty of Law): The Artificial Intelligence cars are on the rise thanks to Tesla Inc. Soon we will see self-driving electric cars on the road and less of the traditional gasconsuming cars. Tesla's impact will be huge due to its revolutionary game changing products.

Results

Based on the previous assumptions and data findings, we can conclude that Tesla will undoubtedly become the pioneer of EV companies of the world. The general consensus of Tesla and Solar City was undisputed. People had high expectations of the company and how it can pioneer the next clean energy paradigm shift that may bring unprecedented innovations all around the world as competitions rise.

General Discussion

With the solar, wind, hydro, and nuclear energy (all parts of renewable energy) growing like never seen before, we can safely assume that fossil fuel burning energy will be something of the past. It

would be absurd to claim that a single company can have a dramatic effect on the world's biggest economy but it can definitely guide the economy's future with a revolutionary idea, green energy.

Limitations

There were some limitations and problems as to forming qualitative method. Given that the data are being collected from people, they may contain some bias arguments and ideas. Biased ideas and statements can be harmful when collecting objective information because they tend to sway one's opinion. Second, since the data is qualitative, it is not based on numbers. When evidence or data are being collected from qualitative method, they are not based on actual facts, but opinions. Although, some information can be objective facts, they may contain subjective belief. It is unable to measure statistical significance; hence, no solid evidence or proof can be collected and utilized.

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"Stock market dependence in crisis periods: Testing for the Covid-19 event"

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Abstract:

This paper analyzes changes in S&P500 index returns during the Covid-19 pandemic. The analysis held by understanding how the increasing number of cases, deaths, and recoveries impacted the stock market's return. This paper will consider data collected for the United States. Findings show a slight change in S&P500 index returns correlating with death, cases, and recoveries from Covid-19. Regression analysis also shows a slight correlation between S&P500 index returns and Volatility Index, Economic Policy Uncertainty, Crude oil, and Gold. Overall, according to an analysis using the mentioned variables, the United States stock market had no significant reaction to the Covid-19 pandemic.

Keywords: Covid-19, S&P500, stock market, the volatility index, Economic Policy Uncertainty, Crude oil, Gold

I. Introduction (and objective)

The Stock Market's significance is that the stock market is one of the most fundamental elements of a free-market economy. It lets businesses to raise money via providing stock shares and corporate bonds. It lets frequent buyers participate in the companies' economic achievements, make profits through capital gains, and earn money via dividends, even though losses are also possible. The stock market itself is affected by economics, macro-economic elements such as

interest rates, inflation, unemployment, and financial growth. The Introduction section indicates the broad area of the research and *starts* to show the importance of the research in a general way.

Statement of the problem

Stock market is important and crucial for the worldwide economy. According to the previous research crisis happening in 2019, Covid-19 has negatively affected stock market volatility. This paper has considered some of the historical factors affecting stock market change. As practice shows, one factor is not coming along. For example, when oil price surprisingly fluctuates, it impacts many countries' overall situation, which brings the stock market reaction. Having said that, the situation with pandemic brought a certain sense of uncertainty to the world. That is why the topic of Covid-19 impact on the stock market seems essential in the current day.

Significance of the issue

Current pandemic reaction to stock market volatility is quite an interesting topic. How does the stock market react, is that changes are significant or not? If the impact is significant, what would be the recommendation to recover quickly?

Research objectives

This paper will examine several hypotheses.

H₀: Percent of deaths in the United States decrease S&P500 index return

H₁: Percent of recoveries in the United States increase S&P index return

II. Literature Review

According to the World Health Organization (WHO), in August 2020, COVID-19 had led to more than 19,824,060 proven infections and 729,910 deaths in 215 countries; numbers continue to increase. In the absence of preventative measures, this outbreak would probably infect 7.0 billion people worldwide, causing forty million deaths (Walker et al., 2020). Besides the immediate tragedies of dying and disease, oblique results through concern are taking hold worldwide. The fear associated with the number of deaths said has fostered emergency, and globally panic is spreading faster than the spread of the virus itself (Aslam, Awan, Syed, Kashif & Parveen, 2020). The virus outbreak is turning into the most defining economic and social match in human records with far-reaching monetary implications (Laing, 2020). COVID-19 represents exceptional threats to economic stability and reduced economic activity globally (Boot et al., 2020). According to UN International Labor Organization estimates, nearly 25 million jobs should be lost due to COVID-19.

Furthermore, a pandemic like Covid-19 remains unknown and presents unprecedented uncertainty, making it difficult for governments to formulate an appropriate economic policy response (McKibbin & Vines, 2020). Global stock markets reacted to the rapid emergence of COVID-19.

For instance, the Dow Jones Industrial Average dropped by 2,353 points on March 12, 2020. Within a week, the DJIA fell by almost 3,000 points, the biggest one-day plunge since the "Black Monday" crash of 1987.

Ⅲ. Research methodology

This paper's empirical objective is to examine the stock market's positive or negative reaction to the United States' Covid-19 pandemic event. To analyze the correlation between Covid-19 pandemic impact on stock market changes, this study will use daily stock index prices of the S&P500 index. The data was collected from Investing.com from January 22, 2020, to November 25, 2020. The daily data deaths, recovery and number of confirmed cases from COVID-19 were collected from the website of John Hopkins University (JHU)' Coronavirus Resource Centre.

IV. Results

The regression results in Table 1 report that daily changes in VIX explain daily changes in S&P500 index return, daily changes in crude oil, gold, Economic Policy Uncertainty (EPU), percent of deaths recoveries. In column (1), we find that the total S&P500 index return will decrease by -0.003589 for every one-unit increase in VIX and increase by 0.001660 percent for every one percent increase in the percentage of recoveries. Total S&P500 index return will increase by 0.508402per cent for every one percent increase in the gold price and increase by 0.077373per cent for every one percent increase in crude oil price. Conversely, the total S&P500 index return will decrease by -0.000235 for every one-unit increase in EPU. Overall, analyses show that changes in Δ VIX, percent of deaths, and EPU slightly decrease stock market return. While changes in percent of recoveries, the price of gold and crude oil slightly increase stock market returns.

Table 1. Regressions of S&P500 index returns' daily changes on the changes in VIX, percent of deaths, recoveries, and crude oil, gold and EPU.

Coefficients	Dependent Variable: LnS&P500 index returns
	(1)
Intercept	4.010658***
	(0.546435)
ΔVIX	-0.003589**
	(0.000799)

pDeaths	-0.003296**
	(0.001727)
pRecoveries	0.001660
	(0.000424)
LnCrude_oil	0.077373
	(0.017351)
LnGold	0.508402
	(0.074122)
LnEPU	-0.000235
	(3.46E-05)
F-statistics	158,07***
$Adj. R^2$	0,82

Source: calculated in the Eviews 8.0

This table summarizes one regression model's results over the sample period from January 23, 2020, to November 25, 2020. The dependent variable is daily changes in total S&P500 index return. Explanatory variables are daily changes in VIX (Δ), daily changes in crude oil, gold, Economic Policy Uncertainty, percent of deaths, and recoveries.

^{***}p<0.01, **p<0.05, *p<0.10.

V. Summary

To summaries, this paper found that there is slight correlation between Covid-19 event and S&P500 index returns. Results show that both of hypothesis are true. H_0 : Percent of deaths in the United States decrease S&P500 index return, H_1 : Percent of recoveries in the United States increase S&P index return. Changes are not significant from 1 to 10%.

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COLLEGE OF SOCIAL SCIENCE

"Modern Estate Market in Kazakhstan and Purchasing Power of the Citizens"

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Abstract

This study demonstrates the relationship between average real estate price and economic conditions that influence on the purchasing power of population in Kazakhstan. The topic of this research is relative to citizens of Kazakhstan, especially to those who is planning to make financial deals in the estate market. Moreover, this research could be useful source of deep analysis and information about this sector of market in Kazakhstan in order to have estimates to manipulate personal savings. In addition, for players on the real estate trade, it will become an effective tool for studying and making the right decisions. The research was conducted on the basis of previous studies and publications. In order to make this paper more informative and credible one interview with the specialist in estate field and survey were conducted. Analysis of this study and previous researches could be useful for predicting the growth or fall of prices and the amount of registered private property of citizens of Kazakhstan. This research paper will provide the significant information about estate market features in the country and conditions and economic occasions that influence on this field.

1. Introduction

From the oldest times the main components of normal life are food and shelter. Every year the quality and level of comfort increases with growth of technologies. Estate price has been increased in Kazakhstan (Galkina, 2020). "Waiters" do not succeed in real estate sales, those who feel the realities and have a well-thought-out financial strategy perform well (Guseva, 2020). The market has several sections and types of housing: commercial and private. Therefore, fluctuations in price level can influence on both of legal entities and individuals. It is crucially important to see the situation of the estate stage and make predictions about the future possible outcomes in order to be prepared for deals and stay with a win. Therefore, the problem is characterized as one of the most serious and relevant for modern society. Due to the uncertainty in this field of economy, people are losing their money on purchasing estate item or selling it. Moreover, shelter is one of the factor that influence on HDI of the country because of it analyzing this field is important for government to evaluate a situation of the state on the world stage. Since I am a citizen of Kazakhstan and a young woman who is planning to make a deal of purchasing a private apartment, house and commercial building I decided to study this sphere and explore issues of the estate market in my country. Therefore, the topic of my research is the modern estate market in Kazakhstan and purchasing power of the citizens.

There are a lot of researches on this topic because of its importance. Today I would like to pay attention especially to the purchasing power of citizens and real picture of estate market. Moreover, we live currently in uncertain and unclear time when the prediction of the future is almost impossible to do. The COVID-19 pandemic deprived opportunities from a lot of people and demonstrated well the gaps of Kazakhstani economy. According to Galkina (2020), the prices increased not only due to COVID crisis, it occurred because the exchange rate of dollar

has increased. The problem occurred as income of people decreases and the price level of estate items increases. In addition, there were a lot of support program from the government to youth representatives and vulnerable population. However, now only few of them are available. The main problem of the issue of such strong conditions to have shelter and satisfied level of income leads to increase of migration rate. Seitz (2018) states that citizens of Kazakhstan almost do not use rental housing. This fact confirms importance of studying this issue.

The primary purpose of this study is to explore the current situation in Kazakhstani estate market and define the main gaps that create problems and difficulties for citizens. The results of my research project can be useful to identify what and for what support programs for the citizens are needed. Thus, the research paper that would guide the paper would be, "Are actual government programs to support residents in purchasing housing effective? What conditions can influence on the purchasing power of citizens?"

Questions are answerable through the collection via interview and survey results. They do not cause ethical concerns and they are strictly focused on the main problem of this research paper. Survey was focused on awareness about the government support programs and the interest of respondents to the issue that is the base of this research. It was held anonymously because in this case everybody answered honestly. I explored the issue from two sides: potential buyers and professional in selling estate. It made my research deeper and wider because all of them consider the main problem from different points of view. Data collection will be conducted in order to make the research relevant to KIMEP University.

2. Literature review

2.1. Introduction

Today, almost every young person faces with the issue of purchasing estate items at least once in his or her life. Different issues occur at such moments as fraud and cheating from the side of realtors, unreachable prices for housing. There are several types of estate: commercial and private. It is important to pay attention to their difference and explore it deeply separately. In terms of this paper, I would like to focus on private housing. Therefore, this paper is especially important for those people who is planning to purchase houses or apartments in the nearest future, realtors, estate agencies as it can be useful in their analysis of the market, and economists because this study can be helpful in predictions of domestic economy in Kazakhstan. Moreover, economists can take it as one of the foundation for economy development policies. Due to the importance of this topic, there are a large number of studies that are focused on the researching of the estate market on it. They consider the issue of purchasing housing from many different perspectives, including sellers and buyers points of view.

2.2. Types of estate items in Kazakhstan

Types of estate items in Kazakhstan are following, according to Civil Code of the Republic of Kazakhstan (General part)(2020):

Land plots, buildings, structures, perennial plantings and other property firmly connected to the land, that is, objects, the movement of which is impossible without disproportionate damage to their purpose. Apartments and other residential premises, as well as non-residential premises that are part of a condominium object, are recognized as independent objects (types) of real estate if they are in individual (separate) ownership. Aircraft and sea vessels subject to state registration, inland waterway vessels, river-sea navigation vessels, space objects, and the linear part of trunk pipelines shall also be equated with immovable property. (art. 117)

2.3. How many years to save for an apartment

Krisha.kz analysts (as cited in Rusakova, 2019) conducted a study and set the price of housing and salaries of Kazakh residents. The accrual of interest on a deposit with an annual effective rate of 10% with capitalization was taken into account. The average salary in the capital, according to the Committee on Statistics of the Republic of Kazakhstan, is 233 466 tenge. The ordinary Nur-Sultan resident can save, no more than thirty thousand tenge per month as the spending is more than two hundred thousands tenge (Krisha.kz, 2019). Therefore, according to the research with monthly contributions to the deposit with effective annual rate of remuneration that is 10%, a resident of the northern capital of Kazakhstan will be able to save up for an apartment in only 15 years.

Analysts of Total.kz (2017) state that an average citizen of Kazakhstan can allow a one-room apartment only in the case of saving money for 14 years.

Such high price level for housing leads to the slow urbanization. Seitz (2018) states that "Demand elasticities from 2015 imply that in the current environment, rural and low- income households are especially unlikely to relocate to high-priced areas where employment prospects are better and average incomes are higher" (p.2).

Recently, there was a program that proposed conditions of rent with subsequent purchase, but this method turned out to be ineffective, respectively, it was decided to sell the property (Kn.kz, 2019).

2.4. Diversity of price level in Kazakhstan

According to report of Krisha.kz (as cited in Rusakova, 2019), the most expensive housing is in Nur-Sultan and the most affordable is in Kyzylorda, this inference was made on the basics of price level index provided by Krisha.kz and the average wages of population. Moreover, Seitz (2018) states that estate market is more achievable in San Francisco and Vancouver rather than in Nur-Sultan: because of the inflation prices for shelter in Nur-Sultan and Almaty grew up almost for four times and housing in these cities is 240 percent more expensive than in the rest of the country. "The gap in prices between cities and outlying regions in Kazakhstan is one of the largest in the region of Europe and Central Asia" (p.6).

2.5. Government Support Programs

Two main issues of young people in Kazakhstan is an employment and shelter (Kn.kz, 2019). Moreover, the lack of home becomes the reason for divorce, so 20% of couples decided to divorce for this very reason in 2017 (Kuttybay, as cited in Kn.kz, 2019). Therefore, it is important to support them and pay attention to these two pressing questions. To increase the affordability of housing in Kazakhstan, the Nurly Zher program was developed, which offers the following mechanisms (UN,2019, p.99):

- construction of rental housing for socially vulnerable categories of the population;
- support for individual housing construction by providing citizens with land plots equipped with communal infrastructure, the development and free distribution of standard projects for the construction of individual houses from local materials and structures (mainly industrial production);
- construction of affordable housing for participants in the housing construction savings system;
- stimulating the construction of affordable housing by private developers by providing them with soft loans for the construction of housing with a limited area of apartments and cost;
- increasing the availability of mortgage loans by providing subsidies to banks to reduce the interest rate on mortgage loans
- support for shared housing construction by providing guarantees to citizens for the obligations of private developers by the Housing Construction Guarantee Fund.

3. Findings

3.1 Introduction

The topic of my paper is the modern estate market in Kazakhstan and purchasing power of the citizens. It is well known that shelter is one of the main components of human life. Therefore, it is so important to study the issue of the possibility of acquiring own roof in Kazakhstan and answer to the questions: "Are actual government programs to support residents in purchasing housing effectively? What conditions can influence on the purchasing power of citizens?". In order to collect necessary information for this research the analysis of one interview and survey were conducted with two different types of participants. Precisely speaking, interview was held with director of the real estate company Dostyk Prime Group Larisa Guseva (I1- the first participant of the interview) by Internet newspaper Zona.kz correspondents. I decided to refer to an already existing interview since an expert took part in it and the current conditions of the coronavirus create difficulties with offline interviews. Survey was made virtually among 20 people in age from 18-45 years. The purpose of this section is to demonstrate and analyze the data that was obtained in terms of data collection section. In addition, I will make inferences based on the results and analysis of the obtained information. This section is organized by themes in order to make it clear and comfortable for understanding, and systematize my findings.

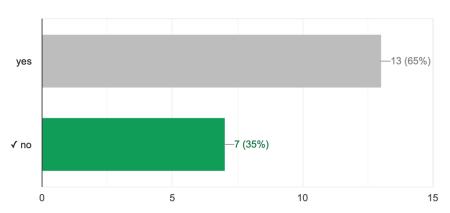
3.2 Findings

The participants of the interviews were asked to answer to several questions and share with their personal experience and opinion about the issue of purchasing own housing. The respondents of survey replied to some questions in order to demonstrate their awareness about the social government support programs and the home acquisition experience. Collection of data from different types of participants was conducted in order to consider the various perspectives of views and make the research results precisely.

3.2.1 Government support programs

Do you know about governmental social programs that support citizens of Kazakhstan in the estate deals?

7 / 20 correct responses



The first major finding from the analysis of information that was obtained from survey and interview is that most of the participants are familiar with government support programs. The proof for this finding comes from answers of the respondents to the question ("Do you know about governmental social programs that support citizens of Kazakhstan in the estate deals?"). The Figure 1 presents the results that 65% know the social programs that support citizens of Kazakhstan in the estate purchasing, while the rest 35% answered that they did not hear about such programs.

Figure 1. Do you know about governmental social programs that support citizens of Kazakhstan in the estate deals?

Despite this finding the issues with difficulties to have an own shelter still exists in our country. "The rise in prices limits the opportunities for the average citizen of Kazakhstan to accumulate funds to purchase their own housing" (Total.kz, 2017, para.5).

According to the survey results, only 20% from the total number of respondents are satisfied with the existing programs of housing. Other 80% are not happy with the terms and conditions and offer that these programs dictate.

Are you satisfied with them?

16 / 20 correct responses

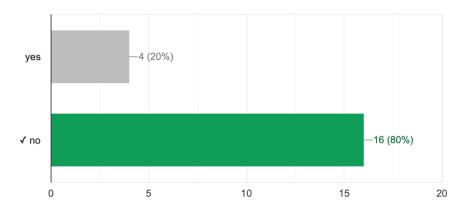


Figure 2. Are you satisfied with them?

3.2.2 Adequacy of price policy in Kazakhstan

The majority of respondents consider the current prices for housing as high, in other words to the question, "How do you consider the estate prices in Kazakhstan?" – 65% of survey participants answered that the prices are high. 20% of the respondents believe that housing prices in Kazakhstan are average, defining them as "medium", and the other 15% choose the option "low". This finding is controversial for the fact that rate of private housing in Kazakhstan is one of the highest globally (Seitz, 2018).

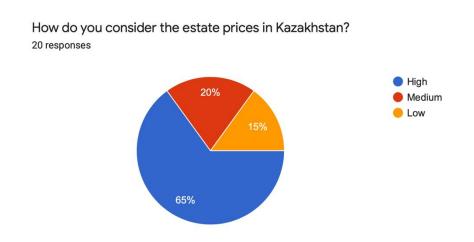


Figure 2. How do you consider the estate process in Kazakhstan?

3.2.3 Conditions that influence on fluctuations of the estate prices

Survey respondents say that currency and exchange rate are the main reasons for the change in property prices. In addition, they mention that instability in Kazakhstani economy

influence on this issue as well as the fact that residential buildings are not being built in small towns, so sellers inflate the price of existing apartments, since the buyer has no more options to consider. The proof for this finding comes from the answer to the open question related to price fluctuations in Kazakhstan, "Demand is great, but offers are few. Few residential buildings are being built, especially in small towns. And what is being built is too expensive. The average resident cannot afford a new building. Old buildings unreasonably raise prices" (Survey results). This finding also is confirmed by I1, she said that the price per square meter has increased due to a sharp jump in the dollar at the beginning of 2020. As it mentioned in Seitz (2018), "housing demand is quite responsive to price in Kazakhstan, with an elasticity of about -.85 at the national level" (p. 6).

The COVID-19 crisis, according to our interviewee (I1), did not affect the question of the price of housing and the choice of the type of house, namely, rumors that with the introduction of restrictive measures due to the coronavirus, the demand for private houses has increased, was dispelled. Seasonality explains the reason for the propensity to buy private houses.

Another interesting point that was highlighted by our interview is that pension payments that will be received by citizens of Kazakhstan who wish to withdraw their pension contributions from their accounts will not be reflected in the real estate market in terms of price. According to I1 forecasts, the pension money will be used not for the sale or purchase of real estate, but for its improvement, or find another application.

4. Conclusion

The main objectives of this research paper were to explore the issue of purchasing own housing power in Kazakhstan, the conditions that influence on it, and effectiveness of the ways that facilitate this process. In terms of this study primary and secondary researches were used, therefore it is as credible as possible. This issue has a character of important one due to the fact that purchasing power of citizens and affordable price level of housing influence on urbanization level and economy in general in Kazakhstan. According to credible literature that is related to the topic of research and used in this research, price level in Kazakhstan has tendency to increase and there is the significant difference between Nur-Sultan and Almaty and the rest of Kazakhstan in accommodation issue. Despite the fact that average salaries in Kazakhstan do not allow for Kazakhstani people to buy suitable accommodation, the rate of own-housing in our country is the highest in the world.

Some reasons of the phenomenon of unaffordable housing that were mentioned by survey participants correlated with the expert opinion. For example, one of the main factor that influence to fluctuations of price level in Kazakhstan is instable currency rate. However, the majority of respondents do not agree that government social program of support young people to own houses satisfy to the current situation and housing becomes more unachievable. Another interesting finding that was made in terms of this research is that the price for housing is relatively high for the majority of people and UN researches confirm that housing in metropolises of Canada and USA is more affordable than in Kazakhstan. Moreover, government programs are not effective in the necessary level and it should be one of the point that government should pay attention and change the ways to solve the problem of unaffordable housing. This process is going on now and we expect to have a results of it in the closest future.

Exploring this phenomenon was interesting and important due to the significance of it.

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"HOW KAZAKHSTAN ORGANIZATIONS CAN DEVELOP AN EQUAL RIGHTS AND OPPORTUNITY PROGRAM FOR THEIR EMPLOYEES?"

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Significance of the research

The importance of the subject thesis for both academic and corporate audiences in identifying the main drivers that cause inequalities between various groups of employees that can be differentiated by gender, nationality, race, views (either political and religious); these drivers may be essential in the development of "equal opportunities employment" concept. This concept is crucial in understanding the relationship between corporate policies, social trends, economic and industrial effectiveness and efficiency. Ultimately, the goal of this thesis is in presenting a viable framework(s) on a strategy/program in eliminating discrimination and bias of the employees based on any endogenous/exogenous features. This is to be accomplished via comparative analysis of the datasets in corporate culture, assessment of concepts that are applicable to behavioral sociology, and a combination of these parts alongside with examples of opportunity programs (and their effectiveness) of a few organizations.

Objective and Rationale

By outlining this thesis research question on how organizations could develop equal rights and opportunity program, it is essential to define what an equal right and opportunity program is. It's generally referred to as a program with best practices to treat all employees and applicants in a similar, unbiased manner. The main obstacle for equality axiomatically is inequality.

In the contemporary world, the elimination of inequality is an important and challenging issue. This thesis aims to explicitly demonstrate the existence of gender, nationality, race etc. inequality, what are the drivers for these inequalities. Identifying the inequalities, its characteristics, traits and patterns would allow the design of theoretical equal rights and opportunity program. A number of companies and organizations throughout the world claim that they are equal rights employers; however, one might doubt in the credibility of that statement.

Ideally, the outcome of this research would be a comprehensive summary of inequality, historical analysis and possible forecast on how inequality in organizations would persist and what can be done to avoid this. Additionally, this thesis would (potentially) give an answer for a longing question - is there a productive way of how inequality barrier could be, if not eliminated, lowered.

This research bears the intention to demonstrate how corporate culture and organizations fail to be inclusive and tolerant for all social categories. Such inability to change and adapt to societal needs, low level of willingness to tackle this challenge raises a question of fair and equal rights employment.

Research Problem

As it was previously discussed, many organizations neglect the concept of equality. This is generally caused by disregard and prejudice of privileged minorities towards their colleagues from different social groups. These disregard and prejudice have their roots in phobias and intolerance, which have historic base.

Thus, answering to the series of questions that are associated with the origins of inequality in corporate world and tackling this challenge is crucial. In previous section, it was stated that the whole problem of inequality is far too complex to review and analyze it in a single dimension. The series of questions that aim to answer the main research problem are as follows:

- 1. What are the most common inequalities in organizations? In what regards there is a bias from employers' attitude towards employees?
- 2. How does inequality affect organizations and its business? To what extent performance results could be improved if inequality is dealt with?
- 3. Understanding that organizations generally follow the path of the most profit, it is essential to understand how these organizations could be incentivized to fight the inequality?
- 4. Lastly, once the answers to the first three questions are known, the question on how organizations may develop an equal rights and opportunity program will be analyzed in economic and social paradigms (i.e. answering not only the possibility of development such program but also discussing how it may be beneficial not only for employees (social side), but also for employers (economic and social side).

Background and Literature Review

Discrimination is a detrimental social phenomenon. It may lead to poor hiring decisions, weak Human Resources strategy and policies (Wahab, 2018). As the EEOC (Equal Employment Opportunity Commission - federal commission in the US, 2014) states that each individual (more specifically employees) should be protected from the discrimination based on race, color, religion, sex, national origin, disability, age etc. This was the reason why different Equal Employment Opportunity programs and legislative acts were introduced worldwide.

One of the researches in the field that was led by Peetz et al. (2008) was looking into beneficial effects of equal employment opportunity legislation (in Australia since 1986). The goal of the Equal Employment opportunity legislation (formerly known as "Affirmative Action" act) was to increase the equal employment opportunity, decrease preferential and biased hiring decisions. The methods of achievement were imposture of sanctions for not following the legislation.

Main principles of the above-mentioned legislation were to endorse the development of equal employment opportunity programs, allocate focal points of responsibility (including consequent actions and reporting).

To evaluate the results of the sample data that was discovered, Peetz, Gardner, Brown & Berns (2008) distinguished between 5 different factors:

- Pay once organizations fell under the enactment of the legislation, the difference between pay and its increase via several different factors was negligent, however, it should be noted that some organizations (generally, smaller one) were out of the scope of the EEOL, thus their results were controversial. The data sample revealed that before the equal employment legislation women have had a less favorable position in terms of pay;
- Promotion opportunities in this factor, researchers also accounted for unpredictable events such as downsizing or restructuring of the organization. In this context, the fact that there is still inequality in terms of the promotion perspectives and even relevance of the promotion may not be surprising;
- Permanent part-time work another factor that is highly associated with both equal employment and work-life balance is the ability to change the status to the part-time. As the researchers claim, it is a very crucial mechanism for workers to maintain a healthy working atmosphere alongside with keeping their social status. It is noteworthy to mention that the study discovered that the ability to secure such an opportunity is much more important for women (evidently, for such reasons as maternity leave etc.). In this regards, the legislation has proven to be efficient, providing if the not equal right to access part-time status, but at least not being discriminating;
- Training one of the factors that show the employee the extent to which the employer assesses skillset of the employee. In this regards, training may be both a positive or negative stimuli for an employee. However, in the research, the implication is that training is a positive encouraging reward for the employee. They revealed that after the enforcement of

legislation, most of the workers, regardless of the sex, were satisfied with the amount and the quality of training that was provided by the employer. Moreover, the researchers found that the training was closely linked to the satisfaction with occupational health and safety;

 Occupational segregation and grievance procedures - before the implementation of the legislation, several particular jobs were oriented and recognized as "men-only".
 Unfortunately, the situation did not change dramatically after the legislation took place.
 What concerns grievance procedures, the whole case, in opposite to the occupational segregation, is quite optimistic in a way that many organizations have established their procedures.

The work of Peetz and his colleagues has shown empirical results, however, it demonstrated results only in one domain. The international and global achievements were presented by different researches. In complementation of all the work that was formerly done, the International Labor Office has presented its report on equality at work in 2011. This organization describes the world-wide situation of discrimination. Their report is optimistic in the way how trends change in the anti-discrimination policies and equal employment opportunity (including the prohibition of discrimination and zero-toleration policies towards discrimination that are wide-spread across the European Union and many international organizations). However, even though, there are positive trends towards the elimination of the discrimination, the ILO outline the one inevitable problem that could be encountered - during the period of the financial crisis (globally or on organizational level), policies that are aimed to discourage discrimination and bias are generally neglected (International Labour Office, 2011). The reason for that is the optimization of the resources.

As the report states, the significant work was made and impressive results were achieved in the elimination of gender equality (e.g., ceteris paribus, even though the gap in pay remains (around 10 to 30%), it is actively decreasing), reconciliation work and family responsibilities (more organizations provide flexibility in these matters), the ability for parental leave (both maternity and paternity coverage - moreover, the terms have been more protective towards women who may have had miscarriage or stillbirth or another unfortunate event), elimination and awareness of sexual harassment, elimination of discrimination based on race and ethnicity.

Apart from these primary bases for the discrimination and bias, the ILO's report (2011) also distinguishes other factors such as impact and discrimination of the migrant workers (this category is very crucial and make up to 20% of potential state's workforce), discrimination based on religion (which is closely linked to the anxiety on workforce migration issue), discrimination based on political opinion (mostly in occupation in the public sector), social origin (e.g. caste-based society in India or South Asia), disability, discrimination based on HIV & AIDS status, age discrimination, sexual orientation and lifestyle.

What are the proposed actions from the ILO? It has started Decent Work Country Program that aims to eliminate discrimination via activities like promoting and mainstreaming gender equality, female entrepreneurship (a noteworthy example is that Kazakhstan is one of the few countries that is listed as a priority in terms of elimination of discrimination - alongside with several African countries). The ILO also provides guidance and advises the governments of different states to endorse effective legislation.

In terms of an effective tackling of discrimination based on the features that were described in the above paragraphs, the ILO launched numerous programs such as the WEDGE (Women's Entrepreneurship Development and Gender Equality project), "Work Improvement in Small Enterprises" training; publishing researches and books such as "Gender-neutral job evaluation for equal pay", "Workplace solutions for childcare" (that is aimed to enhance reconciliation between work and personal life). The office claims that over the course of the last four years, the situation has improved as many states have adopted the strategies, policies and agendas. The ILO's short guide that was created to increase awareness and to decrease discrimination states that to start the elimination of discrimination in any organization, the equal employment opportunity program has to be developed with the next actions:

- Let the senior management set the example and path forward to decrease bias and discrimination:
- Assess, measure and monitor the conditions, to what extent the discrimination exists in the enterprise;
- Provide training that a) would bear the value and significance of the fight with discrimination and b) that would allow the development of skills to anyone;

All of these are starting point and the requirements and action points may vary from an enterprise to others.

Eventually, the gap still exists and it is of the most importance to eliminate inequality and enhance its sustainability. As it has been discussed (Wahab, 2018), the elimination of biased hiring and a discriminative decision would benefit the labour market and business competitiveness overall. It would stimulate global economic growth and improve the individual well-being of previously discriminated groups.

Overall, even though the matter of discrimination and establishment of Equal Employment Opportunity programs are highlighted widely, there is a still big portion of the companies that are missing out of today's agenda (International Labour Office, 2011).

There are several examples of how enterprises at the market currently maintain their Equal Employment Opportunity programs. Some of the companies prefer to stick with the equal opportunities that were set out in the legislative acts (JATA, 2019). E.g. ceteris paribus, the employer would provide equal rights and opportunities in recruitment, testing, training, promotions, compensations. However, one might indicate the fact that the employer may impose and include into Equal Employment Opportunity programs only the features that would be favorable for the employer. Despite the existence of this fact, this would be completely another challenge that should be tackled.

Theoretical Framework

In order to investigate what are the factors that impact the discrimination the most, and, consequently, to analyze what is the root cause of the said factors, it is essential to look into

specific dataset that would describe relationships between indicators and factors that account for discrimination. In these regards, previously mentioned factors from Peetz, Gardner, Brown and Berns are quite useful in setting base ground for the research.

As it was discussed, there were five different factors that was presented in the Peetz et al. study – pay, promotion opportunities, permanent part-time work, training, occupational segregation and grievance procedures. Unfortunately, results presented by that study were one-dimensional, whereas the work done by International Labor Office can be seen as too broad. Despite the fact that these works are highly representative in demonstration of inequality in employment, it can be seen that the whole framework of equal employment cannot be covered by one set of factors. Due to the limitations of data, OECD standardized data will be used in order to define what are the relationships between factors in different states and what could be done in order to improve performance. A variety of factors alongside with the assumptions are described below:

• Pay:

- Gender gap unadjusted pay gap between genders. Calculation is the difference between median earning of men and women with some minor exceptions;
- Age gap earnings of two age groups are compared 25-54-year-olds cohort and
 15-24-year-olds cohort with some minor exceptions;
- Education gap earnings of differently skilled groups are compared low (lower than primary, primary, lower secondary education), medium (upper secondary, post-secondary education), high (anything higher than secondary education);
- Employment protection OECD evaluates indexes of different states in terms of protection of employee and their dismissals across several categories:
 - Individual dismissals in regular contracts;
 - o Collective dismissals in regular contracts;
 - o Dismissals in temporary contracts;
- Permanent part-time work and temporary work similar to what Peetz et al. have presented, one of the important indicators that would allow to see trends in the equal employment. This factor is presented as follows:
 - Full-time & part time employment depicts data on usual definition from OECD on 30 weekly hours of work in the primary job;
 - Temporary employment demonstrates data on different composition across labor force on the subject of temporary contract;

• Union strength – union strength is a consolidated factor of collective bargaining coverage (which is the percentage of employees with the right to bargain) and trade union density (density of trade union is a members' percentage over total workforce)

As supplementary factors, the dataset from International Labor Office also would be useful. The data obtained would give another perspective in the same framework. Such factors as female share of employment in managerial positions, output per worker (which would serve as an explicit indicator of whether equal employment opportunity programs affect the profitability), labor cost (alongside with previous factor would allow to estimate on costs & benefit side of equal employment opportunity). Last, but not least is the factor of social health protection. This factor eventually would show the readiness and willingness of employers to contribute into the protection of their employees.

As for defining the relationships between these factors, econometric method of ordinary least squares regression will be used. This method allows estimation of relationships by minimization of different factors, and, consequently observe and predict values of an output based on the input factors. This model has its advantages in multivariate models. Obviously, there still would be a room for an error in interpretation of the results in the described relationships. They will be presented in the next section.

As laid down above, compilation and investigation between said input factors, that are based on the research of Peetz et al and ILO, would give a more in-depth insight on what measures can be taken in order to improve equal employment opportunities programs.

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"Zero Moment of Truth in the Marketing of Kazakhstani Universities"

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Abstract.

Higher education in Kazakhstan is a big business in development. Private universities in the country build a brand. They are held in higher esteem compared to public universities. It increases students and parents' expectations for high quality and adequate to the job market education. Unfortunately, they still use marketing only to sell educational products or services. Regardless, private universities should improve their IMC programs embracing the potential of Web 2.0 and the opportunities social media and networks. The purpose of the qualitative inquiry is to investigate how private universities in Kazakhstan exploit the zero-moment-of-truth in their social media marketing (SMM) recruitment activities. It employs in-depth interviews with marketing experts in

higher education institutions and focus-groups with current university students and prospective high-school students.

Keywords: zero-moment-of-truth, ZMOT, university marketing

Introduction.

Globalization is a process of transforming the world into a single system – a global village. It has been elevating all aspects of social, economic, and cultural life to a qualitatively new level of development. This developmental process has imposed new and higher standards on an individual and community. The technological boost of Web 2.0 is the main reason for globalization. Web 2.0 has established a boundaryless virtual environment where individuals can interact, make informed decisions, study, and have fun. Organizations can interact, build B2C or B2B relationships, and do business. Globalization has affected higher education, too. It opened vast opportunities for students to learn virtually in a country and university of their choice. However, it dramatically increased the domestic and international competition between higher education institutions (HEI). All this led to changes in the HEI integrated marketing communications (IMC). The AIDA model is hardly useful anymore. Web 2.0 has allowed for the emergence of the micro-moment marketing. The micro-moments are intent-rich moments when a consumer uses their mobile device to satisfy a need to know, go, do, or buy. Therefore, HEIs need to move to a highly strategic communications management to be successful in attracting potential students. It is a reality, which Kazakhstani Universities have to acknowledge to be competitive on the internal as well as on the international higher education market.

Problem statement

Private universities in Kazakhstan are held in high esteem, which increases students and parents' expectations for high quality and adequate to the job market education. These expectations make higher education a significant investment decision. Regardless, private universities should improve their IMC programs embracing the potential of Web 2.0 and the opportunities social media and networks. They need to understand in-depth the zero-moment-of-truth with its micro-moments so that they to attract and retain students so that they remain competitive to public universities.

Background and Need

Higher education in Kazakhstan is a big business in development. There are 124 higher education institutions with branches in Kazakhstan. The state-owned (public) universities are 47 universities, whereas the private HEIs are 75. There are five universities with foreign ownership. The public-private university competition is very high. Public Kazakhstani universities provide state grants. The access to these grants is limited only to public universities.

Additionally, the Kazakhstan economy relies extensively on its oil industry. However, it makes it vulnerable to declines in the oil price on the global markets. Any decrease in the price of oil per barrel affects the cost of education and the ability of students and parents to pay the private HEI's fees. Furthermore, public universities have a more extended history, which makes them easily recognizable without large marketing companies (Jumakulov & Ashirbekov, 2016).

Nowadays, universities in Kazakhstan build a brand. Private universities in the country still use marketing only to sell educational products or services. Higher education is an entirely different product because it is considered as an investment in the future. Therefore, the main problems here are the impossibility of using standard marketing strategies, targeting students, which can be very different, and the lack of qualified specialists in this field (Helgesen, 2008). Many universities are still conservative and adhere to the classical methods of marketing - distribution of leaflets, holding open doors, announcements on the streets (Dabbagh, 2011). It goes against the fact that more than 70% of the population of Kazakhstan is an online mobile and resides in at least two social networking sites. Therefore, creating viral content has a higher potential to reach prospective students in Kazakhstan. Thus, being present at the zero-moment-of-truth of students, a university increases its brand awareness.

Purpose of the study.

The purpose of the research is to investigate how private universities in Kazakhstan exploit the zero-moment-of-truth in their social media marketing (SMM) recruitment activities. To achieve the set purpose, the qualitative inquiry asks the following research questions:

RQ1. How do marketing specialists in Kazakhstani private HEIs experience the zeromoment-of-truth in their recruitment SMM activities?

RQ2. How does the online presence of a university impact the selection of HEI by prospective students?

Methodology and research methods

The research employs one-on-one in-depth interviews with representatives of the marketing departments of Kazakhstani universities (RQ 1). An in-depth interview is a personal, unstructured conversation, a free and direct interview. It is a productive research method for exploring rich experiences (Milena, Dainora & Alin, 2008). The main advantage of in-depth interviews is that they involve personal and direct contact between interviewers and interviewees, as well as eliminate non-response rates. What is more, in-depth interviews offer flexibility in terms of the flow of the interview, thereby leaving room for the generation of conclusions that were not initially meant to be derived regarding a research subject. However, there is the risk that the interview may deviate from the pre-specified research aims and objectives.

An online focus group is the second research method which the study employs. Two focus groups would be conducted. The first focus group consists of 8-10 current undergraduate and graduate students. The second focus group would include 8-10 last year high-school students from different regions of Kazakhstan. The focus group method is a group discussion, during which the attitude of the participants to a certain type of activity, service sector, and a specific product is clarified. The value of the information received is that the participants in the discussion discuss the problem based on their own life experience. The focus group is qualitative, i.e. a rather flexible method of collecting sociological information, it allows you to come to reliable conclusions and does not require serious time-consuming application. (Morgan, 2002)

Literature Review

Moments of truth

The zero-moment-of-truth (ZMOT) occurs in the relationship when customers experience what organizations have to offer. It is precisely the moment when a potential buyer becomes a real buyer. Firstly, the entire search takes place on mobile phones, so it has become easier and faster to search for information about a brand or product. The buyer does not think. People are online almost 24 hours a day, and it is more important than ever before for good marketing and customer acquisition, to uncover and understand the moments that matter, be present in the moments that matter, have something interesting, relevant and engaging to say, measure the impact of the zero-moment-of- truth on the consumers. It means that relationships with customers and their trust are the driving force behind moments of truth. It also helps in establishing mutually beneficial relationships with students and parents.

Carlzon and Peters (1987) defined moments of truth as the first 15 seconds of interaction with the customer, after which he will decide whether to deal with the brand, whether to learn more about it. It is an interaction between company representatives and the consumer: negotiations, provision of services, sale of goods, work with complaints – virtually everything that can attract and influence the client's attitude of the quality of a product or service.

Filipov (2015) raised the issue of relationships, suggesting that in the Age of Reference "building and maintaining relationships based on trust, personalized and open dialogue between the organization and its interested public" (p. 63) is a leading action and communication principle. He also stated that before reaching any purchasing considerations, customers' online filter, the brand claims in the zero-moment-of-truth. There they search for independent form the brand information and test it at the benchmark of other peoples' experience. Therefore, zero-moment-of-truth is vital to HEI competitiveness.

Aichner (2012) claimed that an entirely new moment serves as a turning point for the consumer in deciding to purchase goods or services. Moreover, this moment is realized millions of times a day using a mobile phone, tablet, laptop or stationary PC. At this vital moment, current marketing promotion takes place: the consumer receives information from the network, and he makes the final choice, which determines the further successes or failures of any modern brand. He also discussed that the zero-moment-of-truth emerges in the connection between mass customization (MC) and the micro-moments. Customization is an individualization of the manufacturer's relationship with the consumer. Therefore the zero-moment-of-truth is the moment of an Internet search for information for a product. The customer and demonstrates a certain degree of product knowledge because his interest has already been attracted to it. People derive knowledge about a product from online reviews and rating stars, contextual advertising and news headlines, video reviews and good old official sites of the product or brand.

There are four moments-of-truth: zero, first, second and third or ultimate. Google's zero-moment-of truth comes when a person is interested and begins to search for information and reviews about a particular service or product. It usually happens on online platforms such as social networks (Instagram, Facebook). The first moment of truth is the moment when a person is only acquainted with a product or service. For example, attends a presentation or reads a description.

Next comes the second moment of truth, when a person receives a product or service and can get to know it completely, in the era of online shopping, this happens when a person receives his goods. And the last, ultimate moment of truth is what impression the product or service left, and it is at this stage that the person decides whether he will recommend it to others or not (Draper, 2017)

Marketing in higher education institutions

Fram (1973) claimed that in the field of education, there were problems that could be solved by using business methods that are used for sale. Good marketing was one of them. Business and education have had many common ground or variations. In business, there was the question of what kind of product to be offered. In higher education, it is what curriculum to use; in business how to introduce potential customers to the product, in education how to establish relationships and attract applicants. Both higher education institutions and business organizations faced similar problems in the past - a failure to respond to customer demand. Therefore, now the work of marketing departments of universities aims at satisfying the interests and needs of potential students.

Lewison (2007) stated that colleges and universities are increasingly adopting marketing guidelines, and the relative advantages of mass marketing and targeted marketing need to be explored. Now marketing employees divide students as future buyers into segments. Some are going to get an excellent education; others are interested in exciting student life, as well as those who cannot decide on the purpose of admission. In the past, universities used mainly the one-size-hopefully-fits-all strategy, but now the system has changed. Three main types of marketing have appeared: 1) differentiated marketing, 2) concentrated marketing or 3) orchestrated marketing. Differentiated marketing involves the decision to operate in two or more segments of the market. A university might decide to select a limited number of clustered or scattered target markets. In exclusive concentrated marketing, a university focuses all attention on a single segment of the educational consumer market in hopes of dominating that market through total market penetration. Competition between universities has intensified in recent years. Therefore marketing departments try to attract as many students as possible. To do this, use the above three types of targeted marketing.

Nicolescu (2009) described the marketing concepts in higher education. The higher education sector has two main features that affect marketing. First, higher education in most countries is the non-profit sector. Therefore, the marketing concepts used in this sector do not function as in the business sector, where the main goal is to make a profit. Second, higher education is a service, and all features applicable to the marketing of services are related to higher education. In marketing, the university is a brand that needs to attract as many students as possible. The principles of marketing and marketing ideas can be applied to the higher education sector, but not in the same way as in the business sector. It talks about consumer behaviour, pricing, branding, Promotion policy, Marketing mix activities or the 4P's model (product, price, distribution and promotion) and Positioning strategies which can be applied for the marketing of universities. Except for distribution policy.

Technological Influences and Zero-Moment-Of-Truth Marketing.

According to Fernando (2012), technologies are developing very fast and affect all areas of life, especially marketing. Web 3.0 has become a powerful tool in marketing and gaining new customers. Web 3.0 can be thought of as a networked digital technology that supports people-to-people interactions. It allows the use of space, images, sounds and feelings in a concept, thus turning into an interactive network in which people can exchange information.

Parise (2008) studied that Internet features such as blogs, online communities, and virtual worlds are increasingly being used to create social connections, collaboration, intimacy, and friendship. Users add value by creating the content themselves using these applications, which results in network effects across the Internet. In this network, consumers control the situation, forcing content to build personal relationships.

Nyangau and Bado (2012) claimed that social networks revolutionized the way people communicate in two main ways. First, social networks have allowed one person to send instant messages to millions of other people around the world. Secondly, and perhaps more importantly, social networks allow for establishing a two-way communication channel between the sender and recipients, or only between recipients or "subscribers" outside the control of the original sender. The participation of higher education institutions in social networks is growing every year; each university is trying to work on the quality of content. Indeed, today good content is one of the proven ways to attract customers, who in this case are potential students. Social networks significantly expand the recruiting base, overcoming space and time, and all who need to "meet" with an admissions officer are an Internet-enabled device. This article presents the idea of an even more advanced digitalization of the selection committee, which will be available all the time, without interruption.

Łysik, Kutera, and Machura (2014) described the importance of developing mobile technologies for the moment of truth and their use for effective marketing of companies and brands. Nowadays, before buying and making decisions, people always look for information on the Internet, study reviews of other customers and consult with loved ones. It is what determines the zero-moment-of-truth. The product is planned for purchase. TV advertising and outdoor advertising is becoming insufficient. Therefore, the synchronization of mobile data and providing potential customers with all the necessary information online is of the highest priority.

Conclusion

The first moment occurs when a person only gets acquainted with a product or service. For example, attends a presentation or an open day in the case of universities. An example is the well-known household chemical company Procter and Gamble, which actively uses it in their marketing companies. The zero-moment-of-truth comes when getting acquainted with a product or service, something attracted a person's attention, and he decided to study it better and find out reviews of other people. It is the key to decision making. The second moment of truth comes when a person gets the opportunity to get acquainted with the product from his own experience. For example, when he receives delivery or attends open lectures at the university. The third or ultimatum moment of truth occurs after the first three when a person has already met with the product, tested

it on himself and is ready to make up his mind and advise it to other people. It may be the zero-moment-of-truth for any person.

The main problem in this area is that it is not yet so widespread in the marketing of higher education institutions. Moments of truth are one of the main factors in the marketing of any product or service. Zero-moment-of-truth happens online, so the universities must consider the online marketing sphere. Furthermore, to explore the ZMOT in the framework of the higher education institutions marketing of private universities in Kazakhstan. It is also necessary to increase the awareness of the zero-moment-of-truth among private HEI marketing specialist.

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"Does sex sell in the advertising industry in Kazakhstan?"

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Abstract:

The narrative literature review research aims to explore the existing scientific literature on sex appeal in advertising. The usage of sex appeal may depend on different demographic factors. Therefore, the literature review will explain different demographic factors connected with the perception of sex appeal, including religion, economics, and gender. In order to know what effects on the application and consumption of sex appeal in advertising the literature review is divided into different categories. The purpose of the research was to explore the scientific literature on the effectiveness of sex appeals in various socio-cultural contexts. The theoretical importance of the literature review is to identify which factors influence the perception of sex appeal in advertising. The practical importance of the literature review is to explore which techniques are more effective in order to be used by creative directors of Kazakhstani advertising agencies.

Keywords: sex appeal, advertising, appeals in advertising.

INTRODUCTION

A global perspective on the advertising industry in 2018 and 2019

Advertising is an industry with billions of spending each year, and it is growing sharply. According to statistics, worldwide advertisement investing will rise by 4.3% to more than \$616 billion in 2019. Andre (2019) stated that the market share of different types of advertising listed above varies from the coverage, target, niche, etc. For example, 53.3% of the global advertising market is in the traditional media sector. Also, television is still the most popular medium among traditional advertising media channels with 33.5% ad spend (Andre, 2019). While television has its place in the advertising industry, radio share decrease to 5.5% of the full ad spend. While the showcases share of print media is anticipated to plunge more by 1.1pp in 2019 to 9.5%, digital media is breaking in the advertising market.

According to the revenues of the advertising industry, the field is going to expand year by year. The investing in advertising around the world has been expanding relentlessly, and it outperformed by 560 billion U.S. dollars in 2019 (Global advertising market, 2020). In a century of globalization and new technologies, all fields are developing in the digital arena. The advertising industry is also one of these fields where digitalization covered most of the parts in this sphere. From a worldwide perspective, digital advertising will reach \$333.25 billion in 2019 (Enberg, 2019). For example, according to the Interactive Advertising Bureau (IAB), the U.S. spent more than \$100 billion on digital advertising in 2018 (Ha, 2019). This number was considered a surprising result because it was the first time the industry reached this point. According to IAB, the situation in Europe with digital advertising was similar to the value of €55.1 billion in 2018. The revenue doubled with the numbers comparing in 2012 (Gilliland, 2019).

Advertising Industry in Kazakhstan

For Central Asian countries and especially for Kazakhstan collecting data about the advertising industry (revenue, spends, rates, etc.) seems an impossible task. There is no national or governmental organization or NGO for collecting the data and analyzing it. However, the only way to analyze the current situation in the advertising industry in Kazakhstan is to look for it in other sources. For example, the Media Sustainability Index (MSI) is a report about media where it could be found some advertising information, but as numbers are not exact, all results are estimated. So, according to MSI, assessed yearly income in media was approximately \$154 million in 2018. This number was distributed by four types of media: television 67%, radio 12%, print 10%, Internet 5%, and outdoors 6%. While television has its piece in the advertising market, digital media are taking its role in advertising. For example, Instagram will have more clients at 113.3 million than print perusers at 112.7 million in 2019 (Andre, 2019). Mobile devices also have a significant role in the popularization of digital advertising. As it is seen from the previous statistics, 36.2% annually increment in portable publicizing ventures within the U.S. has been watched, coming to \$49.9 billion. Despite the considerable size of television share, mobile devices are becoming the second most popular among other medium types for advertising.

Advertisements in Kazakhstan are divided into two main categories foreign advertisements and local advertisements. As in T.V.s of Kazakhstani citizens are broadcast channels from Russia, Europe and Kazakhstan itself, the advertisements are also translated and adapted for Kazakhstani audience. Also, the products of mass use as juices, coffee, cheese, etc. are sold internationally, and the advertisements are shown either by its first shape (from the country of origin) or produced and adapted for local society. After analyzing all advertisements with sex appeal or allusion to sexualizing for 2018 and 2019 in main Kazakhstani T.V. channels (1st channel Eurasia, Astana, KTK, NTK, 31st channel and 7th channel), they were divided to different groups by their purposes.

- 1. Food products. The example is in the advertisement for *President Milk* products where the actress is smiling, enjoy, and lick the products. Also, showing the strong men with muscles who work on the field is the example of sexualizing men in the advertisement of macaroni (*Makfa* brand of macaroni products).
- 2. Medicine. In such kind of advertisements models are becoming more successful, beautiful, bright and sexy after using vitamins (as magnesium, for example) and vice versa they are shown poor, ill, and dull before using the particular medicine (nasal spray, for example)'
- 3. Daily use products. In the advertisement for washing powder, there is shown a naked model with *sensitive* skin and the clothes touching her skin which was washed by this powder. It is an example of sexualizing the product to attract attention where it is unnecessary, like washing powder or women pads where the model in open dress shows how it is *wonderful* to have menstruation.
- 4. Beauty products. It is a broad category where the products are sexualized either by the behavior of models, effects, music or models themselves. The most advertised products on Kazakhstani T.V. channels are perfumes and products for hair (shampoo, oil, etc.). Most of them are advertised by different famous models and actresses as Irina Shayk, where they show women becoming sexy after using the particular product.

Statement of the problem

Despite the efforts of local advertisers and T.V. channels of not showing the sexualized content in the advertisements, there are still examples of sex appeal on Kazakhstani T.V. channels. However, it is fair to state that most of the advertisements (especially goods produced in Kazakhstan) are adapted for local citizens and follow the main principles as family, traditions, and history. There may be different reasons for Kazakhstani advertisers and media not using the sexualized content on the advertisements. Kazakh society still follows the patriarchal traditions where the man is head in the family, and women obey. In this system, it is critical for women to show some parts of the body to another man or even for the whole audience besides their husbands. In this content using sex appeal in the advertisement, including Kazakh women may be considered shameful and wrong due to socio-cultural aspects.

Sex appeal in advertising has been a topic for discussion over the decades. Anabila, Tagoe and Asare (2015) supported the use of advertising sex appeals claiming that the "use of sex appeals is becoming an increasingly popular technique to sell products, especially those that are image-

based, such as candy, liquor, cigarettes, jewelry, fragrance, cosmetics, and fashion goods" (p. 34-55). Sex is a technique used in advertising after the sexual revolution, but whether it is still actual remains as a question. The main reason why advertisers still use sex as a technique for several decades is simple – sex has its effect (Motwani & Aragwal, 2012). In their research, Anabila, Tagoe and Asare (2015) found that 41.9 per cent of the respondents admitted that advertising with sex appeal attracts their attention rather than other categories of advertisements. However, almost the same number of respondents (42 per cent) disagree with the statement that sex appeal advertisements attract their attention. In this case, respondents divided into two groups with almost the same numbers. Sex appeal in advertising also affects the perception of the customers "... sexually appealing adverts influence perception of about two in five consumers" (Anabila, Tagoe, & Asare, 2015, p. 47).

Background and need

According to the Constitution of the Republic of Kazakhstan, Article 1 states that "the Republic of Kazakhstan proclaims itself as a democratic, secular, legal and social state whose highest values are a person, his life, rights, and freedoms." (The Constitution of the Republic of Kazakhstan, 1995, p. 3, Article 1) Therefore, Kazakhstan, as a secular country, separates its normative acts from religion which means that the religious aspect is not a driving force from the legislative part. Kazakh culture is known for its strong traditions, especially for women. As it is written in the research of Bolysbayeva about Kazakh Muslim women, Kazakh women should cover their body parts like the neck, arms and to the end of toes. (2018) In this case, there come the questions: whether this tradition is still actual in the 21st century and how far sex appeal in advertisements can go among Kazakh society. The controversial issue, in that case, is that appropriate to sexualize women in Kazakh advertisements if the main parts of the body should be covered. There is a clear cut idea of showing the women as sexy and desirable in advertisements and showing them as an object to fulfill sexual desires. For example, according to Ketelaar, Anschutz, and Hemmen (2014), sexual objectifying of women is accepted among the educated population if it is used with respect and in an appropriate way. Despite the common principle of men reacting more favorable towards nudity in advertisements the researchers found out that women do not react negatively on sex content in advertising.

Purpose of the study

The purpose of the study is to explore the extent to which Kazakhstani advertisers implement sex appeals in advertisements for their clients. A goal this research set is to explore whether sex appeals influences the Muslim Kazakhstani audience's behavior provoked by the sex appeals in ads. Expectations from the research would be that sex appeal is not a widespread technique in Kazakhstan as traditions, family and values. Therefore, sexualized content in advertising would be less effective than the categories listed previously. However, smaller expectations are also that people in Kazakhstan are still affected by sex appeal in advertising even unknowingly, and it makes them choose one product over another.

Research questions

Several questions are expected to be answered during or at the end of the research:

RQ1. What is the level of sexual appeals employed by Kazakhstani advertisers in their advertisements?

RQ2. What effects do advertisements employing sex appeals have on Kazakhstani Muslim customers' behavior?

Theoretical framework

The leading theory of the research is the Elaboration Likelihood Model as the base for analyzing is attitudes towards sex appeal in advertising. According to White (2011), Elaboration Likelihood Model is described as "a twofold, or dual-process, model that describes how people choose to manage, either systematically or heuristically, the information they encounter" (p. 1). In persuasive communication Elaboration Likelihood Model has two routes: the central route and the peripheral route. (White, 2011) As the main aim of the research is to explore the attitudes of the costumers towards sex appeal in Kazakhstani advertisements, Elaboration Likelihood Model is the basic theory by which structure the research is done. Advertisers use the theories and practices to persuade the consumer to buy the product or increase the reputation of the company depending on different factors, including demographics such as religion, culture and age. Therefore, attitudes change formed by demographic factors are analyzed by the Elaboration Likelihood Model.

Literature Review

Information and communication functions of advertising

According to Dyer (2009), advertising in simple words is "'drawing attention to something', or notifying or informing somebody of something" (p. 2). So, advertising could be in different forms on media channels as traditional (television, radio, newspaper) and modern (online, digital, etc.), but advertising stays on its initial form. Advertising is the combination of information (facts) and communication (emotions, colours) or how we present the information. There is a particular enticement, on the off chance that we have anything to say or something to offer, to draw attention to our take note by overstating the actualities or engaging to people's feelings (Dyer, 2009). Therefore, "consumers respond more to what is aimed at their subconscious and communicates directly with their irrational side. Emotion is the new horizon for specialists in integrated communications. It has been scientifically proven that people think with their heart. (Filipov, 2010, p. 237).

Types of advertising

As nowadays the shape and format of the advertising had changed, there are two types of advertising: traditional and new. Traditional advertising uses traditional media for placing or airing and ad. The traditional media includes print, broadcast, and outdoor advertising.

Besides traditional media in the century of digitalizing everything media is also developing. Due to nowadays demands, new media were created to fulfill the needs of society. That is why the new type of advertising employs new media and social media. Social media is also becoming

one of the main types of media due to its speed to know the latest news immediately and the possibility to give feedback and discuss. New media types:

- 1. *Social media*. Instagram, Twitter, Facebook, Snapchat, Pinterest, and many other social media platforms that help to promote the product or service. The benefits of social media advertising are that it is relatively inexpensive, and it allows seeing the engagement of the audience.
- 2. *Product placement*. In the past, if traditionally, product placement was seen in the movies, nowadays, product placement could be on every digital platform: Youtube and Instagram videos, posts at social media, etc.
- 3. Online. Online advertising is placed on different websites, and it is a convenient way of advertising to cover the target audience for product or service. Also, online advertising is useful in order of "clicking", so every time a person is looking for relevant topics, relevant advertising appears.
- 4. *Direct mail and personal sales*. Sending emails is useful, especially for small businesses to have loyal customers and long-term relationships with them.

Advertising appeals: classification

Advertising appeal classification is based on the Elaboration Likelihood Model. According to Akbari (2015), the ELM shows contends that the impacts of publicizing on client state of mind related to the degree of elaboration of the message through either a high-involvement central (orderly) preparing course or a low-involvement fringe preparing course. Both high and low involvement routes are under the influence of rational and emotional appeals (Akbari, 2015).

Sex appeals: classification

Before coming to the classification of different appeals in advertising that have sexual content, it is vital to know the definition of the term "Sexual appeal". Reichert, Hekler, and Jackson (2001) state that "sexually oriented appeal is a message that is associated with sexual information." (p. 267) Sex appeal in advertising afterwards was divided into four categories by Reichert and Ramirez (2000):

- 1. *Movement*. This classification is described by behaviour and verbal and non-verbal communication of the objects (models) in advertisements. Movement examples are identified as "flirting", "winking", and "dancing around" (p. 268)
- 2. *Contextual features*. This type is connected more to the atmosphere of the advertisement rather than acting bodies. Contextual features include effects as music, lighting, and setting.

- 3. *Proxemics*. Classification is identified by connections and interactions between objects (models) in advertisements. Physical distance is an essential factor that plays a key role.
- 4. *Voyeurism, fantasy, and projection*. This category is described as an unreal situation that is pleasant to watch or easy to fantasize about as something surreal.

Nowadays, appeals in advertising are classified by different groups depending on the level of the perception of the customers. A research study (Hermannsdóttir & Gunnarsdóttir, 2015) examines the appeals in advertising as humor, contrast, fear, and sex and has in-depth research on the last types of appeal in advertisements. The author divides sexual appeals into four different groups based on the researches done before and consumers` perception of sex in advertisements. The purpose of the study was to investigate the effects of most popular advertising appeals on the consumer, his attitude towards brand and product (if it is not sexually oriented), and his buying intentions and decision-making, for example, cultural and gender differences and ethical issues.

The study was based on the sample of 392 people of Iceland, and therefore the survey was done on Icelandic. The limitation of the sampling is that the study has more representation of female respondents. The respondents whose average age was 32 were given two examples of one print advertisement of soap through an online survey. Respondents needed to react to the advertisement with and without sex appeal. The main ideas expressed in the research are based on the experiment on how people react to sex appeal in advertisements of the products that are not sexually oriented, and its effects on the reputation of the brand. The results showed that advertisements that have sex appeal even if the product is not sexual are considered negatively by consumers.

Furthermore, the buying intention is lower, and the attitude towards the brand is harmful as well. The author divided the sex appeal into the categories which give the idea of what sex appeal is and how it is showed and expressed. However, the results could be not enough because of the lack of methodology used and the small sample. As this article explains the classifications of sex appeals, and it will help to differ the sex appeal content from others? It is critical to know the differences between sex appeals and ways to identify them while doing the methodology and the whole research itself for the future.

Sex appeal advertisement in the Muslim context

Different areas and criteria are the factors that could affect people's perception of the advertisements starting from demographic aspects and finishing with region and culture. The study by Naseri and Tamam (2012) examines the literature which explains the attitudes of consumers towards controversial products` advertisements and their attitudes towards advertisements with a religious context. The research was mainly held in a Christian society but not Islamic. The purpose of the study was to examine the existing literature to explore the influence of religious beliefs on advertising trends towards controversial products. Theories support the main ideas expressed in the research as to the Elaboration Likelihood Model and Peripheral Cue. The main result found in the research is about the reactions of consumers towards controversial products advertisements and according to the literature analyzed in the research people with religious beliefs tend to react offensively on advertisements including

gender and sex. As Muslims mostly live by Islamic social norms, some concepts are not accepted in advertisements as nudity, for example.

Based on previous literature, there is a belief that males and females react differently to nudity and sex. The purpose of the study was to examine gender-based stereotypes and sex and nudity in advertising in general (Huhmann & Limbu, 2016). The study took place in the Southwestern U.S. metropolitan area. Five hundred people were randomly selected and received paper questionnaires through the mail, and they had an opportunity to return the prepaid. Only half of the people 19 to 63 of age responded, even though there was an award of \$5 for the answers. The author breaks the stereotypes about reacting negatively on sex and nudity because only females` attitudes are negative while men stay neutral. The author examines whether sex and nudity lead to the offensiveness (unfavorable attitudes towards advertisements) of the audience because if there is offensiveness, advertising, in general, is more unfavorable. The results of the research are:

- 1. If gender-based stereotypes are more negative, advertising, in general, is less favorable;
- 2. More negative attitude towards nudity audience has, the more offensiveness increases;
- 3. The more offensive the audience is, the more unfavorable advertising in general is.

Advertisement sex appeal in societies with conservative traditions and culture

The incongruent message includes the notions as nudity, sex, violence and other factors that are considered controversial. The purpose of the study was to examine the effects of culturally incongruent messages on customers' decision making and buying intentions. (Cui et al., 2012) The author's research focuses on the ethnicity of models in connection with consumer's latitude towards the products, for example. The author provides a strong theoretical framework and academic sources for exploring the topic. However, the lack of research methods is not enough to explore the whole topic. Despite that weakness, the only research method covered enough sample as 320 students divided into eight different groups. Moreover, there is no definition and explanation of the term "incongruent message", so while reading it, there is a challenge of following up the results. The result of the research describes that incongruent messages have not an exact effect on the decision making and buying intentions of the customers without the values. So, the incongruent messages are useful when it is based on a terminal (fundamental deep-set values that are not easily influenced) or instrumental (less central values that easily influenced like sexual desires) values. In general, the research is useful for future advertising campaigns to use the incongruent message if it is not terminal value.

Culture, development, globalization and other thousands of factors may affect the people's perception of different concepts. The purpose of the study was to examine the attitudes of the consumers towards nudity after modernization and the level of control over sexual content on mass media with the connection of consumer's permissiveness. (Leung et al., 2017) The study took place in three Chinese cities with a different level of modernization. Eight hundred eleven students were given two different advertisements with nude female and male models of different nationalities. The experiment was conducted by an interviewee who stopped students on campus and asked to answer on the scale by sexual permissiveness voluntary. There were five control

variables: attitude towards novelty, moral judgment, the sexuality of the ad, activity of smartphone usage and religion. The main ideas expressed are that the level of modernization affects the attitude towards nudity; men have better attitudes towards nudity. In contrast, women have unfavourable attitudes, and men's and women's sexual permissiveness depends on the control over nudity in ads and mass media. The results of the research showed:

- 1. The level of modernization (depends on which type pluralism or rationalism) influence one the attitude towards nudity in ads in a positive way;
- 2. Men are more favorable towards nudity of men and women in ads;
- 3. Control on mass media towards nudity has a low effect on permissiveness among women.

Sexualizing women in advertisements

Women's attitudes toward sexually objectifying advertisements may vary depending on the content, but it is a common stereotype about a more negative reaction on that. The purpose of the study is to explore not only women's attitudes towards females' sexual objectifying in the advertisements but also how it affects on company's reputation and buying intentions (Ketelaar, Anschutz, & Hemmen, 2014). The study was based on an online survey distributed to 1500 well-educated female students age from 18 to 26 from the Catholic University of Leuven. There were 250 full answers from 1500 distributions. Preliminary research showed that women's attitudes are not negative until the level of sexuality is considered as appropriate based on their ethical norms. The main results of the research are:

- 1. Considering the limitations of Zimmerman and Dahlberg's (2008) research, the result of this research was different women do not react negatively on sexual objectification in advertisements if it is used appropriately.
- 2. Permissiveness of sexually objectifying advertisements does not depend on the level of education of the respondents but depends on the level of sexualizing whether it is appropriate and used with respect or not.

The author has strong arguments against common principles that women react negatively to sex appeals in advertising. The research provides supporting evidence on how female's attitudes change towards brands and products, and the results of the research are different from most of the works done before. It could be used in one of the research areas – the difference between sexualizing women and making them sexual objects. There is a difference between making women's portrait desirable and making them as the objects to pleasure men. That is why this article would help to explore this perspective. Gender and sex differences are the essential factors for the advertisers because people's attitudes vary depending on demographic indexes inclusively. The purpose of the study is to explore the gender differences towards perceiving the stereotypic advertising appeals (Hupfer, 2002). The author describes the current advertising practice with the comparison of existing theories about gender specifics that are not dependent on biological sex. The main results of the research are:

- 1. As the means of the sex becomes less significant the gender differences are not crucial among advertisers;
- 2. Advertisers mostly create the advertisements separately for a female audience and for the general audience which is mostly men oriented;
- 3. Advertisers should include advertisements directed to other genders as the result of developing the boundaries among the two sexes.

The author provides strong theoretical arguments based on the concepts of the Bem Sex-Role Inventory and Meyers-Levy's research. The main limitation of the research is that there are no practical proofs to support the theoretical part of the research. That is why it is unclear whether the theoretical suggestions will be successfully implemented in practice. The study has an explanation of market differentiation for male and female audiences and whether it is still relevant now. The articles below described how men and women react to the appeals in the advertising while this work has its opposite view that gender differences are not as significant as other factors.

Methodology

Purposive sampling will be used for collecting the data through the survey because the study demands a particular representation of the audience in the same age range. For both age groups "elders" and "youth" demographic indexes should be similar - Muslim males and females with higher education. Convenience sampling will be chosen as the most appropriate for the in-depth interview with creative directors because of the significant number of active advertising agencies in Almaty particular. As the participation for the in-depth interview should be volunteer, creative directors will be chosen by convenient sampling or in other words, by their willingness to share the experience and free time.

The study will be based on the results of a survey of people from one of the biggest cities in Kazakhstan - Almaty. The first group of respondents will be in the age range from 18 to 30, and the other "elder" group's age fluctuated from 30 to 45, both representatives of the groups should have higher education and most of them are in middle-class society, the significant percentage of the respondents should be Muslim. Ten creative directors of most popular leading advertising agencies of Almaty will be selected to explore the effects of sex appeal in Kazakhstani advertisements. The main criteria for choosing the agencies will be active participants in the process of creating advertisements for Kazakhstani media.

However, other demographic factors as the age of the respondents towards sex appeal in advertising are barely explored. The purpose of the first area of the research is to explore how young people and elders react on sex appearance in advertising, and how their perception affects on the decision making and the reputation of the company. The first method analyzes whether the attitudes towards sex depends on the age of the people. The purpose of the second methodology is to explore whether advertisers use sex appeal in advertising in Kazakhstan, which has the most Muslim population and strict traditions, especially for the portrayal of women in society. In order to explore and explain these areas of the research, two methods of collecting the data will be used:

- 1. a survey of the Kazakhstani population with an identical number of elder and younger representatives to know their attitudes towards sex appeal in advertising;
- 2. An in-depth interview (semis-tructured) with the creative directors of Kazakhstani advertising agencies in order to know whether they use sex appeals in advertising to attract the audience's attention.

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"Rituals in HEIs and their function to build communities and loyal students"

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Abstract

The purpose of this mixed-method research is to explore how ritualized events help to build a strong community of loyal students. The qualitative inquiry compares KIMEP University with the Internationale Hochschule Liebenzell (IHL) in Germany. The study seeks to find an answer to the overarching research question of how universities build their communities through ritualized events. There is an extensive body of knowledge on rituals and community building and few on rituals in higher education. However, the current research outlines characteristics of community relations, rituals, and special events. The study employed a narrative literature review as a research method.

Keywords: rituals, special events, university, higher education institutions Kazakhstan, Germany

Introduction

University community relationships is a vast uncharted scientific territory. There is extensive research on community relationship from corporate perspective. However, the university-student community relationships, as a research topic, has received scares academic attention. Even less attention has been paid to the use of rituals and special events in building the university-student community. The hybrid of ritualized-events facilitate the community building process on a daily bases, compared to pure rituals, which require a special occasion (Graduation Ceremony, for instance) to be performed. Ritualized-events provide for experiencing the university in a positive and engaging way, which goes beyond transactional connections. Therefore, the current paper highlights conceptually the role of the university in society, the nature of rituals, and the principles of special event management and design in HEIs.

Statement of the Problem Statement

In 2020, there are 426 higher education institutions (HEIs) in Germany. These are divided into six types of institutions: universities of applied sciences, universities, art colleges, universities of applied administration, theological colleges, and universities of education, as of 2020. There are 124 higher education institutions in Kazakhstan. The high number of higher education institutions raises the concerns of effective competitive activities for attracting and keeping HEI students. Community relations is a promising approach viewing it form corporate applied research.

The community concept includes the idea of connecting students with each other through experiences and with the University and the benefits they derive from it. The concept of student

organizations shows this. Such experiences build up communities in the framework of the University. Community membership helps students learn more about themselves and more about their goals and strengths. University-student community experiences are realized via rituals and ritualized events. What does it mean that rituals are a key component in events of the university community? Unfortunately, little is known about the extent to which ritual or ritual elements are integrated into the events of the university community of Kazakh and German universities. Also, there is not enough research on the impact of rituals or ritual elements on building strong relationships between faculty, students, and alumni.

Purpose of the Study

The purpose of this was to explore the scientific literature on community relations, rituals, and special events, which best fits the overarching research question of the graduate thesis – How do students and university management experience university-student community relations via rituals and ritualized special events. To achieve the set purpose of the study the research asked the following research questions: How does the existing literature defines community relations, rituals, and special events.

Methodology

Snyder (2019) states that literature reviews serve to identify research gaps, and Gregory et al. (2018) proposes that the analyses actually do not provide new data but include assessing what has already been written or discussed. Precise hypotheses and research questions are better developed with the increased quality of research as a community. By combining observations and insights from several empirical findings, a literature review will discuss research concerns "with a power that no single study has" (p. 333). She notes Moher et al. (2009) and adds that an academic analysis's significance depends on what has been achieved, what has been discovered, and the clarity of reporting. In concluding words, a review can help refine the study hypothesis and recognize pitfalls to be avoided in the trials' conduct. Critical feedback can lead to new perspectives and explain future directions for research (Gregory et al., 2018).

Findings

University in the Society and New Generation of Students

Watson (2007) suggested in his paper that the civic and community involvement of the university can be described in three areas. Universities are positioned in the realm of different environments and communities. The author examined the consequences for this type of commitment resulting from the declared values of the institutions. Such characteristics as an independent social institution give the university resonance. Therefore, they serve as a model of permanence and point of reference in the search for a better and more fulfilling life. However, they can become the root of envy and resentment as an economic, social, and cultural powerhouse. The university and its members undertake third party obligations. To become a full member of the university, one has to contribute to more than just fulfilling immediate educational tasks or required for a degree. In other words, there are domains of value that HEI is important for. Therefore, universities need to become smart systems, which take responsibility for their affairs (Watson, 2012). This has significant impact on all levels of education and the

broader civil society context to which HEI needs to contribute. Such contributions influence university international ranking. Michael Arthur, Vice-Chancellor of the University of Leeds, says that the university's primary function is to make a significant contribution to civil society. He also emphasized the economic growth, to which the University contributes by producing graduates that national and local economies need.

International rankings have an effect on both the university performance and student's lifecycle. Unfortunately, many aspects of the university-student relationships such as level of teaching, movement of individuals between social classes hardly count in international rankings. What counts is research, media interest, graduate goals, infrastructure, and international "executive" recruitment. In fact, Watson claimed that students' choice of subjects, institutions, and type of study has had a significant impact on the system of HEI as it has been known. In the developed HEI students put reputation before quality when choosing universities. He suggested that if the HEI system was successful, UK universities must become messier, less costly, more flexible, and much more cooperative.

In addition to the before mentioned, HEIs act as repositories and generators of knowledge. They equip students with the adequate skills to obtain viable employment. Thus, students become members of significant and influential organs of civil society and the state. Therefore, the university helps creating cohesive and tolerant communities, in the long-term. Eric Thomas explained that HEIs best serve the national community's interest by providing the national community with a substantial output of skilled, educated, independent, and self-directed learners who would become confident leaders in all sectors of society. However, it is important be noted that HEIs need to be increasingly sensitive to students' needs and the skills they need to meet their professional challenges. A further point, he made was on the possibility of higher education to provide new technologies and know-how that helps society to cope with issues at hand (Oxford University Press, 2012).

Fong et al. (2019) analyzed Generation Z as prospective students in the USA. They help universities understand how this generation thinks, makes decisions, and aspires. The authors commented the generation as an emerging force that would strongly influence the higher education system. More individual packages are needed for this target group to satisfy their requirements. These packages need to be brought in a socially positive or suitable way for their lifestyle and contains global consciousness. The authors also defined the Generation Z students as informed and loyal brands. These students are well-versed. Therefore, they compare and assess mediated values against their resources. The researcher concluded that generation Z students have a keen awareness of money, and as they spend their precious resources, they increasingly expect customization and personalization as their educational experience progresses. High-quality content and references that create more employment opportunities in later life are of great value to them too.

Arias (2012) analyzed social configurations from the experiences of scholars in higher education in Mexico. Mexican HEI professors and instructors got confronted with the rhetoric and practices of educational quality. Implementing ethnography and phenomenological hermeneutics, Arias discovered imaginations that deform scholars' educational practices, which resulted in an ideological and social recognition. These deformation the researcher related to expressions, signs, and symbols of hegemonic culture within the universities: rituals, ceremonies,

songs and dances, expressions and creations that enable the implementation of educational policies particularly focus on the quality of worldwide education. Such practices have given birth to a new academic culture. One that lies in the resistance and innovation of scholars to academic capitalism. The quality of education appears as a prefabricated backdrop with rites, ceremonies, celebrations, rhetoric, speeches, and explanations to establish a form of habitus and ethos in the scholars and enable them to participate in the global market knowledge goods.

Nature of Rituals

Marc (2015) identified the relationship between university traditions and rituals. Moreover, he examined the relationships between a brand community of alumni and loyalty to the university. The researcher claimed that traditions and rituals are essential components of a university brand and forms a HEI community. These traditions and rituals facilitate students to get involved in the brand community on campus. As a result they become active members of the university-student community and giving back alumni. Common HEI traditions and rituals function to preserve the community culture. Thus, students raise their awareness of the shared traditions and rituals. It positively affects community members' long-term university brand loyalty. When students are involved in shared university traditions and rituals, it positively impacts the members' long-term brand loyalty.

Aleksieva and Filipov (2016) elaborated on that "traditions, rituals and ceremonies should be a focal point in the communication policy of [a university]... The stronger dominant values are tied to individual attitudes, beliefs and perceptions, the more opportunities [a university] has to operate in an effective, flexible and targeted way" (p. 7). Universities that consider themselves as a brand communities, are more successful in developing and maintaining an active student body. Financial and participatory support results in return from these students when they become alumni. Therefore, rituals are vital for relationship marketing and direct and indirect profit.

Hobson et al. (2017) studied the psychological processes rituals trigger. Their research provides an organizing framework for understanding recent empirical work in social psychology, cognitive science, anthropology, behavioral economics, and neuroscience. It focused on three areas: Regulation of (a) emotions, (b) performance goal states, and (c) social connections. By appreciating the value of psychological theories, the researchers concluded that the psychology of rituals framework has generated new predictions and has enriched the understanding of rituals and human behaviour in the broader sense. Hobson et al. distinguished rituals from habits based ion their significance or sense of meaning. Therefore, they suggested that some of the most essential rituals would appear arbitrary and trivial if symbolism and meaning were withdrawn. The researchers viewed each ritual as a compact unit processed to varying degrees from bottom to top and top to bottom. They also determined that rituals were frequently used to assert themselves against external forces' actions through purity and cleanliness.

Magolda (2000) stated that rituals create meaning. His research shed light on the power of rituals and provided more clarity on what higher education means when talking about community. His research highlighted the messages that a university sends to prospective students via a campus tour. The campus tour ritual convinced prospective students that they would be members of a unique academic community when they enroll. Second, Magolda also analyzed the implicit beliefs and values that guide campus tour organizers in designing such events. He argue that,

unlike most borderline or separate from everyday life large rituals, smaller rituals often remain invisible. The reason is that they were such an integral part of students' university life that they were often deemed as unspectacular, repetitive, and predictable. Moreover, they hardly encouraged participants to reflect on them. However, precisely their repetitiveness and predictability facilitated their under-radar internalization. Such rituals have the potential to offer "opportunities to socialize through experiencing [a repetitive and highly symbolic] perception of oneness with a group of persons or belongingness to some human aggregate" (Filipov, 2019, p. 958).

Within this framework, rituals playing a crucial role in connecting with the participants. Van Gennep (1960) identifies that distinct characteristic patterns occur in the order of ceremonies. The people involved in the Ritual occupy a definite place within the ceremony. He uses three terms, Separation/pre-liminal, Liminal/transitional, and Incorporation/post-liminal. The first pattern is the moment when the participant is physically separated from regular life. For example, at a graduation ceremony, the students who become graduates do not belong to the student world or the graduate community at that moment. These students can sit next to the guests and members of the University in a separate part of the venue (Hazel & Leopoldo, 2013). The second pattern, liminal/transitional, is the most crucial period. Victor Turner (1969) suggested that the participant is literally and symbolically marginalized. The group of participants has a feeling for each other that can be described as comradeship. They feel a sense of belonging because they share the same experiences. This is the time before they are fully integrated into life as graduates. The final pattern of incorporation/post-liminal is the final acceptance phase, which involves the participant back into society or returns to society. After the ceremony and the receipt of their diploma, the former students are now graduates and return to their friends and family and their group with their new status.

Special Events

Special events are ideal happenings, which invite for active live experience of a community happening. Therefore, a ballet performance and a music concert physically and emotionally immerses spectators in memorable experiences. Goldblatt (2014) defined a special event as a unique moment celebrated with ceremonies and rituals to satisfy specific needs. Matthews (2008) describes the particular event as a gathering of people that generally lasts from a few hours to a few days and is designed to celebrate, honor, discuss, sell, teach or learn to encourage, observe or influence human efforts. Keeping the participants passive does not make it a special event, and they will usually not feel part of it but consume it.

Getz (2007) framed special events as an opportunity for leisure, social, or cultural experience outside the normal realm of choice or beyond everyday life. People construct reality in mind to explain experiences. Individual event experiences are linked to personal constructs, which can be defined as a level of cognitive meaning. It represents how we understand the world around us. Personal meanings can be directly related to personal needs, to the motives expressed for attending events. The rituals of each stage of life that shape a person's life must be memorable and full of personal meaning. They must also help to define who we are. Most of these stages of life, such as birthdays, anniversaries, weddings, and graduation ceremonies, are also social occasions of considerable importance for families and other social networks. The individual is affected by these meanings but can also have his/her interpretations of events. Getz defined

experiences as cognitive and affective states. The first is likely to be imperative in meetings, conferences, scientific forums, and some business and trade events where education or sharing ideas and knowledge are the primary goal. All experiences which regard feelings, emotions, preferences, and values are in the affective dimension. The description of experiences as fun or joy reflects emotions. Many social aspects of the experience reflect values in the process - including being with friends and family. The feeling of sharing and belonging to a broader community is also part of it. He mentions Mannel and Kleiber (1997), which say that leisure experiences need to be accompanied by a sense of freedom, and of competence and control. Getz goes on to describe how, when companies work with customers in a connecting, personal, and memorable way, and the customer becomes part of the interaction, their experience is individualized. Many event designers work hard to dazzle the visitor, and the 'wow factor' is a guiding principle for them.

Conclusion

University-student community has far-reaching outcomes. The vital one is the impact on the university brand image. Additionally HEI-communities help to bond and create relationships between students and the university. Community relationships as a shared experience is a vital topic for the contemporary university because of the new generations of students, who grow up. They have tremendous effect on the vitality of a higher education institution because of their specific features such as being knowledgeable, financially literate, and quality conscious. For example, universities need to be patient with Generation Z. They are also social media bound. Therefore, a bad customer service experience could quickly become widespread social media hoax.

To build positive relationships requires an integration of rituals the student university life. A ritual is an immersive means of experiencing and communicating the university-student community. Rituals are cultural expressions in a particular context and have evolved over time. Rituals follow special rules, and to be successful symbolic objects are required, e.g., wedding rings. They help community members to build a special bond. Successful community relationships emerge from the ritual happenings within the community. It is important to note that such happenings are not about satisfying hedonistic needs. It is rather helping students face and master their challenges, such as reducing fear, balancing work with study. Personal life issues etc. Rituals can balance out tensions within a social unit, making them the basis for social interaction within the group. They help regulate behaviour and relationships in everyday life, and on the other hand, they contribute to the long-term regulation and development of social relationships and social identities. Rituals are a means to cope with the chaos of the social world. They provide order, predictability, meaning, and commitment to social life.

Special events are the perfect vessel for community members to internalize smaller rituals. They are often displays of ritual. Tit might be more convenient in a welcome ceremony at the university than during the academic year. Memorable experiences in such special events are probably easier to accomplish than standardized instruction or information days in the academic calendar. For example, liminal experiences, such as a graduation ceremony, makes students feel not belonging to the surrounding reality during the ceremony.

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"Social Media Marketing Potential for Small and Medium-Sized Enterprises in Kazakhstan"

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Abstract

Small and Medium-Sized Enterprises (SMEs) in Kazakhstan can build their competitiveness through active use of social media marketing (SMM). SMM encourages long-term relationships of companies and focuses on a specific target group. Social media marketing can deliver profitable results with much less financial resources compared to traditional marketing if used strategically and creatively. It instead requires the dedication of specialized knowledge, entrepreneurial energy, strategic thinking, and time. The purpose of the inquiry was to explore the

potential social media marketing offers small and medium-sized enterprises in Kazakhstan. A narrative literature review was used as a research method to achieve the purpose of the study

Keywords: social media marketing, small and medium-sized enterprises, Kazakhstan

Introduction

The development of social networking sites (SNS) has enabled users to become active participants in online communication with brands. They have also become proactive creators and sharers of brand-experience-related content through SNS such as Facebook, Instagram, Twitter or LinkedIn (Schlinke & Crain 2013). SNS has developed into a massive Word-of-Mouth (WoM) resonator box, which affects customers' brand perceptions. The social networking sites turn out to be more potent than most of the traditional marketing approaches, as its content is considered credible because it comes from a "friend". Additionally, the content is dynamic, engaging, and easily accessible 24/7. These realities allow brands to increase awareness and loyalty among current as well as prospective customers (Andzulis, Panagopoulos & Rapp, 2012). Therefore, social networking sites open opportunities for small and medium-sized enterprises (SMEs) and startups for financially viable communications and profitable commerce. Often "it could mean their market survival" (Filipov, 2020, p. 40). In order to take full advantage of such opportunities, SMEs must first take into account their business as well as communication goals to efficiently and effectively reach their customers in the proper SNS channel.

In Kazakhstan, more than 3 million Kazakhstani citizens were employed in SMEs for 2019 (Kursiv, 2019). The Kazakhstan government works proactively to stimulate SMEs, which build the middle-class of the country. It has been a top priority sector of the economy since Kazakhstan's Independence. The government established programs such as Business Roadmap 2020, which is an essential financial instrument to help SMEs and for implementing the policies of entrepreneurship development in the country. The Program ensures sustainable and balanced growth of regional entrepreneurship in non-primary sectors of the economy. In its core, the Business Roadmap 2020 stimulates new business initiatives which create new jobs and provides adequate special skills training to entrepreneurs who apply for the support from the program. Training is of vital importance because many SMEs disappear in the first five years of their establishment due to insufficient communication skills essential on the competitive market in Kazakhstan. Unfortunately, small and medium-sized businesses, as their bigger counterparts focus, primarily, on sales. SMEs financial instability motivates such approach. However, a good product can reach a medium level of sales without marketing and more specifically, social media marketing (SMM). Sadly, marketers in Kazakhstan lack technical and practical online communication skills to promote products effectively (Kudryashova, 2019).

Therefore, the purpose of qualitative research was to explore the potential social media marketing offers small and medium-sized enterprises in Kazakhstan. Following this train of thought, then entrepreneurs and owners and managers of small and medium-sized enterprises need to be better versed in how social media marketing differs and is similar to traditional marketing. Therefore the paper sets the following aims:

Aim 1. To outline the advantages and disadvantages of social media marketing.

- Aim 2. To outline the professional competences required for successful SMM.
- Aim 3. To classify the main mistakes made in conducting SMM.

To achieve the set aims, the researcher asked three respective research questions:

- RQ1. What are the advantages and disadvantages of SMM? (Aim 1)
- RQ2. What SMM skills does SME need to have to be effective in SNS? (Aim 2)
- RQ3. How can the most common mistakes made in SMM be categorized? (Aim 3)

Methodology

The qualitative research employed a narrative literature review. It focused on scholarly articles and professional articles on social media marketing. The narrative literature review allows for intersecting themes naturally emerging from the reviewed data (Zharylkassyn & Filipov, 2020). Baumeister and Leary (1997) suggested that it is also valuable for reinterpretation or interconnection of various studies on different aspects of a topic. The research relied on convenience sampling of materials using the phrase social media marketing, advantages and disadvantages of social media marketing, and social media marketing mistakes.

Findings

Advantages and Disadvantages of Social Media Marketing

The section presents the findings which answer the research questions in respective order. The outline of the advantages and disadvantages of social media marketing was done concerning the efficiency and effectiveness of social networking sites (SNS). Efficiency relates to the utilization of resources to produce the highest possible quality at the respective lowest possible cost. Effectiveness can be defined as the level of achieving the set goals or addressing an issue. In social media marketing, effectiveness goes hand in hand with achieving the set marketing objectives and utilizing on opportunities, which the business, technical, and cultural contexts provided. In contrast, efficiency relates to maximizing the results with decreasing costs for attracting a new customer in the SMM funnel (Poynter, 2010).

RQ1. What are the advantages and disadvantages of SMM? (Aim 1)

Table 1

Advantages and disadvantages of SMM

Advantages of SMM

- 1. Low cost (free account and postings. SMM ads are an exception;
- 2. Sophisticated targeting, which decreases the waste in the reach and increases the diversity of the audiences:
- 3. Immersive, long-lasting relationship engagement between a brand and its followers.
- 4. Connected 24/7 connection between the brand and the customers;
- 5. Cost-effectiveness of actions and communications on all levels of communication awareness, information, education, persuasion, attitude change, behaviour change
- 6. Wider audience reach overcoming physical limits and boundaries;

Improved measurement and evaluation of the SMM effectiveness;

Disadvantages of SMM

- 1. It is time-consuming because SMM campaign need content nurturing over time;
- 2. Direct advertising hardly works. Brands need to be perceived as members of an SNS community open for symmetrical communication.
- 3. Limited communication control increases brand risks. Negative Word-of-Mouth can have devastating results on brands without a loyal community of followers

(Source: Kadyrova, 2020)

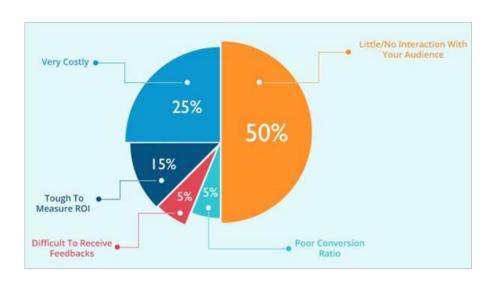
Traditional marketing, on the other hand, has many drawbacks, which raise high hurdles in front of small and medium-sized businesses. Such barriers are little interaction, no control over timing, higher costs, limited customization options, cannot be easily updated, and imperfect campaign measurement (Lyfe Marketing, 2019). Traditional marketing offers very *limited interaction* opportunities to customers to engage with the brand in the marketing communication channel the brand reached the consumer. The communication is asynchronous and instead relies on the hope of attracting and converting new customers as well as keeping the existing ones. The production and execution processes of traditional marketing raise serious *timing* barriers over making needed changes in a commercial, for example. It adds another drawback of traditional marketing, namely the great *difficulty to update and adjust* a campaign. Most of the changes in traditional promotional materials require additional time and financial resources, which increase promotional expenses.

Related to the lack of control over timing are the *high costs of* traditional marketing incurs on both production and execution. Another downside of the high costs is that they are spent for a time-limited exposure with a high waste of reach of the target audience — the latter, projects in the *limited options for customizing* a campaign and more focused segmentation and targeting. The

last but not the least is the *imperfect campaign measurement*. It is hard to measure how many people have seen, heard, or read an ad. Additionally, further relatively expensive research is needed to study the ad impact on the target audience and to evaluate whether the set objective was achieved.

Figure 1.

Drawbacks of Traditional Marketing



(Adapted from Lyfe Marketing, 2019)

Social Media Marketing Management

Social media management is the strategic process of using social networking sites to accomplish the planned corporate business and brand objectives (Montalvo, 2016). The strategic approach of SMART objective-audience-outcome is crucial for small and medium-sized enterprises to gain their competitive edge. It would equip them with the skills to survive in order to grow. Rayn (2017) comments that social media managers working for big or small organizations need to possess skills to form the list. These skills would allow for conducting efficient and effective social media marketing campaigns with high Return-on-Investment.

RQ2. What SMM skills does SME need to have to be effective in SNS? (Aim 2)

Table 2.

Digital Marketing Management Skills

Communication	Communicate most appropriately with diverse audiences;
Strategic judgment	Making informed decisions for the highest effectiveness;

Empathy	Knowing consumers' interests, needs, desires, and challenges;
Self-discipline	working 24/7 by processing and creating various types of content;
Multi-tasking	Organize time, activities and online spaces (platforms) in a manageable order;
Adaptability	Being flexible to last-minute changes in the initial SMM plan;
Self-control	Controlling professionally issues resulting from consumers' negative actions;
Enthusiasm	Sharing an enthusiasm for the brand they promote;
•	(A.1., 16, D. 2017)

(Adapted from Ryan, 2017)

DeMers (2015) provides a bit different list of SMM skills. His top five skills a social media manager must have are graphic thinking, proficient writing, customer-service mindset, search engine optimization and content marketing, and SNS advertising experience. *Graphic thinking* roots in the ability to conceptualize and create eye-catching content. *Proficient writing* is necessary for clearly conveying ideas and persuading in writing. Advanced writing gives an exclusive tool to maintain a consistent brand voice using divers tone in an error-free manner. *Customer-service mindset* connects to the requirement of customer's need first as well as the ability to channel an issue outside the SNS or offline. *Search engine optimization and content marketing* are both related to the knowledge of how the reach and engagement of the online content impact referrals as well as the SME's revenue. *SNS advertising experience* is vital because the SNS ads they compete with content created, in most of the cases, by members of inner friend SNS circle. However, these ads have the undeniable advantage of smart-bomb targeting and to stimulate online Word-of-Mouth buzz. Thus, SNS ads bring organic communication and sales effects.

A vital SMM managerial task is the adequate measurement and evaluation of the SNS promotional activities. It is the third step in the more significant strategic SMART objective-audience-outcome approach. The free measurement analytical tools, which the SNS have, Instagram Insights, for example, equip SMM managers with an invaluable instrument to analyses their performance. They allow for real-time adjustments in social media marketing activities. Chaffey and Ellis-Chadwick (2016) defined several ways to measure SMM effectiveness and efficiency. They claim that the success or failure of a social networking campaign can be measured by the degree of *brand recognition*, *consumer brand affiliation*, and *W-o-M brand referrals*.

Brand recognition refers to the degree of familiarity (remembering and recalling) with a brand. It is the first stage of the purchase decision. Brand recognition is reflected by:

- # of brand fans, followers and friends of the brand on social networks;
- # of applications in social networks;

- # of impressions of the content (excluding paid advertising);
- # of unique users who have seen the content once or several times;
- # of bookmarks;
- # of views of uploaded photos and videos.

Consumer brand affiliation is the emotional attachment and rational justifications of a user's brand affiliation. It is a process of establishing communication and branded experiences in which consumers are more satisfied with it, and relationships are established between them. The degree of interaction between consumers and the brand is measured by taking into account the following data from social networks # of comments, # of active users, # of reactions, # of the content generated by users, # of impressions of the created online content and interaction between users.

W-o-M brand referrals (recommendations) are customer's SNS shared experiences, emotions, and needs emerging from customer-brand interactions. The fact that these positive or negative referrals come from a member of an online community, friend or follower on a brand's SNS page, makes them increasingly impactful. The measurement of W-o-M brand referrals focuses on # of shares, # of comments below the shared content, # of offline shares, and #of posts on other networks.

RQ3. How can the most common mistakes made in SMM be categorized? (Aim 3)

Small and medium-sized enterprises (SME) without adequate training in social media marketing run the risk of making SMM mistakes. Some of them can be easily improved, whereas others can have a daunting effect on the brand image and the bottom-line of the respectively on their business existence. In 2020, the most common mistakes are the following, according to Buffer Social Media Solutions:

- Flooding with quantity instead of providing quality
- Present on all SNS
- Repetitive content across platforms
- Sharing only owned content
- Not curating user-generated content
- Content created for mass consumption
- Not boosting the target posts

• Lagging to respond to questions

The research found out that if SMEs want to be effective and efficient, it is necessary to develop an SMM strategy (Peters et al., 2013). A strategy provides the framework for all social networking sites activities. Another mistake is the sharing of promotional offers and not content that intrigues customers. Third mistake SMM managers make is to communicate with their followers poorly. Lipsman et al. (2012) give examples with spamming, delayed responses, providing content that does not interest the users.

Conclusion

Small and medium-sized enterprises in Kazakhstan professionally using social networking sites will be able to successfully communicate with consumers, build their brand and drive more sales. The current state of traditional marketing raises high barriers to promotion. Therefore, SMM offers excellent opportunities for SMEs. SMM allows for direct emotional and reliable communication with customers. Thanks to social media marketing SMEs are not dependent on expensive marketing tools.

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"Income inequality and Crime rate"

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Abstract

The aim of this paper is to empirically examine a causal relationship between income inequality and crime rate. In order to avoid omitted-variable bias several other variables were chosen to be added into the regression model: GDP per capita, unemployment rate and population growth. The relationship between homicides rate and income inequality will be analyzed by examining panel data with 491 observations of 71 countries in period from 2010 to 2017. The constructed model was regressed using multiple linear regression model as well as a fixed effects and random effects regression model with panel data. Similar to previous research in the field, the results of this research show that there is a robust relationship between income inequality and crime rate.

1. Introduction

The aim of this thesis is to empirically examine if there is a causal relationship between income inequality and crime rate. The topic of income inequality was of my interest for a long time and was mainly chosen due to controversy and debates it causes among scientists regarding its advantages and disadvantages. Some neoclassical economists and libertarians like Robert Nozick (1974) might argue that income inequality is a result of disparity in performance and effectiveness of different people and is an inevitable result of free markets. On the other hand, economists and philosophers that support egalitarianism, object to inequality, claiming that social imbalances have a harmful impact on society.

Income inequality issues attract interest among policy makers and researchers from different fields, like economics, philosophy, political science, etc. According to information from OECD database, for the past several decades, income inequality has been on the rise. Figure 1.1 below shows the historical trend of national income earned by the richest 1% of the population in six affluent countries: USA, France, Germany, China, South Africa, UK (WID database). It is obvious that the general trend is more or less similar for all those countries. From the graph we can see that after World War II the share of income earned by the richest 1% in all those countries started declining. However, from the 1980s, inequality began recovering, and for the past four decades the share of the remaining 99% has been decreasing.

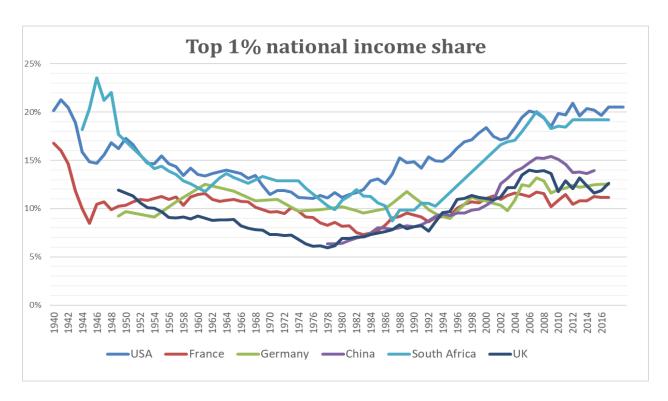


Figure 1 Share of national income earned by the richest 1% of people in USA, France, Germany, China, South Africa and UK.

Moreover, the issue is particularly important now, since in times of crisis like the one that hit the humanity in the beginning of 2020 due to COVID-19 pandemic and lockdown, economic and

social inequalities are expected to increase even more. UNDP in their Human Development Perspectives report (2020) say that even though the pandemic is challenging for the whole world, in countries with high inequalities the crisis will amplify those disparities. Vulnerable groups of the society (e.g. immigrants, those that rely on the informal economy, people with disabilities, refugees, etc.) are expected to face issues of earning less, saving less and job insecurity. Moreover, the report states that "in most vulnerable households, income often depends on one person, increasing the risk of the whole household falling into poverty" (UNDP, 2020). International Labour Organization has also stated in their press release that 1.6 billion workers who are engaged in the informal economy are at risk of losing their livelihoods (2020). Thus, the gap between rich and poor is expected to continue growing with even higher rate.

While discussing inequality and its effects, most of the researchers usually consider its long run costs like an impact on economic growth (Persson and Tabellini, 1991) and investments (Barro,1999), undermining the fairness of political institutions and economic system (Scanlon, 2018) and even effects on different time-varying socioeconomic factors like life expectancy and physical and mental health, teenage births, social mobility and etc. (Pickett and Wilkinson, 2015). Unlike those studies, this thesis will focus on a more immediate and less studied cost of inequality: its impact on a violent crime rate, i.e. homicides.

The link between inequality and crime was first studied by a Nobel prize winning economist and founder of the economics of crime Garry S. Becker. More than half a century ago Becker published his research where he states that criminals are rational and before committing a crime, they make a cost-benefit analysis and compare their possible gains and punishment (Becker, 1968). And according to his theory, in unequal societies individuals with low income from labor live next to individuals who obtain expensive belongings that might be worth taking (ibid.). Therefore, they have a higher chance of getting involved in a property crime than they would if they lived in a more equal society, given that the system of punishments is the same. However, Becker's theory explains the relationship between inequality and property crime, to be precise, not homicides, which are the subject of interest in this thesis.

A theory that would explain the relationship between violent crime rate and inequality is a criminology theory called Strain theory which was developed by an American sociologist Robert K. Merton. The main idea of this theory is that all individuals experience pressure from the society to achieve monetary wealth and success (Merton, 1938). People from families on the lower end of the distribution are prevented from reaching these goals since they do not have necessary means, skills, education. As a result, people from lower-class seeing success of others with higher social status can feel frustration, become deviant, and try to achieve monetary success by engaging into criminal activity.

So, the main purpose of this work is to test the hypothesis that *these is a positive relationship* between income inequality and two different crimes rates, homicides and robberies. And if there is, to see the difference and extent of these relationships, i.e. how strong are the links between inequality and rate of these two different crimes. A proper understanding of how inequality effects those crimes is important because it could help implement appropriate policies and eventually increase our quality of life.

The hypothesis will be tested by examining panel data with 491 observations of 71 countries in period from 2010 to 2017. Based on the previous research done in this field, several variables were chosen to construct the regression model: GDP per capita, unemployment rate and population growth. Two different model were constructed for each crime rate analysis. These models were regressed using multiple linear regression model as well as a fixed effects and random effects regression model which are widely used while estimating regression models based on panel data.

The next chapter will discuss some earlier works on the relationship between crime rate and income inequality. Chapter 3 will describe the model, the variables that were used to construct it, and the data that was used to regress it. In Chapter 4 the results of the regression will be presented.

2. Literature review

In this section we will examine the previous research done on the topic and their findings.

One of the earliest empirical studies of the relationship between socio-economic inequalities and homicides rate was done by Blau and Blau (1982). They had used data from 125 largest American Metropolitan Areas to empirically test the hypothesis that there is a robust and statistically significant relationship between violent crime and different socio-economic factors: location in the South, inequality between races, poverty and economic inequality. The results of their study indicate that homicide rates are positively correlated to all these factors, but the strongest impact it has from economic inequalities. They claim that once the issue of economic inequality is taken under control, other factors will not have a strong influence on the crime rate.

Professor of Economics Morgan Kelly (2000) conducted a research on the correlation between income inequality and rate of different crimes using data from metropolitan counties in the United States in 1991. As control variables in his regression model Kelly used the effects of poverty, race, and family composition. He decided to divide crimes into two different groups, violent crimes (e.g., murder, non-negligent homicide, rape) and property crimes (e.g., burglary, larceny, and vehicle theft) and see if they have different correlations with income inequality. And, indeed, the results of his research showed that these two groups of crime are affected differently. Correlation between inequality and violent crimes was strong, while property crimes were impacted insignificantly.

Fajnzylber, Lederman and Loayza (2002) have also examined the causality of the link between income gap, measured by Gini coefficient, and both robbery and homicide rates using panel data of 39 countries during 1965-95 for homicides and 37 countries during 1970-94 for robberies. The result of their study showed that there is a positive and significant causal relationship between inequality and crime rates, both homicides and robberies.

In contrast to the previously described studies, Neumayer (2005) claims that the link between inequality and crime is questionable. The results of his study of panel data of 50 countries for the period from 1980 to 1997 show that inequality is not a statistically significant determinant of number of crimes, to be precise number of robberies and violent thefts, "unless either country-specific effects are not controlled for or the sample is artificially restricted to a small number of countries".

Daniel L. Hicks and Joan H. Hicks had gone further in this subject and studied how crime levels are impacted by the "visible manifestation" of income inequality – conspicuous consumption (2012). To prove that there is a link between conspicuous consumption by the rich and crime rates Hicks and Hicks used data on consumption and criminal behavior within the U.S. states in period from 1986 to 2001. The results of their research in line with findings of Kelly (2000) show that there is a positive significant relationship between income inequality and violent crime, but its link with property crime is less significant.

Wilkinson and Picket in their book *The Spirit Level* examine how economic inequality affects social indicators like level of trust, homicide and imprisonment rates, educational performance, life expectancy and infant mortality and others. One of the central ideas in this book is that "quality of social relations in a society is built on material foundations and the scale of income difference has a powerful effect on how we relate to each other" (Wilkinson, Picket, 2010). Wilkinson and Picket claim that even in rich countries problems are caused not because countries are not rich enough but because there is an inequality (ibid.). They explain that in unequal societies individuals with low income are struggling to lift themselves out of poverty and catch up to those with higher income and therefore are going through severe stress, which, in turn, can cause violence and crime.

The Economist (2018) in one of its articles discussed the results of the Law and Order survey conducted by Gallup, an analytics and advisory company, which took place in 2017 when of 148,000 adults from 142 countries were asked 4 questions:

- if they are confident in local police,
- if they have sense of safety walking alone at night,
- if they had experienced money or property theft,
- if they have been assaulted over the past year.

The author of the article made further analysis of correlation between the answers for those questions of citizens in a particular country and its level of income inequality, assessed by a Gini coefficient. According to the results, income inequality has a strong and positive relationship with all four factors (see Figure 2). The strongest is with "sense of safety walking alone at night". The author gives example of Norway, one of the most equal countries, where 95% of people responded that they feel safe walking at night, and compare it with Venezuela, which, on the contrary, is one of the most unequal countries, where only 17% of people said that they feels safe walking alone at night.

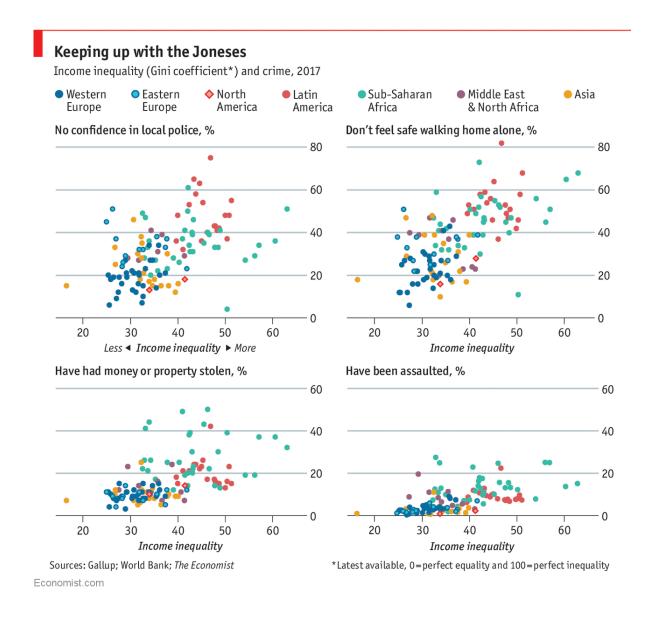


Figure 2 Income inequality and crime

3. Model

To test the hypotheses stated in the first section, the following multiple linear regression models will be used:

CrimeRateit=α+ 1giniit+2gdppcit-1+3popgrthit+4unemplit-1+it,

where index i will indicate the country, and t will indicate the year and it is an error term.

In order to see the impact of the explanatory variables on crime rate as a percent change or elasticity, the dependent variable CrimeRate and all explanatory variables, except population growth, will be replaced in the model by their natural logarithms. This way a 1% change of the nth coefficient would mean that CrimeRate would change by n%, or in other words the elasticity of

homicide rate with respect to the nthcoefficient will be equal to n. For example, in our regression model, 1% is the elasticity of crime rate with respect to the Gini coefficient, in other words 1% change of the Gini coefficient would cause 1% change of the crime rate. Transforming our variables into natural logarithms would also allow us to compare the effect of different explanatory variables on crime rate, since they all will be measured in percentages. The only variable not transformed into its natural logarithm is population growth, popgrthit, since its values can sometimes be negative, and logarithm is defined for positive values only.

InCrimeRateit=α+ 1Inginiit+2Ingdppcit-1+3popgrthit+4Inunemplit-1+it

4. Data

This section will discuss the variables of a regression model and data which were used in order to empirically test our hypotheses. The panel data we used consists 491 observations for 71 countries in period from 2010 to 2017. The panel data is balanced, i.e. observation for countries where at least one of the variables is missing, were removed from the dataset.

1. Crime rate

Crime rate is the dependent variable of the regression model and in order to measure it, it was decided to use a rate of homicides, rather than other types of crime. There are two main reasons for that. First of all, data on homicide rates is easier to find and access than burglary, robbery or other crime rates. Secondly, data on property crimes like burglary, robbery and thefts are believed to have an under-reporting issue, unlike data on homicide rates, which is therefore more reliable.

The data on number of homicides per 100 000 people was taken from UN Office on Drugs and Crime's International Homicide Statistics database for period from 2010 to 2017 for 83 countries. Countries for which most of the data was missing were removed from the list.

2. Inequality

The explanatory variable of interest, income inequality, was decided to be estimated by its most widely used measurement, the Gini coefficient. It can take values from 0 to 1, with 0 indicating societies with absolutely equal incomes among the whole population and 1 representing a society with only one person earning all the income and others getting nothing. Data for Gini coefficient was taken from the World Bank dataset. The variable is expected to have a strong positive correlation with crime rate.

3. Control variables

In order to control factors other than income inequality which can influence crime rate and avoid omitted-variable bias (OVB), following variables will be included into the regression model: GDP per capita, population growth, and unemployment rate. Moreover, to see whether inequality impacts crime rate differently in countries with different urbanization levels, the dummy variable for countries has been added, so high-income countries will be the reference group.

GDP per capita is one of the main socioeconomic factors that is strongly believed to have an impact on crime rate and therefore was included into our model as a control variable (Roman, 2013; The Economist, 2011). First of all, GDP per capita is often used to indicate economic development of a country. Secondly, it can be used to see the average revenue per person, and in Becker's theory of crime, the higher average revenue or income, the more often individuals will choose to allocate their time working rather than engaging in criminal activity. In order to avoid possible reverse causality between GDP per capita and crime rate, it was decided to use a one year lagged GDP per capita. This way we avoid simultaneity, since otherwise there can be the reverse effect, i.e. increasing crime rates can have a negative impact on the market activity. Data for GDP per capita was taken from World Bank database. The expected sign of the GDP coefficient is ambiguous; for example, a higher GDP may create more opportunities for lucrative crime, to which homicide may be a by-product.

Population growth is another control variable that was used in the regression model. However, there are not so much research examining the correlation between population growth and crime rate. Usually the researchers study the effect of population density and size, and that previous research established that it was one of the main factors together with income inequality that impacts the crime rate (John Braithwaite, 1975; Nolan, 2004). Data for population growth was taken from World bank database.

Unemployment rate was also included into the regression model since there is a substantial amount of literature showing the impact of job loss on criminal activity (Ehrlich, 1973; Freeman, 1996). Similar to GDP per capita, it was decided to use a one year lagged, in order to avoid possible reverse causality between GDP per capita and crime rate. Data for unemployment was taken from ILOSTAT database of International Labor Organization and is measured as a percentage of unemployed individuals that are without work but available for and seeking employment. It is expected to have a positive correlation with crime rate.

Below are presented Table 1 with a brief description of the variables and their sources, Table 2 presents the descriptive statistics of the original variables, and table 3 presents the descriptive statistics for the log transformed variables. Information in these tables might be useful for better understanding further analysis of the regression results. According to the panel data used for this thesis, the highest level of the homicides rates has been documented in El Salvador in 2015 and is equal to 105.2 per 100.000 people. And the lowest homicides rate was registered in Luxembourg in 2013 and is equal to 0.2 per 100.000.

Table 1. Variables of used in the regression

Description	Source			
Dependent variable				
Natural logarithm of homicides rate per 100 000 people	UN Office on Drugs and Crime			
	Dependent variable Natural logarithm of homicides rate per			

Explanatory variables				
InGini	Natural logarithm of a Gini coefficient.	World bank database		
lnlagGDPpc	Natural logarithm of a one year lagged GDP per capita.	World bank database		
popgrowth	Population growth.	World bank database		
InlagUnempl	Natural logarithm of a one year lagged unemployment rate.	ILOSTAT database of International Labor Organization		

Table 2 Descriptive Statistics for the original variables

	Hom rate	Gini	Unempl	lagGDPpc	Pop growth
Mean	6.7	36.1	8.6	21130.4	0.6
Standard Error	0.6	0.4	0.3	1000.2	0.0
Median	2.0	34.7	7.1	11957.1	0.5
Standard Deviation	13.1	7.9	5.6	22162.8	0.9
Sample Variance	170.3	62.3	31.0	491188085.0	0.8
Kurtosis	19.7	-0.1	2.8	2.7	0.5
Skewness	4.1	0.7	1.6	1.7	0.1
Range	105.0	39.4	31.7	109688.8	6.1
Minimum	0.2	24.0	0.3	473.3	-2.3
Maximum	105.2	63.4	32.0	110162.1	3.9
Sum	3287.0	17711.5	4199.5	10375004.2	300.0

Count 491.0 491.0 491.0 491.0 491.0

Table 3 Descriptive statistics for the logged variables

_	lnHom rate	lnGini	lnlagUnempl	lnlagGDPpc	Pop growth
Mean	0.98	3.56	1.96	9.40	0.61
Standard Error	0.06	0.01	0.03	0.05	0.04
Median	0.69	3.55	1.97	9.39	0.49
Standard Deviation	1.25	0.21	0.68	1.13	0.89
Sample Variance	1.57	0.04	0.46	1.28	0.79
Kurtosis	-0.22	-0.72	2.60	-0.51	0.51
Skewness	0.68	0.34	-0.83	-0.21	0.08
Range	6.35	0.97	4.19	5.45	6.13
Minimum	-1.69	3.18	-0.72	6.16	-2.26
Maximum	4.66	4.15	3.47	11.61	3.88
Sum	479.41	1749.36	960.94	4615.29	300.00
Count	491	491	491	491	491
Confidence Level (95.0%)	0.11	0.02	0.06	0.10	0.08

5. Results

In this section we confirm the hypothesis stated in the first chapter, which is in line with most of the literature studying the link between income inequality and crime. As it was stated in the first

chapter, this thesis uses multiple linear regression model as well as a fixed effects and random effects regression model which are common for estimating regression models based on panel data.

1. Pooling Regression Model

Below are presented the results of the pooling regression model. In pooled estimation we do not take into account the space and time features of the panel data, however it is the simplest estimation. As it is shown below, the results of this regression confirm the hypothesis stated in the first chapter, that there is a positive and significant relationship between income inequality and homicides rate. To be more precise, a 1% increase of a Gini coefficient would result in a 2.7% increase of a homicides rate.

```
> pooling <- plm(Y ~ X, data=pdata, model= "pooling")
> summary(pooling)
Pooling Model
call:
plm(formula = Y ~ X, data = pdata, model = "pooling")
Unbalanced Panel: n = 79, T = 1-8, N = 491
Residuals:
    Min.
                   Median
          1st Qu.
                           3rd Qu.
                                        Max.
-2.683137 -0.514365 -0.040431 0.558992 2.649710
Coefficients:
           Estimate Std. Error t-value Pr(>|t|)
(Intercept) -4.411591 0.923999 -4.7745 2.388e-06 ***
XlnGini 2.727516 0.208316 13.0932 < 2.2e-16 ***
xlnlagGDPpc -0.428181 0.038104 -11.2370 < 2.2e-16 ***
Xpopgrowth 0.020609 0.051717 0.3985
                                        0.69044
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
Total Sum of Squares:
                      770.3
Residual Sum of Squares: 350.8
R-Squared:
            0.54459
Adj. R-Squared: 0.54084
F-statistic: 145.291 on 4 and 486 DF, p-value: < 2.22e-16
```

Figure 3 Results of the Pooling regression model

Regarding control variables, we see that crime rate has a negative correlation with one year lagged GDP per capita (slope is -0.428) as it was expected. Surprisingly, the elasticity of the homicides rate with respect to unemployment is negative (-0.162). We can also note that absolute value of the elasticity of the homicides rate with respect to the Gini coefficient is quite large (2.73), comparing with elasticities with respect to lagged GDP per capita (-0.428) or lagged unemployment rate (-0.162).

Significance of the relationship with the dependent variable:

The independent variables lnGini and lnlagGDPpc have p-values that are less than the significance value of 0.001, thus we can conclude that these variables have a highly significant relationship with our dependent variable, crime rate. The variable lnUnempl has a significance level of 0.05, and thus has a significant influence on the dependent variable. The variable popprowth has a p-value of 0.528 and it is relatively high (expected to be less than 0.05), thus we can conclude that there is a weak evidence against the null hypothesis i.e. the relationship of population growth with the crime rate is not significant.

Moreover, R2in the regression is equal to 0.54, which means that 54% of the variation of the dependent variable, crime rate, can be explained by the regression model we used.

2. Fixed Effects Estimator

When working with panel data, there can be issues of unobserved entity-specific (in this case country-specific) effects that differ across entities but are constant over time. In order to control those country-specific estimates, it was decided to run a regression using fixed effects estimation. Fixed effects regression model implies that there can be something within the entity (country, in our case) that impacts the results of the regression, and we need to control for it. In this kind of model the intercept is different for each entity, in recognition of the fact that each country can have its own special characteristics, however those intercepts are fixed for each country and do not change over time, i.e. country-specific effect of each country does not change. Fixed effects model allows to control for the time-invariant characteristics of the countries so we can assess the net effect of the predictors on the outcome variable and avoid bias.

Below are presented the results of the fixed-effects estimation. The results of this regression also confirm that there is a positive and statistically significant relationship between income inequality and homicides rate. And according to the results, the elasticity of the homicides rate with respect to the Gini coefficient is equal to 2.06%. Moreover, the independent variable lnGini has a p-value that is less than the significance value of 0.001, thus we can conclude that it has a highly significant relationship with our dependent variable, Crime rate.

```
> fixed <- plm(Y ~ X, data=pdata, model= "within")
> summary(fixed)
Oneway (individual) effect Within Model
call:
plm(formula = Y ~ X, data = pdata, model = "within")
Unbalanced Panel: n = 79, T = 1-8, N = 491
Residuals:
      Min.
              1st Qu.
                          Median
                                       3rd Qu.
-2.885990 -0.186981 0.014297 0.202495 2.760378
Coefficients:
                 Estimate Std. Error t-value Pr(>|t|)
XlnGini 2.061488 0.262221 7.8617 3.415e-14 ***
XlnlagGDPpc -0.370016 0.042030 -8.8036 < 2.2e-16 ***
XlnlagUnempl -0.091207 0.072862 -1.2518 0.21137
Xpopgrowth 0.101879 0.055079 1.8497 0.06508 .
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' '1
Total Sum of Squares:
                              205.94
Residual Sum of Squares: 126.95
R-Squared:
                   0.38357
Adj. R-Squared: 0.25968
F-statistic: 63.47 on 4 and 408 DF, p-value: < 2.22e-16
```

Figure 4 Results of the Fixed effects regression model

Regarding control variables, we see that crime rate has a negative correlation with one year lagged GDP per capita (slope is -0.38), which is interesting since it was uncertain if the sign of the link will be positive or negative. The fixed effects regression also shows that the elasticity of the homicides rate with respect to unemployment rate is negative (-0.06), and it is statistically not significant. It is also important to note, that the impact of the Gini coefficient on homicide rates is larger than the impact of other regressors, same as in pooling regression.

The independent variables lnlagGDPpc has p-value has a highly significant relationship with our dependent variable, Crime rate. The variable popgrowth has a p-value of 0.528 and it is relatively high (expected to be less than 0.05), thus we can conclude that there is a weak evidence against the null hypothesis i.e. the relationship of population growth with the crime rate is significant.

Moreover, R2in the fixed-effects regression is equal to 0.38 (which is less than in previous OLS regression), which means that 38% of the variation of the dependent variable, crime rate, can be explained by the regression model we used.

3. Random Effects Estimator

Below are presented the results of the third and last estimation, random-effects regression model. In contrast with the fixed effects model, where the intercepts are fixed for each country and do not change over time, random effects regression model assumes that those intercepts are random variables. In this kind of regression model, the unobserved country-specific effects end up in the error term, instead of the intercept. The random effects model shall be used when the error term

and the regressors are uncorrelated. And if there is a correlation between the error term and at least one of the independent variables, then the fixed effects model is more appropriate.

In line with two previous regression results, the results of the random-effects regression also confirm that there is a positive and statistically significant relationship between income inequality and homicides rate. And as well as in both previous regressions, the magnitude of the elasticity of crime rate with respect to the Gini coefficient is significantly higher than with respect to other regressors. The independent variable lnGini has a p-value that is less than the significance value of 0.001, thus we can conclude that it has a highly significant relationship with our dependent variable, Crime rate.

```
> random <- plm(Y ~ X, data=pdata, model= "random")
> summary(random)
Oneway (individual) effect Random Effect Model
   (Swamy-Arora's transformation)
plm(formula = Y ~ X, data = pdata, model = "random")
Unbalanced Panel: n = 79, T = 1-8, N = 491
Effects:
                var std.dev share
idiosyncratic 0.3112 0.5578 0.421
individual
           0.4288 0.6548 0.579
theta:
  Min. 1st Qu. Median
                          Mean 3rd Qu.
 0.3515 0.6935 0.7116 0.6864 0.7116 0.7116
Residuals:
                   Median
    Min.
         1st Qu.
                              Mean
                                    3rd Qu.
                                                Max.
-2.67842 -0.27163 -0.00387 -0.00281
                                   0.26566 2.70086
Coefficients:
             Estimate Std. Error z-value Pr(>|z|)
                                  -3.4619 0.0005363 ***
(Intercept) -3.365739 0.972214
            2.300152
                                   9.9669 < 2.2e-16 ***
XlnGini
                        0.230778
XlnlagGDPpc -0.389541 0.038653 -10.0778 < 2.2e-16 ***
Xlnlaq∪nempl -0.110831
                        0.066647
                                 -1.6629 0.0963230 .
Xpopgrowth
           0.064470
                        0.050447
                                   1.2780 0.2012596
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
Total Sum of Squares:
                        270.28
Residual Sum of Squares: 152.54
R-Squared:
               0.43565
Adj. R-Squared: 0.431
Chisq: 361.988 on 4 DF, p-value: < 2.22e-16
```

Figure 5 Results of the Random effects regression model

4. Choosing appropriate model: OLS vs. Fixed-Effects vs. Random-Effects

In order to choose between random effects model and OLS model, Breusch-Pagan Lagrange Multiplier test was performed.

Figure 6 Results of the Breusch-Pagan Lagrange Multiplier test

The null hypothesis in the LM test is that variances across entities is zero, which means that there is no significant difference across units (i.e. no panel effect). Here, we reject the null hypothesis and conclude that random effects model is appropriate for our data. This is, there is evidence of significant differences across countries, therefore running a simple OLS regression would distort the analysis.

F test to compare fixed-effects and regular OLS regression models. As we see, p-value is < 0.05 then the fixed effects model is a better choice.

Figure 7 Results of the F test

To decide between fixed or random effects the Hausman test was used, where the null hypothesis is that the preferred model is random effects vs. the alternative the fixed effects (see Green, 2008, chapter 9). The test is used to see whether the unique errors are correlated with the regressors, the null hypothesis is they are not. The results of the test are presented below and since the p-value is not significant, (greater than 0.05), we should go with random effects model.

Figure 8 Results of the Hausman test

As we see, both tests, the Breusch-Pagan Lagrange Multiplier test and the Hausman test, show that the random effects regression model shall be chosen over both fixed effects and regular OLS regression models.

2. Conclusion

The main question of the thesis was if there is a relationship between of income inequality and crime rate. To answer this question the panel data of 491 observations for 71 countries in period from 2010 to 2017 was used and three different regression models were run: OLS, fixed effects and random effects models. After performing different test, the random effects model was chosen as the most suitable for this analysis.

According to the results of all three regressions, there is a positive causal relationship between inequality and violent crime, however it is surprising that the effect is so strong (2.3 in Random effects model). The elasticity of the crime rate with respect to the Gini coefficient is much larger than with respect to one-year lagged GDP per capita or unemployment rate. We can assume that in countries with high income inequality, measured by Gini coefficient, the disadvantaged members of society may face greater pressure and incentives to commit a violent crime, which can be explained by the Merton's Strain theory. According to Robert Merton, in unequal societies individuals with low class families are struggling to lift themselves out of poverty and catch up to those with higher income and therefore are going through severe stress, which, in turn, can cause violence and crime.

Moreover, from the results of the random effects regression model we can conclude that one year lagged GDP per capita and one year lagged unemployment rate also have a strong and statistically significant effect on crime occurrence. As it was expected, the elasticity of homicides rate with respect to GDP per capita is negative. However, the negative elasticity of homicides rate with respect to unemployment rate is not in line with previous research and was not anticipated. A further research with adding other control variables could help clarify this issue.

Due to strong impact of inequality on homicides rate, we can claim that it is important to implement appropriate policies which could help solving the issues of inequality and social imbalances, since they could eventually decrease the level of violent crimes and increase our quality of life.

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Appendix A

List of countries used in the panel data:

Albania Korea

Argentina Sri Lanka

Armenia Lithuania

Austria Luxembourg

Belgium Latvia

Bulgaria Moldova

Belarus Mexico

Bolivia North Macedonia

Brazil Malta

Switzerland Montenegro

Chile Mongolia

China Malaysia

Colombia Niger

Costa Rica Netherlands

Cyprus Norway

Czech Republic Pakistan

Germany Panama

Denmark Peru

Dominican Republic Philippines

Ecuador Poland

Egypt Portugal

Spain Paraguay

Estonia Romania

Finland Russian Federation

France Rwanda

United Kingdom El Salvador

Georgia Serbia

Greece Slovakia

Honduras Slovenia

Croatia Sweden

Hungary Thailand

Indonesia Turkey

Ireland Uganda

Iran Ukraine

Iceland Uruguay

Israel United States of America

Italy Vietnam

Japan South Africa

Kazakhstan Zambia

Kyrgyzstan

"Influence of Leadership Style on Employees' Well-being and Organizational Commitment"

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Significance of research

The significance of this study is to understand the influence of different types of leadership styles on employees' well-being and their organizational commitment. The information collected trough the study will help in understanding the importance of management style on employees' wellbeing in the organizations. It could contribute to the sphere of organizational management in any sector and enable the leaders and managers to understand strong leadership and management styles in correlation with employee job satisfaction, and it's effect on the overall growth and performance of any entity. This research is especially important because it is going to be conducted in Kazakhstan where people still do not think that soft skills (such as leadership) are important ones. The finding results will provide help to the leaders to implement definitive suggestions and make sound decisions concerning leadership styles and employee job satisfaction in leading the organizations of Kazakhstan towards success.

Objective and Rationale

Employees' professional growth, performance and overall wellbeing are connected to different leadership styles. The objective of this study is to investigate the impact of leadership styles on employees' well-being, motivation and commitment. The review of literature reveals that there is

lack of researches focused on the subject of well-being, commitment and leadership style. Especially, in Kazakhstani corporate sector, there are very limited studies on the impact of leadership style on employee well-being and employee commitment. Within the Kazakhstani corporate sector, I was not be able to find modern research which was conducted on the impact of leadership style on employee in the FMCG sector. Therefore, my intention is to find out if leadership styles is really the moving force which impacts employee well-being and commitment in the selected organizations (Coca-Cola and Mars corporations located in Almaty) which have world-wide reputation for their good corporate culture to their workers. The study would commit to the field of organizational management in any sector, would allow the leaders and managers to understand leadership and management styles in correlation with employee job satisfaction, and would help the organizational leadership to determine which styles to adopt so that the workforce are more committed and motivated.

Research problem

There is a widespread notion that if employees are not committed to their organization, the organization is at risk, while commitment to organization directly correlates with employees' well-being. Therefore any entity should enable the fittest leadership traits to achieve its goals and to enable the employees' achievements at an individual level. However, current Kazakhstani market has significant management issues regarding how to increase well being and job satisfaction. Therefore appropriate leadership strategies for Kazakhstani context (culture, lifestyle) need to be considered to better handle the workforce and operations within an organization. Majority of researchers exhibits that leadership styles have distinct control on employees' job satisfaction. However, research involving the correlation between leadership styles, employees' well being and organizational commitment done in Kazakhstan is insignificant.

Following questions are kept in mind and intended to be explored at the conclusion of the thesis research.

- 1) Which leadership styles prevail in Kazakhstani organizations? Which leadership styles are most preferred by higher level management? Which leadership styles are most preferred by employees?
- 2) How different types of leadership styles affect employees' physical, psychological and social well being at work?
- 3) To what extent are the employees committed to their organization? Which factors make them less committed? Is there a difference in the level of commitment among employees on the basis of demographic, gender and job related variables?

Literature review

Leadership plays an immense role on the way employees perform and grow, and by doing this it has positive or negative influence on organizational performance. It is well known that an effective leader provides leadership for followers, gives them direction in order to achieve their

desired goals, as a result of which employees with a high level of job satisfaction make more efforts to perform work for success and therefore are more committed to organizations. Wang et al. (2011) noted that there is a direct link between employee performance and leadership styles, while the latter depends on the level of employee satisfaction with faith in their work. He also argued that leaders, despite their position in the organization, can influence the organization's effectiveness positively or negatively, depending on their leadership style. If organizations need to achieve goals, leaders must find opportunities to achieve these goals. De Moville (2007) claimed that leadership is essential for the success of the organization in the present and in the future. The goal itself creates the need to understand and develop leadership that can push the organization and its employees to maximum potential (Grant & Wrzesniewski, 2010).

Leadership style is the method of leadership, direction in which a leader leads followers. If the leadership style is effective, it can increase the organization's performance and support the achievement of desired goals, or if the leadership style is not effective, it can negatively affect the organization's performance and employee opinions (Nidadhavolu, A., 2018). There are numerous leadership theories, each theory offers a separate leadership style and, most often, a mixed set of styles for leadership performance (Hussain & Hassan, 2016). There are three widely used leadership styles, transactional, transformational and laissez-faire. (Nidadhavolu, A., 2018).

Theoretical framework

Behavioral theory (which was discussed in LR) concludes that "leadership can be taught and developed in an individual and that behaviors can be transformed so that leaders can have a specific response to specific motives". The vital purpose of this theory is that a leader's behavior greatly affects follower's performance and different leadership behaviors could be appropriate at different times (Nidadhavolu, A., 2018). Moreover, almost all models of transformational leadership postulate that transformational leaders positively increase followers 'attitudes to work and satisfaction with work. "There is no doubt that a set of good leadership models, such as a transformational leadership style, creates a sense of meaning, which in turn can lead to increased well-being and commitment among followers" (Messias. F., 2016).

Quantitative analysis will be used because the research is based on measuring employee job satisfaction. The quantitative method measures variables, explores relationships between variables, tests methods, and investigates problems for large groups of people performing a method suitable for the research problem. Quantitative research allows to identify relationships with the basis for finding the reliability and validity of the subject of research. Quantitative research is based on numbers and statistics. It is used for testing hypotheses, analyzing cause and effect, and making forecasts (Nidadhavolu, 2018).

For this study, quantitative methods, through online surveys to collect data, will be used. Collection of data through online survey method is more advantageous than other methods, such as telephone and group interviews, because this method is very confidential and the survey participants can quickly give honest, reliable answers. This method also will contribute to the non-disclosure of information, eliminating errors that occur due to the bias of respondents. The survey is going to be design through online platform Qualtrics. There is going to be about 25 questions based on demographics, leadership styles, factors affecting the job satisfaction, wellbeing and organizational commitment. The questions about demographic will included

questions regarding the age, gender, educational qualifications, and working group. The target population of this study are employees working in FMCG sector. The companies which were chosen are Coca Cola Almaty Bottlers and Mars Kazakhstan.

While doing this research, there is an intention to check if the behavioral theory will be confirmed in the Kazakhstani reality in Fast Moving Consumer Goods sector and support (or dispute) the idea that leadership style become parameter impacting employee motivation, well-being and commitment in the organizations (my study will focus on Coca-Cola and Mars corporations located in Almaty). The intended results of the study will demonstrate that employees well-being is worthy of investment and commitment from managers, and that the challenges of improving the employees work experience are important, and would allow the leaders and managers to understand leadership and management styles in correlation with employee job satisfaction, and would help the organizational leadership to determine which styles to adopt so that the employees are more committed and motivated and hence have a much better engagement and connection with the organization.

Limitations

This research also has some potential limitations, concerned with it methodology. The data to be used in the study uses a questionnaire, and this procedure can lead to a common method bias that can inflate the relationship between different factors. That is why, it is important to remember about validity and spend considerable time creating needed framework (Chowdhury, 2014). It can be noted that a causality relation cannot be inferred due to the cross sectional nature of the data, although it is one of the most commonly used methods in applied and field psychological research (especially in organizations, Spector, 1994).

The second limitation is that criteria variables will be evaluated using self-report method that may show participants 'biased perceptions rather than objective realities.

The third limitation concerns the duration, which is limited and short. A longer time frame would give the researcher time to study a wider range of employees in the FMCG sector along with more diverse types of leadership styles.

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"Income inequality in Kazakhstan"

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List of Keywords

Economy, social inequality, wage distribution, Kazakhstan, statistics, wage discrimination, poverty level, wealth, society, macroeconomics, social policy, well-being, life standards, real wage.

Introduction

After the collapse of the Soviet Union with its equalizing approach of the centralized system, the newly independent countries entered a new stage of their development, which required some different solutions in the distribution of the available resources. The reforms in the political and economic systems had a huge influence on the population. The changes were instant. So, some of those who were traditionally considered themselves to be in the most stable labor niche in the Soviet like the qualified professionals in the field of health and education systems, for example, lost everything overnight, and appeared to be the "new poor". The others, on the contrary, managed to adopt quickly to the changing conditions and benefit from the prevailing circumstances. Those were mainly the entrepreneurs with the good business managing skills, the "new rich" segment.

These processes were particularly acute in the first years of independence. It was then that a new system of values began to spread and take root in the society. The ability to navigate quickly in the rapidly changing realities, business skills are often valued more than education and professionalism.

Subsequently, the situation has stabilized. The era with all its capabilities and risks has remained in the past. As a result of the transition to the market economy, the problem of inequality and social stratification of the society arose. It was caused by the unpreparedness of the general population to a new format of economic relations as well as the systemic crisis that has engulfed all spheres of socio-economic life. According to the UNDP, in 1990s the post-Soviet countries, countries of Central and Eastern Europe suffered more than any other region of the world. Thus, the number of poor in these states has increased in more than 150 million people.

Today, the issue of a sharp social stratification remains problematic in the post-Soviet space. The largest gap in income inequality occurred in the first few years period when the economies of the countries of the former Soviet Union were still in deep crisis. In the 2000s, the economy began to recover, nevertheless inequality remains at a high level.

The problem of income inequality receives additional concern in relation with the global crisis, especially in such countries like Kazakhstan that have their economy based on the export of raw materials. However, it is noteworthy that income inequality is applicable for any state, especially those that have just started developing their market economy. On the one hand, inequality essentially promotes the social activity, motivates the growth of human capital and creates the necessary incentives for investment. On the other hand, excessive inequality is a threat to the stable development of the society. It can lead to the increase in social tension, deep social stratification and is in general can bring more serious consequences for the society than poverty.

MAIN SOCIO-ECONOMIC INDICATORS

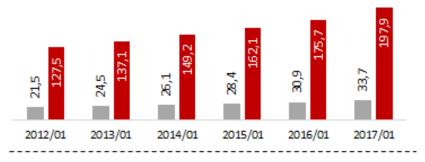
	Population (1.10.2020, thousand person)	18 809,2		GDP (preliminary data, January-September 2020, %)	97,2
	Inflation (October 2020 per to September 2020, %)	0,6		Inflation (October 2020 per to December 2019, %)	5,5
2 %	Rate of unemployment (III quarter 2020, %, estimated data)	5,0	⊕ ↑	The average monthly wage assessment* (October 2020, tenge, estimated data)	209 818

^{*}Excluding small enterprises engaged in business activity.

Excessive inequality, polarization are the basis for the radicalization of certain segments of the population and the growth of extremist ideas among them. Here the phenomenon of the social exclusion arises. People due to their financial situation are excluded from the social environment and, as a result, do not have the opportunity to use the benefits provided by society (material, cultural benefits, social services). This leads to an increase in social tension.

The income gap between rich and poor citizens in Kazakhstan is increasing. In the first half of 2017, the aggregate amount of income of the 10% of the most well-off population was 5.9 times higher than the income of 10% of the least well-off population. Rich portion of the population people increases their earnings much faster than the income of the poorest grows. The average income per capita of the most well-off 10% of population increased by 10.9%, while the income of the poorest 10% increased by only 7.5%.

- Least well-off population
- Most well-off population



Расчеты Ranking.kz на основе данных КС МНЭ РК

Graph 1. Income of the most well-off and the least well-off portions of the population

(bln tenge)

Living standard of the population is an integral indicator that can be determined by the set of indicators such as geographical location, population size, economic level, political stability in the country, access to natural resources, degree of development of democratic rights and freedoms of citizens, ecological situation, availability and activity of public institutions, etc.

There is a special Agency on Statistics of Kazakhstan that publishes the standards of living of the population in Kazakhstan annually. It presents statistical materials on the demographic situation, population incomes and uneven distribution, information on goods and services for the population, housing conditions, social security and social assistance to the population, health status and medical care, education and culture, the state of the environment and the level of crime. A number of indicators are presented in the context of the regions of the Republic of Kazakhstan.

One of the objectives of the Millennium Development Goals was "To reduce the proportion of people who have income below the subsistence minimum by half". Kazakhstan fulfilled this goal in 2004, however poverty still remains a serious problem for the country, especially in rural areas. In this regard, in 2008 the country faced the new Millenium Development Goal, that is to reduce the number of people living in rural areas with incomes below the subsistence level by half. However, despite the progress in reducing poverty, a large part of the country's population has low incomes and is in risk of falling into the category of the poor. At the same time, regional differentiation of poverty persists with a more pronounced picture of rural poverty in all regions. Rural poverty remains at a fairly high level and exceeds the urban poverty almost threefold.

Regional differences in the poverty level are also accompanied by differences in territorial affiliation (city/village). Rural poverty continues to exceed the urban poverty almost two times.

The picture of rural poverty is caused by the following factors and problems:

- large families in rural areas, and as a consequence a high dependency burden;

- migration of the population (especially those of young age) from rural areas to large cities (due to lack of employment opportunities and low wages, lack of access to professional studies);
- slow development of the private sector in rural areas, exacerbated by weak infrastructure and difficult access to markets and finance the population often cannot start a business due to lack of facilities (for obtaining loans and credits.

Three controversial factors on inequality can be pointed out here:

- 1) On the one hand, inequality generates the growth of apathy and passivity in the society, on the other hand, it generates the desire to monopolize the sphere where political decisions are adopted;
- 2) Inequality entails the marginalization of society, which creates the basis for political radicalism and extremism;
- 3) Inequality contributes to the development of the conditions in the society that undermine the foundations of social justice.

No doubt that excessive inequality, polarization are the roots for radicalization of certain segments of the population. English sociologist Anthony Giddens explains this phenomenon as the concept of social exclusion, when people by virtue of their financial situation are excluded from the social environment and, as a consequence, are unable to use the conditions provided by the society such as material and cultural facilities, social services. This leads to an increase in social spacing, which is often resulted in destructive behavior which is often attributed to the growth of extremism in developed countries. There the level of polarization often grows based on the fact that migrants arriving from less developed countries, are not able to integrate into the local society. Thus, excessive extreme forms of inequality in the society lead to a "social exclusion", which threatens multiple consequences for society and power. In order to prevent such a situation, of course, both the authorities and the citizens themselves should be interested in solving the problem.

In this regard, the issue of the potential impact of social inequality on the political and socioeconomic situation in modern Kazakhstan is of great importance. The questions that arise are: how is inequality determined and measured in Kazakhstan? What areas are affected most and what is the role of the state, public institutions and businesses in neutralizing a sharp social gap? This aim of the research is to determine the differences in income distribution of the regions of Kazakhstan as well as to identify the main determinants of regional income inequality in the country.

In order to provide the detailed research on the main topic of the social inequality, the study includes some statistical data for the latest years, showing the basic trends. It is also relevant to present graphs and tables, which makes the analysis more informative.

Theories

One of the most popular theories of poverty was introduced by Sen in the end of 20th century. His works on this topics was used by many economists, who made investigation in same field. One of his basic theories was about capabilities. Capability approach was also broadly covered by Nussbaum (Vorhaus, 2015). For her, capability of a person includes health, education and others. Sen stated that absence of those capabilities lead to poverty (Mooken and Sugden, 2014). Nussbaum developed her theory around moral choice, which meant each person make a choice whether to do something or not to do, considering development of capabilities, which can be trained.

One more theory was introduced by Pareto in 20th century (Nielsen, 2007). He stated that people with the lowest salaries are not able to identify whether their skills are good enough or not.

The number of people in this group is not very large in terms of the whole population of country, and mostly, government would count tem as poverty group. The next group includes people with their salaries a bit higher than the poor, but still lower than the average rate. According to the Pareto theory these people work harder and are more or less satisfied with their life conditions

According to Neilsen (2007, p. 627-628), under present conditions such division among people would be explained in terms of personal possibilities and opportunities. That is, a person, living in poor conditions, has less chances for development and improving personal talents.

It should be noted that social inequality is characteristic of any state, especially one that has embarked on the market path of economic development. There is even a need for it for the full functioning of modern society. It inherently promotes social activity, motivates the growth of human capital and creates incentives for investment necessary in a market economy. But, excessive inequality is already a threat to the stable development of society. It is fraught with increased social tension, deep social stratification and, in general, is more dangerous in its consequences for society than poverty.

International indicators of inequality are such indicators as the human development index, as well as the poverty (poverty) index of the population (INN, IBN). The Human Development Index is defined as the arithmetic mean of three other indices: life expectancy at birth, education level, and per capita income.

English sociologist Anthony Giddens explains this phenomenon as the concept of social exclusion,. People due to their financial situation are excluded from the social environment and, as a result, do not have the opportunity to use the benefits provided by society (material, cultural benefits, social services). This leads to an increase in social tension.

The problem of poverty was very important for Kazakhstan, as for all other post-Soviet countries during the period of economic policy change. Today, inequality in Kazakhstan is manifested through a number of indicators: official indicators in the regional and in the settlement

context, average monetary indicators per capita, the level of wages and unemployment, and the proportion of the population living below the "poverty line". Official indicators of inequality in Kazakhstan are both international, including the human development index, and regional.

International ratings show the positions of Kazakhstan as quite stable. According to the official statistics, inequality indicators in Kazakhstan are also not critical and are consistently declining from year to year. During the period 2001-2016, the Gini index in Kazakhstan has decreased from 0,366 to 0,278. Nevertheless, many researchers in Kazakhstan believe that the averaged indicators for the country do not reflect the depth and severity of regional inequality, which in fact is one of the most important restrictions in determining the level of social inequality in the country.

International indicators of inequality are indicators such as the Human Development Index, as well as the poverty index. The Human Development Index is defined as the arithmetic average of the three other indices: life expectancy at birth, level of education and income per capita. The education level index is calculated on the basis of literacy indices (with a weight of two thirds) and the availability of education (with a weight of one third). The application of the HDI in international practice allows to identify and analyze the socio-economic changes in different countries of the world.

Countries are divided into groups based on their HDI level.

Group 1: with a very high level of development (0.938-0.788);

Group 2: with a high level of development (0.784-0.677);

Group 3: with an average level of development (0.669-0.488);

Group 4: with a low level of development (0.470-0.140).

According to the international rating of the former USSR states, the position of Kazakhstan is quite stable as the country is listed among those with a high HDI level. Nevertheless, in the list of 188 countries, Kazakhstan is placed closer to the middle.

The implementation of gender policy is an important direction of state policy in modern Kazakhstan society. This direction becomes an important resource for strengthening Kazakhstan statehood and modernizing society. In 2017 the Public Fund "Institute of Equal Rights and Equal Opportunities of Kazakhstan" with the support of the Friedrich Ebert Foundation Mission in Kazakhstan conducted a gender study. Despite the fact that the equality of human rights is insured in the first provision of the Constitution of the Republic of Kazakhstan, gender inequality remains the topic of current interest.

The reports on world development emphasize that a significant contribution in poverty reduction depends on the political will to resist a systemic violation of rights of women, who make up half of the world's population. At the global level poverty is considered not only as a social or economic problem, but the problem of national security. The wages of women are almost 1/3 less than men's; there is a much bigger number of unemployed women in comparison to the

unemployed men. As a consequence, women have a much lower level of pensions. In general, women work 4-6 hours more than men do, however housework is not considered as productive.

Making up a large part of the population women refer to the poor and unprotected. Gender policy should be mostly directed not on the creation and formation of the new benefits, but on the formation of conditions for overcoming vulnerability and the eradication of other forms of discrimination. It should be considered in accordance with overcoming poverty.

According to the research of the Dutch public fund WageIndicator on the gender wage differences, the worst result was in Chile – women have 37% lower wages than men. The most positive result was in Sweden – 7% difference. The research showed that women's wages are 20% lower than men's. An important difference to such differences in wages is the fact that the top managing positions are often occupied by men and they have corresponding high salaries. Analyzing gender differences in the sphere of employment, the basic factor is that men and women are involved in different types of work and the so-called women's workplaces are valued less in terms of the qualification requirements and rewards. There is also a difference in the hierarchy in some types of professions. Even in those professions where women are in a higher demand, the most powerful and qualified positions are occupied by men. So, for example, women are in high demand in teaching and most teachers are usually women. However, the principals and deans are often men.

Literature review

There are certain limitations in the definition of social inequality in Kazakhstan, to which two main factors can be attributed. First of all, the lack of information on the accumulation of private capital in the country, whereas the data is available in terms of the poor. This objectively prevents the possibility of determining the level of inequality in the country. Secondly, the definition of the level of poverty today raises a number of questions. Thus, according to some experts, the level of the poverty line in Kazakhstan has not been recalculated since 2005, it does not correspond to the current realities and is more aimed at reducing poverty by statistical methods. It is well-known that any problem has its exact reasons that brought to such unpleasant outcomes. In case of poverty and social inequality, there may be various reasons. Up to the present time, many economists have analysed the problem and offered excellent solutions. However, instead of positive results, people notice increase in the gap of poverty (Reuben, 2015).

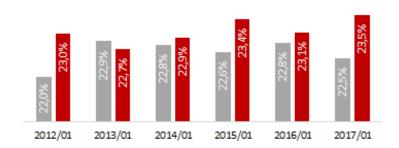
Hagenaars (1987) identified three fundamental reasons of poverty in any country. The first statement says that when an income of a poor person goes down, poverty index should go up (p. 585). Similarly, a rich person may become poor if the significant decrease of income will consider being below the poverty line. That is, the wealth of rich people will be transferred to poor people and the economy should be closer to the equal distribution.

This theory exists for many years and it seems reasonable to apply it. However, it is obvious that transferring wealth from one person to the other will not change the problem of the poverty significantly. This may be the solution only for short-term, but definitely not suitable for long term.

According to the official statistics, inequality indicators in Kazakhstan are declining consistently. For example, the decile coefficient fell from 8.8 in 2001 to 5.7 in 2014. Decile

coefficient is the indicator of income differentiation, which expresses the ratio between the average incomes of 10 percent of the population with the highest incomes and average incomes of 10 percent of the least-off citizens. The higher the coefficient, the stronger the tension in the society. The difference of 4-6 times provides political stability, 15 times' difference causes tension in society, more than 20 times causes revolutions, and the difference of 40 leads to civil war.

- 1-4 deciles
- 10 deciles



Graph 2. Income distribution by decile groups of population (% in income)

Comparing 2007 and 2014, the coefficient of funds, showing how many times the income of 10% of the richest exceeds revenues of 10% of the poorest, declined substantially in the whole country (Table 1). This was especially evident in Astana, as well as Akmola and Aktobe regions, where it decreased by more than 30%, which shows a smoothing of the relative income inequality in these areas. Nevertheless, the statistics presented are the averaged indicators for the country as a whole, which do not reflect the regional differentiation in income, which is often diametrically opposed.

In this respect, it is significant that Mangistau region, which is one of the regions with the highest GRP characterizes the highest level of polarization of the population. According to Kunitsa S., wages in the oil and mining sector are several times higher than in other sectors of the economy, which leads to a sharp stratification of the population. The high level of wages in the extractive sector leads to higher prices for consumer goods, which is reflected in the rise in the cost of living in the region.

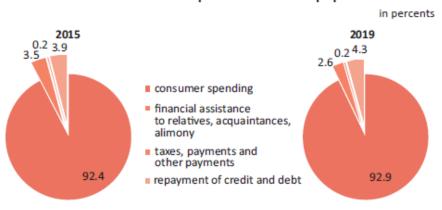
There is some data available on poverty in Kazakhstan, however there is no data on the level of wealth and capital growth in the country. It can be assumed that there are no official estimates of the ratio of income between the richest and the poorest in Kazakhstan due to the factors such as concealment of income, corruption, as well as the unpredictability of tenge. One of the first comments appeared in 2012 when the head of the Center for Social Oriented economy of the Institute of Economics of the Ministry of Education and Science of the Republic of Kazakhstan Koshanov A. noted that there is almost 30-fold difference in income of the rich and poor in Kazakhstan, which obviously exceeds the permissible threshold. In the developed countries, for example, the difference is 4.8 times.

The structure of bank deposits is also important. According to the National Bank the half of all deposits in the country are accounted for a share of 0.1 percent, while the share of the population with savings is only 17 percent. Many experts believe that the cost of subsistence level is artificially lowered in Kazakhstan in order to reduce poverty with statistical methods. In this context the view that the real cost of living determines the poverty line, while the official conducts a line between the poor and the beggar is important.

Thus, the poverty line is equated to food basket. However, the minimum subsistence basket

a set of food products and their consumption that can meet the needs of the average resident of the country. The cost of a minimum consumer basket serves as the economic instrument for calculating the living wage and accounting volume of social assistance for the poorest part of the population. Alma Nurguzhaeva, the head of the business support department of the Chamber of Entrepreneurs of Almaty, notes that the composition of this basket has not been revised for a long time and does not meet the average consumption needs per capita. Most importantly, they do not correspond to it in value, since the free floating of tenge was not taken into account and it led to a decrease in the purchasing power of the national currency. It is also noteworthy that the imported goods and products that have increased in price after the sharp devaluation of the tenge in the fall of 2015 make a significant part of the population's expenditures. That is, we can say that the subsistence minimum, which was equal to twenty one thousand tenge, until January 2018, does not reflect the real cost of living.

The structure of cash expenditures of the population



The structure of consumer spending



Hagenaars (1987) stated that the high level of poverty may be reflected from the relatively high poverty line. Meaning that when the government decides to put poverty line above the average income, there will be more poor people. This assumption may explain the changes in poverty level, but it is important to clarify what possible reasons for such decision are. That is, if the government decides to increase national poverty line, there must be some relevant reasons.

Inequality in the regional context

The income gap between rich and poor citizens in Kazakhstan is increasing. In the first half of 2019, the aggregate amount of income of the 10% of the most well-off population was 5.9 times higher than the income of 10% of the least well-off population. Rich portion of the population people increases their earnings much faster than the income of the poorest grows. The average income per capita of the most well-off 10% of population increased by 10.9%, while the income of the poorest 10% increased by only 7.5%.

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According to the official statistics, inequality indicators in Kazakhstan are declining consistently. For example, the decile coefficient fell from 8.8 in 2001 to 5.7 in recent years. Decile coefficient is the indicator of income differentiation, which expresses the ratio between the average incomes of 10 percent of the population with the highest incomes and average incomes of 10 percent of the least-off citizens. The higher the coefficient, the stronger the tension in the society. The difference of 4-6 times provides political stability, 15 times' difference causes tension in society, more than 20 times causes revolutions, and the difference of 40 leads to civil war.

In the regional and settlement sections inequality can be seen most distinctly. In regions, differentiation is manifested through such indicators as the ratio of the population having incomes below the subsistence minimum, wage inequality, the availability of social infrastructure, the quality of education and health services, and others. In Kazakhstan, as in many CIS countries, the level of inequality in the national profile is determined through the gross regional product (GRP) per capita. According to the World Bank, during the period of 2001 to 2016 GRP per capita at purchasing power parity, increased by 8.83 times. Nevertheless, the level of the economic growth in the regions is different, due to a high level of GRP in the mining industry or oil industry areas in the West of the country.

The regions with a high share of the agricultural sector in the economy have a lower

GRP per capita. South Kazakhstan, Zhambyl, East Kazakhstan, Almaty, Akmola, North Kazakhstan regions, for example. The highest per capita GRP can be found in Atyrau oblast

(7229.4 thousand tenge) in comparison with the GRP of South Kazakhstan and Zhambyl regions (907.0 thousand and 939.2 thousand tenge, respectively).

The difference in wages in the regional context is also very revealing in this vein. In Atyrau and Mangistau oblasts, in particular, the average monthly wage exceeds two hundred thousand tenge, while the average wage rate in Zhambyl, South Kazakhstan and North Kazakhstan is almost two and a half times lower.

During the past few years the largest portion of the population with the incomes below the subsistence level was fixed in the densely populated South Kazakhstan region - 6.1 percent of the population. Talking about the whole country, the proportion of citizens whose incomes were below the subsistence minimum was 2.8 percent of the total population. In 2015, 533000 people were named below the poverty line, that was 3.1% of the population of Kazakhstan at that period of time. The difference between the largest and the smallest average per capita nominal monetary income of the population by was 3.5 times. Starting from January 1, 2018 year the cost of living is estimated as 28 284 tenge.

As it was already mentioned above, the official data on unemployment might seem optimistic. However, the fact that there is a high migration rate among the population to the areas with the better employment opportunities indicates the presence of the issue. First of all, these are agrarian areas, with the lowest average monthly level of wages such as Zhambyl and North Kazakhstan. In the North Kazakhstan region, in particular, socio-economic issues resulted in the desolation of territories, since the population is leaving for the other settlements in search of work.

2019 unemployment rate

in percents Republic of Kazakhstan 4.8 4.7 Akmola Aktobe 4.8 4.6 Almaty 4.8 Atyraú Batys Kazakhstan 4.8 Zhambyl 4.8 Karaganɗa 4.4 Kostanay 4.8 4.8 Kyzylorda Mángistau .7 4.8 Pavlodar 4. Soltustik-Kazakhstan Turkestan 5.1 Shygys Kazakhstan 4.8 Nur Sultan Almaty city Shymkent

One of the most popular theories of poverty was introduced by Sen in the end of 20th century. His works on this topics was used by many economists, who made investigation in same field. One of his basic theories was about capabilities. Capability approach was also broadly covered by Nussbaum (Vorhaus, 2015). For her, capability of a person includes health, education and others. Sen stated that absence of those capabilities lead to poverty (Mooken and Sugden, 2014). Nussbaum developed her theory around moral choice, which meant each person make a choice whether to do something or not to do, considering development of capabilities, which can

be trained. Along with this, a person tend to have untrained capabilities, which are also important, and combination of both capabilities create excellent opportunities for human beings. All these relates to the idea of academic poverty, where a person has lack of knowledge, which leads to unpleasant life conditions and shows the role of education in terms of capabilities. At the same time, it also highly depends on personal decisions and attitudes.

One more theory was introduced by Pareto in 20th century (Nielsen, 2007). He stated that people with the lowest salaries are not able to identify whether their skills are good enough or not. The number of people in this group is not very large in terms of the whole population of country, and mostly, government would count tem as poverty group. The next group includes people with their salaries a bit higher than the poor, but still lower than the average rate. According to the Pareto theory these people work harder and are more or less satisfied with their life conditions (p. 627).

Some experts believe that the official data on unemployment Kazakhstan may be incorrect. Therefore, all the efforts of the state in solving the problem will not give the desired effect until the real information is announced.

This may seem to be problematic in such conditions of wide dissemination of selfemployment in Kazakhstan. It is not a rare case for the population to conceal the level of their own income, thus trying to avoid taxes. It can be assumed that this is a widespread phenomenon in the developing countries. However, in case of the more stable circumstances the representatives of the micro-business might be interested in legalizing their own businesses themselves.

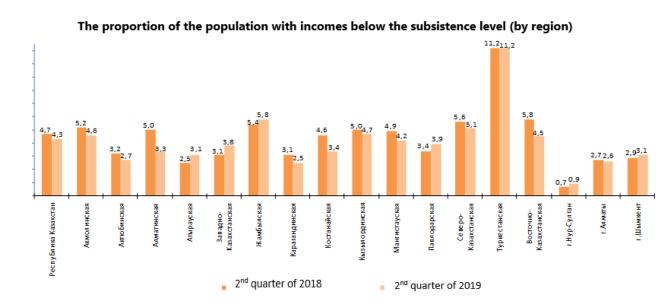
Thus, inequality in the regional context is clearly manifested through such indicators as the level of the gross regional product per capita, the proportion of households with incomes lower than the subsistence minimum, the difference in per capita monetary indicators, as well as unemployment rates. Despite the fact that the official unemployment rates differ insignificantly, it can be assumed, that taking into account such an indirect indicator as population migration, the data in the regions of the country are expected to differ. Outflow or loss of population comes mainly from agrarian regions experiencing the greatest economic difficulties. People move into cities of national importance, as well as to the oil-producing regions, leaders in the gross regional product. At the same time, the level of inequality in the oil-producing regions, is also high. This can be clearly evident regarding the high wage rate in the extractive industry. The researcher in the field, Zhandosova Zh. points out that the poverty in such regions is increased by the low level of healthcare systems, education, poorly developed economic infrastructure. In addition, high migration flows lead to the unemployment difficulties among the local population.

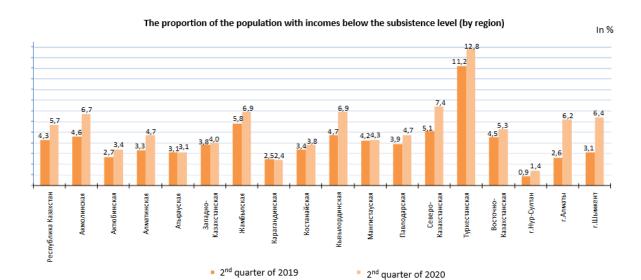
According to Neilsen (2007, p. 627-628), under present conditions such division among people would be explained in terms of personal possibilities and opportunities. That is, a person, living in poor conditions, has less chances for development and improving personal talents. Along with this, social status also plays role. This is explained by the phenomenon of Blau and Duncan (Nielse, 2007, p. 628), according to which sons have less opportunities in future than their fathers in both poor and rich families, while in middle class families, sons are more likely to have better opportunities.



Graph 3. The difference in incomes of the most well-off 10% and the least well-off 10% of the population (in times)

The biggest incomes difference of the most well-off 10% and the least well-off 10% of the population is found in East Kazakhstan region, where the rich inhabitants of the region earn 7 times more than the poorest in the region. There is also a strong differentiation in income in the Karaganda region (the difference is 6.41 times) and in the North Kazakhstan region (6.18 times). The smallest gap in incomes between the poor and the rich is in Mangistau Oblast (the income of the wealthiest 10% is only 2.9 times bigger than the incomes of the poorest 10%), Astana has the gap of 4 times and the difference of income in South Kazakhstan is 4.13 times.





The differentiation of incomes of the population in the Republic of Kazakhstan in 2018 – 2020.

According to the results of a sample survey of households, the share of the population with incomes below the subsistence minimum (poverty level) in the second quarter of 2020 amounted to 5.7%, which is 1.4 percentage points higher than in the corresponding period of the previous year.

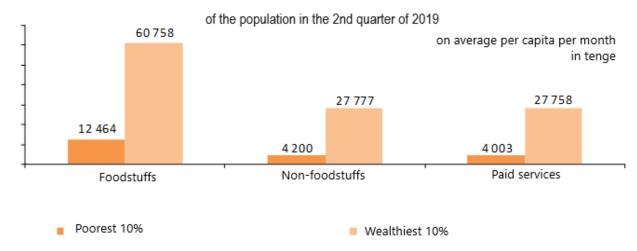
The highest value of the poverty level in the II quarter of 2020 was registered in the Turkestan (12.8%), North Kazakhstan (7.4%) and Zhambyl, Kyzylorda (6.9% each) regions, and the smallest - in the city of Nur-Sultan (1, 4%).

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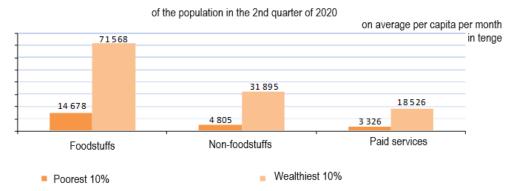
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Household expenditures in decile distribution, like incomes, show significant differentiation. So, in the II quarter of 2020. the difference in the level of expenditures on food products between 10% of the least and 10% of the most well-to-do population was 4.9 times, for non-food products - 6.6 times, and for paid services - 5.6 times.

Household consumption expenditures by the poorest 10% and the wealthiest 10%



Household consumption expenditures by the poorest 10% and the wealthiest 10%



Household consumption expenditures 2019-2020.

The level of inequality in Almaty

The population of Kazakhstan as of August 1, 2020 amounted to 18,767.5 thousand people, including urban - 11049.0 thousand people (58.9%), rural - 7718.5 thousand people (41.1%), reports MIA "Kazinform" with reference to the official website of the Committee on Statistics. Compared to August 1, 2019, the population increased by 238.6 thousand people, or 1.3%. As of the beginning of 2020, the population of Almaty was estimated in 1 916 822 people.

Density: 2715.46 people / km2 (1st place)

Area: 0.68 thousand km2 (17th place)

Average salary as of 01.07.2019: 227 370 tenge (4th place)

GRP *: 12,302 billion tenge (1st place)

Investment in fixed assets: 732.93 billion tenge (3rd place)

Almaty this year regained its leadership in the rating (in the previous rating it was in third place after Nur-Sultan and Atyrau oblast). The share of Almaty in the country's GDP amounted to 20.6%, which is significantly ahead of the following regions - Atyrau region (13.2%) and Nur-Sultan (9.8%). Almaty remains the leader in terms of contributions to the state budget.

During the period under review, the largest overall increase was observed in three regions of the country: in the city of Almaty (64.2 thousand people), the city of Nur-Sultan (52.0 thousand people) and the city of Shymkent (30.6 thousand people). Almaty is one of the main centers of attraction for the internal migrants. The city has its impact across the country as well as the whole Central Asian region. Those migrants who come to the city have a direct impact on the change in the situation and often deepen the problem of inequality. Almaty formes 20% of GDP and 31% of tax revenues of the country, with the population of almost two million people. At the same time, according to some experts, taking into account the unregistered people, the population of Almaty would exceed two million people.

The threat of overpopulation of the city with its inability to receive such an amount of internal migrants has a serious conflict potential and the level of inequality in the city is very high. First of all, Almaty as well as Astana and Atyrau oblast, have the largest amount of per capita nominal income.

Secondly, Almaty provides the largest gross regional product of 20.9%, primarily due to the development of small and medium-sized businesses, which is the source of over 60% of all tax revenues to the city budget. Thirdly, the population of Almaty is considered to be one of the most solvent among the other regions of the country.

Finally, Almaty and Astana, have the smallest share of the population officially having incomes below the subsistence minimum - 0.1 and 0.2 percent, respectively. At the same time, a significant part of the population, living without a registration, that re not registered by official statistics, lives on casual earnings. As for the rich, they make up one of the biggest shares in the country. The citizens of Almaty and Astana are also on top of the list in terms of the availability of savings and consumer loans in Kazakhstan.

The fact that there is a big flow of migrants experiencing socio-economic difficulties in the city, the problem of inequality gets more complicated. Thus, the city has a high proportion of citizens with a high standard of living and those who come in search of work and seriously limited in budget. Rent payment take up the significant part of the costs of those coming to Almaty or any other major city. The problem of inequality is aggravated by employment issues and housing issues, that are most often faced by the new townspeople. Social inequality is particularly prominent in questions of real estate ownership. This is also the case for some other developing countries, that have the so-called "cities of contrasts". Rio de Janeiro, for example, and for states with high living standards that have this differentiation of the areas according to the housing prices, the composition of the population based on the rich/poor indicator.

In his book "The Theory of Social Inequality (Structure-constructivist paradigm)" the sociologist Iliin reviews physical space in the context of the formation of social inequality. "Social

practice is unevenly located in the physical space of the city. This is where the dependence of the social hierarchy of physical space on the distribution of practice is illustrated the best way. In other words, the hierarchy of social practices predetermines the rank of city districts in the socioterritorial stratification. The social space of the city is not homogeneous: there are areas with high, medium and low status characteristics ".

The phenomenon of spatial stratification is well indicated in Almaty. In this case, the location of the property serves as an indicator of social inequality in the city. The researchers note that this is manifested in the development of segregated areas. These are the closed elite housing districts and areas populated mostly by the poor. Such geographical stratification has the direct influence on the cost of housing, the standard of living and is easily noticeable prices of real estate firms and construction companies.

The report of the Ministry of National economy of Kazakhstan (2014) noted: "The main centers of attraction of migration flows In Kazakhstan are two cities of national importance Astana and Almaty. However, the citizens arriving there in search of work, have limited opportunities for legal employment and housing. As a result, a number of large settlements (microdistricts) are formed around the cities with the residents that have no registration, do not have the right to own their dwellings, they have the lack of access to public and social services and are mainly occupied in the informal sector of the economy." This may lead to the further development of precarious occupation, which has a direct impact on the development of the informal sector of the economy.

Social inequality in Almaty, manifested through employment issues has a direct effect on the crime growth. According to official data, a large portion of visitors from neighboring states and other regions do often become objects of criminal offenses or commit crimes themselves. Such situations arise due to their socio-economic unsettledness in the city.

"Housing conflicts" and the problem of "self-construction" indicate a high level of inequality in Almaty. The proliferation of informal settlements is can be followed by multiple negative consequences. Inequality based on the type of the settlement, like city/rural area is clearly noticeable in Kazakhstan. Both official statistics indicators prove this and the high migration flows mainly in Almaty and Astana. Internal migrants, coming to cities and facing problems of improvement, affect the growth in the recipient cities. It is noteworthy that differentiation in terms of living standards among the citizens is not fully reflected in the statistics as some of the migrants live without registration.

In general, both objective and subjective reasons of inequality in Kazakhstan can be found today. First of all, the social consequences of market reforms that were realized after the collapse of the Soviet Union can be named as an objective reason. A lot of enterprises that turned out to be noncompetitive in the new conditions were closed. As a result, a large part of the population remained unemployed. The market redistribution of money income led to the polarization of the Kazakhstani society. The financial sphere employees, pensioners turned out to be among those in the most difficult situation.

The two main spheres that suffered from inequality most evidently are regional and settlement cuts. Regions that have their living standards above country's average are primarily oil producing regions cities. In this context, the agrarian regions turn out to be in the difficult position

as they have significant decrease of the population. North Kazakhstan, in particular, is the case as the authorities are relocating residents from the southern regions of the country. It is difficult to predict the success of the measures taken, nevertheless, the fact that this problem is in the steel attention of the state authorities may forecast some positive outcoms.

Population polarization, being one of the forms of structured inequality, in particular in terms of income, is characteristic of any society. It is not the inequality itself that is fundamentally important, it was, is and will always be, but its degree and type.

Any form of structured inequality of different groups of people in sociology is designated by the term "social stratification".

The most common and frequently used classification indicators are by income level, by standard of living. Human Development Index (HDI). In addition, we are talking not only about "vertical stratification", but also about "horizontal", when the population living in certain regions of the country has far from the same level of income.

In large cities, such as Almaty, there are always "prestigious", "non-prestigious", "problem" areas with their own external attributes: protection of residential areas, tidied flower beds or houses with broken tiles. Excessive polarization in society, exceeding its "threshold" values among the population (fund ratio, income gap of 10 percent of the most and least wealthy citizens) is one of the leading factors of destabilization. Conversely, a moderate income gap reduces the potential for conflict.

This is also confirmed by the textbook example of the role of a large middle class as a social basis for stability, usually illustrated by the experience of developed countries. In countries where the level of polarization is negligible, even with a relatively low average income level, the potential for conflict is lower than in polarized societies with a relatively average standard of living.

Almaty is gradually becoming a city of contrasts. The process of social differentiation of the spatial organization of the city occurs under the influence of various kinds of factors, but first and foremost, it is associated with an increase in income inequality of the population, a change in the principles of housing distribution, and the development of the real estate market.

Market housing system and factors of population settlement in the city. As already noted, the socio-spatial structure of the socialist and Soviet cities was more homogeneous, with the least degree of segregation. The segregation of urban space was mainly based on social and professional criteria. So, for example, in the southeastern sector of Almaty (the well-known area of the Golden Square), mainly representatives of the party and economic elite, government officials, and the creative intelligentsia were concentrated. The northeastern part of the city, in which industrial zones were located ("workers' settlements" known as "Alma-Ata-1", "Pyatiletka"), were inhabited by workers.

Features of social zoning of urban space. Kazakh sociologist L.T. Kozhamkulova identified a system of interrelated factors influencing the process of resettlement of various social groups in

Almaty, which includes: opposing the center of Almaty to the outskirts and west to east; the degree of home improvement; proximity to places of employment; environmental conditions; demographic characteristics of the population, family life cycle. Income level is the most important factor in the socio-territorial differentiation of the city. The difference in the cost of housing in Almaty between the most expensive (Medeu district) and the cheapest districts (Turksib) has reached 3 times.

In general, the changes that have taken place indicate a gradual transition from the model of uniform population settlement, typical for a socialist city, to social spatial polarization. Nevertheless, Almaty is still characterized by vague social boundaries within the urban space; social segregation is still of a point nature. Despite the fact that at present the processes of social segmentation of urban space are not yet so acute, in the future they can lead to very negative social consequences, overcoming which, as the experience of developed and developing countries shows, will require a lot of money and time.

The modern state is revising the foundations of its social policy towards reducing the social obligations provided by the authorities at all levels. In conditions when territorial and social differences are not seen as a problem that requires constant attention, differences in the quality of the population and the environment can arise within the city and grow uncontrollably, and at the same time, an increase in inequity in the territorial context is possible. A way out of this situation is the urgent need for territorial monitoring of the quality of the population and the environment as a prerequisite for improving and scientific management of the city.

The social transformations of the last decades have changed the social structure of Kazakhstani society, as a result of which social polarization has increased, groups of very rich and extremely poor citizens have appeared.

The problem of the poor is caused not only by low income, but also by many deprivations, including restrictions on social participation, social contact, as well as the choice of passive coping strategies. "Poverty is the economic and sociocultural condition of people with a minimum amount of liquid values and limited access to social benefits. This includes not only the minimum income, but also the way of life passed from generation to generation, as well as the characteristic psychology and stereotypes of behavior and perception of reality". Since the boundaries of the concept of poverty in different countries vary widely, defining a single criterion for poverty is a complex methodological task. In world science and practice, there are three approaches to defining and assessing poverty as a socio-economic phenomenon. In the framework of the absolute approach, the poor represent a part of society that is unable to provide themselves with the goods necessary to sustain life (food, clothing, housing, etc.). Absolute poverty is defined as the cost of living or the cost of consuming food. The second approach considers poverty as a relative category and classifies as poor those whose incomes are below the average living standards achieved (prevalent) in a particular society. Relative poverty is the ratio of income (or consumption) to its median. Accordingly, this ratio can be set at 40, 50, 60 or 75 percent. The third approach in defining poverty is based on the subjective opinions of people of their financial situation, about the necessary level of consumption at which they would not consider themselves poor.

In many countries, the poverty line used to provide social assistance is identified with the subsistence level, but this is not the case for Kazakhstan. In Kazakhstan, the poverty level is

determined not by the subsistence minimum, but by "the percentage of the population with an income below the subsistence level," that is, the share of the poor is the part of the population that cannot afford to purchase goods and services from the minimum consumer basket. Therefore, the threshold used in Kazakhstan can be called the poverty line.

Methodology

Mechanisms for reducing the level of social inequality

Reducing inequality and overcoming poverty is among the priority tasks in the current state policy of Kazakhstan. It has been pointed out as one of the main goals for the "Kazakhstan-2030" program back in 1997. The new economic course was adopted during this transitional period. With a shortage of the middle class the economic and social transformation has led to a critical level of inequality in the country. The situation was aggravated by the lack of effective programs for reforming the agrarian and social sectors. Problems of economy, lack of financial capital and clear decision strategies led to a high level of unemployment combined with unstable pensions and salaries payments.

The well-being of the citizens has been also named among the main objectives of the "Kazakhstan-2050" development strategy. The strategy specifies the need to create an updated and more effective social policy. It clearly stipulates that "poverty should not become a social prospect for any Kazakhstani. We should establish the minimum social standards and guarantees that must directly depend on the growth of the economy and the budget." The primary importance of the improvement of statistics was substantiated, as well as the calculation of the needs of citizens for real prices and expanding the list of needs of the individual in order to solve this problem. The inclusion of of education and healthcare costs, a healthy diet and a healthy lifestyle, etc. were taken into account. That is, it says about the need of the gradual, phased improvement of the quality of life standards in the country.

A number of measures that could help reduce poverty and inequality are indicated in the strategy. First of all, the emphasis is on leveling imbalance between regions, as well as the development of single-industry towns, that would serve as a base for a number of industrial projects. They are aimed at improving the living standards of the local population and the provision of work for rural youth.

Economically mixed neighborhoods are neighborhoods where the composition of the population is represented by a certain percentage of wealthy and low-income citizens. Economically mixed neighborhoods are characterized by the proximity of families, some of which are poor and receive social benefits from the state. In the scientific literature on urban sociology, the degree of population mix in terms of income is established in different proportions and can have the following ratios: 40:60, 30:30.

Obtaining empirical data of this study is based on a qualitative methodology, which is due to the specifics of the object. Quantitative research in this direction is focused on identifying correlations between the living environment and human capabilities, while they do not explain the mechanisms of environmental influence. In this regard, the statistical relationship between the place of residence and a person's life opportunities cannot be considered as a neighborhood effect.

Neighborhood effects, first of all, mean the totality of social results arising in the course of social interaction of people and social groups living in identifiable areas of the city. In this regard, qualitative research helps to fill gaps in quantitative research by explaining the circumstances and conditions for the occurrence or absence of neighborhood effects.

The research is based on the "grounded theory" methodology proposed by A. Strauss and B. Glazer. Scientists define it as "a theory that is inductively deduced from the study of the phenomenon that it represents. That is, it is created, developed and verified in different conditions through the systematic collection and analysis of data related to the studied phenomenon. Thus, data collection, analysis and theory are intertwined with each other. You can't start with a theory and then prove it. Rather, they start with the area of research, and everything that is related to this area has a chance to emerge. "

The research was carried out in microdistricts of the city of Almaty. The data collection process was carried out in several iterations (at two levels): first, microdistricts were selected, then a small unit of analysis - block groups (in this case, these were blocks of private houses), where the presence of a mixed neighborhood was noticed. As an empirical object, we selected groups of micro-districts in the city of Almaty, differing in the level of mixing in income: economically mixed micro-districts ("target" empirical research objects), rich and poor micro-districts (comparative empirical objects). The first group included cases of economically mixed neighborhoods found in the Dostyk microdistricts (former Druzhba village), Taugul-3; in the quarters covered by the squares of Karmysova - Kokkinaki - Begalina - Uzhgorodskaya streets; Abaya - Tlendieva - Tole bi - Turgut Ozala. It should be noted that the selected micro-districts are located within the inner-city space. The mixed neighborhood in them was formed as a result of gentrification. The second and third groups included the Dubok and Ainabulak microdistricts.

All microdistricts selected for the study mainly consist of land of individual residential buildings, and private households are located on them. Due to the lack of statistical data, difficulties arose in determining the degree of economic mixing of the population in the selected neighborhoods. This problem was solved by selecting cases using a visual survey of the space of potential objects.

Thus, these microdistricts were selected on the basis of external characteristics during visual examination, on the basis of statistical data, as well as when familiarizing with the opinions of experts. For the implementation of the theoretical sampling, methods of intensive selection, typical cases, extreme cases, "snowball" and stratified targeted selection were chosen. As a result, the research sample included the following categories of informants:

poor residents of economically mixed (heterogeneous) neighborhoods; wealthy residents of economically mixed (heterogeneous) neighborhoods;

poor residents of economically homogeneous (homogeneous) neighborhoods; wealthy residents of economically homogeneous (homogeneous);

internal migrants living in economically mixed (heterogeneous) neighborhoods.

The following criteria were also taken into account: age, duration of residence in a heterogeneous (homogeneous) zone, awareness of the problems and peculiarities of the area (microdistrict, block), income level, social status. Among the informants there are representatives of different socio-economic groups of the population: the unemployed, students, pensioners, midlevel specialists, businessmen (operating in different sectors of the economy), top managers (various structures, including government ones), banking sector specialists and others.

Among the main social problems in the economically mixed micro-districts selected for the study are youth unemployment, persistently low incomes of the population and underdeveloped social infrastructure. The level of higher education is an indicator of possible well-being or disadvantage. In those areas where this indicator is significantly lower than the average for the city, many other social indicators are also lower.

The COVID-19 pandemic effect.

According to preliminary estimates of a number of economists, the current global crisis may become the deepest since the Second World War. The sharp acceleration of sales markets and the rupture of supply chains, the cancellation of air travel and the restriction of the free movement of goods, the massive transition to a self-isolation regime provoked a sharp movement of business in various industries.

In the second quarter of 2020, there were 454 thousand unemployed in the country, which is 2.8% more than in the second quarter of 2019. The unemployment rate was 5% versus 4.8% a year earlier.. For example, in aviation the salary fell by 46%, in food and retail trade by 25%, in finance by 19%. The average number of employees also declined the most in aviation by 24%, in food and retail trade by 20% and 16% in the financial sector.

Governments of different countries, and so, whenever possible, allocate funds for state support of the consequences of the coronavirus.

The government of Kazakhstan is also taking the following measures: deferral of loan payments to the population; concessional lending and deferral of loans to SMEs; exemption from property tax, land tax and income tax for certain groups of companies; cash payments to self-employed and those who have lost their jobs due to the pandemic; financing of spring field work and procurement in the agricultural sector. For all grocery supermarkets, VAT was reduced from 12% to 8% on socially significant consumer goods until October 1, 2020.

And the owners of shopping malls, large shopping centers, cinemas and sports facilities were exempted from property tax.

According to preliminary estimates, the poverty rate may increase in 2020 from the projected 8.3% to 12.7%, which means that an additional 800 thousand people will find themselves below the poverty line. The labor market shock in Kazakhstan is expected to have dire consequences for employment.

The COVID-19 pandemic has a negative impact on the development of human capital in Kazakhstan. Unequal access to quality education, especially during the quarantine period, can negatively affect the development of human capital for vulnerable populations.

Conclusion

This research is deducted to the study of inequality in Kazakhstan, taking into account 14 oblasts and Almaty, in particular. The issue of inequality is also reflected in such terms as unemployment, inequality of opportunities, access to the social facilities etc. These will be studies in the research based on the data provided for the period of 2001-2017 with some examples from abroad that could initiate the implementation of some possible policies as the solutions to the issue of inequality.

The goal of thesis is to run through all possible reasons, which bring to social inequality among citizens of Kazakhstan. Economic conditions in the country and problem of inequality are closely connected to each other. The goal of any state is to improve well-being of the whole nation, to fulfil the majority of requirements and to take care of each citizen. Kazakhstan became independent country not so long ago, and due to that, there is still a lot work to do in order to achieve previously mentioned goals. Before solving some problems, the government has to identify its reasons and then turn to development process. This is the last part of research, which summarizes all theories and practical implementations of social inequality in this country. Next to that, there are some recommendations and solutions, the main aim of which to refine life conditions of people.

Reducing the spatial distance between rich and poor is an important change in the development of the city of Almaty that needs to be studied. As the main social problems caused by microsegregation, it is necessary to highlight the impact on the life chances of poor urban residents, as well as some complexity of integration of polar social groups. Under such conditions, it seems necessary for urban planning to form a clear position in relation to this process: should we encourage, prevent or adapt to micro-segregation? Based on this, specific steps in the field of urban, social and housing policy should be determined.

In Kazakhstan, there is still no theory or practice of developing neighboring or local communities, which provides for the understanding of the urban environment as a community of people connected by a complex interweaving of the main forms of life and the neighboring community that is part of this environment. There is an individualization of mass attitudes, in the conditions of which there is no need to talk about any kind of solidarity, joint actions, or awareness of the community of group interests.

The blow to economies is the tip of the iceberg of the problems caused by the COVID-19 pandemic. Its underwater part is damage to national educational systems, human capital due to the interruption of the traditional learning process in secondary schools. The problems of countries (including Kazakhstan) with the transition to distance learning will result in a decline in educational level. This will especially hit children from poor families, countries and regions with high poverty. In the long run, inequality in education will turn into inequality in income.

Industry experts predict difficulties for future applicants, but the most vulnerable category is called primary school students. For primary school students, the authors assume losses comparable to missing an entire year of schooling.

The coronavirus pandemic has forced a complete reformat of the education sector on a tight schedule. Countries were not ready for the transition to digital distance learning, which was used to provide lifelong learning in the vast majority of countries, and faced great difficulties. The pandemic closed schools in 191 countries, affecting more than 90% of students worldwide, half of whom did not have access to a home computer, 43% did not have a home Internet.

In Kazakhstan, when switching to distance education, out of 3 million schoolchildren, about 700 thousand (23%) need computers, although since the beginning of the epidemic, more than 250 thousand computers have been transferred to students for temporary use. Children from low-income families, with special educational needs and primary school students need technology.

All the consequences of the COVID-19 impact on education systems and human capital can be roughly divided into short-term (we will see them before the end of this year) and long-term.

The consequences of a short-term nature include a slowdown in the learning process, a weakening of students' desire to learn. Indicative are the results of a study conducted in Russia, when half of schoolchildren perceived distance learning as a vacation. School closures deteriorate the nutrition of students (those who had free meals in schools), their mental health, a possible increase in students' vulnerability to violence and other threats, as well as the prevalence of risky behavior and childbearing among adolescents.

There may be significant school dropouts. This is especially true for children from low-income / disadvantaged families, the growth of child labor, underage marriages, commercial sex, and a reduction in parental investment in the education of children.

The long-term impact of the pandemic matters more. The closure of schools and a decline in the educational level of some children leads to an increase in the level of educational inequality.

School dropouts and declining educational quality lead to declines in productivity and income throughout life, which are reflected at the macro level. If an extra year of schooling increases income by about 8-10% and students miss a quarter of school hours a year on average, school closings could result in a sustained 2-2.5% decline in income.

Since, as noted above, students from wealthier families tend to learn more effectively online, and the decline in their educational level over the summer is less critical than children from poor families.

Children from vulnerable groups are at risk of neurological development disorders, they are at higher risk of child marriage, child labor and teenage pregnancy,

Appendices

The ratio of funds

Ratio of the richest 10% and 10% of the least well-off population

	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	7.2	6.2	5.3	5.7	6.1	5.8	5.6	5.7
Akmola oblast	9.4	6.1	5.1	5.5	6.2	7	5.2	5.6
Aktobe oblast	8.6	6.3	5.3	5.5	5.8	5.6	5.3	5.3
Almaty oblast	6.8	5.9	4.3	5.3	5	5.5	4.8	4.8
Atyrau oblast	4.9	4.9	3.9	4.2	4.2	3.9	3.5	3.7
West Kazakhstan	5.8	4.8	4.7	4.6	4.6	5.3	5.4	5.2
Zhambyl oblast	5.1	4.2	3.4	3.9	4.5	4.4	3.8	3.9
Karaganda oblast	7	6.1	5.4	5.6	6.4	8.2	6.4	6.2
Kostanay oblast	6.9	5.1	4.8	4.9	4.9	5.4	5.4	5.4
Kyzylorda oblast	5.8	4.5	4.2	4.2	5.1	4.6	4.3	4.1
Mangystau region	5	4.8	3	3.3	3	3	3.5	3.7
South Kazakhstan	4.6	4.4	4.2	4.2	4	3.7	3.5	3.4
Pavlodar region	6.7	5.8	5.8	5	5.3	5	4.3	4.2
North Kazakhstan	6.2	5.6	5.3	5.7	6.7	6.9	6.1	6
East Kazakhstan	7.1	6.2	5.6	5.7	6	6.3	5.7	5.6
Astana	7.5	8	6.6	6.4	5.1	4.5	4	4.1
Almaty	6.8	5.8	4.5	4.6	5.4	4.9	5	5.1

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"Inequality of opportunities: Geographical opportunity inequality of education in Kazakhstan"

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Introduction

The topic of the research is opportunity inequalities and the research question is "How to decrease geographical opportunity inequality of education in Kazakhstan?" By this research, I want to show that opportunity inequality in education among different regions of Kazakhstan is an important issue that constrains economic development of the country. Therefore, the objectives of this paper are to identify what is opportunity inequality, how to measure its level; prove that spatial inaccessibility of education is an important constrain in economic development of a country; analyze this issue in the case of Kazakhstan; and define potential policies to eliminate spatial accessibility of education in the country. In the literature review part, I analyzed works of other authors including econometric analysis and methods applied by other authors, while in the methodology part I introduced methods that will be used in this research.

The research showed that inequality of opportunities occurs, when there is an inequality due to circumstances out of an individual's control (Roemer, 1998). According to the literature reviewed, among other factors influencing to opportunity inequality, individual's education is the most important factor, as education defines the range of opportunities available to a person including the chance to enter to high-income group of population (Roemer, 1998). In this project, I took spatial inaccessibility of high quality education as circumstances that cause inequality of opportunities. The paper assumes that the longer is the distance from a person's location to high quality education; the lower is the chance to get high education, and in turn, the lower is the opportunity to enter to high-income group and have better living standards.

In the case of Kazakhstan, it is noted that high quality universities are mainly located in Almaty and Astana, where fee of such universities and cost of living is high. As a result, main decision of talented people from small towns is to lower ambitions and stay in a small town causing

deadweight loss of talents; or migrate to developed cities to enhance talents there, which in turn causes congestions costs in big cities as traffic jam, air pollution, etc. This means that individuals from rural areas and low-income regions in Kazakhstan do not have opportunity to get high quality education due to spatial inaccessibility of high-quality education and budget constraints (O'Hara and Gentile, 2009). Therefore, policy makers should define locations with low spatial accessibility to high quality education and introduce policies to eliminate inequality opportunity in getting high quality education due to geographical barriers.

For the purposes of this research, it is planned to conduct econometric analysis of a survey organized by The European Bank for Reconstruction and Development (EBRD) and the World Bank using STATA software in order to test the correlation between variables and to perform tests. The results of the econometric analysis will help to identify major factors influencing likelihood of getting high quality education in Kazakhstan. Then, the paper will analyze demand for and supply of high-quality education in the country. The research will compare allocation of youth in the regions of Kazakhstan to locations of high-quality universities in the country. Additionally, analysis of university fees and average salary of citizens of each region will be conducted to understand opportunity to enter to high quality university of people from different parts of the country. These methods will help to determine whether all citizens have equal spatial access to high education or not. Another method will be organizing interviews with students come from each region of the country. This method will help to understand life conditions and opportunity to enter to high quality university in each region.

Literature Review

Nowadays economists tend to pay more attention to inequality of opportunities claiming that for a country to become a developed economy, the country should ensure that all individuals have equal opportunity to "beings" and "doings" (Roemer, 1998). Before assessing whether there is inequality in opportunities or not in a country, it is necessary to define precisely what inequality of opportunity is and how to measure it. Most of recent literature on defining inequality of opportunity were based on the early work done by Roemer (1998).

According to Roemer (1998) equal-opportunity policy aims to "level the playing field". The author states that in order to define that there is an equal or unequal opportunity, one should distinguish between individual's effort and external circumstances. If there is an inequality resulted from different level of efforts, the result is fair, as person, applying higher effort, should get higher reward. On the other hand, if two individuals, applying the same level of efforts, get different results due to pre-determined circumstances, the outcome is considered as an unfair one. In this case, a person gets lower result due to some circumstances beyond the individual's control, therefore this inequality should be removed by providing compensation to the person (Roemer, 1998). The author proposes the simplest model to define inequality of opportunity by the following equation:

$$y = f(c; e)$$

Here, desirable outcome of an individual (y) is defined as a function of circumstances out of individual's control (c) and effort (e). Roemer (1998) claims that all observable exogenous factors as parent's education, birth location, place of living, an individual's education, gender

and race are included to the term "circumstances". Effort part is defined residually, as inequality due to effort is mainly unobservable. The author states that in order to assess the level of opportunity inequality, total inequality (I(y)) should be decomposed to inequality due to circumstances (c) and inequality due to efforts (e).

Paolo (2015) agrees with the definition of inequality of opportunity provided by Roemer (1998) and develops the model further by dividing population into types (people affected by circumstances) and quantiles (people applying the same effort). This decomposition helps to define that inequality due to circumstances (IOp) can be measured by inequality between types, while inequality resulted from different efforts (IOe) can be found by inequality between quantiles. The author interprets inequality based on efforts as reasonable case, while inequality caused by circumstances as inequality of opportunity. The literature modifies the initial equation of inequality of opportunity by dividing person's income by the average income of the quantile (μ^{j}) and multiplying by the average income of the population:

$$IOp = I(Yi,j\mu j\mu)$$

Such modification of the equation leaves only inequality within quantiles by removing inequality between quantiles that aims in measuring inequality of opportunity due to circumstances beyond control.

In order to measure inequality of opportunities, one should first determine what is included to circumstances beyond an individual's control. Roemer (1998) included to external circumstances parent's education, individual's birth location, place of living, individual's education and other factors. Roemer (1998) states that among other factors influencing to opportunity inequality, individual's education is the most important factor in defining future opportunities. The author sees equality of opportunity in terms of education stating that the same level of educational resources should be provided to all people. He states that education is the important factor to have a good life in the future, as it defines range of opportunities available to a person including the chance to enter to high-income group of population. Milanovic (2015) emphasizes the importance of having high education by population on the economic growth of the country. Based on the conducted research, the author proves that if average years of schooling in a country is increased by one year, it leads to increase of individuals' income by more than 30%. According to Milanovic (2015) increase of citizen's income will lead to higher expenditures/spending by household, which in turn causes increase in income of small and middle businesses. In aggregate, it will lead to enhancement of economic growth of the country.

Dreze & Sen (2013) state that "lack of progress in education and health care limits the freedom that people have to enter and flourish in general manufacturing jobs". The authors claim that in the way of economic and social development of a country, education, knowledge and skills of citizens take a crucial role. As an example of effect of enhancing education of citizens, the authors provide case of Japan. The Fundamental Code of Education, issued in 1872, emphasized a public commitment to ensure that there must be "no community with an illiterate family, nor a family with an illiterate person". The authors claim that the nature and speed of economic and social progress of Japan is mostly resulted from the policies aimed at enhancing citizens' education. Later on, other East Asian countries as South Korea, Taiwan, Singapore, Hong Kong and China also started to concentrate on improving individual's education largely by the state

funding. Dreze & Sen (2013) claim that the rapid economic progress of these countries can be largely explained by the achievements of these countries in public education.

As education defines the range of opportunities available to a person including the chance to enter to high-income group of population and chance to have a good life in the future (Roemer, 1998), individuals' opportunity of getting high quality education should be accurately assessed. Turk (2017) analyzes this factor in terms of spatial accessibility between location of an individual and high education. The author states that the longer is the distance to higher education, the lower is the likelihood of enrollment and completion of universities, and in turn, the lower is the chance to get a good job and to enter high-income group of population.

Turk (2017) used survey of individuals, who successfully graduated from high schools in 2007, conducted by THE National Institute for Statistics (ISTAT) in 2011. The main factors taken for the research is place of living before enrolment to university (parental residence) and the location of university enrolled. Distance between these places used to identify spatial accessibility of universities. The survey also includes information about family backgrounds as gender, age, parent's profession and education level of an individual at high school.

Turk (2017) measured spatial accessibility of high education from parent's residence using Hansen-like gravity index:

$$A_i = \sum_j \frac{c_j}{d_{ij}^{-\widehat{\beta}} Pop_j}$$

where A_i is the accessibility of universities at location i, C_j is the number of available places offered by university j in a given year, d_{ij} is the distance between i and j, β is distance decay factor, Pop_j is the total population of 19 to 21 years-old in j. In this model, distribution of universities and youth are taken as determinants of accessibility. The important note is that model is applied to Italy, where university programmes are offered in an open access, meaning that number of places offered in university is the only limitation in enrolling to university. Turk (2017) defined regions with low spatial accessibility of high education in Italy. The author finds distribution of 19 to 21 years old youth per region and determines areas with higher concentration of the youth. Based on these results, the research suggests increasing supply of universities in these regions to ensure equal spatial access to high education. Spatial accessibility in the model preferred to be taken as a continuous variable than a dummy variable, as it takes into account preferences of an individual: there might be university in low distance but student may prefer to study in another university, which is far away from parental residence.

Turk (2017) conducted an econometric analysis applying Probit model to assess what are the factors that influence to likelihood of getting high education by an individual. The results of empirical analysis of Turk (2017) shows that level of high school of a student is important factor in enrollment to a university, as the less the quality of high school is, the less the student is prepared to be able to pass entrance test to universities. The result of the research also proves that type of parent's employment also defines the rate of enrollment to university and further choice of future employment by an individual. The author states that if father of an individual is

"self-employed" or not educated, probability of completion of university by an individual decreases and likelihood of a child becoming "self-employed" increases. It means that low level of education of an individual might lead to intergenerational circle of poverty, where low level of parent's education lead to a low level of children's education.

According to Turk (2017) the most crucial factor that defines likelihood of an individual in getting high quality education is the spatial distance of a high-quality university along with other financial constraints of a household. It is explained by the fact that if there is no high-quality university in a short distance, the only way to get high education is to move to bigger cities, where such universities are available. As moving to another city is financially costly to a household, individuals, who can afford these costs, decide to get high education by migrating to a bigger city, while households, which are not able to deal with such costs, are forced to stay at small town and do not have opportunity to get high quality education. It suggests that the larger set of universities available from parent's residence increases likelihood and preference of student to pursue academic carrier. These factors as low quality of high school, non-educated parent's, spatial accessibility of high quality education and financial situation of an individual are all circumstances out of an individual control that limits the opportunity of an individual to get high quality education. Increasing availability of high quality high schools and universities would increase preferences of students to pursue academic carrier and increase likelihood of getting high quality education. The author suggests policy makers to define locations with low spatial accessibility of high quality education and introduce policies to eliminate geographical barriers in accessibility of education.

Lack of opportunities in a small town is an important issue that in turn causes other problems in development of small towns, cities and the country. Milanovic (2015) considers the case, when income of an individual depends only on development of the country of living. For example, a person, living in a poor country, cannot increase growth rate of the country alone, no matter how hard he works. Therefore, there is no incentive to work more, as there is no place for development. Person can migrate to another richer country as a solution. It can be also interpreted in terms of cities and education. For example, if there is a small town, where there is no possibility to enhance certain skills or knowledge, local people will have no incentive to develop their abilities. As a result, main decision of a talented person is to lower ambitions and stay in the small town with no opportunities to develop; or migrate to developed cities to enhance their talents there. Milanovic (2015) explains that staying in a town with no opportunities lead to underdevelopment of a person's skills and results in a deadweight loss of talented person, who could enhance skills and lead to economic growth.

Atkinson (2008) discusses issue of out-migration of individuals from rural areas and small towns towards big cities. The author explains that this out-migration is caused by desire to get access to better social services such as schools, health institutions with higher quality, aim to have a chance to get better jobs and other opportunities available in developed cities. Atkinson (2008) also states that mostly middle-class people are prone to such migrations. He claims that as these people are the ones, who are more likely to start small businesses, losing these strata of people inversely effects on economy of towns and rural areas. As a result, it causes such called "brain drain" from towns towards cities, which in turn lead to absence of ambitious people in towns, who could try to develop the town. Atkinson (2008) also defines that such migration leads to congestion costs in big cities as increase of unemployed people, traffic-jams and higher rate of crimes, as mostly cities are not able to handle rapid increase of population.

In the case of Kazakhstan in terms of equality of opportunities and circumstances out of individual's control, it is noted that due to external circumstances, as parent's income inequality, individuals from different regions do not have equal opportunity to get high quality education. O'Hara and Gentile (2009) assessed geographical inequality in Kazakhstan and defined that there is not only inequality of opportunities between urban and rural areas, but there is also inequality between different regions. The authors provide data about average salary in different regions of Kazakhstan in 2012 stating that average income in some regions as Atyrau (1209.89\$), Mangistau (1055.31\$), Astana (994.48\$) and Almaty (901.20\$) is almost three times higher than average income in less developed regions as North Kazakhstan (462.22\$) and Jambyl (484.85\$). Mukhamediyev, Kudasheva and Kunitsa (2017) provide data that 85.8% of poor household and 81.8% of the group "leaving poverty" in Kazakhstan live in rural regions. Taking into account that high quality universities are mainly located in Almaty and Astana, where fee of such universities and cost of living is high, individuals from rural areas and lowincome regions do not have opportunity to get high quality education.

Mukhamediyev, Kudasheva and Kunitsa (2015) claim that there is a "vicious circle of poverty" in Kazakhstan that poor cannot get high education due to budget constraints and accessibility of education and as a result cannot enter to high-income group of population. As a result, they stay at small towns and engage in low-income jobs leading to intergenerational poverty and causing underdevelopment of such small towns. Therefore, education inequality affects income inequality, and vice versa. Citizens of small towns, who can afford high costs of studying in big cities, migrate there, causing "brain drain" from small towns and leading to congestion costs in big cities (Atkinson, 2008). Mukhamediyev, Kudasheva and Kunitsa (2017) claim that government should focus on improvement of spatial accessibility of high quality education for all regions of the country and create free access to high quality universities for vulnerable groups.

In conclusion, literature review showed that inequality of opportunities occurs, when there is inequality due to circumstances out of an individual's control (Roemer, 1998). The author states that among other factors influencing to opportunity inequality, individual's education is the most important factor, as education defines the range of opportunities available to a person including the chance to enter to high-income group of population. Turk (2017) claims that opportunity of individuals to get high quality education should be assessed in terms of spatial accessibility between location of an individual and high education. The author states that the longer is the distance to higher education, the lower is the likelihood of enrollment and completion of universities, and in turn, the lower is the chance to get a good job.

In case of Kazakhstan, taking into account that high quality universities are mainly located in Almaty and Astana, where fee of such universities and cost of living is high, individuals from rural areas and low-income regions do not have opportunity to get high quality education (O'Hara and Gentile, 2009). As a result, main decision of talented people from small towns is to lower ambitions and stay in a small town causing deadweight loss of talents; or migrate to developed cities to enhance talents there, which in turn causes congestions costs in big cities as traffic jam, air pollution, etc. Therefore, policy makers should define locations with low spatial accessibility to high quality education and introduce policies to eliminate inequality opportunity in getting high quality education due to geographical barriers in education accessibility.

In this section, I analyzed works of other authors including econometric analysis and methods applied by other authors, while in the next section I will introduce methods that I will use in this research.

Methodology

The paper focuses on geographical opportunity inequality of education in Kazakhstan aims to show that opportunity inequality in education among different regions of Kazakhstan is an important issue that constrains economic development of the country. Therefore, the previous section explored other authors' works, while this section describes the methods that I will use. For the purposes of this research, it is planned to conduct econometric analysis of a survey conducted by The European Bank for Reconstruction and Development (EBRD) and the World Bank using STATA software in order to test the correlation between variables and to perform tests. Additionally, methods of this paper will include organizing interviews and analyzing demand for and supply of high quality education.

The literature review showed that main factors influencing opportunity of a citizen from Italy to get high quality education include level of high school of a student, type of parent's employment and spatial distance of a high quality university. In this project, I will conduct econometric analysis of households' survey to identify what are the factors that influence likelihood of getting high education by an individual in Kazakhstan. For the purposes of this research, it is planned to conduct econometric analysis of a survey organized by The European Bank for Reconstruction and Development (EBRD) and the World Bank.

The European Bank for Reconstruction and Development (EBRD) and the World Bank have carried out households' survey across the transition region since 2006. This survey is a large-scale and comprehensive survey focusing on beliefs, perceptions and attitudes of individuals and households across the transition region. For this project, I used "Life in Transition Survey III: A decade of measuring transition" (LiTS iii) survey conducted in 2016. It is the third wave of the survey that focuses on respondents' family history, demographic data, asset ownership, labor participation, corruption and other factors.

In this paper, only responses of individuals from Kazakhstan were chosen. I have filtered out and dropped all other countries manually using Microsoft Excel software. Therefore, this dataset includes 1160 observations of Kazakhstani citizens from LiTS iii survey conducted in 2016. The dataset will be downloaded to STATA software in order to test the correlation between variables and to perform tests.

Data Description:

Number of observations: 1160 (Kazakhstani citizens)

Country Country

PSU_name Location (city/village)

Region_name Region

Dlcn Urbanity status - Dummy variable (1 if urban, 0 if rual)

Dgender Gender - Dummy variable (1 if Male, o if Female)

Age_pr Age

MaritSt Marital status

EDCN Education level - Dummy variable (1 if high education, 0 is otherwise)

FEDCN Father's years of education

MEDCN Mother's years of education

FWORK Father's profession

MWORK Mother's profession

NMInc Net monthly income

HHSIZE Household size

DBLCN Birth location - Dummy variable (1 if urban, 0 if rural)

DSLCN School location - Dummy variable (1 if urban, 0 if rural)

As this paper focuses on determining factors that influence to education level of an individual, for the econometric analysis, as dependent variable I chose education level of an individual. The dependent variable will be a dummy variable, where 1 is if individual has high education, 0 is otherwise. Y=0 or Y=1, where Y is whether an individual has a high education or not, meaning that the outcome (response) variable is binary (0/1). Therefore, in this study Probit regression is used to model binary outcome variables in order to predict the probability of an individual having high education. Independent variables are numeric, categorical and dummy variables. Based on the literature review of the previous section and theoretical background, number of independent variables such as household size (hhsize), age (age), fedcn (father's years of education), medcn (mother's years of education), fwork (father's profession), mwork (mother's profession) and net monthly income (NMI) will be selected.

Age of an individual, parent's years of education, net monthly income are assumed to have positive correlation to education level of an individual, while household size is assumed to have a negative correlation with the dependent variable. Additionally, it is assumed that if gender is

male, urbanity status, birth location and school location are urban, the probability of having high education of an individual will increase.

In addition to econometric analysis, this paper will analyze demand for and supply of high-quality education. First, I will get ranked list of Kazakhstani universities and assess distribution of these universities within Kazakhstan. Based on these results, I will define distribution of high quality education supply in the country. Then, I will analyse distribution of 16 to 21 years old youth per region in Kazakhstan and determine areas with higher concentration of the youth to determine demand for high quality education. Then, the paper will assess supply and demand of high education by analysing distribution of high-quality universities and youth within the country to determine whether all citizens have equal spatial access to high education. Based on the results of this analysis, the paper will propose possible solutions of spatial inaccessibility of high education within the country.

Additionally, I will conduct interview with students from different regions studying in universities in Almaty and Astana to identify situation in their home region. It is assumed that students, who have studied in small towns during school years and are studying in universities in big cities, will have useful experience on assessing difference of life conditions between small towns and big cities. At the same time, these students will have personal knowledge and experience to assess opportunity of a person from small town to enter to high quality education in big cities. For such interview, one student from each region of the country will be selected, so that the research covers whole country. Interview will focus on information about reasons of getting/not getting desired high education, difficulties and constraints that a person had in getting high quality education, university that individual dreamed to enrol and university that individual enrolled/will enrol, etc. This method will be useful to compensate limitations of not being able to go to each region to interview people.

This section provided information about methods that will be used to determine opportunity inequality of education in Kazakhstan. For the purposes of this research, it is planned to use three methods. First method will be conducting an econometric analysis of a survey organized by The European Bank for Reconstruction and Development (EBRD) and the World Bank using STATA software in order to test the correlation between variables and to perform tests. This econometric analysis will help to identify major factors influencing likelihood of getting high quality education in Kazakhstan. Second method will be conducting research by getting the distribution of high quality universities and 16 to 21 years old youth within the country. Then, the paper will assess supply and demand of high education by analysing distribution of high quality universities and youth within the country to determine whether all citizens have equal spatial access to high education or not. Another method will be organizing interviews with students come from each region of the country. This method will help to understand life conditions and opportunity to enter to high quality university in each region.

Conclusion

The topic of this research is opportunity inequalities and the research question is "How to decrease geographical opportunity inequality of education in Kazakhstan?" By this research, I want to show that opportunity inequality in education among different regions of Kazakhstan is an important issue that constrains economic development of the country. In the literature review

part, I analyzed works of other authors including econometric analysis and methods applied by other authors, while in the methodology part I introduced methods that will be used in this research.

Literature review showed that inequality of opportunities occurs, when there is inequality due to circumstances out of an individual's control (Roemer, 1998). The author states that among other factors influencing to opportunity inequality, individual's education is the most important factor, as education defines the range of opportunities available to a person including the chance to enter to high-income group of population. Turk (2017) claims that opportunity of individuals to get high quality education should be assessed in terms of spatial accessibility between location of an individual and high education. The author states that the longer is the distance to higher education, the lower is the likelihood of enrollment and completion of universities, and in turn, the lower is the chance to get a good job.

In case of Kazakhstan, taking into account that high quality universities are mainly located in Almaty and Astana, where fee of such universities and cost of living is high, individuals from rural areas and low-income regions do not have opportunity to get high quality education (O'Hara and Gentile, 2009). As a result, main decision of talented people from small towns is to lower ambitions and stay in a small town causing deadweight loss of talents; or migrate to developed cities to enhance talents there, which in turn causes congestions costs in big cities as traffic jam, air pollution, etc. Therefore, policy makers should define locations with low spatial accessibility to high quality education and introduce policies to eliminate inequality opportunity in getting high quality education due to geographical barriers in education accessibility.

For the purposes of this research, it is planned to conduct econometric analysis of a survey organized by The European Bank for Reconstruction and Development (EBRD) and the World Bank using STATA software in order to test the correlation between variables and to perform tests. The results of the econometric analysis will help to identify major factors influencing likelihood of getting high quality education in Kazakhstan. Additionally, methods of this paper will include organizing interviews and analyzing demand for and supply of high quality education. These methods will help to understand life conditions and opportunity to enter to high quality university in each region and to determine whether all citizens have equal spatial access to high education or not.

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"Central Asian journalist crisis"

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Abstract

Professional migration of specialists is a widespread phenomenon in many industries, and journalism is not an exception. In the context of the journalist sphere, there is a general tendency that professionals often switch their employment to related industries or radically change their activities. This research addresses the reasons why journalists from Kazakhstan leave their profession by conducting semi-structured interviews with the current and former professional journalists. The survey and personal interviews determine not only the answer to the main question but also reveal related data: which industries journalists most often go to, what journalistic skills help them be successful in other professions, when and why journalists have "professional burnout". The study is conducted through the prism of Motivation-hygiene theory.

It was found that in the context of Kazakhstan, both motivators and hygiene factors play an important role in shaping the decision making of journalists. In particular, it was found that one of the most common reasons for leaving journalist professional employment refer to the limited opportunities for personal growth, a relatively low payment and long working hours that hinder an effective work-life balance.

1. Introduction

Journalism is perceived as an indispensable part of the media industry. The importance of this professional field is determined by its functional purpose of serving the goal of democratic transition. Therefore, prompting the development of the journalist sphere is especially essential in authoritarian and transition economies. However, it can be noticed that in the context of these types of governance, the professionals employed in the journalist field often choose to leave their profession. This research examines the reasons why journalists quit their profession and move to other employment opportunities in Kazakhstan, a Central Asian post-Soviet government in transition.

1.1 An insight into the journalist sphere

Journalism is widely defined as "an independent pursuit of accurate information about current or recent events and its original presentation for public edification" (Shapiro, 2014, p.555). As a professional employment, the term is described as a field, which is aimed at providing media coverage of current affairs in the country (Witschge & Harbers, 2018). Finally, as a political and social instrument, journalism is expected to serve as a so-called bridge between the government and society aimed at highlighting and revealing the social problems and acting as a public voice (McIntyre, 2019).

As for educational background, many surveys and discussions of practicing journalism suggest that journalists do not need to have basic special education (Isakova, 2015). This means that on average, this professional employment is open for a wider range of workers compared to other jobs, especially in post-soviet countries, where getting a bachelor's degree necessitates students to study for a minimum of four years, and the for additional two years to obtain the master's degree. In June of 2018 the Minister of Education of Kazakhstan Mr. Sagadiyev E. has amended the law on the development of education, according to which journalists can study for 2.5 years, as well as combine two different professions.

1.2. Statement of the problem

As for the scholarly analysis of journalism, researchers of journalism pay a limited attention to Central Asian nations, often considering this region as a "post-Soviet space". Therefore, there is little scholarly analysis done in the field of journalism in Kazakhstan and wider Central Asia (Shafer & Freedman, 2010). The studies lack the data on employee satisfaction, the conditions of work and the disadvantages that push the journalist to change their employment. Some publications state that journalists quit the profession as a result of censorship and professional burnout (Uporova, 2018). This is due to the lack of opportunities to carry out legitimately interesting material and not scandalous news to raise the ratings of mainstream media (Melnikova, 2013). Several other factors that prompt the shifts of professional employment include low wages, despite the high level of education as noted by Grieco (2018) and/or threat of violence in the process of data gathering and publishing (IREX, 2018). Until 2008, advertisers were the main

source of income for most Kazakh independent media sources. However, amidst the development of the global economic crisis, their capacity began to shrink critically, which is why a proportionally large quota of media outlets were on the verge of extinction (Mazorenko, 2017). Given this, one can argue that mass media as a whole is undoubtedly experiencing a crisis due to its direct interconnection with a wider economic environment (Sherwood & O'Donnel, 2018).

1.3. The purpose of the study

This study is aimed at investigating the issue of the present-day journalist crisis through the prism of Central Asia. In doing so, this research is expected to contribute to the current scientific inquiry into the specifics of the journalism profession. In this sense, the research is going to create a general understanding of professional expectations from modern journalists, outline their functional responsibilities, explore the benefits and limitations of this profession from the perspective of journalist workers and identify the reasons for the so-called 'professional burnout'. In order to do so, the analysis is going to be based on assessment of interviews collected from the former Kazakhstani journalists.

2. Literature review

Nikunen (2014) noted that the media environment is exposed to various changes in the XXI century. The main factors that contribute to these changes are the advent of new technology, online publishing and convergence (Nikunen, 2014). Therefore, understanding the modern business models in the sphere of media requires the inevitable adaptation to the trends (Nikunen, 2014). The dilemma has hit newspaper publishers most severely, because news updates too fast and people even do not have time to buy new editions of newspapers and sometimes news that was just published in the latest issue was outdated during issue was printing in publishing houses. Therefore, readers prefer online media and, sometimes, social media as well. Changes take place in all the media platforms. In particular, they are searching for new means of attracting a larger share of new audiences and maintaining their positions in the competitive and changing markets. As an example of a journalist crisis in Central Asian governments, there is a tendency to shut down regional newspapers that are currently being printed as a part of international digitalization (Jumashova, 2018).

As a result, there is a tendency to reduce jobs in the traditional media. Some publishing houses go online and minimize the numbers of permanent staff, replacing them with cheaper outsourcers. In 2017, Google Corporation announced that it will finance the creation of robot journalists (Today.kz, 2017, para 1). At the same time, Washington Post has a robot which is already working and producing up to 300 articles per year (Moses, 2017). Taking into account the above-mentioned reasons, this study attempts to analyze and answer a question: "where journalists of Central Asia go after quitting their profession".

Accordingly, in addition to the fact that there is a limited number of graduates with the diploma in "Journalism", many of them lack proper experience at the beginning of their careers. Thus, it is usually difficult for them to get a job in the media. Faced with an acute shortage of qualified personnel, many media industry representatives complain habitually about feeble journalism education, accusing it of lagging behind market requirements (IREX, 2018). At the same time, many experienced journalists lose their jobs due to job cuts. Migration within the

industry is insignificant, because the Kazakhstani media has a fairly compact size. A number of different researchers identified several fields that are viewed as preferable among past journalists. Lev-On & Mann (2018) claim that some of them decide to go to politics. Ahmedova (2007) states that they mostly leave for public relations. Chen (2016) believes that they serve as efficient content editors in an advertising agency. Some of them choose to work even outside social jobs (Uporova, 2018), showing that many of them prefer to become taxi-drivers or work in other industries as found by Kanevskaya (2016).

Scholars identify many reasons that can push the employees to shift their professional occupation. In order to understand the reasons for leaving a particular position, there is a need to understand why people need professional employment in the first place. In general, people perceive professional employment as the measure of earning money for covering basic and personal needs; and the mean of personal growth (Pieters, 2016). Therefore, it is logical to assume that people decide to leave a job when the position either does not allow a professional to generate decent income or prevents him or her from professional and personal development. Scholars also highlight that in many cases quitting a job can be associated with a negative environment and job conditions (Sato, et al., 2015).

Journalism is currently going through a transitional phase in light of several changes, some of which have been long persistent, and some are newly emerging due to the fundamental changes in the ways information is being spread. The changes directly affect the destinies of workers in the field and deserve careful examination.

3. Methodology

3.1. Research questions

Based on recent literature, this research proposes the following specific research question: 'What are the main reasons why Central Asian journalists leave this profession?'

It is possible that research findings may also be a practical tool for understanding and making a contribution to the existing system of journalism education.

2.2. Methods of data analysis

So, in order to achieve these aims, the study is designed in forms of the qualitative data analysis. The secondary sources that are going to be utilized in this study include the present-day scientific publications, books and researches on the topic of journalism in hand with printed and digital media publications that shed a light on the current journalistic crisis in Kazakhstan. In general, the secondary sources are expected to set the theoretical framework and context for the investigation.

4. Analysis and discussion

As it was shown in the literature review, there is vast theoretical and scientific investigation of journalism and the factors that prompt the journalist to seek employment in a different sphere

in many regional contexts such as the US, the UK and Europe. At the same time, it is possible to notice that there is little or limited scientific analysis behind the decreasing rates of employment amongst journalists working in Central Asia.

Many scholars believe that the scarcity of professional journalists in Central Asian countries is explained by the fact that it "never managed to secure free media during more than two decades after the fall of communism" (Ryabinska, 2019, p.331). So, the media and thus journalist sphere is post-Soviet space are largely believed to be densely exposed to governmental control and regulations with different degrees of intensity based on the country (Zasoursky, 2016). The rules and state political restrictions often prevent journalists from highlighting any ambivalent topics in politics (McNair, 2018, Ryabinska, 2019). In addition to that, the political structure of Post-Soviet governments not only restricts the scope of non-state media coverage to gutter press and entertainment but can also result in legal prosecution in the absence of state support (Pietilainen, 2016).

One of the most vivid cases of legal prosecution includes the massive arrests of 237 public activists and non-state journalists during 2015 public protest against the two times increase in prices for electricity established by Electric Networks of Armenia (ENA) in Yerevan (Paturyan, & Gevorgyan, 2016). This case attracted huge international attention and resulted in the global condemnation of Yerevan police for preventing the journalist from collecting and publishing the material (Paturyan, & Gevorgyan, 2016). In addition to that, based on the reflections of past Russian journalists on their employment conditions, the state can also exert indirect external barriers to journalists work by manipulating the economy and institutional funds. For instance, past journalist Nikitinskiy (2011) claims that apart from direct threats, the post-Soviet journalists might also be faced up to artificially created economic problems such as a sudden 7 times increase of rent price. In Ukraine, the socio-political voice and authority of journalists are exposed to sudden fluctuations stemming from the rapid changes in political environment, i.e. from a slight proliferation in media freedom during the period of Orange revolution to strict control of the press and tight censorship rules during the following presidency of Yanushkevich (Ryabinska, 2019). These examples illustrate that political journalists who are trying to extend media coverage from entertainment to political news are often faced up to severe state pressure and legal enforcement. In this sense, the governments restrict the development of media in the cases when it tries to act as the feedback channel for raising the public and state awareness of social, economic and/or political problems. Needless to say that these conditions act as one of the reasons why journalists leave their profession for more stable and safe employment.

In the context of Kazakhstan, the development of journalism is consistent with its post-Soviet counterparts. The media is largely defined as unfree and unsustainable based on evaluations of international agencies (Anceschi, 2015; Junisbai, Junisbai, & Fry, 2015). Despite the fact that the state has around 1200 registered newspapers, more than 50 radio stations, around 1200 magazines, 108 television TV stations and more than 40 news agencies, the top positions are occupied by state-sponsored media channels (IREX, 2018). In addition to that, the so-called digital journalism is also exposed to state censorship as the legal boundaries limit the range of material to non-political themes (Anceschi, 2015). It is evident that these restrictions on the media create unfavorable conditions for the development of the journalist sphere in Kazakhstan and prompt a diminished image and prestige of the profession. Based on 2016 research only less than 15% of Kazakhstani journalists believe that they represent an independent vision and are free from state control (Akhmetova, Verevkin & Lifanova, 2018).

5. Conclusion

To sum up, Central Asian countries can be defined as belonging to the global journalist crisis. With the development of social media, new means of spreading the news substitute conventional journalism and as a result, many journalists decide to leave their profession. This also results in the inevitable closure of journalist employment centers such as newspapers and journals. On the other hand, online means of delivering news and providing information and entertainment to the public are gradually transforming journalism.

However, recent changes inevitably result in the gradual decrease in the average rate of salaries in the field. Apart from external factors such as the diminishing popularity and prestige of the profession, many journalists from Central Asian countries also fail to enjoy all the benefits of the profession due to the limited freedom of speech and harsh media control from the side of the government.

As a result, the journalist sphere is either heavily politicized or lacks any professional underpinning. In the long term, this might result in the feeling of dissatisfaction from the side of journalists, which further pushes them to leave their professional employment.

So, at present one of the main stumbling blocks to the development of journalism as a professional employment in Central Asia are a decreasing prestige of the profession on the global scheme and limited opportunities for personal and professional development.

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"Challenges and opportunities for internal recruitment of graduate students"

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Abstract. For the past years, internal recruitment of graduate students has become a trending issue among several countries. As long as students get a bachelor degree, they start to seek for an opportunity to gain experience and find work in the area of specialization. Contrary to that, admission tries to implement specific programs that will attract current graduates to apply for a master's degree. Such a procedure is known as "internal recruitment". The purpose of this paper is to identify the relevance of internal recruitment at KIMEP University as well as indicate the level of marketing involvement in this process. Thus, the research objectives are: a) to find out the advantages of fast-trackers recruitment on the graduate programs, b) to investigate the possible difficulties in the process of internal recruitment, c) to research on practical changes of graduates admission recruitment within the implementation of new marketing strategies

Keywords: internal recruitment, higher education branding, Kazakhstan

Introduction

Internal recruitment as a newly adopted procedure possesses a variety of questions connected with potential difficulties. For example, there is the fact that admission offices at some universities, like the University of Northern Colorado, work very slowly or sometimes they even do not know the requirements of simple procedures. As Cassuto (2016) noted from his interview with Posseto, in most cases, admission offices cannot work with potential applicants due to their impracticality. "Students do not know what is expected or desired, and the result is a system that's difficult to navigate, even for those with inside knowledge" (Cassuto, 2016, p.

1). Moreover, the difficulty of accepting potential applicants for masters lies in the limited criteria, where the majority of applicants could be rejected due to the underscores of specific examinations, for instance GRE. GRE is the admissions test for graduate and professional school which includes such areas as verbal reasoning, quantitative reasoning analytical writing.

According to Educational Testing Service (n.d.), these examinations help to identify the qualification of the candidate as well as provide a solid base for the acceptance to the master's degree. Cassuto (2016) expressed an opinion that it is at least not reliable, as GRE results might be only one of many indicators that can convince the committee to accept the candidates. Furthermore, the situation with graduate's enrollment to the programs gets more complicated, as frequently fresh graduates do not apply for a master's degree while looking for gaining professional experience. "National figures indicate that the number of students applying for admission to some graduate schools has declined by as much as 15 per cent over the past several years." (Hilts, 2018, p.1).

Statement of the problem

It can be seen that up to today, there are many concerns concerning the decreasing number of graduates, applying for education for a Master's degree. As of today, the majority of fresh graduates tend to apply knowledge from the university on practice and receive some experience straight after graduation, underestimating the significance of further education. Consequently, universities' number of applicants for master's is decreasing as well as the image of educational facilities is downgrading. Therefore, the practice and promotion of so-called "fast-tracker" programs with the help of marketing strategies can influence the perception of many applicants on other education processes.

Background and the Need

Despite the fact of a drop of applications' numbers, there are some benefits of internal recruitment for both students and admission committees of universities. For example, it could be the first step towards the change of usual recruitment procedures in order to increase the potential number of students, signing up for Graduate programs. Nowadays, often internal recruitment is more prevalent among business companies than universities. Internal admission of workers in the companies is a practical method, where employers seek workers within the existing structures of the organization. Such type of recruitment allows looking for the best candidates on the place, who have already contributed a lot for the development of the company. Moreover, it is beneficial for employers to seek for people inside the organization, as they may know the specifics of work, and there is no need for workers to provide training on job responsibilities. Therefore, a variety of admission offices deal with internal recruitment of applicants within their universities. For example, Antioch University in Los-Angeles uses the fast trackers' program to attract and somehow give advantages to the students, who have got a bachelor's degree and plans to acquire masters at the same university.

Korznikova, Podkina, and Chikova (2016) suggested that marketing approach can be applied to education. The marketing strategy is established to ensure that students need an educational service. It is necessary to take into account the needs of the market, to find specialists, to form a technical base. It is necessary to develop planning for an educational product. The high reputation of the university, free education or low-cost payment, adequate preparation, and specializations are significant criteria when choosing a university. Astakhova and Solodkiy (n.d.) stated that the number of applicants is affected by what specialties are offered by universities.

Internet marketing is also an important marketing tool. Internet marketing is a theory and methodology of marketing in the Internet environment, which has specific characteristics, which differ from the characteristics of marketing systems. It is not enough to follow the instructions for the university's website to run successfully. For example, there are websites of universities, which are more popular, although they do not have information saturation websites. The main reason for the popularity of the website is the provision of active communication to users. People need to create a private account for privacy. Each student can check their academic performance, have access to electronic books or receive advice. In this way, the website must be continuously developed and filled with information technology. Overall, there are many possibilities where internal recruitment can be improved, employing marketing and development of the image.

One of the popular means of contacting and obtaining information is the website. According to Shirin (2015), the university's website serves to inform visitors about the events and activities associated with the university, as well as for background information. The organization of the information and technological process has two trends: information technology - technological component, support-service. The purpose of the website is to inform applicants about educational services through the Internet, which provides new learning opportunities. The website has four main functions: a) information- providing of important information to the university, b) communication-providing communications between the administrations, partners, students, entrants, c) resource- providing information for educational and professional activities, d) image-creating a positive attitude towards the university.

Purpose of the Study

The primary purpose of this paper is to identify the relevance of internal recruitment, particularly at KIMEP University, as well as indicate the level of marketing involvement in this process. Thus, the objectives of the research include the following: a) to find out the advantages of fast-trackers recruitment on the graduate programs, b) to investigate the possible difficulties in the process of internal recruitment, c) to research on practical changes of graduates admission recruitment within the implementation of new marketing strategies

Research questions:

There are several research questions that this paper possesses:

- RQ 1: How actual is the practice of internal recruitment among graduates with a bachelor's degree at KIMEP?
- RQ 2: What are the challenges that admission officers face while looking for fast trackers?
- RQ 3: How internal admission can improve the image and statistical background of the university by an improvement of marketing strategies.

Looking through the research questions, the hypothesis was formed that "taking into account the growing demands of universities to enroll a higher amount of applicants to graduate programs,

they might face the challenges of seeking for candidates within fresh graduates of the same university."

Theoretical Framework

The research is based on the theory of "competitive advantage". Michael Porter promoted it in 1985. The main idea of the "competitive advantage theory" lies in the fact that every company should focus on the establishment of the highly-demanded product at a high price that will make it possible to outmarch other competitors. This theory can also be applied to the education system. High-ranked universities of Kazakhstan, such as KIMEP, KBTU, NU always compete in terms of the number of fresh applicants. Thus, the establishment of new projects, programs and recruiting strategies should take place, as it can give a competitive advantage to education facilities. The procedure of internal recruitment, in this case, can contribute to the increase of competitive advantage of KIMEP as there are practically no universities in Almaty that practice this kind of recruitment. Moreover, by implicating internal recruitment, KIMEP can improve its image, attract a higher number of applicants and therefore achieve absolute advantage among other universities. Overall, the theory of "competitive advantage" will help to recognize the importance of establishing new strategies for education facilities in order to reach a higher number of enrolled students and confirm the status of the best university.

Significance of the field

As the question about fast trackers admission is relevant mostly worldwide, the significance of the issue is quite significant. Thus, the research aims to find out whether internal recruitment of recent graduates of KIMEP bachelor program could lead to the boost of graduate programs population. The methods of data collection that will be used in this research are quantitative and qualitative. Due to the absence of any secondary data on the issue of this paper, data collection will be conducted through primary research. Interviews with university staff as well as surveys for fresh graduates, who have passed through fast-trackers programs will be used as the primary methods. Surveys will be paper-based or distributed with the help of online platforms.

Literature Review

As it was mentioned in the previous section, the main idea of this paper is to examine the specifics of internal recruitment, whether it is possible to attract fresh graduates to the master's degree in the same institution, as well as indicate the main challenges and opportunities of such practice. This research also places marketing as one of the essential tools in the recruitment and upgrade of the university's image. Therefore, the main research questions of this paper are a) "How actual is the internal recruitment among graduates with bachelor's degree at KIMEP?", b) "What are the challenges that admission officers face while looking for fast trackers?", c) "How can internal admission improve the image and statistical background of the university by enhancing marketing strategies?". This section will look through secondary resources on the topic of the research and provide a sufficient background of the issue.

Marketing in the process of recruitment

Internal recruitment is considered to be a good strategy of student's admission to universities, and thus, it is a developing trend among worldwide education systems. As recruitment procedures are often associated with the advertisement of the university's image, it is deeply interconnected with the application of different marketing strategies. According to Korznikova, Podkina, and Chikova (2016), marketing approaches can be applied in education. The marketing strategy can be narrowed to ensure that students need an educational service. It is necessary to take into account the needs of the market, to find specialists, to form a technical base. It is also significant to develop planning for an educational product. Educational products can be sold on the market, using the following methods of marketing: professional orientation work with graduates of schools and universities, open house days, advertising in the media. Also, a vital part of marketing is feedback from students.

The researchers also mentioned that significant criteria when choosing a university are the high reputation of the university, free education or low-cost payment, good preparation. Internet technology, distance learning, university integration and business are also important. As a result, many companies started to use the marketing mix. The marketing mix is a combination of different types of marketing. There are five types of marketing mix of the university: education services policy, price, promotion, sales, and staff problems. The main reason is not understanding the importance of marketing in educational activities. So, driven from the statements above, it can be said that the importance of the marketing strategies is enormous during the recruitment among students.

Another critical point that should be considered is the fact that marketing strategies will work efficiently only with the products that are highly demanded. According to Astakhova and Solodkiy (n.d), the number of higher education institutions has increased, as the demand for these services is always high. The table that was provided in the research showed an increase in the growth of state and non-state universities, as well as an increase in the number of students. However, nowadays, the growth of public and private universities has decreased. Astakhova and Solodkiy (n.d.) explained that it is the consequences of Vladimir Putin's proposal to improve the quality of education and reduce the number of universities. It is significant to mention that the number of applicants is affected by what specializations are offered by universities. The examples provided by Astakhova and Solodkiy (n.d) include the University of Finance and the HSE Research Institute. Based on that, it can be mentioned that if there is a high interest, then marketing policy is effective.

The main methods of marketing are advertising, public relations, personal sales, digital marketing. According to Astakhova and Solodkiy (n.d), three criteria determine the formation of the brand of the university - social value, consumer value and long-term brand value. Social value refers to historical values, famous personalities who have graduated from the university. For example, the Financial University is trendy due to a large number of legendary graduates, as applicants think that they will achieve the same results. Moreover, the University of Finance encourages its students to hang posters about the open house or go to schools and talk about the university to enhance marketing steps. In the case of digital marketing, the entrants rated the website of the University of Finance compared to the site of the Higher School of Economics low-informative. Also, applicants believe that the brand of the Financial University will help

them in employment, although it is not as popular as MSU, MGIMO or Higher School of Economics.

Public relations is vital to marketing as well as relationship building of a university. Aleksieva and Filipov (2016) put it educational public relations helps any educational institution to stand out and to gain understanding and support from its stakeholders. He also elaborated that "educational public relations greatly contribute to the formation of public attitudes, identification and gaining support for improvement and development of the tangible and intangible assets" (Aleksieva & Filipov, 2016, p. 5).

Importance of image and branding in the recruitment

As the main focus of recruitment lies in attracting prospective applicants, it is essential to mention the role of the image and brand of a university. Filipov (2019) defined the university brand as "an amalgam of rational perceptions (tuition fee, material base and quality of education), as well as emotional associations with positive, motivating and invigorating activity" (p. 70).

As a part of image representation, there is a need to use history, location, name style, logo, outstanding personality, a site to create the image of the university. According to Gvozdetskaya Korokoshko and Neretina (2015), many universities have understood that in order to form an image, there is a need to use marketing tools. Many consider such a tool as branding that is used to give the uniqueness and to show the interested audience the features of the university, so to present competitiveness. The researchers also noted that the main task of branding is to make the educational product unique and to help users distinguish it from others. The brand allows consumers to understand how their university is different from others and why applicants need to choose this particular university. Two criteria form the brand. The first is market positioning that intends to provide a competitive position using such tools as new technologies, scientific products. The second is internal positioning that is connected with the identification of the product, its organizational support and communication.

Their main emphasis is history, the achievements of graduates, highly qualified teachers, and research. Consequently, the university's brand platform is the main idea of the university's positioning. It should show the characteristics of the university and be easily remembered by the audience. Rebranding is also very popular - it is an extension of non-core specialities. For example, the Massachusetts Institute of Technology has increased its specialization through linguistics, political science, management, biology, and economics. As Gvozdetskaya Korokoshko noted it, and Neretina (2015), some Universities are changing the name of their brand due to inadequate ranking position. As the uniqueness of the brand changes, universities can change the name of brands. On this basis, it can be concluded that foreign and domestic universities understand the need for marketing and raving in the development of the image and brand of the university in connection with the increasing competition in the educational market and take concrete actions to improve their brand.

Branding and competitiveness

Moving on to the practical sights of marketing strategies, it can be stated that usage of branding is beneficial for the acquiring of competitiveness. According to Melnik (n.d), the Russian market for educational services has formed a high competition. To be competitive in this market, there is a need to be able to accurately set goals, determine the market position and marketing strategy of the university. Moreover, in order to work effectively in the educational services market, usage of all the options of the marketing complex, namely product, communication, distribution, and pricing, is inevitable. Marketing mix or complex marketing is a specific coordinator of various elements. As Melnik (n.d) mentioned, universities can choose different elements for a more significant influence on the educational services market. Moreover, services are an integral part of the employees.

As services vary in quality, it is undesirable to impose strict standards on educational services. It is also necessary to take into account that people forget the information and knowledge they have received. Educational services require close interaction between the consumer and those who provide educational services, which is not necessary for each other of the services. Therefore, the principal value of the university is employees. Melnik (n.d) stated that university employees must have professional knowledge in marketing since it serves as an advertisement for the university and the subject of public relations. Thus, the basis of the marketing strategy is to specify activity to achieve the best result while using the marketing complex.

Role of IT in recruitment

Up to today, one of the main innovations of higher education is the introduction of information technology in education. According to Shirin (2015), the organization of the information and technological process has two trends: first is information technology - technological component, second is support-service. One of the popular means of contacting and obtaining information is the website. The university's website serves to inform visitors about the events and activities associated with the university, as well as for background information. The purpose of the website is to inform applicants about educational services through the Internet, which provides new learning opportunities.

A website has four main functions. First of all, informing- providing critical information to the university. Secondly, it is a matter of communication, where the administration, partners, students, entrants obtain information from each other. Thirdly, it is the significance of resources, where the website provides information for educational and professional activities. Finally, it is a matter of image-creating a positive attitude towards the university. Internet marketing is also an important marketing tool. As Shirin (2015) stated, internet marketing is a theory and methodology of marketing in the Internet environment, which has specific characteristics, different from the characteristics of marketing systems. It is not enough to follow the instructions for the university's website to run successfully. For example, there are websites of universities, which are more popular, although they do not have information saturation websites.

The main reason for the popularity of the website is the provision of active communication to users. Each student can check their academic performance, have access to electronic books or receive advice. In this way, the website must be continuously developed and filled with

information technology. Prosalova and Nikolaeva (2018) supported the claim that information technologies operate for the best of advertisement and encourage them to have a good look. The university's website may exist, but may not always perform marketing functions, namely, to attract the largest number of applicants.

The attractiveness can be noted on those sites that have a clear structure, original design, the official logo of the university, accessible and understandable content, a single style solution, feedback. Internet marketing is used as an element of online tools, where the main task is to get the most significant effect on applicants and increase their flow. Internet marketing includes several components such as the website of the university, advertising of the university on the Internet, the employee of the university and the applicant through social networks, e-mail, a reflection of the results of scientific activities of teachers in the Internet space and reviews of employees and teachers of the university. Concluding it can be said that internet marketing has its advantages and disadvantages. Advantages include broad coverage of the target audience, information content, high results in comparison with classical advertising. Regarding disadvantages, there are several, such as large amounts of ongoing work on an ongoing basis and high probability of problems with hacking the site, server outages.

Advertising in the process of recruiting

As it was mentioned above, Russia has experienced some difficulties in recruitment of potential applicants. Kasymova and Kuznetsova (2015) stated that the number of prospective students is decreasing due to ineffective admission recruitment strategies. Contrary to that, it can be argued that somehow Russia is getting through the challenges of admission. Marchenko, Prosalova, and Smolyaninova (2018) argued that higher education in Russia is rapidly growing and since the funding of universities depends on the number of students, competition among universities for the recruitment of applicants has grown so that the need for specialists of advertising has increased. Advertising became effective, namely contextual advertising because it more or less satisfies the needs of target groups. Contextual advertising is a type of Internet advertising where advertisements on sites are shown according to their context. Today, the main components of advertising in universities are Open Days, educational exhibitions, information ads.

Social media as one of the instruments for recruitment

Additionally, it can be stated that today the Internet is in great demand and advertising of educational services on the network is gaining momentum. As Olekhova, Luzikova, and Nefedeva (2016) mentioned, the first steps that lie behind advertising are teasers and banners on the site. The number of customers and costs measures efficiency. Many universities are continually improving the web design of their site. Websites are made up of elements that improve their content - call buttons, navigation panels, slideshow, etc. Capital universities, unlike regional ones, have websites in English, German, French and Chinese. Variety of universities use social media to comment or share content. The main advantage is the popularity among young people. Registration and functioning on social platforms give a strengthening of the brand of the university.

The researchers also noted that social networks are a method of communication. With the growth of mobile technologies, there was a new promotion of the university - mobile version of the site.

The creation of creative commercials, photos and video shooting of the university's events is in demand. Groups are also created to communicate, such as WhatsApp, Viber. Overall, the importance of marketing, either online or traditional is vast. These tools assist in recruiting a target group, enhancing the image of the university.

Methodology

As it was mentioned in the previous sections, the primary purpose of this research is to find out the possibilities and challenges of internal recruitment, as well as to investigate the importance of marketing strategies in the process of attracting potential students. There will be a mixed-method approach used to answer the research questions and conduct good results. According to Creswell (2013), the mixed-method approach refers to the combination of qualitative and quantitative methods with a single aim. Thus, the research will contain both interviews and questionnaires. The objectives of the research are: a) to find out advantages of fast-trackers recruitment on the graduate programs, b) to investigate the possible difficulties in the process of internal recruitment, c) to research on functional changes of graduates admission recruitment within the implementation of new marketing strategies.

Settings

In order to reach objectives, the process of adopting all results will be divided into two parts: primary and secondary research. Primary research will include questionnaires and interviews. Surveys will be distributed with the Survey Monkey application so that the questionnaire will be available on different social networks, and the majority of the target audience can share their opinion on the issue. The questionnaire consists of 15-20 questions, where 15 questions will be in multiple-choice format and other five as open questions. Moreover, in questionnaires were presented rating questions and agreement scales. Such a method will help analyze the problem from different points of view. The approximate number of survey participants will vary from 50 to 70.

In terms of interviews, they will be face-to-face and semi-structured. The interview is a part of qualitative research. This will be an in-depth, semi-structured interview. The target group for interviewing will include Deans of all colleges represented in KIMEP, Director of Student Recruitment and Admissions, Director of Financial Aid and Director of Marketing. All of the interviews will be conducted individually. The list of the questions for the conversation will be sent in advance so that interviewees will have time to prepare. The approximate number of questions varies from ten to twelve. As it will be a semi-structured interview, some follow-up questions might be asked in order to gather more details. Interviews will be conducted in English and recorded with the help of a voice recorder. The place and time of the interviews will be arranged with participants.

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"The Role of Language Policy in Forming Multilingual Identity of Kazakhstani People"

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Abstract

Kazakhstan has currently been playing a role of intermediary in variety of global and regional aspects, in political, social, and economical terms. With such a significant and outstanding position at the edge of technological innovations, economic prosperity, and political development, the current government has implemented a distinguishing language policy and launched a program of trilingual education in Kazakhstan. In this regard, while there are those who advocate such decision and subsequent eminent changes, there are also those who have negative attitude towards this policy arguing about the preservation of "unique" national Kazakh identity. Language policy and trilingual education are considered to be a fundamental step in furthering, facilitating, and advancing towards a formation of multidimensional national identity aimed to succeed in various aspects. Hence, this particular research focuses to analyze, examine, and evaluate the role of language policy in present Kazakhstani direction. In addition, this paper also centers at assessing and speculating about the outcomes and effects of trilingual education within the regional and global framework.

Chapter 1: Introduction

1. The Significance

Language policy in Kazakhstan is the path of Kazakhstan's integration into the world community. Nowadays, a trilingual policy is being pursued in the Kazakh society aimed at mastering Kazakh, Russian and English languages. Thus, in Kazakhstan, the concept for the development of foreign language education was developed which, from the standpoint of a new methodological approach, defines the aims and content of foreign language education in accordance with international standards-general competencies in foreign language proficiency, which are a system of levels of language proficiency and a system for describing these levels using a single a system of concepts that can be used to describe any certification system, and therefore, any program education, starting with the setting of tasks – the goals of training and ending with the competencies obtained as a result of training The goal of managing the educational process in terms of trilingualism can be formulated as the integration of Kazakhstan into the world community. As a result, to raise the country's science, economy and socio-cultural components, which in turn leads to more effective mastering of knowledge, skills and abilities. Therefore, it allows to intensify the learning process of a foreign language and to achieve high results both in the language plan and in terms of co-management and self-management of the learning process. In this respect, this particular research concentrates on scrutinizing and examining language policy that implies integrating Kazakh, Russian, and English languages in the education system.

2. Research problem & questions

Language does not merely serve as a way of communication, but also is, in fact, something that keeps the traditions of a nation and a reflection of a culture. Language is an essential intangible asset – an element of the nation – both in cultural and legislative terms. Moreover, the factor of language complex of a nation also demonstrates its tolerance, attitude, and behavior not only towards the people of different culture inside the country, but also to the nations and cultures outwards of it, within the frames of international relations. Consequently, in case of Kazakhstan, there has always been bilingual language framework comprised of Kazakh and Russian languages, since the Soviet Union formation (Burkhalter & Shegebayev, 2012). However, although the Soviet Union was collapsed, the veil of two languages remained. Thus, the state of Russian and Kazakh languages of being majorly used throughout Kazakhstan notwithstanding continued. In this regard, nowadays, the overwhelming majority of the population in Kazakhstan has been quite well possessing two languages. Nevertheless, while it can be said that it is new era for the implementation of trilingualism, which creates multifaceted opportunities overall, some experts and people argue that multilingualism would merely loosen and dilute Kazakhstani cultural and national identity (Egorov, Jantassova, and Churchill, 2007). Therefore, the primary research question is as follows "How does language policy contribute or limit in forming the multilingual national identity of Kazakhstan?".

Taking into account the contemporary and rapidly integrating terms of globalization, the significance and role of language is essential in forming a positive direction of social communication. In this matter, being culturally, politically, and economically at the crossroad of Eastern traditions and history and Western technological innovativeness and novelty, Kazakhstani government has seriously been considering to develop societal multilingualism and implement trilingual policy – Kazakh, Russian, and English – in order to reach a multidimensional advancement and development both in global and domestic terms (Kissane, 2005). Today, the state and every person have come to understand that knowledge of languages is significantly important. Consequently, speaking in one language is not enough, because we live in a certain multi-ethnic geopolitical space. Based on this premise, it is considerable to derivate at the sub-research question, which is "Do Kazakhstani people need to be plurilingual society?" and "What effect does trilingualism bring to the society?".

Basically, openness to future is regarded to be a core synergistic vision of the world. Hence, each and every sovereign state has interconnectedness with the preservation of national identity encompassed through teaching of the three languages, in the context of globalization. Yet, the future is impracticable without languages that provide multi-ethnic and multi-national communication opportunities (Yakavets, 2014). And, therefore, in order to reach the maximized efficiency and effectiveness in economic, political, and social communication, Kazakhstani government has a desire to integrate trilingual education and develop an appropriate-to-our-properties language policy. In this way, language policy should be constructed and balanced as to popularize and enhance its fields of use, so that the Kazakh language remain the primary state language, whereas Russian and English languages would create certain opportunities for communication with outer societies and form an adequate multicultural society (Zhorabekova, 2016; Yakubova, 2009). Kazakh language thusly would serve as a factor that keeps the roots of the history and background of Kazakh culture, Russian and English would ultimately and essentially contributes to the prosperous acceleration development of Kazakhstan within the global community.

In this regard, the objectives of this particular research are following:

- (a) To analyze and evaluate the contemporary existing conditions of language policy in Kazakhstan:
- (b) To envisage and determine the possible adverse effects of new language policy implementation;
- (c) To research the multilingual experience of other countries and build up an appropriate conceptual model and theoretical framework.

In this respect, the primary and secondary researches are included and underlined in this study; the collected information, data, and experts' opinions are thoroughly reviewed and methodically examined on the grounds of this focus of the research – the significance and implementation of language policy. With regards to theoretical framework, and conceptual models, the study is comprised of Shohamy's and Spolsky's theories and conceptions about the language proficiency testing and cultural integration of foreign language. Conceptions about the language proficiency testing and cultural integration of foreign language. Furthermore, other opinions and concepts were also included in the theoretical framework of the research, encompassing overall scope and scale.

Consequently, the primary research methodology is about conducting survey among the "local population" of parents whose children attend both secondary and higher education institutions. Pupils and students are involved in the survey, as they will experience language policy on themselves. Educational staff, because they are first who realize innovations of educational reforms. Zhazira Duysenbekova heads the Association of Independent Educational and Scientific Organizations, she firmly believes that trilingualism policy will make Kazakhstan more oriented and competitive in terms of globalization of world trend in the sphere of education. Respectively, the survey would help in building and embodying a general perception and attitude of students, pupils, and their parents – primary actors under this policy – in order to come up with sophisticated "social" opinion as what people think about this program. As well as the educational staff come up with scientific opinion what pedagogical staff think about this innovation. Additionally, the interview would help me to either support or provide disapproval regarding trilingual education. In the issue, this research has a crucial significance and is of greatest importance, as this language policy can be considered as a breakeven moment in Kazakhstan's further role and in lives of future generation.

In the long run, in the ever-changing contemporary world, cultural globalization plays a vital role in determining and encompassing a nation's future. In this regard, it is now a crucial moment for Kazakhstan to be in transition and implementation of trilingual language policy. Furthermore, Kazakhstan shift to the Latin alphabet supports the language policy in full measure, taking into account nowadays globalization and information technologies development. Consequently, the research outcomes are expected to become, at least, found recommendations and an overview of the possible flaws or inimical social resonance in the language implementation process. Hence, this particular research would have an essential ground for further studies, observations, and monitor of trilingual society and its implication to the social living standards.

Chapter 2: Literature Review.

In current dynamic society, language barriers should be the smallest limitation in the global study of science, innovative discoveries, and social collaboration of states towards building a sustainable and advanced for future generations. Thus, this particular academic research focuses on the study of the significance and advantages of trilingualism in Kazakhstan in the modern world, which is part of the general education of a person of a new formation. Moreover, this study will also examine the opinions of experts and other studies upon the negative aspects of trilingualism. The goal of the formation of trilingualism is the emergence of an individual in a developing multinational and multicultural environment that treats with understanding and respect for other ethnic groups and retains its national identity.

2.1. The Role and Significance of Trilingualism in Kazakhstan

In the contemporary conditions of globalization and open economy, knowledge of Kazakh, Russian, and English languages should become the guarantee of the competitiveness of each individual citizen of the country (Shamblin, 2006). In accordance with Shamblin (2006) and Van Sluys & Rao (2012), the middle and higher schools today should create and establish specific conditions for the social, intellectual and personal development of the individuality of the speaker. In the modern conditions of globalization, the role and place of language in the life of an individual increases (Weber & Horner, 2012). In this manner, language determines the level of literacy, competence, the quality of logical and critical thinking, as well as the ability to convince and persuade others of the correctness of his or her point of view. Languages differ from each other not only in vocabulary, grammar and pronunciation rules, but also in the number of speakers of each of them, their geographical attachment, the originality of the history of formation, as well as the relationship with other peoples (Gurevich, 2011; Hakimi, 2013). Therefore, in order to keep up with the major advanced nations, while preserving their own language, small nations must solve the problem of language by switching to trilingualism, which is formed on the basis of fluency in their national language as an invaluable wealth of the people and a means of communication of this people (Gurevich, 2011; Egorov et.al, 2007). The second language that the people must take in their own interests is the local, regional language of interethnic communication. The third language, which is appropriate to master in the own interests of each small nation, nationality, or ethnic group, is English as it is the most common of the international world languages. Trilingual language policy in this regard allows solving the problem of guaranteeing the free development of equal national languages regardless of whether these languages are large or small in scope (Henne-Reinke, 2012). In this way, the study of several languages will help the integration of Kazakhstan in the economic and cultural domains of the world community. This is matter-of-factly possible when building a holistic education system.

Therefore, the main tasks of trilingualism should be:

- Formation of ideas about multilingualism;
- Education of tolerant attitude to linguistic and cultural differences, overcoming of negative ethnic social stereotypes;

- Formation of language skills with speakers of different cultures;
- Formation of a culture of interethnic communication.

2.2. Sociopsychological aspect

Trilingualism in Kazakhstan is a hot issue. Government suggest integrating trilingualism in community in order to give its citizens more opportunities in life while still keeping their mother tongue and their culture.

The head of state of the Republic of Kazakhstan N. A. Nazarbayev identified a fundamentally new approach in language policy: the task was set to implement a large-scale cultural project "Trinity of Languages" in the country, the goal of which is the mass mastery of three languages by Kazakhstanis: Kazakh, Russian and English. This idea was first voiced in October 2006 at the XII session of the Assembly of the People of Kazakhstan. In his 2007 Address "New Kazakhstan in a New World," the President of the country proposed to start a phased implementation of the cultural project "Trinity of Languages": "Kazakhstan should be perceived throughout the world as a highly educated country, whose population uses three languages. These are: Kazakh - the state language, Russian - the language of interethnic communication and English - the language of successful integration into the global economy".

The idea of the trinity did not just emerge as a new format of language policy; it was developed in connection with vital necessity. Kazakhstan, having embarked on the course of mastering three languages by its citizens, proceeds from the current realities - the trinity of languages will be evidence of the country's competitiveness. Knowledge of the English language today opens a window to the global world with its flow of information and innovations. Mastering the English language makes it possible to study abroad in the best universities in the world and creates an opportunity to gain practical experience in the advanced countries of the planet. Knowledge of English is a prerequisite for business communication and doing business anywhere in the world. Consequently, citizens who are fluent in several languages will be competitive individuals both domestically and abroad.

A significant role in the development of trilingualism in the Republic of Kazakhstan was played by the accession of Kazakhstan to the Bologna process. According to the principles of the Bologna Declaration, a system of multilingual education should be implemented in Kazakhstan, in which English should be used along with the Kazakh and Russian languages. The goal of the Bologna Process is to create a strong competitive education system in the world.

There are different opinions on the development of trilingualism in the country, in particular, a professor at the Kazakh National University named after Al-Farabi K. N. Smagulova believes that the issue of trilingualism "for a certain category of citizens of the country, which can include a relatively small middle class, has already been resolved, since proficiency in several languages for them is an essential condition for economic success and stability. However, it is too early to project such an approach onto the entire population of the country, since the state will not be able to immediately provide the necessary resources and the corresponding need for this kind of knowledge". A well-known political scientist, deputy of the Mazhilis of the Parliament, member of the Council of the Assembly of the People of Kazakhstan V. Vishnichenko, supporting this

idea, believes that the development of the Kazakh language is "of paramount importance as the language of the state, since it is the guarantor of independence, the guarantee of a worthy development of the nation. Russian was and remains in the long term the language of interethnic communication. Moreover, it is understandable to the overwhelming majority of the country's inhabitants and is widespread in all spheres. Mastering the English language will help us actively integrate into the international economic and educational space. The development and functioning of three languages in the country opens up broad prospects in the development of our society". According to E. Yertysbayev, the main task of the presidential program "Trinity of Languages" is "not an attempt to somehow infringe on the Kazakh language, but the need to raise its competitiveness to the level of Russian and English. Moreover, the competitive potential of the Kazakh language makes it possible to set such tasks. Our language is understandable to a large group of Turkic peoples: Uzbeks, Turkmens, Tatars, Azerbaijanis, Balkars, Karachais, Turks. And the Kazakh language can become for these people language of international communication. A language that will not only be spoken, but also create cultural values of a global scale.

2.3. Threat to Kazakh Language and Cultural Identity_

Basically, some consider the introduction of trilingualism as a threat to the cultural integrity of Kazakhstan. In general, people are afraid that in real circumstances teaching in foreign languages will negate the meaning and the nature of native speech. As a result, the loss of national identity can be followed, while strengthening of foreign languages would be maintained. In fact, Burkhalter & Shegebayev (2012) and Eshpanova et.al (2009) argue that the Kazakh language may lose its authority and credibility in the light of evolvement of Russian and English languages. Furthermore, Burkhalter & Shegebayev (2012) claims that young generation would be leaned to apply Russian and English languages even in their everyday lives, although the conception and idea of the "Trinity of Languages" implies English and Russian languages to be regarded as the approaches of communication in professional and academic terms. In this respect, Kissane (2005) and Eshpanova et.al (2009) state that Kazakh culture and traditions would be deprived of its significance in citizens' lives, whereas Russian and English languages would ultimately overweigh and prevail the "value" of Kazakh language.

In terms of the policy implementation and formation, Kissane (2005) raised a question about the need for interdisciplinary relations and interaction of departments in terms of the education of professional courses in English, as well as the adequacy and consistency of syllabus programs in Professional English and the creation of specific glossaries. Perhaps, the students, studying several languages at once, cannot properly express their thoughts clearly in any of them. As a matter of fact, this particular problem of inconsistency, lack of qualification, and incompetence of both students and faculty staff in a vast of education institutions comprise distinguishing challenges and constraints in the implementation of the language policy "Trinity of Languages". In addition, Kissane (2005) and Burkhalter & Shegebayev (2012) also provide distinguishing recommendations as to the policy appliance within certain aspects of the trilingual education program, such as conducting a diagnostic and practice tests in English in order to determine the language skills of each individual instructors, the creation of a database for schools with low levels of knowledge of English and major courses both for instructors and students, the preparation of students to participate in academic mobility programs with an emphasis on developing intercultural communication skills, as well as the training and professional

development of college professors in terms of teaching methodologies, educational approaches and methodologies (Egorov et.al, 2007).

2.4. Constraints and Challenges of Trilingualism Implementation

The problems arising in the process of the language policy implementation of trilingual education can be conditionally divided into organizational, methodological, and sociopsychological ones. Consequently, one of the main problems of the multilingual education is the lack of a single theoretical, methodological concept, which in practice leads to a difference in approaches towards the objectives and the diversity of the numerous plans on the basis of which the introduction of the trilingual education in different universities of the country would be implemented. In particular, according to Mahmood (2013), Nabi et.al (2016), and Ospanova et.al (2016), there is an increase in the amount of academic work devoted in higher academic institutions to the study of English language and courses of general education in English. Thus, the administration faces the challenges to carry out of preparing and being prepared to study major and professional-oriented courses in English language, during the third and fourth years of college and/or university. However, there is an obvious unevenness in the level of English language proficiency among students, which cannot but affect the quality of mastering the teaching material. In this regard, some universities have gone through the formation of multilingual groups out of the most "English-proficient" students (Nessipbayeva, 2013). In particular, the undoubted problem is the shortage of personnel who have sufficient level of English to teach major-oriented academic courses. Yet, the way out is seen in the expansion of programs of international and national academic mobility, the upgrading of the faculty at special courses and trainings on polyglot learning. At the same time, the problem arises in changing the structure of the independent work of students, including but not limited to the shortage of textbooks and teaching aids, the teaching and methodological support (methodological instructions for conducting practical and laboratory exercises), as well as unqualified online academic database (Piven & Pak, 2006). Hence, it is necessary to ensure accessibility to the educational resources and academic literature for the courses that are taught in English. Therefore, monitoring of the process of multilingual education should be conducted systematically in order to identify the causes of poor performance; in this point, it is fundamental and substantial to identify the socio-psychological incentives that form the relationship of students to study.

The goal of managing the educational process in terms of trilingualism can be formulated as improving management effectiveness, which in turn leads to more effective mastering of knowledge, skills and abilities and allows to intensify the learning process of a foreign language and to achieve for a relatively small number of hours of high results both in the language plan, and in terms of co-management and self-management of the learning process. The content of the educational process in terms of trilingualism is, first of all, the normative documents describing the competencies that the learner needs to master, as well as specific linguistic material to be learned at certain times, such as the state educational standard, the standard curriculum, and methodical complex and educational program of this discipline.

2.5. Organizational aspect of trilingualism in Kazakhstan

In accordance with the State Program for the Development and Functioning of Languages in the Republic of Kazakhstan for 2011–2020. multilingual education will contribute to:

increasing the competitiveness of the Kazakh language as a state language, its productivity in the field of obtaining special professional, socio-political, cultural information;

strengthening the status of the Russian language as the most convenient means of communication and implementation of interstate relations with post-Soviet countries;

promotion of English as a dominant foreign language to the level of Kazakh-Russian bilingualism.

Regulatory documents in the field of regulation of language policy in Kazakhstan testify to a well-thought-out strategy in the field of trilingualism and a phased solution of emerging issues by the state. They note the role of the education system in resolving the problems associated with the new language situation in the country. The essence of this role is due to the task of implementing the principle of the continuity of the educational process, based on the quality of the language competence of teachers.

In accordance with the set task, the issues of trilingualism have become one of the priority directions of the system of advanced training of teachers in Kazakhstan. For the successful functioning of the trilingualism program, an appropriate multilingual environment is necessary, since activities aimed at the formation of a polycultural personality should contribute not only to the preservation, but also to the development of a person in a person - that system of spiritual and moral values that can help a person adapt in a cross-cultural society and lay in him a self-realization mechanism. In such a situation, the professional skill of the teacher acquires special importance, which is developed, including in short-term refresher courses.

2.6. Theoretical Framework and Conceptual Model

In essence, the primary theoretical complex is grounded upon the concept of advocacy coalition framework. In particular, the advocacy coalition framework has the most substantial value in determining the conceptual model of this research and in defining the policy effects, outcomes, dispute within the political actors, timelines of integration, and level of uncertainty and ambiguity of the trilingual policy approach. In addition, the conceptual part of the research would be based upon the models of Spolsky and Shohamy along with their studies of integrating language practice, amending language ideology, and employing language policy (Van Sluys & Rao, 2012).

In addition, for the profundity of the research, a variety of other distinguishing theories would be framing the conceptual grounds, including print capitalism theory, the concept of diglossia, linguistic imperialism, code choice and code-switching processes, behaviorist educational theory, and covert/overt mechanisms of language practices and planning (Yakavets, 2014). In this regard, in academic-scientific terms, the research is expected to yield a

multifaceted explanation of whether trilingualism is needed for Kazakhstani society, how it would be implemented, and what perspectives we would have.

2.6.1. Spolsky's Conceptual Model of Language Policy

Bernard Spolsky's theory presupposes the consideration of four factors: national or ethnic ideology, the role of English as a global language, the socio-linguistic situation in the country and recognition of the right of members of a given society to choose the language of communication on par with their civil and human rights. Based on this list, it is obvious and quite evident that English as a dominant in one way or another affects any linguistic co-society, and therefore is taken into account in the context of any language policy (Yeung * Wong, 2002). However, it should also be noted that this combination of factors is more likely to operate only in developed countries with stable and open channels of access to the global information network. Relatively isolated and underdeveloped countries cannot be equated with those who are more involved in globalization processes. In this matter, it can clearly state that Kazakhstan comprises a good fit for language policy implementation towards trilingual education system, due largely to the facts that (a) Kazakhstan has a not-much-censored access to the Internet and information resources; (b) Kazakhstan is socially, economically, and politically developing state; (c) As Kazakhstan strives to reach certain economic-financial heights and become integrated into the global trade and become a financial hub between East and West, English language should be studies as priority for professional prosperity of individuals.

2.6.2. Shohamy's Conception On Language Testing

In accordance with the Shohamy's conception on evaluating proficiency of language knowledge, language level testing is one of the main problems in education, and views on the goals of this education are reflected in the procedures for assessing language skills. Shohamy claims that in some cases, tests on a foreign language emphasize the use of traditional knowledge models, and therefore negatively affect the modernization of teaching methods of the language (Van Sluys & Rao, 2012). However, it often happens that as soon as the theoretical understanding in practical linguistics finds sufficient support, evaluation procedures and tools begin to influence real changes in teaching practices. Therefore, it is impossible to make assumptions about the future development of language testing, regardless of language learning. In other words, based on the Shohamy's conception, it is more fundamental for Kazakhstani government to strongly focus and concentrate upon the implementation and integration process of English language into the educational system of schools and universities. In this regard, it can essentially be assumed that it is not the point what language is to be integrated, but how this language is to be executed as a part of trilingual policy and within an educational program.

2.6.3. "Strong" and "Weak" Languages

According to the concept by Joshua Fishman, an American sociologist and linguist, language choice depends on factors such as group, situation, and topic. For instance, a trilingual Kazakh may speak only English at work, Kazakh at a store, and exclusively Russian at home. Another factor that influences language choice is the topic of a conversation. For example, in Kazakhstan, experts mostly speak in Russian when discussing technical and medical issues due to the lack of the corresponding terminology in Kazakh. Fishman's studies provide a right lens for studying the

trajectory of the Kazakh language and assessing the prospects for its future coexistence with the Russian language. Fishman's concept divides languages into strong and weak. During the Soviet era, Russian was the "strong" (dominant) language across the USSR. In Soviet-era Kazakhstan, the Russian language practically displaced the Kazakh language from the managerial, industrial, and cultural spheres.

At the time, Kazakhs were embarrassed to speak Kazakh, and most of them did not know the native language at all. As a result, the use of Kazakh was minimized; at that time, the status of the language of the dominant ethnic group could be considered weak.

In independent Kazakhstan, the title of "strong language" is gradually being transferred to Kazakh; the Russian language continues to lose its dominant position in many spheres. A balanced language policy should rely not on replacing weak languages with strong ones, but on finding a balance that will allow for the coexistence of different languages.

2.6.4. Advocacy Coalition Framework

The Advocacy Coalition Framework is a tool of social studies used in policymaking, in policy formulation and its implementation, within intense public policy systems. In fact, the language policy "Trinity of Languages" both directly and indirectly aims to change the socio-political course of the state and change people's attitude and perception, the advocacy coalition framework is useful in this issue because it involves a plethora of actors of all levels; thus, establishing certain distinguishing sub-governances within a policy implementation. Furthermore, one of the advantages of Advocacy Coalition Framework in the context of language policy is the ability to deal with the changing elite and public opinion regarding the priorities that arise having trilingual system. Consequently, ACF would address to all the technical and social exogenous variables in various subsystems – colleges, schools, and other academic institutions – thus making examinations and evaluations based on the actors' acts towards the common objective.

2.6.5. Linguistic Imperialism, Diglossia, Behaviorist and Print Capitalism Theories

Against the backdrop of developing globalization processes in the perspective of the cultural approach, culture is seen as the dominant of social life, which transforms society and environment and becomes a factor in life-building and a source of innovation. This view of culture leads to the appearance in the bosom of cultural science of a new worldview paradigm - culture-centrism, which insists on assessing the world from the position of culture. It is therefore not surprising that, in the context of interdisciplinary research associated with globalization, attention is focused on changes in culture, which in turn is closely linked to changes in language (Van Sluys & Rao, 2012; Henn-Reinke, 2012).

In this regard, for this kind of aggressive language policy, carried out in conjunction with cultural hegemony, Phillipson introduces the notion of linguistic imperialism, which he defines as the establishment and continuous reproduction of structural (status) and cultural inequalities between English and other languages (Panda & Mohanty, 2014). Thus, with the advent of linguistic imperialism, the linguistic imperialism, code-choice, and behaviorist theories would

also be applicable in scrutinizing and evaluating the trilingual education on formation of national identity.

Thus, the paradigm of the spread of English is connected with the expansion of imperialist and global capitalism, the formation of a single English-speaking sublanguage of science and technology, as well as monolingual globalization, modernization and trans nationalization. In fact, the paradigm of language policy is associated with the recognition of the importance of tradition, the consideration of the interests of all ethnicities and nationalities in the choice of languages of instruction within the so defined "linguistic diversity" in teaching, the movement for linguistic rights, the promotion of multilingualism in the teaching of foreign languages, the protection of national sovereignty and the independence of the choice of state language policy from supranational structures (Zhorabekova, 2015).

Chapter 3: Methodology

This particular research study adopts both primary and secondary research methodologies for collecting data, with an eye to obtain qualitative and quantitative information. In fact, the study type is determined as descriptive, correlational, and meta-analytic, pertaining to one of the research objectives, which implies to observe how the local population (Kazakhs) will encompass their cultural, social, and ethnical identity, while being integrated with three different languages. In this sense, the research study will be able to come up with specific statistical analysis based on the previous studies literature review, and primary research outputs, in regards to what distinguishing impacts will the local population experience in the transitional period. Respectively, it is expected to establish inferential and descriptive statistical results according to the indications of derived from the primary research approach.

The most appropriate method for my project is a survey. As a matter of fact, this particular survey is going to question approximately 20-30 people. Thus, the participants would be of different backgrounds – whether parents whose children attend educational institutions, pupils and students (primary actors), educational staff – would bring about both qualitative and quantitative results. In particular, surveying is a substantial methodology approach that allows discovering and exploring what a larger amount of people think about a certain issue. Ultimately, surveying gives an opportunity to frame a statistical analysis on the basis of which distinguishing premises and assumptions could be made as well as speculations about the perspectives of language policy effects and outcomes. In this particular research, there were used different sorts of statistical data as well as various kinds of facts about the topic in order to enlighten the participants of the core and importance of the topic, along with the trilingual experience of other countries.

The other method I will use is an interview. In point of fact, interview is a great methodology approach to acquire a detailed explanation about a certain issue and obtain a professional expertize from a knowledgeable and experienced person. In a perfect scenario, I will have gotten only one interview from an outstanding public servant, who would be able to give an essential response to the research question and scrutinize about the hypothesis and language policy perspectives in different domains (public administration, education, medicine, business and economics).

The design of this research was basically sub-type. Moreover, there were used only independent variables interfered with hypothesis, research question, along with observational study and objective review. Besides, the design of the research was primarily aimed to be exploratory rather confirmatory; due mainly to the fact that all the data, information, and summaries were shared with the participants for a full awareness about the topic and acquiring totally subjective responses. The specific design of this research did not require any kinds of experience and specific types of knowledge.

In the long run, I do not expect to encounter certain distinguishing problems or challenges during surveying, as it is the substantially feasible and not-difficult methodology approach. Notwithstanding its easiness to conduct and to analyze, the critical factor of surveys is properly formed set of questions (not biased, confusing, unrelated, or double-barreled). Therefore, the survey would most likely to be conducted online either through Survey Monkey and Google services with an eye to capture perhaps a larger amount of participants and, then, based on the responses, to create certain generalizations and category of responses that I would enter into spreadsheet of Excel program.

In this manner, the main goal of the research methodology is to find people intending to participate in this research. The method of surveying those participants was considered to be online type, for the convenience of the participants in time and place, and integrity of the research study. The first stage is to enlighten them into the topic of the research; thus, they would be shared with the articles and informational data, and other information upon request. The second stage is generally to conduct a simple dialogue in order to know how a participant would have understood the topic, what his or her attitude towards the research, what kind of information the participant is still in need of. The third part is aimed to the questionnaires: the participants would be given corresponding questionnaires in order to fill them expressing their own opinions and share the thoughts.

Meanwhile, the main aim of the interview is to explore, appraise, and investigate how the issue of trilingual education and society will be perceived by the local population. It is a pivotal and fundamental part of the research in order to acquire a first-hand commentaries of different perspectives. Hence, a representative interviewee was selected to obtain a more personal feedback and practical opinion with respect to the prospective challenges – of all scale and scope – during the implementation of trilingual policy in Kazakhstan, and feasible recommendations to improve it.

Chapter 4: Results Analysis

The primary data analysis, which was used in interpretation, is the quantitative and qualitative data. Charts and Tables will represent the main findings as to the visual elements.

22 respondents of different ages, place of birth, occupation and preferences have participated in the survey. According to the first figure in Appendix C 23.8 % (5 respondents) are 15-20 years old; 52.4 % (12 persons) are the age of 21-28; third category is about 14.3 % (3 respondents) and the last got 9.5 % (2 persons). If you looking at second illustration, which shows respondents gender, here are 54.5 % (12 persons) male and 45.5 % (10 persons) female. As stated above, there are respondents with different occupation and third picture performs such

numbers as 63.6 % (14 persons) are students; 27.3 % (6 individuals) parents whose children attend both educational institutions; "senior pupil" and "educational staff" have equivalent numbers 4.5 % (1 person on each part). Further, if you look at figure 4 consider question about correspondents' birthplace and here we see 45 % (11 individuals) are from South Kazakhstan; 30 % (6 respondents) born in North Kazakhstan; 15 % (3 persons) came from West Kazakhstan; East and Central Kazakhstan have the same numbers 5 % (1 person on each region). In my view, this question is of utmost importance as we can see the situation with language policy in accordance with the further results. On the following third scales from 1-5 the level of Kazakh, Russian and English languages, there are such results as:

<u>Kazakh</u>: 1^{st} 4.5 % (1 person) and 2^{nd} level is about 4.8 % (1 person); 3^{rd} level 28.6 % (6 persons); 4^{th} level 9.5 % (2 respondents); 5^{th} level 52.4 % (12 people).

Russian: only two levels, 4th level is equal to 28.6% (6 respondents), and last is the 5th level 71. % (16 people)

English: only 3 levels, starting from 3^{rd} level 9.5% (2 persons), then 4^{th} level is 47.6 % (11 respondents), the highest 5^{th} level is equal to 42.9 % (9 people)

According to those three scales, we may find instability with a development situation of Kazakh language, by comparison with Russian and English language. It is not right, because this situation undermined the identity of our native language in terms of trilingualism policy, where the native language is in the 1-st place. Then follow question "Have some of correspondents ever heard about trilingualism in Kazakhstan", where we can see that 14 people (63.6 %) said "yes" while 8 respondents (36.4 %) said "no".

At the end of survey, I asked my correspondents to provide more detailed responses. I have 3 questions. It begins from question like "How language policy stimulates or inhibit the process of formation multilingual national culture identity of Kazakhstan?". I received about 13 answers, but I made a note the main ones. Some interviewees expressed disagreement referring to a lack of human resources in terms of educational institutions, furthermore proving that it will seem to be difficult for children always shifting between languages during the study day. Therefore, it can cause distaste to study a particular language. Another correspondent provided an example of Nazarbayev Intellectual Schools, claiming all students of NIS can speak Kazakh (native) language at an advanced level as well as Russian and English. It could stimulate our students to be more open to the world in times of globalization. Some people categorically disagreed with idea that English could be considered as a part of national identity of Kazakhstan.

Next question was "What effect does trilingualism bring to society?" I got an informative response, where the main idea was possibly it can cause some development in different aspects because a lot of educational resources mainly published in English and then in Russian. Therefore, students who know English can study more deep, specific, fresh information. Also it has been proven that in multilingual children develop critical thinking, problem-solving and mental flexibility, which make those children achieve better results. Someone noticed of attractiveness for tourists. A lot of people made disagreements providing arguments that the Kazakh language may be jeopardized in the case of trilingualism. Therefore, people will start to show deep respect to Kazakh (native) language.

The third question in a survey was asked in order to know the respondent's opinions regarding the trilingual system in Kazakhstan. To be more precise, I was interested if the trilingual system in Kazakhstan could lead to the loss of the native language's identity. So, the majority of respondents (50 %) think that our society could lose the identity of the Kazakh language. 36.4 % of respondents answered that it wouldn't lose the identity. Some of the participants think that the loss of the Kazakh language's identity depends on people.

Besides, one participant said that our society might lose the identity of the native language because of the lack of resources in the Kazakh language. Moreover, it was asked to explain the answers, which were mentioned above. Participant's explanations were very different. Some of them think that the Kazakh language won't be forgotten because people in Kazakhstan still speak the native language quite often and do not accept Russian or any other foreign language. It means that the trilingual system won't even work in Kazakhstan. Another respondent explains his answer by the fact that the Kazakh language is not required, as it has to be as well as other languages. If all citizens in our country will be forced by law to protect the native language and use it in each document, it won't be forgotten. One person said that in order to keep the native language's identity, the government has to monitor it somehow (e.g., prevail the Kazakh language in different organizations, and use foreign languages partly). But some of the participants pretty sure that in several parts of Kazakhstan, people do not use the native language at all, and more people pay attention to learning foreign languages rather than the Kazakh language.

Interview

Zhazira Duysenbekova heads the Association of Independent Educational and Scientific Organizations. And is engaged in expertise in the field of international education.

The expert has studied in the UK in the field of social and human sciences, graduated from the London School of Economics and Politics. Returning back to Kazakhstan, she began to work in the representation of a large British educational company. In recent years, Zhazira has been actively involved in public activities, analyzing not only educational processes, but also political and economic issues related to modernization and reforms.

- Zhazira, how can you evaluate the work of our Ministry of Education corresponding nowadays global trends in the sphere of education?

- Although recently it is a common trend to criticize the reforms carried out by the Ministry of Education, we should not forget that if we want to walk with the times, we need to modernize and change the existing education system. In my opinion, everything goes quite logically, we have not disappeared from our Soviet past, we have preserved "all the best", we are trying to preserve these fundamental knowledge and achievements that have been accumulated over the years. There is an institutional memory, all the universities that trained specialists, all these teachers, departments, methods, they will not disappear anywhere. All this today is being modernized, modified in accordance with the times.

Considering that we are members of very many international conventions and agreements, we need to adopt the "rules of the game" of the world community. Today, in order to be on a par

with world powers it is necessary to harmonize and unify our education with the rest of the world.

- If we consider Kazakh language, how will the status of the native language be maintained in trilingualism?

- Of course, it is necessary to raise the prestige of the state language. Already today there are eye-pleasing figures that show that the percentage of the population who speaks Kazakh is growing from year to year. According to the forecasts of sociologists, the number of young people who are fluently speaking the Kazakh language will increase, and in a few dozen years the Kazakh-speaking population will at times exceed the Russian-speaking population. I also want to mention the world experience of introducing trilingualism, which shows that polylinguism creates a fertile ground for raising the status and prestige of the state language. There are a lot of studies on this subject, which once again prove the necessity of introducing multilingualism in the educational process of our country.

- How trilingualism should correctly be introduced so that changes do not become stressful for children?

- There is a program for introducing a phased trilingual education, which consists of a competent combination of different methods. Today, English is already taught in general education schools from the first class, this is a big step towards our goal. If we consider the program as a whole we see that it is built in such a way that all three languages are combined in it; that is, certain elements are given in Kazakh and English. Let's say that the same technical and natural sciences that are taught in Kazakh or Russian are taught in the next grade as optional subjects only in English. There is a kind of repetition of last year's material, this is so-called subject-language training. Today, there is a huge number of techniques, tested and effective, which can successfully be implemented in our system of educational coordinates. I repeat once again that today this is no longer an experiment, it is a thought-out, step-by-step plan that has been harmonized with world experience.

- In your opinion, will Kazakh children be able to master this program?

- Do not underestimate the children, they are very adaptive, I can tell you this, as the mother of five children. With the correct and thoughtful educational system, in which all the loads are calculated, this will not be a stress for children.

- What language Kazakh children will think once in their heads will mix three languages at once?

- Of course, the child will in any case have a language in which he will think and speak, but the human brain is so uniquely tripled that it is easily adapted, and over time the child will easily perceive information in different languages. But the number one language for them will be the one on which they learned to speak from the very wounded age.

- Do you think the implementation of three languages will somehow affect the behavior of the child?

- If everything is alright with ideology and values in the country, then no language will change the character or behavior of a younger generation. As accepted, the diversity and understanding of the cultures, way of life and behavior of other nationalities and societies enrich the person, develop patriotism in him, because self-identification, surprisingly, grows through the understanding of the surrounding world.

- Do you feel like teachers are ready for this? How will the training take place?

- These issues are related to a large program of teacher's training. Once again, we are not the first and not the last, who is turning to such system of education. A long time ago, everything has already been written and invented for us; our task is to learn from the world's achievements and correctly implement them taking into account the peculiarities of our mentality. In fact, this is a common practice of improving skills by cascading method. Today, all teachers who will be involved in the process of teaching the language according the subject and the subject according to language are being counted. They are being tested, grouped, then pass the qualification.

- Will teachers have to register for some additional courses besides main job?

- Each teacher has a certain amount of time during the year for self-study and improvement of own skills, own level. It should not be forgotten that the education department already has some experience in teaching teachers by "chess method", when a person was released from classes for a couple of months, by replacing him with another teacher, without infringing upon the earned salary, work experience, they were given the opportunity to improve their qualifications. We should not always be pessimistic and should not think that this is bad. No, all this is taken into account, there is a logical understanding for everything, all this with be properly planed by the ministry along with the akimats, do not underestimate them.

- Is it planned to attract foreign teachers for the introduction of trilingualism?

- In my opinion, this, of course, is correct, we are talking about the harmonization of Kazakhstan's education with the world educational community, and we ourselves are directly part of the global educational system. However, foreign teachers are a notorious extra cost to our educational process.

Chapter 5: Conclusion.

Kazakhstan is steadily changing its educational system towards corresponding to global trends. Educational reforms of Kazakhstan undoubtedly implementing to improve knowledge of students to become competitive in modern world realities. However, there are potential problems that may occur when performing the reform. The main issues: a lack of teachers who can teach through English, lack of high-quality language learning materials, insufficient level of knowledge of teachers and students in rural areas. There is a general agreement amongst parents that subjects should be taught in the English language. However, some educators believe this is

not possible in the current circumstances. In general, there is a concern that after the implementation of trilingual education reform, the development of state language will probably decrease as students will devote more time to both Russian and English language. The government should pay more attention to the development of the intellectual and academic potential of students rather than the political and economical way of treatment education, as shown in (Ball, 1997), (Tikly & Barrett, 2011). Particularly research (Jones, Potter & Ebrahim, 2001) has been useful in providing ideas that educators should be allowed to express their views and opinions; this will lead to the creation of a shared approach for effective change. A full-scale launch of the trilingual education can be successful if a sufficient number of teachers who could teach in English in rural areas would be trained. One solution could be hiring different subject teachers for the long term. It might considerably support the implementation of trilingual education; however, it will cost a lot for the government. Overall, a wide range of work must be done, which requires sufficient human resources, time, effort, and financial investments. In this essay, I focused on the introduction of trilingual education in Kazakhstan and the potential consequences of this reform from different stakeholders' perspectives. I confirm that this topic should be investigated in more detail since it was not possible to cover all the nuances due to resource, time, and word limit constraints. Future research appears to be needed in the field of leadership and management of trilingual education in Kazakhstan.

Appendix A

Letter of Consent

I am performing a survey as part of my research for my current Thesis II course. I am investigating the influence and the significance of the trilingual language implementation in education. I would like to ask you to be part of this survey.

Signature:	Date:
her own research study.	the researcher permission to use my data as part of his or
	, understand the purpose of this survey and I he researcher permission to use my data as part of his or
The experiment will take about five min	nutes to complete.
You shall receive information about the	e nature of the research after I have obtained results.
You may stop participating in this surve	ey at any time.
All data that I obtain will be kept confid	dential and anonymous.
If you agree to take part in this survey,	you should know that:
eddeation. I would like to ask you to be	part of this survey.

Thank you for your cooperation and support. All the data is completely anonymous.

Appendix B

Questionnaire

The primary purpose of this questionnaire is to study and analyze your personal opinions and thoughts regarding the following topic. The topic of this particular research is to observe how the local population (Kazakhs) will encompass their cultural, social, ethnical identity, while being integrated with three different languages. This specific questionnaire requires your transparent and completely objective attitude towards this topic.

1. What is your age? [] 18-24 ; [] 24-30; [] 30-35			
2. Are you aware of the trilingualism	n policy in Kazakhstan			
[Yes] [No]				
3. Do you think it is necessary and p	racticable to implement trilingual	education		
[Yes, it will improve our education	system] [No, it will jeopa	rdize our system]		
4. How many languages would you p	prefer to know (or your children t	o know)?		
[One] [Two] [Three	·]			
5. Would you think that Kazakh lang	guage is necessary to know in the	se days?		
[Yes, it is our mothertongue]	[No, it is not popular] [Not sure]		
[It is effective to replace them]	[It is efficient to re-qualify them] [Not sure]		
6. Do you think that there should be a hierarchy/priority of languages or they should be employed on an equal basis?				
[There should be priority]	[They should be equal]	[Not sure]		

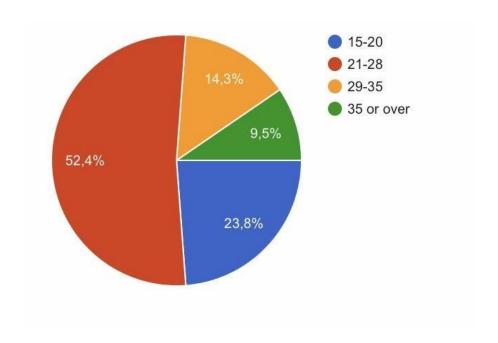


Figure 1. What age describes you?

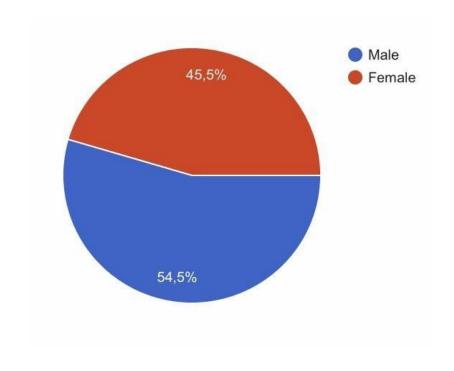


Figure 2. What is your gender?

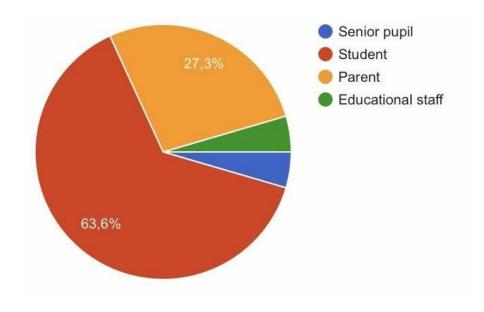


Figure 3. What is your occupation?

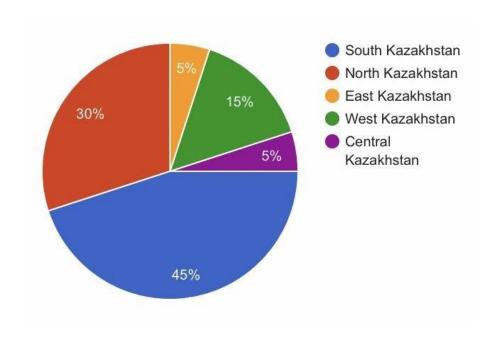


Figure 4. Where are you from?

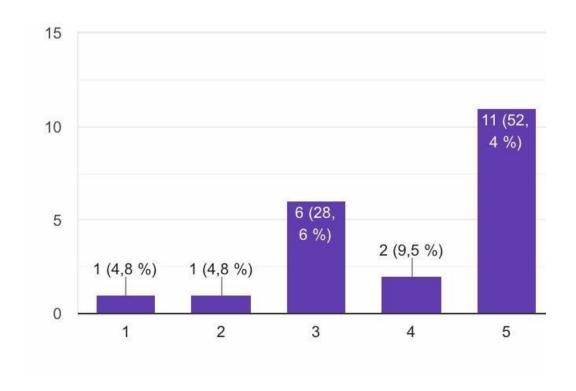


Figure 5. What is your Kazakh language level?

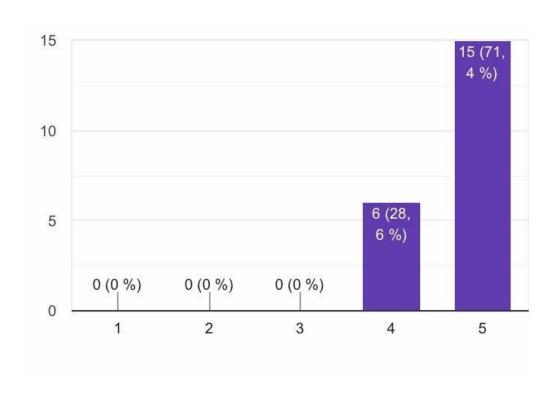


Figure 6. What is the level of Russian language?

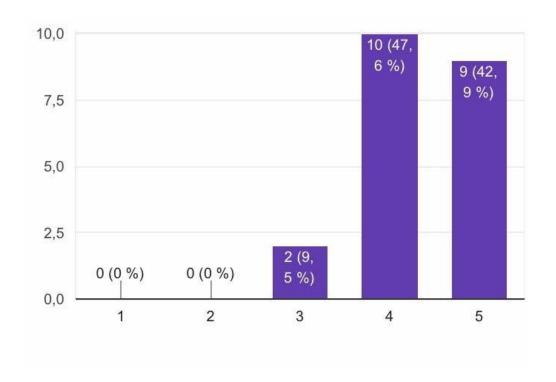


Figure 7. How is your English level?

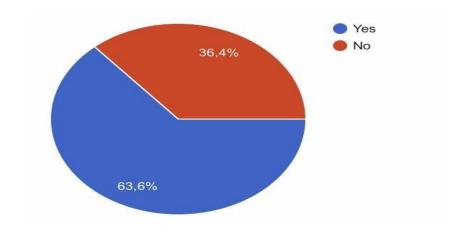


Figure 8. Have you ever heard about language policy in the form of trilingualism?

Can this language policy stimulate or inhibit the process of the formation multilingual national identity of Kazakhstan? Explain why 12 ответов This is definitely stimulating, because there is a massive involvement of different people, cultures, languages, sharing a lot of experience and information I dont think so. Russian and English languages are quite common but a lot of people in Kazakhstan do not speak them well enough for them to have any impact on national identity of Kazakhstan. I don't think kazakhstani people would particularly consider English as a part of the national identity of Kazkahstan Difficult to answer It can stimulate the process because Kazakhstan is multinational country.

Figure 9. Can this language policy stimulate or inhibit the process of the formation multilingual national identity of Kazakhstan?

What effect does trilingualism bring to society? 12 ответов Negative, people start to show low respect and forgetting their own, native language. This policy helped NIS students to be connected to the world and our country's culture develpment of all languages though there is a danger that Kazakh language may be jeopardized It has been proven that in trilingual children develop such features and skills as critical thinking, problem-solving and mental flexibility, which makes these children achieve better results in learning. Students who want to learn more languages in the future will also have an easier task.

Figure 10. What effects does trilingualism bring to society?

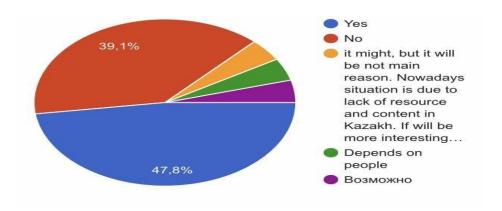
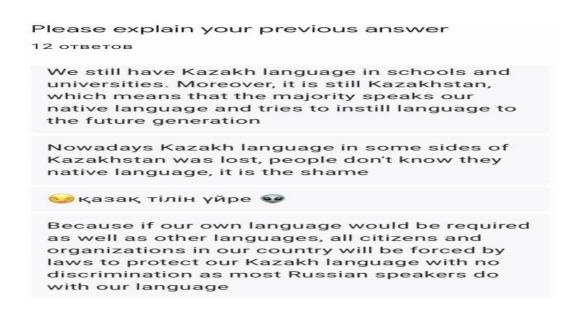


Figure 11. In the case of a trilingual system, could our society lose the identity of the Kazakh (native) language?



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"Gender differences in unemployment rate: factors explaining women unemployment in Kazakhstan"

Rayeva Nazym, ID 20161894, MAE

Abstract

This paper examines the factors determining the gender differences in unemployment rate. Using the data from Household Budget Survey for 2003 the factors that could describe the unemployment among women in Kazakhstan was studied. The key characteristics explaining the unemployment such as education level, family responsibilities and the region of residence were identified according to prior studies and estimated using binary logistic regression. Based on the research results, within the scope of the data, some possible recommendations to address this problem are proposed.

Key words: unemployment, gender differences in unemployment

Introduction

Unemployment is a macroeconomic problem which has the most direct effect on every person. In addition, when a person is unemployed, then this affects not only himself but also his family and the country as a whole. When people lose their source of income, and thus reduce their standard of living, the country loses the goods and services that could be made, that is, there is a reduction of production levels in the country.

According to the International Labor Organization's report on *World Employment and Social Outlook* (2020) global unemployment in 2019 amounted to 188.8 million people or 5.4%. Moreover, according to forecasts number of unemployed will increase by 2.5 million per year. Furthermore, in ILO report on *World Employment and Social Outlook: Trends for women* (2017) it is indicated that globally the chances for females to participate in the labor market remain almost 27% less than those for males, and woman with global unemployment rate 6.2% are more likely to be unemployed than men with global unemployment rate of 5.5%.

In Kazakhstan according to the data from the official internet-resource of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan (see Figure) in 2019 the number of unemployed people (15 years and older, including youths) amounted to 440.7 thousand, the unemployment rate was 4.8%, the number of unemployed women amounted to 236.3 thousand and unemployed men -204.3 thousand.

Additionally, according to the statistics the total share of unemployed women (15 years and older, including youths) in Kazakhstan for the last ten years exceeds the share of unemployed men on average by 30%, which is a serious gap. This leads to the question of why the unemployment rate for women is higher the unemployment rate for men.

14 13 12,0 11,2 12 10,4 9,8 9,6 9,2 11 10 8,7 9 7,9 7,5 8 6,6 6,5 6.2 7 5,9 5.8 5,5 6 5 8,9 4 3 5,9 5,6 4,9 2 1 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 Males **Females** Unemployment rate

Figure. Dynamics of unemployment rate in Kazakhstan 2001-2019 by gender (in %)

Source: Data from the official internet-resource of the Bureau of National statistics of the Agency for Strategic planning and reforms of the Republic of Kazakhstan (https://stat.gov.kz/)

Therefore the factors determining the gender differences or gaps in unemployment rate will be the subject of a research. Mainly I will focus on the factors that could explain the unemployment among women in Kazakhstan, since they are mostly inclined to be unemployed and based on findings will propose some possible recommendations to address this problem.

Literature Review

While searching for the appropriate research studies related to the gender differences or gaps in unemployment rate I have found some articles in which some of the authors tried to explain the gender gap in unemployment rates through determining factors such as human capital, presence of children, labor market institutions and gender discrimination based on empirical analysis of statistical data according to certain models.

Some literature focuses on research aiming to explain the cross-country variation in gender differences in unemployment. Azmat et al. (2006) studied the gender gap issue in unemployment from the OECD¹ framework using data collected from the European Community Household Panel Survey (for European countries) and the Current Population Survey (for US). The authors for the practical part of their study used as factors determining the gender gap in unemployment – human capital, labor market institutions and discrimination. The study in general determined that the main part of the gender gap in unemployment rate was explained by human capital theory and institutions, while discrimination against women could describe part of the gender gap in unemployment rates in certain countries.

Ortega (2008), based on the data from the Argentinean Household Survey, studied the factors to explain the gender gap in unemployment rates in Argentina. The author found that the gender gap in unemployment rates is explained not by differences in the features of men and women (age, education level, marital status, presence of children, income, region) but by differences in the labor market returns to these features (mainly marital status and income).

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¹ The Organisation for Economic Co-operation and Development (OECD)

However, the author pointed out that the comparative significance of the marital status and income in explaining the gender gap in unemployment is not completely clear.

Bicakova (2012) studies the gender gap in unemployment rate across European countries. The study based on the European Union Labor Force Survey Data of 21 European countries, tried to explain the gender difference in unemployment based on gender differences in human capital (before entering the labor market and accumulated in the labor market). Furthermore, the author developed the model with the presence of children, since this factor mainly bring variances in human capital market among both genders. In addition, the study includes the analysis of how age, fertility status and the age of children influence the unemployment gender gap through the five stages of family life: 1) individuals younger than 40 with no children below 15; 2) individuals with the youngest child younger than 5; 3) with the youngest child younger than 10 but at least 5 years old; 4) with the youngest child younger than 15 but at least 10 years old; 5) individuals older than 40 with no children younger than 15 present in the family. The main outcome with focus on cross-country difference is that the unemployment gender gap exists only among individuals with children and result from above-average female unemployment rates of mothers in comparison to males and to females without children.

Vuluku et al. (2013) using cross-sectional survey data from the Kenya National Bureau of Statistics in their study examined gender differences in unemployment and underemployment in Kenya. Specifically, the gender differences in unemployment were measured by variables such as age, marital status, human capital, non-labor income, region of residence (rural or urban), adverse shock experienced by family members (such as fire, flood, death or birth of family members). The outcome of the study determined that about 90 % of predicted gender gap in unemployment could be explained by differences in examined variables. Also, the authors according to the results give some recommendations on policy interventions aimed to reduce the unemployment and underemployment gap with paying attention to age groups and region of residence, also to increase the access to education.

Summing up, the existing literature used several different methods to analyze gender gaps in unemployment rates. In general, according to the literature differences in female and male unemployment rates are primarily depend on factors such as age, family status, the presence of children, marital status, education level, region. This summary will help to select the variables of most interest to examine the factors that could explain the unemployment among women in Kazakhstan.

Theory and hypothesis

According to the reviewed literature we could see that the gender gap (in terms of unemployment) could be explained by the different factors from the following views: human capital, labor market institutions, sociological factors, discrimination. The human capital theory in general gives an idea that more educated people are less likely to be unemployed, thus unemployment level will be lower in the country with high human capital in both genders, therefore decreasing the gender gap. In addition, women are subject to attain less human capital than men as a result of family responsibilities (marital status and presence of children). The gender gap in unemployment is explained by labor market institutions regulating minimum wages or laws, such as trade unions, thus setting the minimum wage higher than the average wage will lead to the high unemployment rate among low skilled workers with less human capital because for employers to hire low skilled workers will be more expensive. Sociological factors is mainly associated with the different attitude of society towards gender, for example in some societies women could have limited rights, and the mentioned features like less accumulated human capital, presence of children lead to discrimination against women in labor market, which means that employers tend to hire men rather that women. Thus, based on the observed literature it could be determined that women are more expected to be unemployed and while being unemployed less likely to find a job.

Based on theories for the explanation of gender gap in unemployment from the reviewed literature, it could be observed that human capital theory expects higher unemployment for females and males with less human capital. Therefore, in my research I would focus on the factors explaining women unemployment in Kazakhstan by the human capital theory. Specifically, I would expect that: women with high education level are less likely to be unemployed; women with family responsibilities will tend to be unemployed more than single women without children. Therefore, the following hypotheses will be tested:

Hypothesis 1: **Education level** achieved by females, since the purpose of the research is to explain women unemployment, will positively affect their labor force participation rate. Therefore, it is hypothesized that education level will have negative effect on unemployment of women.

Hypothesis 2: Marital status and presence of children will negatively affect the labor force participation of females, since married women especially with children, due to family responsibilities, will devote less time to work. Thus, it is hypothesized that marital status (married) of women and presence of children will have positive effect on unemployment of women.

In addition, as we know in urban areas it is easier to find a job for both genders rather than in rural areas, thus women living in the rural areas are more likely to be unemployed compared to the women living in urban areas. Based on this suggestion, the third hypothesis is the following:

Hypothesis 3: **Rural region of living** will negatively affect the labor force participation of females, since in the rural regions rather than in urban it is much more difficult to find a job. Thus, it is hypothesized that rural region of residence will have positive effect on unemployment of women.

Thus, the dependent variable will be the number of unemployed women, and independent variables will be education level, marital status, presence of children, and region of living (urban or rural).

Research methodology and methods

Model selection

The model which is used for the prediction of the probability of unemployment of women is binary logistic regression since the dependent variable (unemployed women) is the binary response variable (1 = unemployed, 0 = otherwise), thus it is natural model for this kind of analysis. Probability of unemployment of women is P (between 0 and 1), and otherwise is (I - P). Then, logit of P is:

$$p/(1-p) = odds$$

$$L_i = \ln\left(\frac{P_i}{1-P_i}\right) = Z_i = \beta_0 + \beta_1 X_{1,i} \dots \beta_k X_{k,i}$$

$$P_i = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_{1,i} \dots \beta_k X_{k,i})}}$$

$$e^{-(\beta_0 + \beta_1 X_{1,i} \dots \beta_k X_{k,i})} = f(z)$$

Here the variable z represents the exposure to some set of independent variables, while f(z) represents the cumulative probability of a particular outcome (to be unemployed or not), given that set of explanatory variables. The variable z is a measure of the total contribution of all the independent variables used in the model and is known as the logit.

Data source and variables definitions

The data for the estimation is based on Household Budget Survey (HBS), which was conducted in Kazakhstan for the year 2003 by the Statistical Agency of the Republic of

Kazakhstan, in the form of an interview. The data is cross-sectional and considers most of the aspects such as education, health, living standards of respondents and other information. Sample size is equal to 12 000 heads of the households (43 647 residents, from which 20 123-males and 23 524-females), and by gender – 5 829 males heads of the households and 6171 females heads of the households. All residents are citizens of Kazakhstan. In this paper the regressions will be obtained only for the heads of households; however sample size includes all the members of household, because the presence of children is taken into account (according to the given data the presence of children is related only to the head of the household).

The unemployed status of the respondents were identified according to their answer for the question "Why didn't you work for the last 7 days?", and the corresponding codes for the answer are 1 – Student, 2 – Pensioner, 3 – Housekeeper, 4 – Disabled person, 5 – Unemployed, 6 – Other. Since we are interested in unemployed people, a separate binary variable was created, if a respondent answered 5-Unemployed = 1, otherwise = 0. Based on HBS data the total number of respondents answered 5-Unemployed is equal to 1949.

According to data, there are 502 heads of the households who are unemployed among all respondents. On the basis of gender distribution among unemployed heads of households, 48.4% are males and 51.6% are females. The response variable and predictor variables are the following:

- The binary response variable for females only is **head_unemployed_female** (1=unemployed, 0=otherwise). We use the data for all female heads of households and then coded the unemployed ones as 1.
- The predictor variables are:

Education level – means the highest achieved and documentary certified by certificate or diploma with the following coding 1=None, 2=General primary, 3=General basic, 4=General secondary (completed), 5=Basic vocational, 6=Secondary vocational, 7=Higher vocational, 8= Postgraduate;

Marital status – if the respondent is married=1, otherwise (never married, divorced, widow)=0;

Presence of children – if the family has children=1, if not=0;

Region of residence – if rural=1, otherwise (Astana city, large cities, medium-size cities, small towns, Almaty city)=0

Birth_y – also the **age** variable is included (birth year of a respondent) as a control variable.

All results were obtained using statistical software Stata.

Empirical results

The regression results obtained from the Stata are the following:

Table 1 Summary of variables

. sum head_unemployed_female Education_level Marital_status Children Rural Birth_y

Variable	Obs	Mean	Std. Dev.	Min	Max
head_unemp~e	1036	.25	.4332218	0	1
Education_~l	39759	4.044468	1.847113	1	8
Marital_st~s	31208	.5786978	.4937757	0	1
Children	12000	.5720833	.4947973	0	1
Rural	43647	.4507068	.4975699	0	1
Birth_y	43647	1970.708	20.47791	1892	2003

Table 2 Logit regression

. logit head_unemployed_female Education_level Marital_status Children Rural Birth_y

Iteration 0: log likelihood = -244.13624
Iteration 1: log likelihood = -192.3906
Iteration 2: log likelihood = -191.72621
Iteration 3: log likelihood = -191.72428
Iteration 4: log likelihood = -191.72428

Logistic regression

Number of obs = 373 LR chi2(5) = 104.82 Prob > chi2 = 0.0000 Pseudo R2 = 0.2147

Log likelihood = -191.72428

head_unemp~e	Coef.	Std. Err.	z	P> z	[95% Conf	. Interval]
Education_~l Marital_st~s Children Rural Birth_y _cons	1852525 -1.255864 0028785 982992 0577186 114.3538	.069599 .259405 .2541968 .2572398 .0078087 15.4001	-2.66 -4.84 -0.01 -3.82 -7.39 7.43	0.008 0.000 0.991 0.000 0.000	3216641 -1.764288 5010951 -1.487173 0730234 84.17013	048841 7474392 .4953382 4788114 0424138 144.5374

Table 3 Logistic regression

. logistic head_unemployed_female Education_level Marital_status Children Rural Birth_y

head_unemp~e	Odds Ratio	Std. Err.	z	P> z	[95% Conf.	Interval]
Education_~l	.8308944	.0578294	-2.66	0.008	.7249417	.9523325
Marital_st~s	.2848298	.0738863	-4.84	0.000	.1713087	.4735778
Children	.9971257	.2534662	-0.01	0.991	.6058668	1.641053
Rural	.3741898	.0962565	-3.82	0.000	.2260108	.6195193
Birth_y	.9439155	.0073708	-7.39	0.000	.929579	.9584731

According to the *Table 2* the model based on the results from Stata is the following:

Ln(p/1-p) = 114.35 - 0.19*Education level - 1.26*Marital status - 0.003*Children - 0.98*Rural - 0.06*Birth year

According to *Table 2* the Wald Chi-Square statistic and associated p-value all coefficients except *Children* are statistically significant at $\alpha = 0.05$.

Education level – the coefficient for the variable is (-0.1852525) which means that for a one-unit increase in education level, we expect a (-0.1852525) decrease in the log-odds of response variable – female unemployment (holding all other predictor variables constant).

Marital status – for every one-unit increase in marital status (being married), we expect a (-1.255864) decrease in the log-odds of female unemployment (holding all other predictor variables constant).

Children – for every one-unit increase in the presence of children, we expect a (-0.0028785) decrease in the log-odds of female unemployment (holding all other predictor variables constant).

Rural – for every one-unit increase in rural region of residence, we expect a (-0.982992) decrease in the log-odds of female unemployment (holding all other predictor variables constant).

Birth year – for every one-unit increase in rural region of residence, we expect a (0.0577186) decrease in the log-odds of female unemployment (holding all other predictor variables constant).

Constant which is equal to 114.3538 shows the expected value of the log-odds of female unemployment when all of the predictor variables are equal to zero.

The following table shows the signs of coefficients – predicted and actual (for odds ratio, *Table 3*):

#	Variables	Predicted sign	Actual sign (Odds ratio)
1.	Education_~l	-	+
2.	Marital_st~s	+	+
3.	Children	+	+
4.	Rural	+	+
5.	Birth_y	-	+

According to *Table 3* (the results for the odds ratios) for one unit increase in education, the odds of being unemployed for women increases by a factor of 0.8308944, holding all other factors constant. This might be due to different background in education, which are not demanded in the labor market. As it was expected, for the married respondents the odds of female unemployment increases by 0.2848298 and the presence of children in the household increases the odds ratio by 0.9971257. In addition, for the region of residence – if the respondent is from rural area compared to other regions, the odds ratio of female unemployment increases by 0.3741898 and the age of a respondent increases the odds ratio by 0.9439155, this might be due to the fact that younger workers with little experience are satisfied with low wages offered by employers, rather that experienced older workers who will not agree to work for low wages.

Conclusion

The aim of the research conducted in this paper was to examine the factors that could explain the unemployment among women in Kazakhstan since according to statistics females are likely to be more unemployed than men. According to the previous researches done in the ground of factors explaining unemployment difference or gaps between men and women, the predictor variables were identified and analyzed based on available data from HSB for 2003.

According to the regression results, within the scope of the data we could conclude that education level, family responsibilities and the region of residence in most part explains the unemployment among women in Kazakhstan. Based on these findings, to address the problem of female unemployment it could be recommended for the government to create labor market opportunities with a special job conditions for women with children, which will help for the

combination of professional and family duties of women through the development of social infrastructure, such as building more kindergartens and day nurseries, schools.

Furthermore, to reduce unemployment among women in rural areas it could be suggested to create new job opportunities in rural areas through the development of private entrepreneurship, also establishment of a system of training and retraining of workers, who has different background in education, or who has interruptions in employment, including returning from maternity leave and child care for their early vocational rehabilitation, also for the professions in demand in a certain type of region.

The implementation of the above mentioned measures should help to reduce the unemployment among women with family responsibilities and for women living in rural areas

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"Critical understanding of Western and Post-Soviet views toward censorship and selfcensorship"

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Abstract

The topic of this study was the difference in approaches to media self-censorship in Western countries and post-Soviet countries such as Russia and Kazakhstan. Whereas in Western countries censorship and self-censorship are perceived as extremely negative phenomena and a threat to a democratic society with a free exchange of opinions and information, then in the Soviet past and modern methods of the authorities they gave rise to a different attitude towards censorship and self-censorship of mass media. In particular, the so-called informal censorship has developed, when media representatives practice self-censorship and do not violate unwritten rules in exchange for financing and encouragement from the authorities. The methodology used is the study of literature and the identification of key points in different approaches to the topic. The study found that the attitude to the need for self-censorship in the media in Kazakhstan is explained by the Soviet past, where the government controlled the media. The practical benefit of the work is to understand the features of media self-censorship in Kazakhstan, which affects citizens' access to information, which in turn affects decision making.

Keywords: media, censorship, self-censorship, culture.

Introduction

Censorship is withholding or prohibiting information about politics, religious, cultural and artistic standards by those who have power (Smelser, 2001). In modern societies it is often relates to a centralized control on mass audience. By Western approach censorship perceived as the greatest threat to a democratic society with a variety of opinions and free flow of information. This could harm not only to people, but also could increase misunderstanding between government and people. According to scholars Hayes, Glynn, & Shanahan (2005) situational factors and perception could influence to a person in decision to share or keep the information. But post-Soviet countries created their unique vision of censorship. Scholars in Russia perceive government or social regulation of specific information as a necessity for development unique society.

Background

An independent international organization Freedom House defined Kazakhstan in 2019 as a "Not Free" in terms of freedom of speech country. According to their report, freedom of speech is strictly limited in Kazakhstan, also nevertheless the Constitution claims freedom of press, a lot of media organizations are controlled by government.

In addition to external censorship, there is a certain level of self-censorship among Kazakhstani journalists. External censorship means lawsuits against journalists, threats from the representatives of law enforcement or government institutions. But with a high level of censorship journalists self-censored themselves not only in Kazakhstan. There were many pieces of research about the reasons of self-censorship. According to scholars Hayes, Glynn, & Shanahan (2005) situational factors and perception could influence to a person in decision to share or keep the information. Also, every person has own level of expectation of negative effect. Unlike external censorship when the punishment is predictable, self-censorship could be based on subjective reasons. According to scholars in Russia, media created it's own way of censorship named as informal censorship, when the media industry work closely with government institutions and get financial or other support.

Research problem

Censorship in Kazakhstani media affects the work of journalists. First, the governmental order in mass media, the terms of cooperation with governmental structures limit journalists. Because of the conditions, even journalists got the rules. There were lawsuits against journalists, websites were closed. In 2016 alone, according to the Media Sustainability Index, 31,000 sites with antigovernment content were blocked in Kazakhstan. These all create that level of censorship among media workers, where even without clear instruction, they knew which topic could be dangerous or problematic and they will avoid them. Restriction of journalists on controversial topics could lead to ignoring important issues in society. External censorship could prevent media workers from discussing controversial topics due to legal, financial or public punishment, but self-censorship could influence the public mind, not always objective, that is accepted by everyone.

This paper aims to learn what type of self-censorship is practiced in Western countries and post-Soviet once, as Russia and Kazakshtan.

Literature review as a methodology

The literature review methodology was chosen for this research because it allows to gather available data and analyze. "A literature review can broadly be described as a more or less systematic way of collecting and synthesizing previous research" (Snyder, 2019, p. 333). This method could shed a light in gaps in a field study, compare different approaches. Semi-systematic

or narrative review could be useful while working on differently studied topic by various researches but with systematic review process. This way of review made possible to gather researchers with various backgrounds and cultural features about the topic of study.

It is important to design the review before conducting it. In this work author during scanning the available data about censorship and self-censorship in Western academia and Russian speaking area, particularly Russia and Kazakhstan authors. It occurred, that the attitude toward topic is different: Western authors study the negative effects of self-censorship and the reasons, while Russian speaking justifying the need for self-censorship for the sake of the countries according their ideology.

Censorship and self-censorship in Western countries

According to Cambridge Dictionary (2019), self-censorship is to control what one generally can say or do to avoid annoying or offending others, but without being told officially. This is done out of fear or avoiding the negative effects of authorities or institutions. People's willingness to speak up their minds also depends on the perception of public opinion, according to a Spiral of Silence Theory of survey and communication researcher Noelle-Neumann (1984). If one thinks that the public will support them, they are more likely to speak up their mind, and on the contrary if they perceive that the public holds opposite views, they could keep silent. Neumann claims, that this is done because of the fear of isolation and exile from the group.

Theory of reasoned action explains, that people's behavior depends mostly on their intentions. "According to this strand of reasoning, individuals innate need to respond to external social environment (e.g., informational vs. normal influence) engenders a chain of cognitive activities from surveillance to quasi-statistical calculations whose perceptual product in turn facilitates or impedes behavior" (Guo & Feng, 2011, p.35). Regarding self-censorship, this theory explains that the more people approve government blocking websites, the more they will support blockings itself.

Researchers conducted to study the reasons of self-censorship, which could be an appendix of external censorship and socio-cultural situation. According to Bennett and Naim (2015), the development of the Internet didn't reduce censorship of media by the government. On the other hand, censorship is flourishing in the information age. Governments advanced in digital technologies and use them to monitor media workers, control media space. Also they learn how to regulate freedom of speech by market restrictions and also cover censorship as it is useful for stability of society. Politicians have nowadays more tools to control and form a public opinion to save power and popularity.

Censorship and self-censorship in Russia

Censorship in Russia

According to Khlystunov (2007), censorship is necessary for Russian government. Russian media do not create media products with a symbolic meaning and therefore cannot compete with global, often Western, producers. He believes that this is a problem with censorship. State authorities abandoned official censorship, which led to uncontrolled freedom of speech and degradation the society of Russia. However, on the political side, the government uses indirect censorship, however, Western media have ideologically prevailed.

Censorship could be created by external power, but also could become internal dilemma of a person. It is known, that the more autocratic society, the higher level of censorship it has. This could lead to a self-censorship. Unlike external censorship when the punishment is predictable, self-censorship could be based on subjective reasons.

According to Khlystunov, Russian media do not create media products with a symbolic meaning and therefore cannot compete with global, often Western, producers. He believes that this is a problem with censorship. State authorities abandoned official censorship, which led to uncontrolled freedom of speech and degradation the society of Russia. However, on the political side, the government uses indirect censorship, however, Western media have ideologically prevailed.

In the second half of the 20th century there was a sharp increase in information technology, which allowed the media of certain countries to become global. Thus, a global source appeared, which spread to most countries of the world, and relations developed on the principle of "centerperiphery". Moreover, the main principle of this mechanism is propaganda, manipulation of young minds and the imposition of a hedonistic way of life, which is foreign to Russian conditions, as well as moral and intellectual degradation.

The state refused official censorship, which led to the functioning of market censorship. This alignment, according to the author, became the reason that Russia became the semi-periphery of the world capitalist system and turned into an ideological colony of the West.

Khlystunov believes that the Russian media should spread the ideas of the symbolic capital of the indigenous peoples of Russia, which will unite the people as a single society.

As a result, according to the author, in order to stop the degradation and moral decay of society, the state must recreate censorship in the socio-cultural sphere, and control the film industry, media products, and music to create collective capital.

Self-censorship in Russia

Bondarik (2018) believes that Russia has developed a system of informal censorship practices. In a study of media regulation and interviewing media workers, she found out varieties of informal censorship when participants adhere to unspoken rules that have no legal basis in order to gain profit or gain power. In Russia today, there is a situation where not only informal practices affect the media, but also the media themselves want to interact with the authorities in this vein.

The study conducted 12 interviews with specialists in the media. As a result, 3 forms of informal influence on the media by the authorities were revealed: informal censorship, soft censorship and self-censorship.

In other words, 9 out of 12 interviewees of the research of media workers confirm the existence of "informal censorship". This refers to the practice of pressure from government agencies and officials to coordinate media content.

"Soft censorship" refers to the practice of influencing the media in financial matters, as well as through rewarding loyal journalists. Here, the key role is played by the provision of state benefits, subsidies to convenient media.

According to Bondarik, in Russia there is a filter of self-censorship, which is expressed in media coverage of emergencies. If foreign media report facts about the events, and then the actions of the authorities, then Russian journalists transmit through the prism of "what the authorities did."

Culture and its influences on censorship and self-censorship

According to Zazaeva (2016), there is a semantic gap in relation to the censorship of modern Western and traditional cultures, and in the era of globalization it tends to increase. Information channels have merged into a single space of mass communication, which has led to misunderstanding, intercultural conflicts and a threat to the stable existence of modern society.

Zazaeva claims, that control over the mass information is considered as one of the most important indicators on the scale of democracy - the totalitarianism of the state. The higher the state control of the media, the less democratic the state. This axiomatic statement of modern Western culture forms a fear of any censorship in the mass communication system, which contradicts the specifics of mass communication - the simultaneous coverage of a huge number of people in a socially acceptable content. The solution was the transition to soft censorship and self-censorship, and, accordingly, a change in the subject of control: not the state, but the media, journalists, "opinion leaders" and other civil society actors who are the authors of messages in the mass communication system. And one should consider cultural differences by channeling information.

The most striking example of cultural misunderstanding appears in the tragic events of January 7, 2015 as edited by the French weekly Charlie Ebdo. The events surrounding Charlie Ebdo have shown that ignoring cultural differences in the perception of information by different groups of mass audiences can cause deep and destructive intercultural conflicts in the information society

Traditional cultures have a high degree of avoidance of uncertainty, which forces them to strictly follow the rules and norms and entails a stricter attitude to the public word, which should not violate not only the framework of the law, but also the establishment of public morality. The mass consciousness of such cultures is intolerant of publicly expressing opinions that diverge from moral ideas, and reacts extremely emotionally to dissent, viewing it as an open and intentional attempt on the moral foundations of society, truth and the established world order.

In this cultural context, a demand arises not only for strict censorship by the state, but also for more stringent internal censorship of mass media. The framework for freedom of speech and press is becoming much closer than in modern postmodern culture, because their limits are not law, but public morality.

Author points out, that in the information society censorship in the field of mass communications is needed (mass information can be socially dangerous), but at the same time it cannot be total and come only from the state.

However, Zazaeva didn't gave the explanation of what is traditional cultures and modern Western. She goes from explaining the different approaches and mentality, so one would understand the context, but it is better to understand cultural differences through Hofstede's cultural dimensions theory.

Hofstede's cultural dimension theory explains how values of society impacts on its behavior. He claims, that cultural differences influence on intercultural communications as well. One of these dimensions is power distance "the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally" (Hofstede, 2011, p. 9). In this dimension, inequality and power is perceived from the followers, or the lower strata. A higher degree of the Index indicates that hierarchy is established and the level of inequality is higher, and lower degree of the Index signifies that society is more equal. This could somehow explain the differences in Western countries and post-Soviet countries view on censorship and self-censorship.

Censorship and self-censorship in Kazakhstan

Censorship

Censorship in Kazakhstan manifest itself with lawsuits against journalists, threats from the representatives of law enforcement or government institutions. After the Zhanaozen events in the southwest of Kazakhstan national security officers tighten control of media. There happened the most famous mass strike of oil workers in 2011, which resulted in major unrest in the city of Zhanaozen on December 16 with 15 dead, hundreds wounded and arrested (Tengrinews.kz, 2011). These events increased the level of external censorship.

An independent international organization Freedom House defined Kazakhstan in 2019 as a "Not Free" in terms of freedom of speech country. According to their report, freedom of speech is strictly limited in Kazakhstan, also nevertheless the Constitution claims freedom of press, a lot of media organizations are controlled by government.

Censorship practice in Soviet Union

Markov (2011) made an analysis of relationship between authorities and media in Soviet Union, part of which Kazakhstan was 71 years. He claims, that media was for a long history part of government machine, and propaganda was the powerful tool to shape public opinion. State regulated not only media, nut also publishing books, information policy, education, and so on. More than that dissidents, one who was not agree with the mainstream ideas were severely punished, killed, or sent sway to camps. The main task of party censorship was as follows: to prevent the Soviet society from being informed of the ideas articulated in the public consciousness of other countries. After independence, Russian media was thrown into new reality, were it should be economically sustainable, which lead to a rule of political elite, that now shape the work of media.

Sadykov (2018) claims, that media Soviet Union media failed to report actual conflict in 1986 in Almaty, where protest end with hundred of death. In an article on national identification in the Kazakh press in the late Soviet era, he notes that the 1986 Almaty events were clear evidence of the increased national identity of the Kazakh people, which already identified itself as a nation that has all the attributes of independence and possesses, but Soviet Union censorship wouldn't allow to express such ideas.

The peculiarity of that period was that no matter what issues the press raised - professional, ethnonational, demographic, settlement - it sought, on the one hand, to present them in line with "perestroika" politics, and, on the other, using freedom favorably lowered from above, to denounce the system. That is precisely what the Soviet press is beginning to do. And questions of interethnic relations and national politics come to one of the first places. Soviet media began talking about problems in this area without any embellishment or omissions.

Sadykov argues, that globalization lead to the destruction of established ideas in the field of national traditions and the emergence of global consciousness and global culture. "But,

nevertheless, the process of national identification continues as a desire to preserve its ethnocultural identity. Because of this, journalism and journalism must keep a constant eye on issues of national identity, approach them from the perspective of consolidating society in order to develop an integrating national ideal in the new conditions" (Sadykov, 2018, p.23).

He also thinks, that media of Kazakhstan in order to keep the independence of the country and prevent domination of other states should increase spiritual and educational work for evolving Kazakh ethnic group.

We clearly see, that in the rise of this difference view on the regulation of media, post-Soviet countries, see the need for government involvement, whether Western countries dispute about minimizing government control over freedom of speech.

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"Youth diplomacy as an instrument of international cooperation"

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The significance

The time of advanced international cooperation and connection led to the interdependence of the world's economies, cultures, and importantly the people. Globalization is a new concept that led to the interdependency of the world. The effects of globalization are complex and politically charged, because globalization benefits society as a whole while harming certain groups (What is Globalization? 2020). As a result of globalization, the world is now more connected and dependent on the actions of each other, which means that we need more cooperation among the states. And because of globalization there is more and more similarity among the people and especially youth of the countries. So now the youth of different countries are tightly connected with the help of internet and it is the crucial and significant tool for the state leaders.

The world's youth population has reached 1.2 billion and is projected to increase by seven percent to 1.3 billion by 2030 (Meet the Diplomats, 2017). And given the statistics of how they are

connected, the youth have a big potential when they are involved in diplomacy and work together on domestic and global problems, development programs, or in peace negotiations. According to the message of the UN, the youth are "an essential asset worth investing in". So it is important to provide a platform for youth would be free to share with their concerns and that their voices would be heard by the states. And the countries must benefit from the support of the UN Youth Strategy and take action to develop formal and informal education of youth. So, youth could grow as persons who will take part in addressing the issues of the world such as; diplomacy, sustainability, and peace-building.

This research project aimed to research the importance of youth diplomacy in the world. Understandably, youth are becoming more involved in the current issues of the world and they are taking responsibility for spreading awareness of the issues. Bearing in mind the role of youth and the significance of their voice it is important to benefit from youth diplomacy because it is a strong tool for the cooperation of the states.

Objective and rationale

In the international arena, a positive image has a significant role in the successful existence of the state in the world which is a competitive environment. In this case, youth diplomacy has a crucial role which can be an important tool to protect national interests (Asadov, 2014). As it is clear for many of us the state actors are engaged in the creation and the promotion of their positive image, because for the states it is crucial today to keep their reputation in front of their neighbor nations. Accordingly bearing in mind the positive image the role of youth diplomacy and its impact, youth diplomacy has a fundamental role in branding the positive image of the states. The formation of the image of the state is a long process that depends on diverse components of internal and external factors.

The foreign and the domestic policy, as well as other spheres of the state's life, can act as objects of an image that are relevant in the entire system of relations between states. At the same time, there are separate areas of activity of the state, especially in the external environment, where the formation of the image of the state also occurs in international activities of several nongovernmental actors. So, here comes the role of youth activities or the cooperation of the youth and youth diplomacy. Despite how the activities of youth are formulated in modern literature, the media as international youth cooperation, youth relations, began to occupy a significant place among the positive factors that have a certain impact on the nature of the formation of the country's image.

Recently, elements of traditional diplomacy have become increasingly attractive in youth's activities in the international community. Especially the activities which aim to build a strong relationship with peer to peer negotiation skills of youth. Negotiations, unless of course, it is a dictate, always involve a certain level of tolerance. As Richelieu wrote in his "Political Testament" of 1638, it is necessary "to conduct continuous negotiations, to conduct them openly,

everywhere, do not interrupt them even if they do not immediately lead to the desired result and there is no full confidence in its achievement in the future ".

Furthermore, the development of the humanitarian aspects of diplomacy is primarily associated with efforts aimed at ridding people of suffering, deprivation, and trampling on their human dignity. As the French jurist R.-J. Dupuis, "An ordinary person becomes the first victim of military conflicts, merciless exploitation, violence, terrorism, as well as natural disasters, diseases, and epidemics turn its habitat into a life-threatening one. " Gradually, states realized that in addition to the power factor, also, to dictate purely political considerations, there are universal values that need to be protected. The human factor has become increasingly important in diplomacy. One of the first areas of humanitarian diplomacy was focused on reducing the level of military violence and cruelty during the war. History shows that the evolution of multilateral diplomacy was largely due to the development of humanitarian law. On this basis, legal norms were developed to regulate the rules of war, to prohibit piracy.

The tragic events of World War II stimulate multilateral diplomacy to develop a new methodology for the study of the issue and adoption decisions. The UN Charter contains in its preamble and numerous articles the human rights clause and proclaims one of the priority goals organizations protect these rights. In this context, in 1948, the UN General Assembly adopted the Universal Declaration of Human Rights. This is followed by the Convention on Women's Political Rights (1953), Declaration of the Rights of Children (1959), Declaration of abolishing discrimination against women (1967). A milestone event in this direction became the World Conference against Racism, Racial Discrimination, xenophobia, and intolerance, during which UN member states were able to work out a promising program of action aimed at establishing ideals national, ethnic, cultural and linguistic equality. In 1950, the Council of Europe adopted the European Convention for the Protection of Human Rights and fundamental freedoms. To implement the provisions of this convention, two of the bodies are the Human Rights Commission and the Human Rights Court. The tasks of these bodies are the resolution of disputes that may arise between States regarding application of the provisions of this convention, as well as consideration of complaints of citizens' actions of their state. This situation has become revolutionary in terms of international law. Within the framework of the Council of Europe, it was developed and adopted the Social European Charter (1961). Humanitarian issues are at the center of attention of the Helsinki Conference on security and cooperation in Europe and are recorded in its Final Act. Thus, international organisms representing highly specialized institutions of multilateral humanitarian diplomacy. What role does youth diplomacy play in the modern world? Surely it will help to find methods to unite the whole universe because of common goals? How to train the whole universe to work together? I ask these questions, thinking about how to save the universe on the planet. The governments of many states solve the issue of ambiguous lands, ignoring the true difficulties: the overpopulation of people on our planet, the lack of freshwater in some African countries, and the increase in the number of terrorist attacks. Just as a consequence of this, it is necessary to educate the younger generation in this way, so that in the future it can resolve the urgent, mass difficulties of the world's population together.

Youth diplomacy is indeed considered an effective tool for educating the younger generation, which will be aimed at saving the world on the planet and the constant formation of society, not counting this, a generation that is ready to talk will be able to solve the mass difficulties of the world's population without resorting to the use of tools. Youth diplomacy is another example of diplomacy where the youth of different countries have a platform to address the common issues of the world. Currently, youth are considered as non-state actors who have their voices and the power to be heard (Ayesh Al-Majnuni,2019).

Research Problem

In order to have a deeper understanding of this research, the different questions will be raised related to the topic. The questions posed below are going to help to have a wider understanding of the importance of youth diplomacy.

- Why does youth diplomacy enabler international cooperation?
- Who are the examples of youth already making changes globally?
- What is the role of government in promoting youth diplomacy?

Background and Literature Review

There are many examples if we have a look at the worldwide spread of state actors or organizations which acknowledge the role of youth and youth diplomacy. The United Nations Youth Strategy can be one of the examples which continues to emphasize the role of youth diplomacy and youth involvement in international relations. According to the message of the UN, the youth are "an essential asset worth investing in" (Youth 2030, 2018). The United Nations Youth Strategy mentions that the youth can play a significant role in achieving global sustainability agendas such as; peace and security, human rights, and sustainable development (Youth 2030, 2018). It is the responsibility of the state to pay enough attention to the empowerment of the youth by an implementation of effective goals and policies which will open new opportunities for the development of the youth. Whereas, the UN as an international organization is ready to support all the countries which work on protection and support for youth people (Youth 2030, 2018). Besides, it is important to provide a platform for youth would be free to share with their concerns and that their voices would be heard by the states. So, the countries must benefit from the support of the UN Youth Strategy and take action to educate and empower the youth. So, youth could grow as persons who will take part in addressing the issues of the world such as; diplomacy, sustainability, and peace-building (Youth 2030, 2018).

The introduction of new technologies and the increase of educated people especially youth enables the youth to be aware of the news happening in the world. So, as a result of these

opportunities, the youth around the world are aware of global problems happening around the world. Also, education is crucial for the youth to address the issues in a proper manner which will lead to good consequences. Education is the key for the youth to be engaged and to address the issues of the world. Only, educated youth are the hope for the country's better future, because they are going to represent the country to other countries. Taking into consideration all benefits that youth have today the progress of educated youth is promising in many countries. Moreover, many leading countries understand the role of education in the youth and how it can impact on the foreign relations of the states.

According to the article written by Alaa Ayesh Al-Majnuni" Youth diplomacy calls for a modern form of diplomatic discourse". In other words, youth diplomacy is the term that pays attention to young people and their role as nongovernmental actors in international relations. In other words, youth are not only professional diplomats who represent their countries in international conferences and meetings. Nowadays, the youth is one of the actors who also have a voice to address the common issues of the world and they are the change-makers who bring solutions. (Ayesh Al-Majnuni, 2019).

At the same time, there are separate areas of activity of the state, especially in the foreign policy, where the formation of the image of the state involves the participation of several actors; organizations and non-governmental actors. Here, youth activities can have several characteristic features that are not only the object of influence of multidirectional global trends but increasingly influence socio-cultural, political, and humanitarian processes of international life. However, the international activities of youth, often formulated in modern literature, the media as international youth cooperation, youth relations, began to occupy a significant place among the positive factors that have a certain impact on the nature of the formation of the country's image. In political literature the topic of youth diplomacy was brought as an example. Some (most of them, especially in Anglo-Saxon literature) believe in the establishment of diplomatic institutions. It was closely connected with the development of trade and economic relations between peoples, while others emphasized the natural desire of a person, tribe, people, and nation to avoid an armed attack and resolve the issues peacefully. Solving issues means negotiating is the main instrument of diplomacy. Negotiations, unless of course, it is a dictate, always involve a certain level of tolerance. As Richelieu wrote in his "Political Testament" of 1638, it is necessary "to conduct continuous negotiations, to conduct them openly, everywhere, do not interrupt them even if they do not immediately lead to the desired result and there is no full confidence in its achievement in the future".

The list of problems that youth can refer to and can have an impact are social justice, such as gender rights, sexuality rights, and climate change (Craney, 2019). Accordingly, the youth have a big potential to play a positive or negative role in solving these issues and towards the development of their communities. Especially, the fields and the issues that relate to youth themselves have a bigger chance to be brought into the discussion. Luckily, as it has been given

as an example in the previous paragraphs the youth are already addressing these issues and they are making positive changes (Craney, 2019).

Furthermore, youth diplomacy has a crucial role in the international world and it can be considered as a subset of traditional diplomacy. Similarly, to other types of diplomacy youth have the same role and youth can take part in the negotiation processes with other nations. In the face of new threats and challenges, youth diplomacy can go beyond the traditional framework by showing how it can impact the world. To be heard by the government and other nations, the youth should keep on a strong interaction with the new actors of world politics such as; politicians, diplomats, and non-governmental organizations.

The diplomacy involved in this process will be able to go beyond the framework of the bureaucratic system and overcome the traditional distinction between the public-private world. Thanks to the expansion of the circle of contacts, diplomats will be able to gain wider access to information and establish relations with politically fragmented centers of power. It is important to bear in mind the fact that the very nature of the negotiations is changing. After all, official negotiators, as a rule, are limited by a strict framework of instructions, which is usually the bursting of the field of activity of diplomacy often complicates the negotiation process itself. The achievement of positive results was helped by the techniques of the so-called "second-track" diplomacy, involving the organization of meetings of negotiators (usually not the heads of delegations) in an informal setting, as well as the practice of informal mediation of acceptable decisions, topics of multilateral negotiations on sensing positions. The exceptional complexity for searching for environmental problems required the participation of representatives of science, industry, business, and authoritative organizations in the negotiations. (The not-for-profit theory of "parallel international negotiations" was developed. Its concept was tested during several rounds of negotiations on trade and the environment held in 1994-1996, as well as during the preparation of conferences on climate change in Kyoto (1997) and Buenos Aires (1998). Heads of official Climate Change, Genetic Engineering, and non-governmental Institute for Consensus building took part in negotiations parallel to the official ones.

Furthermore, youth can play a very important role in establishing humanitarian ties and interaction with other organizations. Nowadays, the younger generation is increasingly working on the socio-cultural and political and humanitarian processes of the. As young people can have a big they should more mobilize and engage learning and utilizing their skills. Thus, it is the responsibility of the state to make sure that the youth have enough attention from their side and the youth are given vices, and let them dream and put forward their innovative ideas for the world. The states should make sure the voices of the youths are heard because they are another tool for bringing the youth around the world together and making a positive change. So, youth diplomacy is the idea that will bring youth together that they could make a difference globally. Consequently, it is necessary to educate the younger generation that they would be aware of global topics such as; diplomacy, peace building, and sustainability. So, in this way countries will have trust and confidence in youth who will lead the world in the future.

Furthermore, youth diplomacy has a significant place as a representation of the state. The reason is that it is not only ministers or professional diplomats who represent their countries in conferences and international meetings. Currently, the youth as well represent their countries through exchange programs and conferences. So, they are the young diplomats of the states who will engage in the discussion with others and who will tell about their countries (Ayesh Al-Majnuni, 2019). Moreover, as young diplomats, they are the future decision-makers who will make decisions in international cooperation on the behalf of their nations. So, here youth diplomacy has a big role as a platform that will bring young people and which will allow them to be heard.

Methodology

The topic of youth and youth diplomacy is widely known and many types of research and articles have been written by scholars. My research methodology will be including analysis off literature, comparison, generalization and content analysis.

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"Integration of Kazakhstan to Eurasian Economic Union. Costs and benefits for trade, budget revenues and employment for Kazakhstan"

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Introduction

Kazakhstan is a country whose economy is still in transition. Before independence, the economy was regulated by the Central authorities of the USSR. Since 1990, Central Asian countries have begun to take their first steps into the world economy. To achieve a strong position in economic development, developing countries must develop trade with developed countries and join economic unions. The Eurasian Economic Union where Kazakhstan is a member can affect the economy of each country in different ways. Kazakhstan, Russia and Belarus created the Custom Union in 2007 to facilitate customs procedures and regulate trade between the countries. (Worldbank 2012).

The theory of Viner (1950) clearly describes and explains the theoretical version of the Custom Union. In this theory, Viner interprets the advantages and disadvantages of the Custom Union and makes it clear that the Custom Union brings not only a positive impact but also a negative one. For example, countries with little developing economies are not getting steady progress and there is an outbreak in trade. Viner in this theory considers static and dynamic effects that can show how the union affects countries. Viner also emphasizes research in theory this other a priori may be different. For example, in Kazakhstan, you can see the impact of the EEU on the economy of Kazakhstan.

To understand in more detail the impact of the EEU on the economy of Kazakhstan, it is worth considering the dynamic and static effects. It can be emphasized that the Eurasian Economic Union provides opportunities and advantages for Kazakhstan as import protection and a wide scale of trade, but at the same time the union also brings negatives. For example, high interest rates for goods as the customs tariff may be higher than the average tariff of Kazakhstan. Against this background, many experts have had disputes, and yet all consider from the negative impact of the union for small countries.

Another important issue is how much the Eurasian Economic Union generates revenue for the economy of Kazakhstan. The EEU was created to develop the economy and trade of each country that participates in the union. Such unions can simplify barriers to trade between countries. Russia is the closest country, and therefore there were no special geographical problems with the import and export of goods. Since gaining independence, Kazakhstan has undergone economic and political restructuring. Moreover, Kazakhstan has faced such problems as the crisis in the economy, mass unemployment. The single customs tariff is the main issue for the development of trade in Kazakhstan in the union. When

countries create the Custom Union, they equate the customs tariff with the tariff of a developed country. The Eurasian Economic Union has a single tariff that is equal to the tariff of Russia. Thus, Kazakhstan, which has a low tariff, loses the benefit of trading with other participants. Also another reason why Kazakhstan does not receive the income is non-tariff barriers (Eaeunion 2017).

There are also studies on the impact of the Eurasian Economic Union on employment in the member countries. For example, some experts see this as a simplification of customs declarations and labor documents for migrants from these countries, which can have a big positive change in the employment of people. However, migration alone cannot solve all the problems of unemployment. For example, Kazakh workers do not particularly migrate to other countries of the union.

Russian and Kazakh experts consider the opportunities of the participating countries in the EEU in different ways. Each economist interprets the progress of the Union's development according to their own vision. In any case, in all studies, students usually interview experts to answer a question. Of course, the opinions of experts always reveal the issue more, but it was interesting to consider the views of ordinary people in Kazakhstan in this work. Since ordinary residents of Kazakhstan are part of the country and they share all the changes that are happening in the country. What is happening in Kazakhstan directly affects their lives and they can feel the economic development and political influence in the country. On the one hand, the pandemic is a pressing issue for the entire world today. Therefore, due to the pandemic, it was difficult to conduct regular interviews with experts. In this situation, the best solution was to take an interview via video and from close associates who could be contacted online at the moment. And these are not experts, but residents of Kazakhstan, who are part of the country.

It is worth noting that Kazakhstan is only a developing country in the economy and in politics in general. Russia and Kazakhstan have closer international relations and the creation of the union is a path paved for the development of all members of the Eurasian Economic Union. However, since the creation of special privileges are not seen for Kazakhstan.

The main research question: How does the Eurasian Economic Union affect the economy of Kazakhstan, state revenues and employment? There are three general questions for research study.

1. The dynamic and static effects of the Eurasian Economic Union to Kazakhstan's economy over the period of 2010- 2019.

- 2. The advantages and disadvantages of the Eurasian Economic Union for the government revenues of Kazakhstan.
- 3. The impact of the Eurasian Economic Union to the employment of Kazakhstan.

Method: The quantitative method of analysis is much useful in order to identify main question: How The Eurasian Economic Union influences on Kazakhstan's economy, government revenues and employment? The Eurasian Economic Union has as positive and negative affects. There are many articles which were written by many experts and economists. Moreover it should be noted Viner's Custom Union theory was basic theory for see scientists vision and concepts of Custom Union. There are many articles of practical side of the Eurasian Economic Union and they show statistic and dynamic impacts of union on Kazakhstan. Through the dynamic and static effects it is possible to point out benefit and costs of EEU to Kazakhstan.

3. Viner's theory of the Customs Union by different scientists.

To more accurately and thoroughly answer questions about how the Customs Union affects each country that participates in the union, we have taken as a basis the theory of integration of the Customs Union Viner (Viner 1950). In this Viner's theory, written in 1950, shows that the Customs Union has not only a positive effect for everyone, but also a negative one. Many economists and experts believed that the union brings only positive effects for the economy of each country independently developed country or developing country. Viner also notes that it is impossible to answer a priori how the Custom Union affects the economy, because the theoretical part is not enough to weigh the positive and negative aspects of the union. The theory shows only assumptions about the union, in practice everything can be different. In practice, the union can function in completely different ways and have different consequences for each country in different ways, both for a weak economy and for a strong economy (Oslington 2013).

However, there are also positive views about the Customs Union. Meade (Meade 1956) further develops Viner's ideas about customs integration and gives his own concept. Meade slightly criticizes the work of Viner and notes that overcoming trade barriers leads to at least some benefit for the countries participating in the union. There may be abbreviations however, these losses can be compensated by means of benefits from increased trade in goods that are exempt from paying duties. According to the Meade concept through the creation of the Custom Union, economic prosperity can grow if the members of the union are complementary and different.

There is also an important part in Viner's work that looks at the statistical effect and dynamic effect that can determine the impact of the Customs Union on member countries.

For example, the way the Customs Union affects countries statically and dynamically is well considered in the work of Cherunilam (2008) "Integration theory". Static effects "include the reallocation of resources between existing industries, the use of existing sources of static effects, primary effects and factors, and existing technologies. Some industries are expanding, other dynamic effects are sequential contracts, and consumers enjoy lower prices for certain products; the effect of combining customs procedures.

For the study of the economic union and the Customs Union, economists largely use the theory of Viner "integration of the Customs Union" which was written in 1950. Viner's theory has become the starting point for experts and economists in their research. In his work, Viner points out that the Custom Union does not always benefit countries. A customs tariff that is high for imports in the union may lead to a diversion of trade from channels through which trade could move freely if it could choose its path freely. Viner in the introductory chapter considered the Custom Union as a mechanism for reducing tariffs between political units while maintaining customs barriers to imports from external regions, and defines the "perfect customs union" as a mechanism that includes the following conditions:

- the elimination of tariffs between the parties
- introduction of a single tariff for imports outside the union
- according to the agreed formula the distribution of income from the Customs Union between the participating countries

Viner also considered additional issues such as the ability of the union to use market power and improve the terms of trade, good opportunities to negotiate a low tariff, and the impact of the Customs Union on monopolies within the union.

Viner noted that it is impossible to answer questions about the consequences of the Customs Union a priori since in practice the Customs Union can function in different ways.

According to Viner's theory the Custom Union has static and dynamic effects:

Static effects is when resources are reallocated between existing industries, as well as using existing ones sources of static effects, primary effects and factors, and existing technologies.

Static effects have two types: production and consumption effects.

As a result of creating the Custom Union, changes in the supply sources or production bases of goods are associated with the production effects of production. If we explain production effects differently, this is the result of shifting purchases of goods from more expensive domestic sources to cheaper sources of supply, and this is considered a positive effect, while the shift of supply sources from cheaper foreign producers to more expensive producers in participating countries is considered a negative effect.

Viner considered two types of production effects: the effect of creation trade and the effect of diversion trade.

The trade creation effect means a favorable impact of the Customs Union on the movement of supplies from an expensive domestic source to a cheaper source of a partner of another member of the union. Trade diversion is the redirection of trade in goods from one country to another as a result of the creation of the Customs Union.

There is a positive effect of consumption and a negative effect of consumption.

The positive effect of consumption is consumers in the union they can benefit from the positive production effect of the union, for example, by improving the efficiency of resource allocation. More precisely, consumers are forced to buy expensive products from local manufacturers, and after joining the Custom Union, consumers are offered the lowest prices. Consumers get access to a low-cost source of supply, thanks to the Custom Union, and from this their real incomes of consumers increase, because this the amount of cash income allows you to buy more products as prices fall. Thus, it is considered a positive impact of consumption in the Customs Union.

The negative effect of consumption occurs in parallel with the negative production effect the negative effect of consumption. Members of the Customs Union countries introduce a single customs tariff for countries that are not members of the Union. For example, before joining the Union, a member country of the Customs Union imported goods duty-free from countries that are not members of the Customs Union, but now in the Union it imposes a duty that will distract consumer purchases from cheap external producers to producers with high costs in the Union. Therefore, this decrease in consumer welfare due to a decrease in real income from rising prices is considered a negative effect of consumption in the Customs Union.

Dynamic effects are increased competition and investment and increased technological changes, as well as increased economies of scale, which make the Union's economy dynamic.

The competition of the Customs Union stops the protection of domestic industries in some way and thus helps to destroy the monopolistic structure. High competition leads to the existence of inefficient divisions. Thus, opening up the economy to increase competition provides higher efficiency, as well as stimulating research and development.

The concept of an external economy includes all forms of intra-and inter-industry relations that contribute to reducing costs. Balassa discredits external economies that operate outside the market mechanism (the spread of technological and organizational know-how and the development of a managerial class and skilled labor force in a large market), and countries that work through the market (reducing costs due to intersectoral effects and interdependence through changes in income). As the market size increases, the external economy can also increase, making the economy more dynamic (Balassa 1961).

Technological change is the expansion of the market and the resulting competition, as well as arbitrary competition, stimulate research and development.

The Customs Union's investments are also increasing. Increased competition and technological changes bring additional investments that are made to take advantage of newly created opportunities. However, high-cost manufacturers and technological changes may also trigger some reinvestment, although new investment will be greater than de-investment.

The union expands opportunities that can accelerate the flow of foreign investment to member countries. In addition to foreign firms already operating in the Union expanding their activities, new foreign firms may be investing in the union to take advantage of the growing opportunities. Balassa also noted that economic integration will reduce the risk and uncertainty in economic communication between members of the union. In the modern world, various factors determine the riskiness of foreign transactions. The uncertainty is related to the complexity of trade rules and the possibility of unilateral changes in tariffs and other forms of trade restrictions, currency rules, and economic policy in general. Integration usually reduces this uncertainty and promotes development (Balassa 1961).

4. The dynamic and static effects of the Eurasian Economic Union to Kazakhstan's economy.

4.1 The dynamic effect of the Eurasian Economic Union to Kazakhstan's economy.

Russian experts view the dynamic effects from a positive point of view for Kazakhstan, but I would like to note that this is not so positive since Kazakhstan joined the union. According to article Gordeev and Shkiotov (2015) the effect of expanding the domestic market, the effect of increasing competition and the effect of transferring resources helps to develop the participating countries in the economy.

According to the authors, the effect of expanding the domestic market is the benefits of economies of scale, more dynamic economic growth by increasing the competitiveness of national enterprises and increasing domestic demand for investment. The benefits that apply to the customs Union of Russia, Belarus and Kazakhstan include: restoring previously broken economic ties; attracting investment in manufacturing sectors of the economy; developing cooperation and deepening regional specialization. Here I would like to note an important fact-all three national economies that are part of the Customs Union are at approximately the same technological level. This creates opportunities for a higher degree of diversification of the commodity structure of trade flows within the Customs Union than in foreign trade with third countries (whose technological level may be higher). Russian economists also believe that the effect of increased competition can have a stable development for Kazakhstan. Increasing competitive pressure on the industries of the countries forming the Customs Union in these specific conditions is carried out through the unification of the "rules of the game" in the common customs and subsequent economic space: unification of customs legislation; creation of common technical regulations; reduction of administrative barriers; unification of tariffs and equalization of competition conditions; unification of tax systems, etc. For example, if we talk about competition between enterprises in the real and financial sectors of participating countries, it is still too early because of the disparity of the economies, and partly because of their successful complementarity, competition in the institutional sphere sometimes brings unexpected results. Due to the unification of procedures and simplification of registration rules, enterprises were able to re-register on the territory of other member states of the Customs Union, as previously reported, reacting sensitively to changes in the "rules of the game" on national markets. Given that over the past 5 years, Kazakhstan has risen to 47th place in the world Bank's doing Business rating, and Russia has fallen to 120th place, the flight of Russian companies seems quite logical. Thus, according to the Russian chamber of Commerce and industry, at least 500 small and medium-sized Russian enterprises were registered in Kazakhstan in 2011 alone. We see this trend at the regional level, when dozens of small and medium-sized Yaroslavl enterprises re-registered in Kazakhstan, despite the territorial remoteness, citing public opinion polls that there are fewer "nightmares", according to former Russian President Dmitry Medvedev, of small and medium-sized businesses. These are the data of Russian experts and re-registrations of companies in Russia, according to them, brings income and overall impact on the economy of Kazakhstan. In fact, Kazakhstan does not have superior enterprises and companies that could surpass Russian enterprises. For instance, Kazakhstan was dependent on Russia before independence and only started developing small and medium-sized businesses after independence.

Thus, again, Kazakhstan does not benefit from dynamic effects, since Kazakhs do not work in other neighboring countries participating in the union. Despite the fact that the Russian view of the union from a positive point of view for all countries despite the different economies but practice shows that Kazakhstan does not get much dynamic development.

4.2 The static effect of the Eurasian Economic Union to Kazakhstan's economy.

As in theory Viner dynamic and static data are the best tools to see the impact of the Eurasian Economic Union on the economy of Kazakhstan in practice. Static data shows that with Kazakhstan's accession to the Union, there are no big changes in trade turnover and income. Instead of developing the country's economy, there were income losses. This situation was indicated in the theory of Viner as weak countries with developing economies can not develop.

The effect of creating trade is in the benefits that the economy gets by unifying customs borders and opening up markets. This group includes a number of advantages received by the economies of Russia, Belarus and Kazakhstan: reduced transport costs; access to new markets; free, preferential movement of labor resources between countries. Thus, the volume of mutual trade, calculated as the sum of the value of export operations of the Customs Union member States in mutual trade, in 2011 amounted to 62.3 billion us dollars. Compared to the previous year, its cost increased by 32.1%. Almost two-thirds of the volume of mutual trade (65.2%) is accounted for by the Russian Federation. The share of the Republic of Belarus is 23%, the Republic of Kazakhstan-11.8%.

The effect of trade diversion is to implement collective protectionism against third countries outside the Customs Union, and this effect is manifested in two ways, and in both cases negatively – on the one hand, through a reduction in the population facing higher prices for imported goods, on the other-through a decrease in government revenues caused by the economic inequality of the participating countries. Let's look at this effect in more detail. Since the creation of the Customs Union was based on higher Russian customs duties, the Russians themselves, in fact, did not notice a decrease in the level, but the residents of the other two countries fully experienced all the "charms" of a sharp rise in the price of previously cheap goods. For example, according to the National Bank of the Republic of Kazakhstan, in January – July 2011, inflation was 5.6% (in January – July 2010-4.6%).

According to experts, one of the factors of inflation growth was the introduction of the common customs tariff (CCT) and the opening of the borders of the Customs Union member countries. If before Kazakhstan joined the Customs Union, the average level of import customs duties was 6.2%, then with the formation of the Unified customs tariff, the average level of import customs duties on goods from third countries became 10.6%. It should also be taken into account that the increase in prices is not only due to an increase in the overall level of import duties in Belarus and Kazakhstan, but also due to the effect of market pricing mechanisms:"...within the common market of the Customs Union, the prices of goods are the same as water in communicating vessels. This is the reason for the price increase."We are talking about reducing (under-receiving) Russian budget revenues due to at least two factors: reducing tax deductions associated with the re-registration of Russian companies in the territory of Kazakhstan, which offers more favorable business conditions than in Russia;

incomplete transfer of customs duties by partners in the Customs Union. In practice, this means that the cost effect of trade sabotage has actually passed to the leading economies of the Customs Union-Russia, which pays for its operation, which means that you and I, but indirectly, have faced the problem of reducing the level of welfare by reducing the share of government spending on solving the socio-economic problems of Russians. (Gordeev and Sciotov 2015).

Moreover, in order to assess the situation of Kazakhstan in more detail in the Eurasian Economic Union, it is important to look at the statistics of trade turnover for the last 10 years since joining the union. For example, exports and imports can show trade turnover of Kazakhstan in the Eurasian Economic Union. Clear static of Kazakhstan's exports and imports had showed on the **Diagram 1** and **Diagram 2**.

Also it is important to note that Kazakhstan can benefit more from free trade with many other Europe countries, because after 1990 year Kazakhstan was recognized as independent state by Europe countries and USA and other stares in the world. In addition Kazakhstan started economic relations with those countries. Actually, according to statistics Kazakhstan's main partners by export trade turnover are Italy, France and other. Kazakhstan has huge export trade with Europe countries and this is shown on the **Diagram 3**.

5. The advantages and disadvantages of the Eurasian Economic Union for the government revenues of Kazakhstan.

Viner's theory is a very convincing foundation that the economic unions can bring different consequences for participants. Also in practice, Kazakhstan has received negative influences in the membership of the EEU. This can be explained by the fact that Kazakhstan has been losing revenue since joining the union. For example, in 2011, Kazakhstan loses 0.2 % of real income due to the Custom Union. This is because the customs tariff is high. Due to the fact that the unified customs tariff is higher, tariffs in Kazakhstan increased from an unweighted 6.7% to 11.1%, and from a weighted 5.3% to 9.5% in terms of trade volumes. Therefore, business and consumer spending on imports has increased. After Kazakhstan joined the Custom Union, real wages fell by 0.5% and real return on capital by 0.6%. There were also changes regarding the reduction and expansion of production in the sectors. In general, most services were reduced due to the fact that Kazakhstan did not strengthen the protection of domestic production in order to resist competition (worldbank 2012). If say the positive part for Kazakhstan, it is reducing the Declaration during border crossing and facilitating the processing of customs documents for migrants. Also reducing trade costs and simplifying trade procedures in order to develop the integration of members in the union and stabilize trade. However, it should be noted that there is also a question of how to avoid no tariff barriers that hinder Kazakhstan's exports as much as possible during trade with the participating countries. It is the sanitary and phytosanitary requirements that strongly affect the trade of Kazakhstan. It is important for the participating countries to work together to

eliminate such nuances that prevent stability in trade between the participants. For example in order to see difference of benefit of the common custom tariff system for Kazakhstan we can see statistics 2012 year of tariff on the **Table 1.**

Table 1

Comparison of the average level of import duties in force in Kazakhstan and Russia and the Common customs tariff									
	Kazakhstan	Russia	ССТ						
Medium level	6,2 %	10,6 %	10,6 %						
For industrial goods	4,6 %	9,4 %	8,5 %						
For agricultural products	12,1 %	15,1 %	16,7 %						

Source: Influence of the Customs Union on the economic development of Kazakhstan. Main problems and prospects (Rahmatulina 2012).

In addition, oil has big effects to government revenues of Kazakhstan that's why price of oil is important for country. For example on the **Table 2** is bellow GDP of Kazakhstan which show benefit of country.

Table 2

GDP of Kazakhstan for 2010 - 2018 years								
Year	GDP in billion dollars	Growth of GDP	Price of oil					
	(USD)	(%)	(USD)					

2018	170,54	7,0	71,06
2010	170,54	7,0	71,00
2017	159,4	16,1	54,25
2016	137,28	-25,5	43,55
2015	184,36	-18,9	52,35
2014	227,44	-6,7	99,03
2013	243,78	6	108,56
2012	215,9	5,5	111,63
2011	200,38	7,5	111,27
2010	148,05	7,3	79,47

Source: GDP of Kazakhstan Unctadstat 2020

6. The impact of the Eurasian Economic Union to the employment of Kazakhstan.

According to expert Gabidullin (2016), the Eurasian Economic Union has a positive impact on the internal and external economy of the participating countries, increasing sales markets, ensuring economic and political stability. Along with these aspects, an important factor is the agreement on the legal status of migrant workers and members of their families (hereinafter referred to as the agreement), signed on 19 November 2010 in Saint Petersburg and ratified by Law of the Republic of Kazakhstan No. 442-IVZRK of 27 June 2011. According to this document, a simplified procedure for working in the territory of the Customs Union member States is established for citizens of the Customs Union. The main purpose of the agreement is the possibility of unhindered export of labor resources. Simplifying the hiring process frees both the employer and the employee involved from additional time and money costs. Thus, if, as a general rule, foreigners who arrived in Kazakhstan for the purpose of employment can be employed only if the employer has a permit to hire a foreign employee (without the above document, work is allowed if they

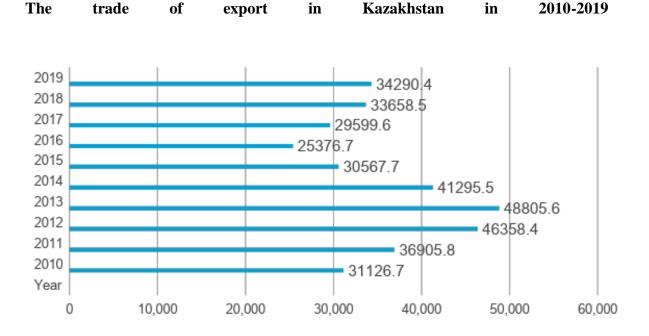
have a residence permit), then in contrast to the Customs Union member countries, whose citizens can work freely under the general rules of the labor legislation of the host country.

Such liberal conditions allow exchanging experience, improving skills, improving quality and, consequently, increasing competitiveness. The total employment of the population of the Republic of Kazakhstan is growing (Gabdullin 2016).

Thus , it is clear that the Eurasian Economic Union does not particularly affect employment, because all the countries that are members of the EEU, the CIS countries, which have an employment problem is one of the problems, but compared to other participants, Kazakh workers do not migrate to Russia. According to experts, it can be seen that the procedure for declaring migrants between these participating countries and documents submitted for work has been simplified. But this is not particularly profitable for Kazakhstan, as Kazakhs do not often travel to neighboring countries to earn money (Michalopoulos and Tarr 2004). For more to establish what is the impact of the Eurasian Economic Union statistics are not hurt. For example, you can take the rate of unemployment in Kazakhstan and for last 10 years from the accession to the union of Kazakhstan to this day. This is shown in more detail in the **Diagram 4.**

The trade of import in Kazakhstan in 2010-2019 years

Diagram 1



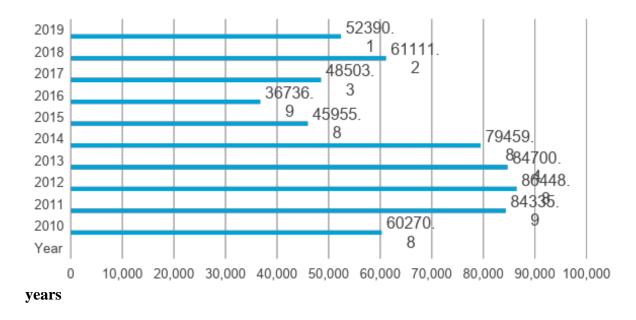


Diagram 2

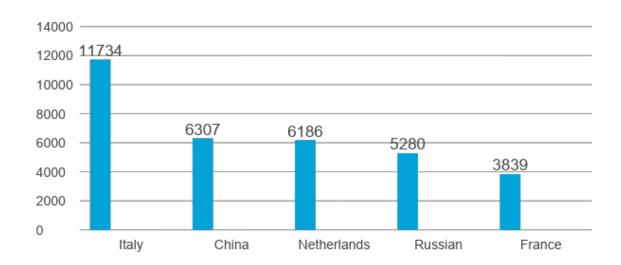
Source: Republic of Kazakhstan Ministry of national economy Committee on statistics 2020

Top 5 partners of Kazakhstan in 2018 (exports, millions US\$)

Diagram 3

Source: General Profile: Kazakhstan unctadstat 2018

The unemployment rate in Kazakhstan in percentage (%) 2010-2019 years



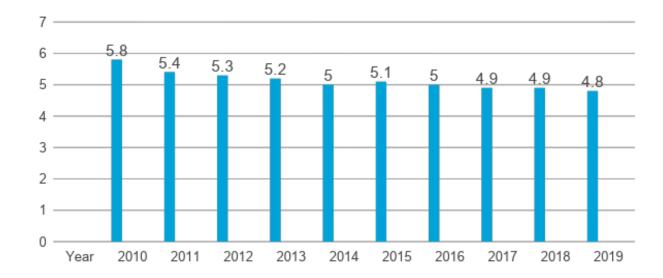


Diagram 4

Source: Republic of Kazakhstan Ministry of national economy Committee on statistics 2020

7. The positive and negative effects of the EEU to Kazakhstan by Kazakhstan's experts. EEU: did Kazakhstan feel the benefit?

Madi Bekmaganbetov (2016) considered the issue of the EEU: did Kazakhstan feel the benefit? And answers the question through a conversation of economists and experts from Kazakhstan.

What has Kazakhstan gained in almost two years of participation in the EEU, the goals of which were called comprehensive modernization, increasing the competitiveness of national economies and the free movement of goods, services, capital and labor? What did Kazakhstan lose? Azattyk's reporter addressed these questions to the experts.

The rector of Turan University in Almaty, economist Rahman Alshanov, says that the income of Russians has fallen sharply in two years. According to him, the Russian economy could not return to the indicators of two years ago and this had a negative impact on Kazakhstan, but the turnover of Kazakhstan in the EEU has increased. According to the expert, compared to 2010, in 2015, the volume of Kazakh food products supplied to Russia increased several times: oats-10 times, chicken eggs-six times. If in 2010 Kazakhstan sent 236 thousand tons of food products to Russia, in 2015 this figure reached 750 thousand tons.

At first, everything developed at a rapid pace. When the ruble fell in price, Kazakhs purchased Russian goods in large quantities. After the borders were opened, Russian goods have flooded our market. If we talk about the indicators of last year, Kazakhstan's food producers delivered 40 percent of their products to Russia. The volume of deliveries to Russia of 18 types of products has increased by 20, 40 times. In this regard, the volume of Russian goods imported to us has decreased. Judging by these data, our entrepreneurs have begun to understand the Russian economy. We can say that they took good advantage of the situation and occupied the niches of producers from Europe and Turkey, whose products were banned, — says Rahman Alshanov.

According to the economist, entrepreneurs of Russia and Kazakhstan have only now come to an understanding after the "trade war".

— At first, Russian goods flooded our market. These products were not sold, and the understanding came. At first, it seemed that this was a "trade war". For about 20 years, the customs office was not open. When the customs office was opened, we rushed to their market, and they came to us. We have only just begun to understand each other. Now our macaroni is mainly delivered to cities such as Saint Petersburg and Moscow, and their cheap macaroni is delivered to our regions, " says Rahman Alshanov.

Rahman Alshanov believes that in order for Kazakhstan's participation in the EEU to be profitable, it is necessary to quickly adopt union documents related to technical regulations, the system of checks, and requirements for goods. At the same time, the EEU countries should come to an agreement on goods that are exported outside the union.

- Russia exports wheat to Kyrgyzstan, Uzbekistan and Turkmenistan. We also send wheat to these countries. Since Russia is our ally, we need to coordinate such issues. Maybe it would be better to create joint ventures. However, how will the Russian side react to this-

maybe it will demonstrate dominance out of habit? Unfortunately, our experts included in the Commission have shown their failure - the expert notes.

The Russian ruble began to depreciate at the end of 2014. In 2015, the national currency of Kazakhstan was also devalued, the US dollar exchange rate increased from 180 to 330 tenge by the end of the year.

Economist Denis Krivosheev believes that Kazakhstan's participation in the EEU led to the depreciation of the tenge. According to the expert, Kazakhstan has not achieved the goals that it set for itself when joining the EEU.

— What we were promised never happened. The talk that we will get a 160-million-dollar market, of course, remained a conversation. Second, there was an export of inflation. This is what we really got from the Eurasian economic space. I said from the very beginning that Russia is in a phase of political and economic instability and there is an extremely high probability of devaluation. As a result, we got inflation, we also had a devaluation, we lost a lot of money in order to somehow level the consequences — says Denis Krivosheev.

According to the expert, the interests of Russia dominate in the EEU and this leads to difficulties for Kazakhstan, including in politics.

— We are constantly in a state of choice. We have to choose one side or the other: Russia or Turkey, Russia or Egypt, Russia or Ukraine. We must constantly choose — - said Denis Krivosheev.

8. The Interviews.

Daniel Litvin

Master student of Master of International Relations, KIMEP University.

1. In your opinion, what effect did Kazakhstan get from participating in the EEU, positive or negative?

There are both negative and positive effects. Almost negative ones is increasing of the prices. Because of the judgements of the custom tariffs. Before our custom tariff was different and lower for 10 or 20%. There is negative side of the value add taxes effect, because this value add taxes is 0 % only in case of importing products from Russian Federation, in case of export value add taxes is collected in accordance with Russian regulations. Then there is inequality in distribution profit from external import around 33%

of that profit goes to Russian Federation and we receive only 7,11%, which is very small amount. Also the EEU Commission dominate by Russian vote which is counted 57%. Kazakhstan has only 21,5% which is not sufficient enough make any changes. Also there were good sides among those predominantly, labor regulation for Kazakhstani workers, they are legally equal to Russian workers and they can work in Russian Federation without any complications. There is a protectionism towards the Eurasian market which some people can say good, because local producers provide safe haven of developing their own economy and their own products. Also, there is issue of economical and political stability in Kazakhstan, because Russia predominantly dominate foreigns affaires and by agreeing with Russian ideas like the Eurasian Economic Union we are ensuring economical and political stability in our country.

Temirlan Zhanpeisov

English instructor in "MIA"

1. In your opinion, what effect did Kazakhstan get from participating in the EEU, positive or negative?

Honestly speaking is done nothing. Let me tell you why. Our country one of those prospective countries which could gather attention from such developed countries as US or let's say UAE, Canada, Australia. These countries actually invest a lot of funds in order to develop technologies, in order to make sure we use what we have in the best way possible and most modern way. So far we have not anything. We I mean local population, we not effected at all that is one. Second when Kazakhstan joins the EEU that comes to mind oil and oil should be lower. It was not really. That brings the question: What was the point? What we say about positive and negative income. Actually, there are no any difference.

Conclusion

Viner's theory was written in 1950 and according to this theory the Custom Union has effects as positive such negative. Before this book economists thought that the union gives only benefit for members of organization. This theory became main basic for experts when they write articles about the economic unions. Viner's theory pointed out static and dynamic effects of the Custom Union to participants. For example, developing countries can take not so much revenues, because of small countries can not have competition with hegemonies where economy is developed.

The Viner theory describes what the Custom Union can bring to each country. In the case of Kazakhstan, this theory is confirmed because Kazakhstan is a developing country and cannot compete with large mills. For example, it was also clearly shown in practice by the

Eurasian Economic Union that the common customs tariff is a big obstacle for Kazakhstan. In general, the customs tariff is equal to the Russian tariff because Russia is a developed country. As for the weak countries the common customs tariff can exceed the average rate. Thus, for small participating countries, the price of products will not be acceptable and will not generate income as expected. Instead of economic income, a high tariff will lead to a downturn in the economy. For example, a decrease in the level of profitability from trading can lead to inflation. The influence of dynamic and static also did not show a positive side. The dynamic effect is not particularly visible in this situation because there is no special development in the development of new technology and the exchange of experiences of employees in the education system and in other areas. Static data indicates how much the country has lost rather than gained. Despite the facilitation of customs procedures, declarations and more or less facilitated controls for migrants from these member countries and import protection, Kazakhstan does not benefit from this Union. The reason is the unified customs tariff as mentioned above. For instance one of the factors of inflation growth, according to experts, was the introduction of the Common customs tariff (CCT), the opening of the borders of the Eurasian Economic Union member countries. If before Kazakhstan joined the Customs Union, the average level of import duties was 6.2%, then with the formation of the Common Customs Tariff, the average level of import duties on goods from third countries became 10.6% (Worldbank 2012).

Also, the Eurasian Economic Union does not bring special economic privileges in state revenue. The static data showed how Kazakhstan suffers from the difference in the Common Customs Tariff and this has a strong impact on the country's economy. During the turnover of goods, the country loses a percentage of income. Another obstacle for Kazakhstan is not tariff barriers such as sanitary and unsanitary requirements. During trade with the members of the Union, the country can only lose instead of any large revenues to the state budget. Moreover, Kazakhstan cannot be competitive in the production of this product because it does not have developed factories like Russia. The main source of the country's income development is raw materials such as oil and agriculture. As is known, Russia, Belarus and other member countries of the Union have oil. Thus, Kazakhstan has no superiority in the variety of product for trade.

Employment is also the main task for CIS countries, and Kazakhstan is no exception. As it was considered by experts, there are no high breakthroughs in employment in Kazakhstan. From the point of view of employment, experts are more inclined to the fact that it has become easier to migrate between the participating countries and simplified documentation of employment for citizens of the participating countries. However, unemployment cannot be solved by migration alone. For Kazakhstan, this is not particularly profitable because Kazakhstanis do not often go to work in neighboring countries. In general, Uzbekistan and Kyrgyzstan suffer greatly from unemployment and send residents to Russia. Well, there may be an exchange of experiences between market participants, but also if you go to Russia to work. And in their own country, residents of Kazakhstan do not

particularly see the emergence of jobs from the influence of the Eurasian Economic Union.

The views of Russian economists and Kazakh economists were considered. We can say there was a comparison of opinion about the union. Russian experts saw only positive changes for Kazakhstan. For example, the expansion of trade borders, competition leading to business development. Nevertheless, Kazakh experts revealed more negative consequences. For example, the high tariff due to which Kazakhstan loses revenue, the dominance of Russia in the union and the lack of competitiveness of entrepreneurs in Kazakhstan with other participating countries. To clarify it, the views of ordinary residents of Kazakhstan were considered. They also mostly noticed significantly more negative points.

Thus, the Eurasian Economic Union affects the negative part more than the positive part. The single customs tariff is a serious obstacle for Kazakhstan, which leads to a crisis in the economy of Kazakhstan. Also, there are no special changes in trade turnover and sharp jumps to the top since joining the Eurasian Economic Union. And there are also no big changes in employment. Only customs control for migrants has become easier and residents of these countries can move more freely. However, the Eurasian Economic Union has not yet brought great changes in Kazakhstan's development since its creation. In order for Kazakhstan to achieve positive results from its participation in the EEU, it needs to work together with its partners to reduce the cost of promoting trade and overcoming barriers at border crossings, as well as to eliminate non-tariff barriers, including sanitary and phyto-sanitary requirements. Also, in order for Kazakhstan to develop its economy in the future, it is necessary to set its own conditions and regulate the customs tariff more conveniently, or change the economic path of Kazakhstan and leave the union, as well as continue trade with China and Europe on a larger scale and attract investment.

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"BRAIN DRAIN AND ITS EFFECT ON KAZAKHSTAN'S ECONOMY"

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Abstract

The purpose of my paper is to examine the nature of 'brain drain' phenomenon and analyze what effects it may have on the economy of a "sending country". It is undeniable that positive economic growth cannot be gained without professional, well- educated manpower and investment in the real sector of the economy. I am planning to analyze the patterns, as well as the scale of brain drain in Kazakhstan and check a hypothesis that there is negative relationship between brain drain and economic growth. I would also like to confirm if there is a positive correlation between human capital development and economic growth.

Richard H. Adams, Jr. confirms that brain drain is detrimental for the country of emigration and that the large-scale departure of highly-educated workers from developing countries tends to depress income levels and long-run economic growth rates in the developing world. The lack of research and data about brain drain from Kazakhstan proves that my decision to explore this topic was a justified one.

Key words: migration; brain drain; economic performance; globalization; human capital; education; employment; unemployment

1. Introduction

The topic of brain drain and its effect on the economy of the "sending countries" has been an issue for the studying for the last two decades. Such interest to the phenomenon of brain drain is quite natural because globalization provided millions of people across the world with a chance to move across borders. As a researcher I am also interested in studying the breadth an scale of brain drain in different developing countries and especially in Kazakhstan, because outflow of trained and competent people from poor countries to the rich ones has been an issue of concern among many scholars primarily because migration and its side effect – brain drain – are reportedly contributing to depriving the developing countries best part of their human capital.

Taking this context into account, I would like to study the causes, effects, and ramifications of brain drain on the economic situation in CIS countries, especially in Kazakhstan using different econometric models. The existing situation of brain drain in CIS is alarming because Armenia only by 2002 had lost a workforce of 1 million people (Roth, 2009). The author underlines that it was obvious that people who left Armenia were mostly high skilled and trained people, and their

migration massively hindered the economic growth. He also continues with an example of Georgia which took enormous efforts to channel remittances to investments, however, these efforts had not been quite successful.3

Russia as the biggest CIS country hasn't stayed away from the migration process either, and according to researchers the number of people who had left the country from 1989 to 2004 reached 1.3 million people (Korobkov & Zaionchkovskaia, 2012). The authors are also highlighting that in the beginning of 2000s there was a significant decline in the state support for research and educational spheres thus contributing below 1 per cent to the worlds hi-tech production. It is no surprise therefore that external emigration of scholars in Russia was followed by a large-scaled internal emigration of highly educated Russians into the activities not corresponding to their education and professional qualifications.

It is undeniable that positive economic growth cannot be gained without professional, well-educated manpower and investment in the real sector of the economy. I am planning to analyze the patterns, as well as the scale of brain drain in Kazakhstan and check a hypothesis that there is negative relationship between brain drain and economic growth. I would also like to confirm if there is a positive correlation between human capital development and economic growth.

According to the statistical data of Kazakhstan's Ministry of labor and social protection of population over the past 10 years, more than 300 thousand people left Kazakhstan (in 2019 only – about 42 thousand persons migrated to other countries). This number might seem not so significant in terms of quantity (against the background of an annual population growth of 250 thousand people), but in terms of quality this means a lot, because those who already left and planning to leave Kazakhstan in most cases are educated and qualified individuals. Some researchers have looked into the question of migration and brain drain in Kazakhstan already, such as the one conducted by political scientists Irina Chernykh and Rustam Burnashev. Only this small paragraph indicates the breadth of the problem, and also signals that over the years the situation may worsen.

Although many scholars and researchers studied the phenomena of brain drain from different perspectives and angles, I still think there have not been much academic work on the brain drain processes in CIS, and Kazakhstan in particular. Therefore, I would like to examine this area and provide input to the scientific knowledge-base.

Research Objective:

The overall objective of this paper will be the analysis of the impact of the brain drain on the economic performance in Kazakhstan.

Richard H. Adams, Jr. stressed that brain drain is detrimental for the country of emigration and that the large-scale departure of highly-educated workers from developing countries tends to depress

income levels and long-run economic growth rates in the developing world. The lack of research and data about brain drain from Kazakhstan proves that my decision to explore this topic was a justified one.

Research Questions:

In order to better illustrate the inter-relation between the brain drain and poor economic performance, my research will focus on the examination of the following key questions:

- 1. What is brain drain and why does it occur?
- 2. What are the advantages and disadvantages of brain drain?
- 3. Is there a direct link between brain drain and economic performance of the country?

2. Literature review

Since a human being has always been looking for a better place to live and work, the brain drain phenomenon was in existence for a while. It is believed that brain drain first appeared in 1962, displayed in the migration of scientific and engineering staff from the UK to the US, but as it turns out, the brain drain also occurred in antiquity, when brilliant minds from Athenians moved to other places with better living conditions. However, international migration of highly skilled workers occurred from developing countries, rather than from the Western European countries (Adina-iulia & Blaga, 2015). During 1961-1972 USA registered highly skilled migrants eight times the number of migrants coming from developing countries notwithstanding the foreign students (Docquier, Marfouk, 2004). The number of highly qualified migrants who chose OECD countries as a final destination has doubled between 1990-2000, as to an increase of only 50% in the number of migrants with primary education only (Docquier, Rapoport, 2004).

A lot more researchers started looking into the issue of well-educated people leaving their underdeveloped countries for richer places. For example, Michel Beine, Frederic Docquier and Hillel Rapoport argue that the vast majority of highly skilled immigrants come from developing countries and represent more than a third of total immigration to the OECD. (Beine et al., 2008) According to them the causes of growing brain drain are widely known since on the supply-side, the economic globalization encouraged human capital to concentrate in the places with vast masses of skilled workers, thus increasing chances for positive self-selection among them. As they continue to elaborate on this aspect, they stated that on the demand side, developed countries like Australia and Canada in the 1980s implemented step-by-step quality-selective immigration policies and became the pioneers in a global efforts to attract best minds. Developing countries in contrast address the brain drain issue from a different, more negative perspective. For example Romania, one of the poorest countries in Europe has suffered from brain drain, and one of the scholars

examining this topic identified that the root causes of "flight of skilled human capital" are as follows: *unemployment, poor economic development, low salaries, over supply of graduates and their under-use, lack of research and facilities, job discrimination, poor scientific development and research, and emigrating individual's desire for a higher qualification and recognition.* The author highlights that relating to Romania the phenomenon of brain drain has two distinctive reasons: (1) willingness of high-skilled labor force to work for transnational corporations and develop their own research capacities and (2) increased migration among healthcare professionals, teachers, and engineering technicians. (Adina-iulia & Blaga, 2015)

Another angle from which researchers have studied the brain drain phenomenon is to see how fertility rates and human capital accumulation in the sending countries are affected by the outflow of highly skilled professionals. Mountford and Rapoport (2011) in their work on brain drain and the world distribution of income stressed that source countries are generally characterized by higher rates of fertility and lower levels of human capital accumulation compared to those countries that serve as destination point for migrants. The authors also highlighted that income levels in sending countries determine the scale of brain drain, with the highest rates of brain drain being found in middle-income countries. The fact that brain drain from relatively wealthier countries appears to be lower is explained by insignificant difference in wages when compared to people living in potential destinations. The lower levels of brain drain from poor countries are more tenuous and could be associated with various causes, such as debt bondage, education levels and insufficient mobility of human capital (Mountford & Rapoport, 2011).

Since my research focus mainly on Kazakhstan and its regions, an example of Romania is not quite applicable to the conditions of Kazakhstan, therefore research on brain drain from Soviet Union and countries of Commonwealth of Independent States (CIS) will be analyzed below.

The first waves of migration from Soviet Union started among Jewish diaspora, and took place in 1980s when "perestroika" opened up new opportunities for some ethnic minorities to leave USSR. Research which was on the US Censuses of Population demonstrated that the Jews from the Soviet Union, and those who afterwards migrated from CIS countries had a very high level of schooling. According to Chiswick and Larsen at their arrival in the US, Soviet and post-Soviet Jews although exhibiting very low English language skills were able to increase their English language proficiency and income more rapidly than do other immigrant groups. Further elaborating on this study Chiswick and Larsen argue that this group of Jews (those who arrived in 1980-2000) overtook the language proficiency of other immigrants, and even overtook the earnings of other immigrant groups and the native born, even when controlling statistically for educational attainment and other variables.(Chiswick & Larsen, 2015)

Not only Jews emigrated from Russia, as it can be seen from the Table 1 Russians, Germans, and other nationalities like Ukrainians, Koreans and others left Russia and other post-Soviet countries in 1990s.

Table 1Emigrants from Russia outside the CIS by nationality

Nationality	1993		1995		2000		2004		2006		2007		1993-2007	
	1000	%	1000	%	1000	%	1000	%	1000	%	1000	%	1000	%
Russians	21.3	24	28.8	28.8	25.8	34.45	19.2	45.6	9.15	50.1	8	53.7	339.4	34.8
Germans	47.5	53.5	51.3	51.3	35.2	47	12.2	29.3	2.4	13.3	1.7	11.4	372.2	37.3
Jews	14	15.8	12.8	12.8	4.5	6.008	0.7	1.7	0.35	1.9	0.3	2	90.5	9.5
Others	6	6.7	_ 7.1	7.1	_ 9.4	12.55	9.9	23.4	6.2	34.7	_ 4.9	32.9	_ 144.5	18.4
TOTAL	88.8	100	100	100	74.9	100	42	100	18.1	100	14.9	100	946.6	100

Sources: Vishnevskii, A.G. (Ed.), 2006, 2008, 2009 Russia population. Annual Demographic Report

The survey conducted among of the post-Soviet scientists who emigrated to the West, conducted in the beginning of the 1990s, has revealed that about 70% survey respondents were well-educated intellectuals who easily adapted themselves to the new realities, regardless of the language issues and other social barriers they faced. The most popular destination countries for the Russian scholars wanting to move abroad have been Western Europe, North America, some countries in Asia and Scandinavia. (Korobkov & Zaionchkovskaia, 2012)

There has been almost no work in the literature that examines the brain drain issues in Kazakhstan and linkage between this phenomena and economic growth. Accordingly, due to the lack of literature exploring this phenomenon, my thesis proposal can probably be regarded as one of the first academic attempts to study of brain drain from Kazakhstan's perspective.

However, Kazakhstan along with other countries of CIS has problems with data collection, data management and data analysis.

In addition to the lack of literature, Kazakhstan like many other countries facing brain drain has limitations of statistics. Data on the process of international migration is incomplete, sometimes inaccurate and unreliable. Moreover, the labor-exporting countries do not monitor the number or skill characteristics of migrants. Although few labor-receiving countries do maintain statistics on their immigrants, most of these countries do not collect statistics on the number or skill characteristics of international migrants, and most importantly almost all countries miss data on illegal immigrants. (Adams, 2003)

3. Methodology

The model I am going to use will be tailored to the small, open and developing economy.

There will be an assumption that since being a developing economy the equilibrium wage rate in Kazakhstan's economy will be lower than wage rate of the developed economies. It is clear that against this background migration, and in particular brain drain processes may increase the expected return to human capital, thus encouraging people to invest in their education.

The model will be primarily focused on the examination of the brain drain or skilled migration effects on economic growth in the source country of migrants. For the simplicity the growth of income per capita will be considered rather than size effects due to demographic changes. It will also be assumed that migrants are randomly selected among the educated at a given probability. Since there is no quantitative and qualitative data on the skill characteristics of migrants both from the sending countries and destination countries side such data can exhibit heterogeneity. I will most probably use gross migration rates as a proxy variable for data on the brain drain.

Panel data for several countries facing brain drain over the time period from 1991 to 2011 will be used. The data will be obtained from national statistical agencies reports, World Bank reports and national census information on the structure of immigration of the countries participating in the panel.

The preliminary control variables that will be used in the estimation of the growth equation include: share of skilled migrants leaving the country, unemployment rates in the source country, trust in government rate in the source country, the degree of education and knowledge of its society, Gross domestic expenditure on R&D (GERD), GERD as a percentage of GDP. The variables that will be used in various regression models, as well as the sources of data will be further elaborated and supplemented.

Following model will be used for empirical analysis:

Where:

GDPit= GDP of a source country, during the specified time period

mits = skilled migrants leaving the source country

gtit= trust in government rate in the source country

edit= the degree of education in the source country, i.e. number of years of schooling attained by a typical resident

RDit= Gross domestic expenditure on research and development

RDGDPit = Gross domestic expenditure on research and development in the source country as a percentage of GDP.

it= error term

i = countries

 $\mathbf{t} = \text{years}$

I am planning to use single-equation linear model as it may capture a causal relationship, as opposed to a relationship that simply captures statistical associations.

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"COVID-19 and capability deprivation: study of US households"

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Abstract

The purpose of the following study is to identify the capability deprivation caused by appearance of COVID-19 pandemic and test the effects of the related issues in the framework of Sen's capability approach and the restricted functions of capabilities. Research will be present in the case for US households; moreover, social injustice brought by pandemic will be tested. Identification of injustice in a given society will be made in terms of a comparison between set of alternatives available for social groups of people based on income, level of education, social status and access to healthcare. As current study will present comparison between set of alternatives for different social groups after appearance of COVID-19 virus, following research project will take an insight on discriminated individuals which may help policy makers to deal with current health care system and develop new program for further human development.

Analyzing current impact of COVID-19 on global economy and human development, it is obvious that more long-term effects will take place and it is early to make assessment, however current research will provide analysis of likely effects of pandemic on human development and deprivation of capabilities.

Key words: COVID-19 pandemic, capability deprivation, social injustice, human development, healthcare, economic development

Introduction

COVID-19 pandemic has brought worldwide challenge and appears to be crisis for human development. Current situation across the world shows not only deprivation in income level of households brought by lockdown of businesses, but also challenges healthcare system, educational sector and opportunities being taken away by pandemic. The pandemic has raised more indirect effects such as inequality of social groups in terms of capability set changes after spread of COVID-19, thus appearing to be one of the most harmful events for the human development.

The purpose of the following paper is to apply Sen's capability approach for the case of identifying capability deprivation in United States of America brought by COVID-19 pandemic situation in terms of the restricted functions of capabilities. Identification of injustice in a given society will be made in terms of a comparison between set of alternatives available for social groups of people based on income, level of education, social status and access to healthcare.

Advantage of using capability approach in order to valuate social states is that it takes deeper look at the current state of individual. Capability approach takes into account not the physical assests being available for the individual, but the use and choice that are available for him. For example, a person may have a high-income level and personal wealth, however he might be blind and thus he will face fewer alternative sets of actions available for him. Capabilities are context specific; they are dependent upon societies. As an example, women in traditional societies might be constrained to enter labor market or enjoy the same freedom of choice as men, but it is the case only for specific states. In order to identify the injustice toward the social group of people capability approach analysis by Amartya Sen will be present. In addition, in order to present valid argumentation, Human Development Index will be taken as a basis for comparison and judgment.

COVID-19 and Human Development

COVID-19 pandemic started in China, has been spread worldwide and affected mostly during April-May 2020, being the main cause of death, cancer and coronary disease. Based on the Figure 1. it can been seen that in April 2020, COVID-19 leaded to 200 thousands deaths, in addition, bringing other indirect health impacts (Roberton and others 2020). Based on statistics, pandemic can possibly lead to an additional 6,000 child deaths per day over the next 6 months in low-income and middle-income countries due to low level of healthcare and shortage of vaccination for children from other associated diseases. (Santoli and others 2020).

The United Nations has underlined COVID-19 pandemic as most challenging issue "since the formation of the United Nations" (United Nations, 2020), which clearly presents that current epidemiologic situation across the globe not only brings the economic crisis, same as during Great Depression, but breaks societies and living of the households. During the speech of the managing director of the International Monetary Fund, he stated that before pandemic, it has been anticipated to have positive per capita income growth in over 160 of member countries in 2020, however situation appears to present negative per capita income growth the end of 2020 (IMF, 2020), raising violence against minorities and lost job positions.

The major policy response to the spreading COVID-19 virus was call for change in society and human behavior. Individuals have been called to stay at home, keep social distance and work remotely. States have started working on vaccination from virus, investing in research and healthcare system. COVID-19 has brought other policies associated with public programs to support those who lost jobs due to shutdown of businesses; new educational programs to study via internet from home, closed borders have raised issue for the export and import.

Based on previous cases of worldwide crises it is seen that COVID-19 will have long-term effects on economics and human development, which will raise inequality between social groups. Moreover, pandemic has put constrains on capabilities available for individuals and it is crucial to expand set of possibilities and opportunities available for an individual, in terms of protection of

public health and education. Based on report by The International Labour Organization on COVID-19 pandemic, due to reduced human activities on labor market, working hours will fall for 195 million full-time workers (ILO 2020). However, unlike regular economic crisis, reduction in labor demand and labor demand appears from reduced human activity due to public health policies to prevent spread of COVID-19 virus by reduction of social interactions and economic activities. Thus, economic crisis might hit and have more long-term effects on households than health crisis, because even if labor supply will not be constrained, consumer demand and buying power of individuals will still be slower to recover thus affecting demand for goods and services and in turn slow down demand for labor on market.

Developed countries response to health shocks with healthcare system policies, and strong monetary and fiscal policies to minimize the damage on local economy. However, developing countries are about to face economic collapse and issues with low health, food and job securities and uncertainty in future market conditions.

Analyzing current impact of COVID-19 on global economy and human development, it is obvious that more long-term effects will take place and it is early to make assessment, however current research will provide analysis of likely effects of pandemic on human development and deprivation of capabilities applying Human Development Index (HDI) due to its sensitivity to the pandemic. HDI is a summary of human development measure in terms of health condition such as life expectancy at birth, level of education in terms of years of schooling and standard of living is measured in gross national income per capita (United Nations Development Programme Report, 2018), however it does not reflect on inequality and human security measures. As was stated previously, policy implication to prevent spread of COVID-19 included closure of schools and universities and future remote education to keep social distancing. For this reason, current research will include effects of school closure and access to internet-based learning resources.

Study Purpose

Given the issues cited above, potentially high change in capability sets available for individuals after COVID-19 pandemic resulting in deprivation of capabilities, the purpose of current study to examine the relationship between COVID-19 pandemic and the impact on capability set; provide results for further study and policy recommendations. Moreover, current study will focus on comparison between set of alternatives presented for different social groups after appearance of COVID-19 virus, thus taking an insight on discriminated individuals which may help policy makers to deal with current health care system and develop new program for further human development.

Research Methods and Data Analysis

Based on the cited issues above, the research will analyze the change in capability sets of individuals after appearance of COVID-19 pandemic and related governmental regulations.

In order to specify the shift, current study will make a comparison of individual capability sets to justify the deprivation and provide suggestions for further studies, as pandemic have more long-term effects on human development and social welfare.

For the current research paper, American Community Survey (ACS) data will be retrieved, which is the largest household level surveys in the U.S. The sample has been chosen due to its availability and large number of households tested. Current project will test deprivation of social well-being due to COVID-19 pandemic and make a comparison between groups based on age, gender, ethnicity/race, area of living.

Capability Approach and Commodity Vector

Capability approach developed by Amartya Sen (1980) is a theoretical framework in the field of Social Welfare as a valuation of society's well being. The core idea lies in the understanding of personal freedom to be and to do in terms of their capabilities. Basic concepts presented in the capability approach are functionings of individual, which refers to the state of "being and doing", and capabilities refers to the freedom to achieve those beings and doings. simply the opportunity to achieve those functionings. Important notion to the approach, is that freedom can be measured only based on the set valued by individual, which refers to as valuable set of alternative functionings. As being discussed by Sen (1980), functionings present the state of human activities that a person can undertake. Functiongs as "beings" are states like being well educated, being well nourished and etc. Functionings as "doings" are activities like travelling, studying, taking drugs and etc. In comparison, capabilities refer to the freedom of individual to achieve those functionings. As an example, voting at election is a functioning, but having a freedom and opportunity to vote is a capability available for a person. As was argued by Sen in his book Idea of Justice, the freedom itself presents the opportunity to achieve desirable states, as well as the importance of the choice itself. Expansion of freedom occurs only at the point when there are more valuable alternatives being present for the selection. Capability approach allows making interpersonal comparisons between individuals' set of alternatives in terms of well-being and freedom to achieve this well-being and thus define a social injustice. For the welfare assessment, it is important to set the valuations upon which to judge. Valuation of the social state has been made based on income and welfare approach, which is the simple representation of an individual's income function. Utilitarian approach by Jeremy Benthem focuses on utility approach as a measurement of one's level of happiness. John Rawls have used utilities as interpersonal comparability units in order to identify social injustice. In contrast to this, capability approach valuates freedom as a means to achieve different states available for the individual.

In order to allow interpersonal comparability, Amartya Sen (1985) presented the model of transformation of commodities in capabilities itself.

Based on the model, it is taken:

x_i- is a vector of commodities for a person i;

C- is a function that converts commodities to characteristics (x_i into characteristics, such as bread provide nutrition);

f_i- is a function of a personal utilization of a person i (reading a book can be utilized by person, but not for someone who is blind);

F_i- is a set of alternative functioning vectors a person can choose (beings and doings), such as collection of choices like studying, going out for a walk, reading a book. F_i is the collection of f_i available for a person i.

Now we assume there are two individuals j and k. If set, such that, $F_j = (f_1, \dots, f_j)$ for the person j and $F_k = (f_1, \dots, f_k)$ for the person k, is $F_j > F_k$, there is a social injustice. As an axample, individual j is healthy young men and individual k is a person who is blind and he cannot utilize reading book or watching movie as person j so his set of alternatives is smaller than that of person k. The expansion of the set of alternatives available for the individual in terms of the utilization and enjoying preferred set of actions will be the expansion of capability set.

The task is to identify deprivations of well being and remove the injustices in society.

Capabilities

The Capabiluty Approach developed by Sen (1999) underlies the idea that functionings and capabilities can be taken as decent assess to measure well-being and standart of living of an individual, as well poverty and inequality rather than making an assessment relying on income, utility or commodity bundles. As was denoted above, "capabities" refers to the choices available for the individual, whereas "functionings" are the outcomes of the stated choices. So, it is possible to have more than one achievement level for the same capability level. As an example, freedom to access school and receive education is a capability, and educational facility is an exogenous variable to achieve this capability. In comparison, other person may take the freedom of not attending the school for various reasons. The freedom and choice should be valued by the individual based on his personal preferences. For this reason, it is important to develop a framework in which the same level of capability can result in different outcomes depending on external factors (individual, social and environmental), which in turn conversion of capability into

achievement. Generally, this means that exogenous variables also needs to be added in the system of equations linking the functioning to the capability, be it at the individual or interpersonal level.

Capabilities cannot be measured and thus are being observed based on other variables. On the other hand functionings can be measured in terms of achievements in each dimension both at the individual (household level) and at the social level. These achievements are reflecting the performance in the associated dimension. For this reason, number of indicators are available to the each dimension, which means an individual faces a vector of functionings rather than a scalar indicator corresponding to each domain.

Based on statement above, the relationships between capabilities and observable outcomes are named as measurement equations and the outcomes are response variables, so the following notions are being present:

- -Capabilities are interdependent and are endogeneous;
- -Capabilities are being influenced by social, political and policy factors;
- -Capabilities are also influenced by exogenous variables such as environment, traditional and cultural nature;
- -Functioning can be measured and response to the capability set, so it is called measurement model
- -Individual characteristics are being taken as exogenous variable in the context of conversation of functionings to capabilities.

It has been argued that capability approach developed by Sen (1999) and Nussbaum (2000) are purely individualistic approach. However, individuals are do not function alone. Individuals are being raised in a household, which in turn is a part of social group and society as a whole, which is essential for a human development. Human Development is presented as a process of expanding individual's choice to live healthy life, enjoy higher standards of living and being well-educated (Sen, 1990). Human Development Index (HDI) presented by Amartya Sen presents the valuation of social state based on the access to health, education and goods (Stanton, 2007). The indicators of economic growth, life expectancy and fertility as well as access to schooling are taken as measurements to evaluate the capabilities of individuals for the HDI.

Following project focuses on the capabilities of individuals living in the United States of America and their set of alternatives before and after COVID-19 pandemic appeared. Present study will

focus at defining functionings available for the individuals and capability deprivation due to COVID-19 and analyze inequality between social groups.

Impact of COVID-19 pandemic

Based on the Capability Approach, human development and freedom of choice are expressed by the means of access to schooling, health conditions and access to goods (Stanton, 2007). Education provides the future opportunities for employment and development; high standards of living and health conditions directly affect life expectancy and fertility of individuals. Access to goods is expressed in terms consumption of products individual is willing to take advantage of. Although all of these seem to be basis of living standards, not everyone has the same freedom of choice. It is a public policy that should take place in order to improve situation for discriminated minorities and expand their set of alternative functionings.

It has been argued that COVID-19 pandemic has bigger impact on minorities, low-income households and individuals living in rural areas due to low access to decent healthcare. (Lorant et al., 2002; Shi and Steven, 2005; James et al., 2008). Moreover, according to a U.S. Bureau of Labor Statistics report states that individuals with less years of schooling are less likely to have an opportunity to work remotely compared to individuals with more years of schooling (U.S. Bureau of Labor Statistics, 2018). These raise a dilemma for those workers to stay at home and have no salary or go to work and risk their health. Furthermore, it has been argued that these workers may have less access to COVID-19 testing and treatment (Ompad et al., 2007; Logan, 2009). Taking into consideration presented issues, USA citizens with lower level of education and income level face economic and social crisis. According to the multiple research, it has been proved that health risk factors are correlated with income level (Papageorge et al. (2020). Presented research states that self-protection is associated with higher income, while lower income individuals could not practice online working for positions such as food-delivering positions. However, author also states that private businesses require personal interactions with customers, within business meeting and on level of production on factories, thus having high level of probability to be infected (Papageorge et al., 2020).

In addition, current internet based learning might also result in decision for individual to leave school and start working for two major reasons: first of all, remote learning might not be as effective as attending classes and cost of education will not satisfy a student or tuition fee will be unbearable due to global unemployment caused by COVID-19 pandemic; secondly, student may face a situation when one or both parents have lost jobs and he is forced to enter labor market. In the case student will give up on education leads to lower level of education that he would earn before pandemic, and taking this will be in a risk group of low income level individuals, as was argued before. In addition, this raises a serious question for unofficial employment and should be studied more precisely.

M. Kovacevic and A. Jahic (2015) in their overview to the report by the Committee for the Coordination of Statistical Activities (CCSA) have summarized main direct effects of COVID-19 pandemic, which creats a worldwide challenge to sustainable development. Due to closure of borders and social distancing, workers in low-income societies cannot afford sufficient food, while middle-income and high-income individuals could not buy the commodities they are used to due to import issues during the pandemic. Another issue rising is that COVID-19 pandemic will result in more infectious diseases due to disruption in healthcare system and deficit of medicine as now all sources are invested to cure the COVID-19 virus. Besides healthcare system, educational system has also faced major loss: by the March 2020, 1.6 billion students around the world were affected by closure of school and universities (M. Kovacevic, A. Jahic, 2015). Social inequality has been projected in access to Internet: social distancing resulted in working and learning remotely, shopping online, however research shows that not everyone have same Internet connection. International tourism will decline by 60 to 80% due to national borders closure, bringing the crisis to the industry.

Analysis between socioeconomic groups

Empirical analysis between death rate and level of social and economic characteristics of an individual has been presented in several research papers.

In study by C. Brown, M. Ravallion, 2020, authors discussed cost of adjusting behavior to the spreading COVID-19 pandemic and associated governmental regulations. Based on the outcomes, marginal cost of keeping social distancing is higher for low-income families due to inflexibility of working and living environment, which has been labeled as "protection effect", and high flexibility has been recorded in high-income households and labeled as "adjustment-cost effect". Analysis presented summarizes that in high income and median income communities, adjustment-cost effect resulted in higher social distancing and low infection rates, while lower income communities presented positive correlation of poverty and protection effect. Interpretation provided states that people who face poverty prefer their socioeconomic welfare to the health, which leads to a role to anti-poverty policies so people could follow governmental restrictions and stop spread of the virus. Moreover, research found out strong effect of race on spread on virus: racial/ethnical groups of Black Americans and Hispanics present higher density of population in some areas and lower income level, which creates double effect due to their participation on food preparing, delivering and other services.

One more research, presented in "US racial inequality may be as deadly as COVID-19" by E. Wrigley-Field, 2020, studied difference in mortality rate from COVID-19 between White Americans and Black Americans. Empirical study shows that COVID-19 will definitely widen the mortality gap between racial groups, stating that death rate for Black Americans is 2.5 times higher compared with White Americans.

Another article prepared by Aaron van Dorn, Rebecca E Cooney, Miriam L Sabin (COVID-19 exacerbating inequalities in the US, 2020) supports previous statements regarding inequality between racial/ethnic groups in US., arguing that racial and health inequality which existed before the pandemic is affecting Black communities, Latino communities, immigrant communities, Native American communities more than White Americans. Authors present that discriminated communities cannot take the option of staying at home or taking proper health care as they make up major percentage of grocery workers, public transit employees, and health-care workers, being in the front-line due to structural racism. Even more, authors stated that health care system has been discriminating those communities even before the COVID-19 pandemic appeared: African Americans in rural areas suffer from high HIV incidence level and infant mortality rates; Latino communities have no proper health insurance as they working on farms or production industry.

Capability Deprivation and Policy Implications

International Human Rights States that "governments have an obligation to protect the right to freedom of expression, including the right to seek, receive, and impart information of all kinds, regardless of frontiers. Permissible restrictions on freedom of expression for reasons of public health, noted above, may not put in jeopardy the right itself". Under this condition, government is resposible for provising equal information to all citizens, including updated information regarding health problems and methods to avoid the virus. It has been recorded that in several countries, government have tried to hide information regarding the spread of virus, maling actions against healthcare workers and media.

Under the International Covenant on Civil and Political Rights (ICCPR General Comment No. 27: Article 12 (Freedom of Movement), 1999) states that restrictions on human rights can be done only in if it serves the sake of public health and any regulations should be done under law. This means isolation, social-distancing and quarantine procedures should be done under scientific evidence and is not discriminatory. However, lockdowns do not guarantee protection of citizens. Freedom of movement can be restricted in the case of danger to public health so travelling ban is not discriminatory in nature, as migrants have the right to return back to home country under certain conditions (UNHCR, 2020). Although the strict quarantine in China and restricted movement within cities presented opposed effect, resulting in poor human rights protection for children, elder people and those who have illnesses. Thus, voluntary self-isolation instead of forced creates cooperation within society and public trust rather than avoidance of governmental institutions and discrimination of individual rights (Achieving A Fair and Effective COVID-19 Response: An Open Letter to Vice-President Mike Pence, and

Other Federal, State, and Local Leaders from Public Health and Legal Experts in the United States, 2020).

During COVID-19 pandemic health workers have been at the highest risk due to close contact with patients who were infected. It was documented that hospitals were lacking basic sanitary equipment to serve the patients, leading to more people getting infected and less health workers to help the patients. Government should ensure that health workers have access to appropriate equipment and are protected under social programs in case of getting ill or even death (International Covenant on Economic, Social and Cultural Rights, 1976).

Global closure of educational institutions has led to transition from in-class learning to online learning via Internet. In this case, children face the missed opportunity to socialize; moreover some students face lower access to online learning due to family situation, no Internet access or no possibility to access the computer, disabled children. Government should ensure everyone receives same opportunities to get proper education; monitor students who are at the most risk and compensate class time once schools will be reopened. In addition, low-income families might face the lack of food due to missed subsidized food for children due to school closure.

Cases of domestic violence have risen during quarantine. Lost job, crisis and stress have increased the probability of violence within household and no access to services and protection. Women run more domestic work and unpaid care of the family and face more responsibilities due to school closures and business lockdowns ("PROGRESS OF THE WORLD'S WOMEN 2015-2016" Report by UNWomen), making it hard to maintain paid employment. Across the globe, 70% of health and service positions are occupied by female workers (Mathieu Boniol, Michelle McIsaac, Lihui Xu, Tana Wuliji, Khassoum Diallo, Jim Campbell, 2019) who are at the most danger to be affected by quarantine. Moreover, female occupy the large potrion of the informal sector with no proper health insurance and safe working conditions. Migrant female workers who work as babysitters and houseworkers might face abusive employment and ve restricted to leave to their homecountries. Impacts of COVID-19 pandemic on gender inequality should be monitored and eliminated. In addition, schools should monitor attendance of female students to the online classes and provide support; government should pay attention to families with one parent or parents who lost their jobs and compensate minimum wage.

First of all, proper health care and working conditions is subject of regulations. Requirement for employers to provide decent insurance and hold medical check-ups for workers as a part of contract would make a great improvement of health conditions of workers and protect them from uncertainty. In addition, governmental subsidies provided for low-income individuals for medical treatment would improve life expectancy and fertility of a person. Domestic work conditions should be included in a Labor Law and monitored in order to avoid forced labor, abuse toward employee and settle minimum wage rate and working hours as it directly affects health condition of an individual.

Another major policy recommendation is to provide educational facilities for those workers whose job positions have dissappered due to COVID-19 so they can learn new proffession. Children are driving force of economic growth and sustainable development.

The global community should pay attention to discriminated groups of people who are restricted in their freedom and violated in terms of their human rights. It is social responsibility to provide a person right to be and to do, and present them freedom to choose. Governmental actions are required to improve current state of affairs in order to create decent living conditions for all social groupings of people within society. The Capability Approach is a representation of guideline for identifying social injustice, which should be eliminated for the sake of social welfare.

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SCHOOL OF LAW

"China's approaches to International Law "

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Today China's role in International Law is a very relevant and important issue.

There are already many research works and different opinions about China's approaches to International Law and China's behavior on international matters. Some authors argue that Marxism is still highly significant in China², another authors states that "China rather adopts a functionalist approach that impacts its approach to law until this day". There is also opinion that realism is the most beneficial philosophy to explain China's participation in the International lawmaking process. What is China's attitude to International Law in the realities of the modern world? Will China apply and comply with International Law in the future? In search of answers to these questions, the work will address the most pressing international issues related to China.

It is known that China's compliance with international law is a controversial issue between China and Western countries. This work provides an analytical justification for China's approach to international law made by observing China's political decisions on most important international cases.

1. Background information

Two hundred years ago, Napoleon made this famous projection "China is a sleeping lion, and when she awake the world will shake". A few would argue that this prediction came true. Today it seems that China has not only woken up but is also moving forward with huge strides. China's success is admired by some countries and feared or distrusted by others.

According to information from World bank site - Since China began to open up and reform its economy in 1978, GDP growth has averaged almost 10 percent a year, and more than 850 million people have been lifted out of poverty⁵. It hard to believe that 50 years ago China was

² A.Krawczyk (2019) Marxist Theories of Ideology in Contemporary China: The Pioneering Work of Yu Wujin DOI:104312/as.2019.7.1.153-172; see also Timothy Cheek, David Ownby (2018) *Make China Marxist again* from https://www.dissentmagazine.org/article/making-china-marxist-again-xi-jinping-thought;

³ Tim Ruhling (2018) 'How China approaches international law: Implications for Europe' European Institute for Asian Studies;

⁴ Varrall, M. (2013). Chinese Views on China's Role in International Development Assistance. Pacific Affairs, 86(2), 233-255. Retrieved June 17, 2020, from www.jstor.org/stable/43590660

⁵ https://www.worldbank.org/en/country/china/overview accessed 23 April 2020

poor and isolated from the world. Open up Policy became a start of a new epoch of China's International life. A new internal politics of the country was cause of China's active participation in international lawmaking process. In order to understand the reasons of such success we need to start with the history of economic development.

Peter Malanczuk writes, "The communists seized power in China at the end of 1949, but until 1971 China was represented at the United Nations by the nationalist government of Chiang Kai-shek based on Taiwan. During that period one frequently heard people arguing that communist China should be admitted to the United Nations, but by treating the question as one of admission, they were unwittingly siding with United States, which argued that communist China should not be admitted because it did not fulfil the requirements of Article 4 - it was not peaceloving, it was not willing to carry out the obligations of the Charter of United Nations⁶". Nevertheless in 1971 the People's Republic of China was admitted into the United Nations.

At the time, China's economy was stagnant; China was a poor, isolated country. Hundreds of thousands of people were below the poverty line. According to data from World Bank website China's Gross Domestic Product (GDP) in 1978 was less than 150 billion US dollars. As a comparison, China's GDP in 2018 was worth 13608.15 billion US dollars.

Since 1978 China gaining admittance to over three hundred international organizations.⁷ Big changes start in China from 1978 when Deng Xiaoping became a leader of the communist country.⁸ Deng understood that open up policy was key to building a thriving economy. It was new way of thinking, new approach. Deng called it "Socialism with Chinese characteristic" Deng's theory "Socialism with Chinese characteristic" is enshrined in the Constitution of the People's Republic of China. Until the last amendments in 2018 the preamble of the Constitution of the People's Republic of China indicated the following:

'Under the leadership of the Communist Party of China and the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory and the important thought of Three Represents, the Chinese people of all nationalities will continue to adhere to the people's democratic dictatorship and the socialist road, persevere in reform and opening to the outside world, steadily improve socialist institutions, develop the socialist market economy, develop socialist democracy, improve the socialist legal system and work hard and self-reliantly to modernize the country's industry, agriculture, national defence and science and technology step by step and promote the

⁶ Malanczuk, P., & Akehurst, M. B. (1997). *Akehurst's modern introduction to international law*. London: Routledge, 371

⁷ Kent, A. (2013). China's participation in international organisations. In Zhang Y. & Austin G. (Eds.), *Power and Responsibility in Chinese Foreign Policy* (pp. 132-166). ANU Press. Retrieved November 20, 2020, from http://www.jstor.org/stable/j.ctt5vj73b.11

⁸ VOGEL, E. (2011). *Deng Xiaoping and the Transformation of China*. Cambridge, Massachusetts; London, England: Harvard University Press. Retrieved November 10, 2020, from http://www.jstor.org/stable/j.ctt2jbw2f

coordinated development of the material, political and spiritual civilizations, to turn China into a socialist country that is prosperous, powerful, democratic and culturally advanced."

Every country has its own way of development but frequently the most important role in the successful growth of a country plays its leaders. Well-chosen internal and external policies have helped attract foreign investors, create new jobs and boost the economy's growth..

2. China in WTO

China as many other developing country try to use international organizations to improve its own positions in different areas. In 2001 China joined the World Trade Organization (WTO). This event was very significant not only to China but to other members of WTO. At the time, there were big doubt whether China would be able to comply with WTO's set of rules and regulations. In this concern Ruhling writes "since China's economic development is benefiting from legal certainty, the PRC has decided to largely comply with its WTO obligations 10". To bring its legislation into line with the rules and principles of the WTO, China had to cancel, change and adopt more than three thousand laws and regulations 11. Understanding the importance of international relations, China try to fulfil its international obligations in good faith.

As one of the influential member of International cooperation China, actively participate on its life. China member of a United Nations and permanent member of its Security Council.

As it pointed out Ann Kent (2008) "China was emerging as a great power, economically, politically and militarily, and one which was highly influential in international organizations". Membership in international organizations is beneficial for countries, it is essential to participate in world changing process, but it is also a responsibility. Some authors have characterized China's approach to international organizations as 'maxi-mini approach' which means that China maximize the benefits of organizational participation through 'state-enhancing' and minimizing normative costs and costs such as dependency and loss of sovereignty" 12.

3. Sovereignty

Sovereignty is extremely important for China in the field of international relations. On the other hand, it is understandable that every country have the reason to value principle of sovereignty as one of the main important International principle. As Teemu Ruscola observes in

⁹ Jain, R. (2016). China's Compliance with the WTO: A Critical Examination. *Indian Journal of Asian Affairs*, *29*(1/2), 57-84. Retrieved November 20, 2020, from http://www.jstor.org/stable/44123129

¹⁰ Tim Ruhling 2018 'How China approaches international law: Implications for Europe' European Institute for Asian

¹¹ Keyuan Zou 2009 'International Law in the Chinese Domestic Context' Valparaiso University Law Review

¹² Ann Kent 2008 China, International Organizations, and Global Security_Vol. 15, No. 2 pp. 250-254

his book 'China in the Age of the World Picture', "public international law is a purely formal framework set up by sovereign states to regulate themselves, much like the modern state justifies itself on the fiction of a social contract, as a system of self-government by free individuals.¹³" If country lose its power to govern itself or control internal affairs it mean its country lose its sovereignty. Safeguard independence and sovereignty is not easy task for many states in our days. Having unpleasant experience with Western imperialism, China treated International Law with caution and mistrust¹⁴. Internal changes in China became a cause of a change of its external policy. Nevertheless, China remembers the past not quite pleasant experience with Western countries and builds today's policy with caution and maximum benefit for itself.

Nguyen Anh Tuan suggest that China uses United States and capitalist investment and technology to modernize the country. He believes that after achieving this goal and becoming a superpower China will become a threat to the world¹⁵. According to Tuan's opinion, when countries achieve modernization goals they always strive to become the dominant force. Speaking at the 19th National Congress of the Communist Party of China on October 18, 2017 the current President of China Xi Jinping announced a new theory of Socialism with Chinese characteristics For a New Era. It is also known as Xi Jinping's Thoughts. The main idea of Xi Jinping's Thoughts is that China will continue to hold state sovereignty and the states interests in esteem.¹⁶

Regarding to International relations, China will continue to pursue a peaceful policy with other States.

It is obvious that in many cases, states interact with each other in order to develop their national economies, and China in this question is not exception. Today China is eager to participate in International relations because it is beneficial for China's economy, but sovereignty remains the core value of China in her foreign politics.

According to China's legislation all treaty obligations should be translated into law by National People's Congress. ¹⁷ This fact additionally shows China's attitude to International Law

https://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content

¹³ Ruskola, Teemu, China in the Age of the World Picture (2016). Florian Hoffman & Anne Orford eds., Oxford Handbook of the Theory of International Law, Oxford University Press, 2016

 $^{^{14}}$ Mühlhahn, K. (2004). "Remembering a Bitter Past": The Trauma of China's Labor Camps, 1949-1978. History and Memory, 16(2), 108-139. doi:10.2979/his.2004.16.2.108

¹⁵ Nguyen Anh Tuan 2008 'America Coming to Terms: The *Vietnam Legacy: Years of Trials and Lessons of Experience*' published by Xlibris Corporation, p. 94

¹⁶ Full text of Xi Jinping's report at 19th CPC National Congress

¹⁷ Keyuan Zou 2009 'International Law in the Chinese Domestic Context' Valparaiso University Law Review

and emphasize the importance of sovereignty for China. Jacques deLisle in his book "China's Approach to International Law: A Historical Perspective" (2000: 273), writes:

"As a "regime resister", reform-era China has continued to push a strong conception of sovereignty. This has been strikingly evident in assertions of uninterrupted sovereignty over Hong Kong and Taiwan, rejection of Western Human rights critiques, and denunciation of military interventions in Iraq and a Former Yugoslavia. 18"

Territorial integrity and non-interference in internal affairs of a state - are two main aspects to the Chinese approach to sovereignty. Chinese government frequently invoke the principle of non-interference. For instance, last year when President of the United States of America Donald Trump signed into law a bill that supports pro-democracy protesters in Hong Kong, "Chinese foreign ministry summoned the US ambassador to demand that Washington stops interfering in Chinese internal affairs¹⁹". Another example is China's position on question related to the NATO intervention into Kosovo in 1999. China was against such interference stating that NATO "violates the principle of non-interference in the internal affairs of sovereign country²⁰".

4. China's approaches to International Law

Some authors asserts that realism is the most beneficial philosophy to explain China's participation in the International lawmaking process²¹. For China, also as for realists the highest goal is the national interests and power of the state. What does China do last 20 years? She act for the benefit of national interests and China is constantly growing her power. China does not care about opinion of other states when she act in any sphere of relations. The main reason for this kind of action is China perceive International relations as anarchy without supreme power, and another reason is principle of sovereignty, which does not allow any other state to interfere in internal affairs of independent state. As defined Morgenthau "The meaning of national interest is survival—the protection of physical, political and cultural identity against encroachments by other nation-states"²². Apparently, China estimates international relations as chaos since in such world nobody can judge sovereign actors that act to protect its own interests. Thereby, realism is more appropriate theory to explain China's interactions in international politics.

¹⁸ Jacques deLisle 2000 'China's Approach to International Law: A Historical Perspective' p. 273

¹⁹ Editorial 'Hong Kong protests: Trump signs Human Rights and Democracy Act into law' *BBC news* (London, 28 November 2019)

²⁰ Zou Keyuan 2009 'China-ASEAN Relations and International Law' Elsevier p. 28

²¹ Varrall, M. (2013). Chinese Views on China's Role in International Development Assistance. Pacific Affairs, 86(2), 233-255. Retrieved June 17, 2020, from www.jstor.org/stable/43590660

²² Morgenthau, H. (1952). Another "Great Debate": The National Interest of the United States. *The American Political Science Review, 46*(4), 961-988. doi:10.2307/1952108

The theme of contemporary China does not cease to be relevant on the world stage. As one of the superpowers, China is actively involved in International Law, and has a significant role in making important international decisions. In my opinion, there is no example in the world where an isolated country has economic growth and prosperity. Integration with international economy gives opportunity to further growth China's economy. Realizing this China is striving to participate in international law and integrate with the world economy. Certainly, China has something to work on and improve, especially on issues of the environment and human rights. Given the goals that China has set for itself, we believe that these issues will be resolved.

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"Competition law regulation of subsoil sphere in Republic of Kazakhstan"

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Abstract

This research paper is part of eponymous thesis work. The purpose of the research is to determine effectiveness of mechanisms of competition law regulations in comparison with the leading states in subsoil sphere.

The objectives of the research are to analyze the legislation of RK in sphere of subsoil and monopolies; to review state control over monopolies and subsoil users; to overview international practice of control of competition in subsoil sphere; to analyze issues and juridical cases related with competition regulation in subsoil sphere; to develop practical recommendations of implementation of international practice into legislation of RK

The relevance of the research consists in that Kazakhstan still in process of transitioning from a centrally planned economy to a market economy, competition law and antitrust authorities are undergoing ongoing legislative and institutional changes and new Code of Kazakhstan "On subsoil and subsoil use" entered into force in 2018, which was derived from legislation of Austalia still needs to be improved.

In the Introduction, I provide reasoned evidence of the relevance of the chosen topic in a specific scientific industry, since the beginning of the 2010s, the Republic of Kazakhstan has made legal changes in antimonopoly regulation and the field of subsoil use (Subsoil Code). The relevance is confirmed by the fact that over the almost 30-year history of the state, most of the country's budget was supported by the use and sale of mineral resources. The topic of regulating antimonopoly law specifically in the field of subsoil use in the Republic of Kazakhstan is currently not covered. The novelty of my work is that, being a legal employee of one of the major subsoil use entities, I have done the work of regulating antimonopoly law from within the Company. In addition, in the Introduction, I provided historical development of competition law in Republic of Kazakhstan.

The second Chapter called theoretical and methodological basis is the methods and techniques of scientific knowledge. The study is based on the use of a complex of general scientific (description, analysis and synthesis, justification, logical modeling, systemic) and special methods where I analyzed the legislation on subsoil and monopolies of the Republic of Kazakhstan, as well as legal mechanisms for controlling competition in the field of subsoil use in the leading countries of subsoil users Australia, USA, Canada, South Africa. The practice of controlling competition in the field of subsoil use of international organizations such as the European Union and the Eurasian Economic Union was also analyzed. The information-empirical

base of the research includes articles in periodicals of Kazakhstani and foreign researchers; materials posted on the Internet pages of leading scientific institutions. The empirical base of the study also includes the regulatory framework of foreign countries and Kazakhstan. Second chapter provides firstly analysis of relevant legislation where antimonopoly regulation and subsoil use law mentioned. Then I provided procedural rules of control over monopoly by antimonopoly state organs. Lastly, I included general practice of control of competition in subsoil sphere by above-mentioned states and organizations.

The third chapter on Analysis of issues and legal matters related to the regulation of competition in the field of subsoil use implies many practical problems that subsoil users face, as well as issues of contractual relations with monopolists and subsoil users. In addition, legal cases (proceedings) in the Republic of Kazakhstan and the EAEU were considered.

In the Conclusion, I reviewed the main findings from the work done, as well as proposals for improving antimonopoly regulation in the field of subsoil use.

The paper concludes that Kazakhstan has a competition regime that is based on sound principles in many of its enforcement aspects, but the nature of this regime needs to be changed from prescriptive to outcome-based enforcement. Enforcement should address underlying competition concerns and should not focus on price controls.

Introduction

In the past few years, the importance of competition regulation in Kazakhstan has increased significantly. This is due both to the development of market relations within the country, and to the creation of the Eurasian Economic Union²³, integration processes and Kazakhstan's accession to the WTO²⁴. Since the independence of Republic of Kazakhstan, legislation on the protection of competition and counteraction to monopolistic activity had serious changes and continued to develop and improve.²⁵

In 2016, the Entrepreneurial Code of the Republic of Kazakhstan entered into force, which abolished the previously existing Law "On Competition" and a number of by-laws. The Code contains the section "Economic Competition" and it became main act regulating relations in this area.

²³ Republic of Kazakhstan, Russian Federation and Republic of Belarus signed Treaty on the Eurasian Economic Union on 29 May 2014.

²⁴ Kazakhstan became a member of WTO on 30 November 2015.

²⁵ Competition law and Policy in Kazakhstan, Peer Review, 2016, https://www.oecd.org/daf/competition/OECD2016 Kazakhstan Peer Review ENG.pdf

It also provides for the regulation of natural monopolies in the Republic of Kazakhstan. Regulation is subject to the Law of the Republic of Kazakhstan "On Natural Monopolies".

According to paragraph 1 of Art. 5 of the Law, the spheres of natural monopolies in the Republic of Kazakhstan include regulated services such as transportation of oil and gas, transfer of electrical energy, on access of all kind of transports roads and so on.

Thus, many sectors of the economy are left without proper competition in the market, which deprives service recipients of the choice of service providers.

The state has secured control over the most important economic sectors like oil and gas production, electricity, transport, and telecoms.²⁶ These sectors are dominated by the few national holding companies established and managed by the government.²⁷

The dominance of state ownership and natural monopolies in a number of sectors, and in particular, in the extractive sector, can create obstacles to market access by foreign investors. While many reforms to improve the reporting activities of state-owned enterprises (SOEs) have already been introduced, further efforts to ensure competitive neutrality between private companies and SOEs, broader improvements of the local SOE governance framework, and sufficient regulatory transparency are needed to increase the country's FDI attractiveness (OECD, 2018²⁸)

Later, on December 27, 2017, the First President of the country signed the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use". The Code was the result of more than two years of work²⁹, primarily developers represented by law firms that won the relevant tenders, employees of relevant ministries, discussions by the business community, including public professional organizations, and, at the final stage, and the work of parliamentarians. Thus, now for the first time, subsoil and subsoil use in Kazakhstan are regulated by the Code – Act of higher legal force than laws.

²⁶ Maslov D. Privatization in Kazakhstan: losses and achievements // Continent. Vol. 11. December 8-21, 1999 (in Russian) (Маслов Д. Приватизация в Казахстане: потери и приобретения. // Континент. № 11, 8-21 декабря 1999).

²⁷ For instance, the largest state owned conglomerate – Foundation for National Welfare "Samruk-Kazyna" is managing such national companies as Kazakhstan Electricity Grid Operating Company or Kazakhstan Oil & Gas Company "Kazmunaigaz"; National Management Holding Company "KazAgro" is aggregating assets in the agrarian sector; National Management Holding Company "Baiterek" in development and high-tech; and National Information Technology Holding "Zerde" covers IT and communications.

²⁸ OECD (2018), Reforming Kazakhstan: Progress, Challenges and Opportunities, OECD Publishing, http://dx.doi.org/Upcoming

²⁹ In the summer of 2015, the concept of the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" was approved and a decision was made on the development and adoption of the Code.

For the first time in the history of the Kazakh legislation governing subsoil use contracts relating to hydrocarbons, the key legislative act is missing a separate article establishing subsoil user right guarantees. This provision is «hidden» in Article 36 «Contents of Subsoil Use Contracts».

Instead of the expanded scope of stabilization, guarantee coverage, as expected and as provided for in the Draft Code, the subsoil users have faced a narrowing of the guarantee coverage.

The guarantees that established by the Code (same as by the still effective Subsoil Law) provide that only legislative amendments deteriorating the results of subsoil user's entrepreneurial activities will not apply to subsoil contracts. Pursuant to the Code, this guarantee fails to cover not only legislative amendments in the area of national security, defense capacity, environmental safety, healthcare, taxation and customs regulation (as in effect at present), but also those in the area of competition protection. However, in legal practice, problems remain associated with the relationship between subsoil users and monopolists, including with natural monopoly entities.³⁰

In the latest corruption perception index, Kazakhstan is ranked 113 out of 180 countries and scores a 34 (whereby 0 means highly corrupt and 100 means very clean).³¹

The main aim of the paper is to determine how effective the mechanisms of competition law regulations are in comparison with the leading states in subsoil sphere. The objectives of the paper are: analyzing the legislation of RK in sphere of subsoil and monopolies, review of state control over monopolies and subsoil users, overview international practice of control of competition in subsoil sphere, analyzing of issues and juridical cases related with competition regulation in subsoil sphere, development of practical recommendations of implementation of international practice into legislation of RK.

The research contains of comparison of such countries as, the Republic of Kazakhstan, Canada, the United States of America (USA), the Commonwealth of Australia and the Republic of South Africa. In addition, the paper consists the comparison of two economic unions: The European Union (EU) and The Eurasian Economic Union (EAEU). The work will consider the legislation of these countries and economic unions in competition and antitrust regulation of subsoil sphere.

The choice of countries for comparison is determined by the fact that these countries are leaders in the field of subsoil use. So, the new Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use" is based on the legal system of Australia.

31 Transparency international, https://www.transparency.org/en/countries/kazakhstan, last accessed 29/05/2020

³⁰ Kazakhstan Subsoil Code: What's the Outcome?, Olga Chentsova, Natalya Braynina, Yelena Manayenko, PETROLEUM #2, April 2018, http://www.aequitas.kz/upload/files/2018/Kazakhstan Subsoil Code-What s the Outcome en.pdf

Literature Review

Aequitas law firm, represented by Olga Chentsova, Natalya Braynina and Elena Manayenko, is engaged in a review of changes in Kazakhstani legislation on subsoil and subsoil use. The most recent publication of these authors is called "Kazakhstan Subsoil Code: What's the Outcome?" published in Petroleum Magazine # 2 in April 2018. In this publication, the authors highlighted important changes in the legal regime of subsoil use, as well as the main provisions of the Code. Also earlier, O. Chentsova and N. Braynina wrote an article entitled "Subsoil and Subsoil Use Legislation: History and New Concept" published in the same journal Petroleum # 4 in September 2015. In that article, the authors briefly described the history of the development of Kazakhstani legislation on subsoil, and expressed their opinion on the Concept of the new Code "On Subsoil and Subsoil Use", which was established in 2015 and later adopted in 2017.

The most recent work of foreign subsoil use regulations was made by Global Legal Group by publishing The International Comparative Legal Guide to: Mining Law 2019 (6th edition). The Guide consists basic answers on regulation of mining law of such states as Australia, Canada, South Africa and USA. Gerard Woods and Melanie Rifici from Allens international law firm provided research of Australian mining law, Khaled Abdel-Barr and Karen MacMillan from Lawson Lundell LLP explained the Canadian legislative aspects, Christopher Ian Stevens from Werksmans Inc reviewed the South Africa, and Karol L. Kahhaley from Holland & Hart LLP answered on most important questions of mining law of US.

Chris Baldwin and Johanna Fipke made general overview of mining law of Canada in 2010. Authors presented paper called "Canadian Mining Law" at a Rocky Mountain Mineral Law Foundation Mining Law Short Course, held in Boulder, Colorado in May 2009, and then published by Lawson Lundell LLP. The paper overviews Canadian legal and political structure, regulation of foreign investments, environmental law issues and subsoil regulation of main mining regions of the State. Thus, they review main antitrust legislation that called Competition Act. The Competition Act governs more than just mergers; it also covers criminal and civil reviewable antitrust conduct.

Good paper of development of the constitutional basis of antitrust regulation, and models of antitrust legislation was made Alimov D.A., Barinov E.E., Berlyavskiy L.G., Golovko A.G. The article, called "The Constitutional Foundations of Antitrust Regulation: A Comparative Analysis" was devoted to the study of the constitutional foundations of antitrust regulation. As an subject for this study, the authors have chosen the rules of the Constitution of the Russian Federation, the constitutions of foreign countries (USA, Western Europe), which have served as the source for adopted on their basis legislative acts on the protection of competition and the restriction of monopolistic activity in commodity markets.

In addition, as part of research, paper must review a competition law regulation. Thus, Organisation for Economic Co-operation and Development (OECD) often makes reviews of competition law and antitrust regulation.

In 2016, OECD published "Competition Law and Policy in Kazakhstan: A Peer Review". A peer review is a two-stage process: first a report on the current state of Kazakhstan's competition framework and its enforcement practice; and second a peer review based on the report. Kazakhstan underwent its peer review at the OECD Global Forum on Competition in 2015, which was attended by almost 90 delegations from around the world. This report was undertaken at the request of the government of Kazakhstan. The lead reviewers were Mr. Robledo de Castillo and Mr. Garcia Pineda, Colombia; Mr. Juhani Jokinen, Finland; Mr. Bogdan Chiritoiu, Romania; and Lord David Currie, United Kingdom. The report was prepared by Alexey Ivanov working as a consultant for the OECD Secretariat, with the support of Lynn Robertson and Sabine Zigelski of the OECD Secretariat.

Another work of OECD was made in 2010 by reviewing "Competition Policy in Australia". This report on Competition Policy in Australia analyses the institutional set-up and use of policy instruments in Australia. It also includes the country-specific policy recommendations developed by the OECD during the review process.

This report was prepared by Michael Wise, of the OECD Directorate for Financial and Enterprise Affairs, and Caron Beaton-Wells, of the Melbourne Law School, University of Melbourne. The report was peer reviewed in the Competition Committee of the OECD, from extensive comments provided by colleagues throughout the OECD Secretariat, as well as close consultations with a wide range of government officials, parliamentarians, business and trade union representatives, consumer groups, and academic experts in Australia. The report was peer reviewed by the 30 member countries of the OECD. It is published under the authority of the OECD Secretary-General.

In 2003, OECD published "Competition Law and Policy in South Africa". Review analyses economic policy of the state and particularly explains policies that were intended to reduce reliance on the mining sector. Thus, review shows similarity of Kazakhstan and South Africa from dependence of mining sector economy.

Lastly, OECD made Peer Review "Competition Law and Policy in Canada" in 2002. Review was based on legislative acts of Canada: Competition Act and the Competition Tribunal Act.

Thus, summing up all papers, we can see one particular issue. There is no such specific work on competition law and antitrust regulation in subsoil or mining sphere.

Methodology

The study is based on the use of a complex of general scientific (description, analysis, analogy, comparison).

The empirical information base of the research includes articles in periodicals of Kazakhstani and foreign researchers; materials posted on the Web pages of leading scientific institutions on the Internet. The empirical base of the study also includes materials on the regulatory framework of foreign countries and Kazakhstan, and case study research related to the topic.

First research method that appears in the study is the analysis. This method involves consideration of the legal framework of the Republic of Kazakhstan and selected countries, articles and topics from scientific journals, as well as juridical cases related with competition regulation in subsoil sphere.

Second method used in the dissertation is comparison. This method implies a comparative legal nature. In this way, the legal systems of regulation of antitrust laws in the field of subsoil use of Kazakhstan and foreign countries are compared.

Another method is the analogy. Thus, the study has analysis and comparative methods of foreign legal framework that differentiate Kazakhstani one by legal system, this method emphasizes the similarity of regulation of antitrust law of subsoil sphere of different legal systems. Thus, thanks to this method, a search is made for similarities in the legislative aspects of antitrust regulation in the field of subsoil use of countries selected for comparison in this study.

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"Soldiers' right to refuse to participate in aggressive wars"

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Abstract

This paper deals with the right of the soldiers to refuse to participate in aggressive wars from the perspective of its recognition in international law. It analyzes the definition of the crime of aggression that focuses not on the direct victims' rights, but on the violation of the sovereignty of a state. To answer the questions why do states violate international norms and how to prevent them from committing a crime of aggression we evaluated different sources of law such as International Conventions and Treaties on Human Rights, Statutes to the ICC, ICJ. We also compared the domestic legislation on criminal regulation of disobedience in peace and war of European countries, the USA and Russia, as well as cases on conscientious objection to war. The paper considers the evolution of the concept of a crime of aggression within the framework of legislative documents, their evaluation of soldiers' rights and support of victims of war, refugees and deserters. The findings of the paper suggest, if it is true that crime of aggression is about a violation of states' rights, individual soldiers cannot be the direct victims of war, thus making the definition of a crime of aggression contradictory to the very idea of protecting individuals' human rights. This study emphasizes the need to change the focus from states to human victims of war in the definition of

the crime of aggression. It appeals to new solutions, such as the recognition and consolidation of the special status of refugees and deserters at the international level, providing protection to them as asylum seekers in a different state. The theory is put forward if soldiers are given the right to refuse to war, initially explaining the difference between just and unjust wars, it could increase the refusal and reduce losses and the number of armed conflicts. A special treatment and education of military personnel in specialized centers will also increase intellectual self-consciousness about unjust wars. But the consolidation of the special status of these soldiers at the international level entails special implementation in domestic legislation, such as repealing criminal status of deserters.

Key words: the crime of aggression, combatants, right to refuse to participate in war, unjustified killings, enemy soldiers, violation, the Rome Statute, sovereignty, international crime, criminal wars, refugees, deserters, victims of war, criminal liability, aggressor force, the International Criminal Court, jus ad bellum, jus in bello, defending soldiers, moral vindication.

Background of the problem

Modern international criminal law does not have the main task of focusing in the definition of the crime of aggression on the violation of the rights of soldiers, but can be interpreted as unlawful actions against the sovereignty of the state³². The consolidation of this definition in the Rome Statute came only in 2017, but the presence of a legally confirmed concept unfortunately does not stop states from violating international norms. The annexation of Crimea by Russia in 2014 and Netanyahu's statements about the annexation of the Palestinian West Bank in 2020³³ confirm that in order to save the world from wars, a new approach in understanding the subjects of violations is needed - not only at the international level, but also at the domestic one.

Statement of the problem

The main problem is that states continue to resort to military forces, despite the fact that there are only two Charter related³⁴ exceptions to the prohibition of the use of force³⁵, but when we say states, we do not mean some kind of intangible substance, since there are always living people behind the states' actions. The issue of giving soldiers the right to refuse, in our opinion, should not be criticized at all in the modern world, thus in the era of the development of all kinds of human rights from minority movements such as LGBT or feminists or recent Black Lives Matter movement.

³² Rome Statute of the International Criminal Court 1998.

³³ Joseph Weiler and Michal Saliternik, 'Editorial: The Legality of The Israeli Annexation – Redux' (2020) EJLT https://www.ejiltalk.org/editorial-the-legality-of-the-israeli-annexation-redux/ accessed 20 October 2020.

³⁴ Sergey Sayapin, The Crime of Aggression in International Criminal Law: Historical Development, Comparative Analysis and Present State (TMC Asser Press 2014) 109.

³⁵ The Charter of the United Nations allows only for two exceptions to the prohibition of the use of force: States' inherent right of individual or collective self-defence and collective security measures.

It is impossible to imagine how somebody can force anyone to do something, because this will immediately be perceived as discrimination and infringement of his or her rights. Then how can you force a person to commit an international criminal offense – so crime of aggression? It is true that only the person who is in a position effectively to exercise control over or to direct the political or military action of a State has criminal responsibility for this crime³⁶, but in order to prevent the crime of aggression from occurring, it is possible not only to make some individuals liable, but also to secure the right to refuse - which will be considered a preventive measure. The same parallel can be drawn between humanitarian interventions – the remedial measures of conflicts and the responsibility to protect – a preventive one.

The main focus in defining the crime of aggression lies directly with states and their sovereignty. However, based on the definition, why then are states not direct victims? This work asks this question for a reason. The possibility of giving soldiers the right to refuse to participate in illegal wars depends on understanding who really are the victims of the crime of aggression. The tragedy of deaths that occurs on both sides involved in the crime of aggression underlines the violation of the rights of both sides to a crime: of soldiers and civilians of the victim state and aggressor's soldiers human right – freedom of choice, in particular rejecting committing an international crime, unlikely with other crimes, where only one side violates the rights of the other.

Objectives of the research

The purpose of this paper is to study the right of soldiers to refuse to participate in aggressive wars and find possible ways of recognition of this right in international law. Much attention is given to the right to conscientious objection of military personnel and extending it to the right of soldiers.

Methodology of the research

Research process implemented for this work is secondary research, also known as desk research. It is a process of analyzing and evaluating existing literature and research on a selected topic. This paper uses different sources such as International Conventions and Treaties on Human Rights, Statutes to the ICC and ICJ and the domestic legislation of the European countries, the USA and Russia, as well as cases conscientious objection to war.

These sources are scrutinized using doctrinal method. Doctrinal or 'black-letter' method is a method of evaluating legal norms and proposing recommendations for their further development. This paper provides an analysis of legal materials on the topic, identifies ambiguities and proposes solutions.

³⁶ Rome Statute of the International Criminal Court, Article 8bis.

Another research method is the comparative analysis method. The essence of the comparative analysis method is to compare various legal acts in order to examine how the result of a legal problem could be different in each legislation. The main foundation of this approach is to consider another jurisdiction. This work is not strictly on international law, it examines the domestic legislation and policies of the USA, Russia and other countries with different criminal regulation on disobey in peace time and war.

The historical method is used to study the links between the old and the new in past events, documents, and legislation. The paper considers the evolution of the concept of a crime of aggression withing the framework of legislative documents.

Teleological approach in this work helps to determine how the regulatory framework evaluates on human rights and soldiers' rights in particular. Defining the main goals of the acts analyzed in this work will help determine how they support victims of war, refugees and deserters.

In order to give definitions of terms, grammatical interpretation method is used. Grammatical interpretation method defines the meaning of a legal norm through grammatical analysis. Philological interpretation by grammatical analysis eliminates possible contradictions of the meaning of the norm.

Research outline

Apart from the introduction chapter our work elaborates on the problematic issues in the concept of a crime of aggression in more detail. It concentrates on the specific parties to a crime of aggression in comparison with other three international crimes. It discusses the problem of defining direct and indirect victims of a crime of aggression. In classic and traditional understanding the rights of states are violated, then how individuals can be the direct victims? Further it underlines the tragedy of deaths on both sides to war conflict. This part of a problem actually shows the necessity of implementation of a right to refuse through the underlined concept of non-derogable right to life.

The main findings of the research were based mostly on the case analysis. Our work explores the evolution of the rights of humans related to participation in military forces and wars. It thus focuses on some historical relevant information about African-American slaves' duty to participate in wars. Then it analyses the right to conscientious objections to military services through the decisions of non-recognition to successful cases in some countries. One of our first suggestions was, despite the duty to protect may stop international law from implementation of the special rights of the soldiers, the duty to disobey illegal orders can be taken as a basis for the right to object to participate in a crime of aggression.

Findings and recommendations

To sum up our findings and recommendations our advice is to regard a special status and protection to refugees, implement a new human right – to be able to reject to participate in illegal wars and the most important – to make an implementation of a duress to participate in illegal wars as one of the possible acts of a crime of aggression. The last one would actually be of a preventive nature, which, in our opinion, would correspond to the ideology of the doctrine of preservation of peace.

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"Animal protection in the criminal law of RK – A review of the legislation of the Republic of Kazakhstan"

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1. Introduction.

There is an opinion that the attention to animal rights problem is one of the measures of the society's civility. History has already confirmed the direct causation between the cultural and ethical level of society and the attention that is paid to the issues of mercy and protection of animals. Cases of violent behavior related to animals roughly traumatize people, demoralize those who commits antisocial acts, convinced in its justifiability. Cruelty to animals is inconsistent to the childrearing, renaissance of society's morality, strengthening of legal basics of the state, therefore all the violent crimes should be solved and perpetrators should be punished³⁷.

Most people agree that it is morally wrong to hurt a living being for fun without a real commensurate purpose. Society usually do not encourage sadistic or hooliganism behavior of an individual, considering such people as mentally disordered or just villains. Moreover, sometimes this position is shared between a population and a lawmaker of a state.

However, when a discussion comes to a practical decision society is much more divided. The simple idea that is agreed upon an overwhelming majority, transforms into an endless debate where one half of opinions is still for paying attention to the animal rights issue in terms of legislation and another half creates subterfuges.

Some people say that the humanity deserves to rule this world and use nature for its needs. As the cleverest biological species of the planet Earth, people are already ruling it. In accordance with that opinion, there is no need to limit ourselves by imaginary problems. We use nature for food, for comfort and even for fun, so there is nothing wrong to do anything a human wants with a lower living being.

Others agree that it is unacceptable to hurt torture or murder an animal without any practical reason, however such behavior should not be really punished by the state bodies. According to such people, it is not enough serious to involve the law and bother a cruel human with an actual sanction.

³⁷ 'Кто Спасет От Жестокости Животных и Людей? / Центр Защиты Прав Животных «ВИТА»<' http://www.vita.org.ru/new/2009/jun/22.htm accessed 21 September 2020

The third opinion against developing the law system to make animal protection better tells us that we should focus on human problems. The money, time and other resources of government are limited, therefore distracting it from human issues in favor of animals will lead to a protraction with some other problem. Such people put the animal protection lower in a hierarchy than science, entertainment and many other spheres regulated by the legislative branch of the Republic of Kazakhstan.

However, we should not forget that the issue of animal protection is about life and death of a living creature. The importance of the animal rights problem can be measured by the importance of life itself. And that is why we should pay attention to the protection of animals from the cruel behavior of people.

The other reason to develop rules those would protect animals from cruelty is that we force them to live with us. By spreading the territory of our occupation, animal breeding and their domestication make animals coexist with humans. This makes our population responsible for the conditions those are presented to the guests of our houses and streets.

On the other hand, the causation between a relationship built by our civilization with animals and the mentioned responsibility is not necessary to understand that the humanity is the most powerful part of the world and it is good not to hurt and protect its weaker neighbors.

Personally, I support an assurance that every life is sacred. As a person who tries to follow the way of good, I often face opposite opinions. When people realize that I recognize hunting and fishing for fun as a murderous entertainment for sadists and refuse to kill mosquitos just because one bite is not worth than a whole insect's life, they usually say that it is too much. However, to keep my analyze structured and "on the front burner" I will discuss only the problem of poor regulation of animal protection in the limits of the criminal legislation of the Republic of Kazakhstan.

It should be noticed that this problem is not new. History knows many examples of statutes on animal protection from ancient times until nowadays.

In according with the historians, the first time when the protection of animals from the cruel behavior was formalized in legislation was 1635 year in Ireland³⁸. The law adopted there has prohibited to pool out the wool of a sheep and to fasten the plow to a horse's tail.

One of the earliest laws that was created to avoid cruel behavior related to animals was developed by Tsunayosi Tokugava who ruled ancient Japan from 1680 year until 1709 year. The head of state named "the Shogun of dogs" tried to teach his people to respect animals and to put

³⁸ 'Два Слова о Человечности: История Зоозащиты | Милосердие.Ru' < https://www.miloserdie.ru/article/dva-slova-o-chelovechnosti-istoriya-zoozashhity/ accessed 21 September 2020

their lives closer to the human lives. Obviously it was caused by Buddhist canons those demand to respect and keep all the living beings³⁹. The legal protection covered many animals including dogs, cats, horses and even fish.

Another example is the code on the protection of farm livestock adopted by one of the colonies in North America. The core idea of this document was the following: no person should practice tyranny or cruelty to any God's creature usually used for the human profit⁴⁰.

This list is far from the end. Different times and places witnessed many famous historical figures who developed and adopted legal documents those regulated violent actions related to animals. For example, we could name Richard Martin, Oliver Cromwell and Ekaterina the Great.

Here in the Republic of Kazakhstan we also have some norms those regulates this issue, however even without a deep analyzing we can state that this rule is far from perfection.

The legislation of the Republic of Kazakhstan is young and imperfect, but the main bellwether of a good law system is its permanent development. Times are always changing, governmental regimes come and go, new technologies are in progress and the law should not stay the same. As the humanity is permanently developing from the wild tribes to civilized societies, the law is following this progress to meet the demand of time.

Many foreign lawyers – including even professors of our university – claim that the positive side of the law system of the Republic of Kazakhstan is flexibility and permanent changing. This feature of our law system is recognized as an advantage over these ancient overgrown by respected traditions, rich history and tons of precedents systems of law those were formed in some countries ages ago. We use this advantage to make our life here better and make our norms more structured.

Kazakhstani law system has already covered the basic spheres of life. Despite the fact that there is no week without accepting some changes in law of the Republic of Kazakhstan, the state is not in chaos. The law of our country has touched criminal, civil and administrative branches and has a separate codes and statutes for such specific domains as family law, banking law, land law, subsoil usage law, labor law, bankruptcy law, grain law and even limited liability partnership and additional liability partnership law, however, we still have not solved the problem of poor regulation over the animal protection.

As soon as the Republic of Kazakhstan wishes to call itself a modern developed civilized state with a high level of morality and civic consciousness of the population and the organized

³⁹ 'Завет "собачьего сёгуна" (*Travel.ru*) < http://guide.travel.ru/japan/106775.html accessed 21 September 2020

⁴⁰ 'Два Слова о Человечности: История Зоозащиты | Милосердие.Ru' < https://www.miloserdie.ru/article/dva-slova-o-chelovechnosti-istoriya-zoozashhity/ accessed 21 September 2020

law system that functions to protect rights and interests of the citizens, we need to pay attention to the issue of animal protection.

In my opinion, every norm that is related to murders and tortures is important by its nature and should be managed and revised carefully and meticulously. Since the right to life is proclaimed in the second article of the European Convention on Human Rights right after the basic article about obligation to respect human rights⁴¹ and tortures of people are strictly prohibited almost all over the world right to life and freedom from torture for an animal are also core backbone norms.

2. Acting law.

Acting criminal law of the Republic of Kazakhstan contains only one norm that defines a cruel behavior to an animal, prohibits it and determines the sanction for the violation of this rule. To be even more specific this norm is about ten lines and contains around a hundred words. Even a short look at this fact leads us to a thought that a one small article has no chance to present a detailed definition of cruel behavior cases those have to be punished with a criminal liability.

In accordance with the article 316 of the Criminal Code of the Republic of Kazakhstan⁴² cruel behavior to an animal that has caused its death or mutilation if this action was performed from molester motives or within sadistic methods or in a presence of minors, -

is punishable by a fine of up to a hundred and twenty times of the Monthly Calculation Index or correctional tasks of an equal extent or a community service of up to a hundred and twenty hours or an arrest of up to thirty days.

The same action that was performed by a group or a group by previous concert or more than one time. -

is punishable by a fine of up to two hundred times of the Monthly Calculation Index or correctional tasks of an equal extent or a community service of up to two hundred hours or an arrest of up to fifty days.

By a high-level evaluation of the mentioned norm, we can determine two important aspects. The first key point of an article of the special part of the Criminal Code of the Republic of Kazakhstan is an ascertainment of an illegal action or inaction (so called dispositive part of a

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⁴¹ 'European Convention on Human Rights' 34

⁴² 'Уголовный Кодекс Республики Казахстан От 3 Июля 2014 Года № 226-V (с Изменениями и Дополнениями По Состоянию На 07.07.2020 г.)'

rule of law). The second moment that deserves an attention is a sanction itself – limits of a punishment that can be implemented to a perpetrator by a court decision.

3. Definition of the crime.

Firstly, we should look at the definition of the criminal offence. The mentioned violation that is called a cruel behavior to an animal is punishable only if it meets two conditions at the same time. To be recognized as a crime an action should cause death or mutilation of an animal. Moreover, murder or crippling of a living being does not lead to any criminal liability if a behavior of a perpetrator fails to meet the definition of molester motives, sadistic methods or was not performed in front of a minor.

One of the problems here is that a cruel behavior that does not turn an animal to a corpse or an obviously incapacitated creature is still a cruel behavior. Violent actions might leave scars, wounds, extravasations or even internal health problems for an animal. Although a suffering is still a negative experience that is not preferable for any known living being even if bad consequences can be removed within some time and professional medical assistance. Cruelty to an animal is not determined as a crime by the lawmaker in case if an animal is still alive and cannot be called a cripple.

Moreover, even a killing of an animal or turning it to a disabled being is not enough to be recognized as anything wrong and illegal if this cruel behavior is not determined as an action with molester motives, performance within sadistic methods or implemented with no minors seeing it.

Therefore, if a driver speed ups his car to hit a hound that tries to cross the road and tears the body of the beast apart this person did nothing wrong. The cruel behavior of this hypothetical car owner holds only practical motives: he wanted to reach his destination earlier, and, as he heard, a stray dog might be a transmitter of a disease – there is nothing alike molester motives. Also the method of killing an animal is not sadistic because there was no long-term torture that was directed to make an animal suffer – just one strong hit to separate the body into two halves and murder the creature. Therefore, the only chance for this driver to face a criminal liability is to do this in front of children. Otherwise, the action described earlier is absolutely legal and can be a perfect example of a normal behavior of a typical law-abiding citizen of the Republic of Kazakhstan and the state may be proud of him.

4. Sanction for the crime.

The second part of the article mentioned above is the sanction. Even if an action meets all the conditions those are necessary for recognizing it as illegal the punishment is limited by the law. So, an obviously sadistic torture that led to a slow and painful death to an animal performed near children causes the maximum sanction of the thirty days arrest. The most forgivable

punishment for the mentioned violation is a fine that should not overtop a hundred and twenty times of the Monthly Calculation Index (which is now 333 360 tenge). The lowest level of the fine is not even determined, so theoretically the fine can be equal to one Monthly Calculation Index.

Even if this action is repeatedly performed by a sadistic club of violent people who just enjoy torturing and killing living beings in front of kids the most harsh punishment that will be offered to them by the legislative branch of the Republic of Kazakhstan is an arrest up to fifty days.

To compare this measures to other sanctions of the criminal law, we can look at an example of a crime that is dangerous only for a public morals of a nation. In accordance with the article 311 of the Criminal Code of the Republic of Kazakhstan, the punishment for the marketing activities or distribution of a pornographic material ranges from the fine equal to two thousands times of the Monthly Calculation Index to an imprisonment up to two years.

On the basis of the mentioned information we understand that the crime described above is recognized by the state as a barely serious or deserving attention action that should not be determined in details or punished with something more effective than a short arrest.

5. Previous law.

Of course, as it was mentioned several times before, the law does not always stay the same.

Life is changing, more and more technologies are invented, society is permanently developing. Nowadays we think about equality and non-discrimination on racial, national, sexual, age or any other basis. Our coaevals are not like the people of the past. It seems weird for us to know about caste systems of ancient India, slavery and human zoos, which list of habitants included representatives of nations from tropic islands.

The Republic of Kazakhstan does not stand apart progress. As a relatively young country, we have elastic law system that is permanently changing to meet the needs of the people and present conditions of life. Normative legal acts of the Republic of Kazakhstan never stay the same for a long term and are always in the process of revising and development.

However, this good feature of our law stands clear of the problem of the animal protection from cruel behavior.

The acing law represented by the article 316 of the Criminal Code of the Republic of Kazakhstan is in force from the 12 of July 2018 year⁴³. By a fast look at the previous reduction of this norm that was included in the Criminal Code of the Republic of Kazakhstan from the 10 of January 2018 year, we can understand the progress.

The previous law has not been changed in the descriptive part. There actually no differences between the definition of the cruel behavior to an animal presented in the previous law and the same definition included in the present acting reduction of the Criminal Code of the Republic of Kazakhstan.

However, the sanction is totally different. As opposed to the enforced norm, the punishment for the mentioned crime used to be limited by the following:

A fine of up to two hundred times of the Monthly Calculation Index or correctional tasks of an equal extent or a community service of up to a hundred and eighty hours or an arrest of up to sixty days.

The same action that was performed by a group or a group by previous concert or more than one time. -

is punishable by a fine of up to five hundred times of the Monthly Calculation Index or correctional tasks of an equal extent or a community service of up to three hundred hours or an arrest of up to ninety days⁴⁴.

Therefore, we see that the punishment now is less harsh than in the last reduction. It shows that the lawmaker sees this crime even less serious than before. From my point of view, this is what we call a regressive change.

6. Conclusion.

The answer is not to simply ease off or amplify the punishment. Nobody will be happy if everyone that hurt an animal is imprisoned for a lifetime or faces death penalty. The good decision is to revise the law carefully, describe it in details, specify obstacles that matter to the

⁴³ 'Закон Республики Казахстан От 12 Июля 2018 Года № 180-VI «О Внесении Изменений и Дополнений в Некоторые Законодательные Акты Республики Казахстан По Вопросам Совершенствования Уголовного, Уголовно-Процессуального Законодательства и Деятельности Правоохранительных и Специальных Государственных Органов»'

^{44 &#}x27;(СТАРАЯ РЕДАКЦИЯ) УГОЛОВНЫЙ КОДЕКС РЕСПУБЛИКИ КАЗАХСТАН ОТ 3 ИЮЛЯ 2014 ...'

case and present several types of punishment implemented depending on conditions of an illegal action.

"Law and Policy Imperatives for the Sustainable Development and Environmental Protection in Kazakhstan: With the Reference to Renewable Energy Sources."

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At the beginning of this year I came back from my exchange semester abroad, which was in Sweden, at Uppsala University. That semester abroad has changed my attitude towards many things, including the environment, climate change, gender equality, governing the commons and etc. And today I would like to talk about the Sustainable Development and Environmental Protection in Kazakhstan: With the Reference to Renewable Energy Sources, from the legal and state policy perspectives.

The Republic of Kazakhstan emerged from the dissolution of the Soviet Union in 1991 and is currently an upper middle-income country of around 18,8 million people spread unevenly over an area of 2.7 million km2 with over 40% of the population living in rural areas⁴⁵. Kazakhstan is one of the world leaders in diversity and the number of mineral resources. Kazakhstan's economy benefits from its natural resources (especially from oil, coal, uranium and gas), agricultural sectors and heavy industry. The petroleum and mining industries estimates for almost 40% of GDP and more than 70% of the total exports in 2019.⁴⁶

However, Kazakhstan was accused for becoming one of the largest emitters of greenhouse gases and other pollutants per capita as a result of extensive use of coal, oil, and gas in its energy production. It holds second place of CO₂ emissions per capita, after Saudi Arabia, with its 17,60T

⁴⁵ 'Kazakhstan History & Background' (*The StateUniversity.com Education Encyclopedia*) https://education.stateuniversity.com/pages/759/Kazakhstan-HISTORY-BACKGROUND.html accessed 12 November 2020

⁴⁶ Nazira Kozhanova, 'Kazakhstan's Exports Fell 4.5 Percent in 2019' (*Business*, 9 January 2020) < https://astanatimes.com/2020/01/kazakhstans-exports-fell-4-5-percent-in-2019/ accessed 15 November 2020

CO2 emissions.⁴⁷ Combustion of fossil fuels for heat and power generation is the leading reasons for progressing climate change globally.

This paper provides an analysis of the essential features of Kazakhstan's current renewable energy legal and policy frameworks. The main goal of the work is to study the problems of legal regulation in the use and development of renewable energy sources in Kazakhstan.

In 1987 Bruntland Commission Report under United Nations Generally Assembly has been defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Moreover, the Preamble of our Constitution begins with the following words: «We, the people of Kazakhstan… realizing our high responsibility before the present and future generations». 49

In 2016, the country signed the Paris Climate Change Agreement and committed to decrease the level of GHG emissions by between 15 and 25% in 2030 compared to the base year (1990).⁵⁰ Today Kazakhstan faces stark choices in combating climate change. On one hand, Kazakhstan is improving its oil and gas production in order to develop the country's economy, the population and GDP of the Republic are continuously increasing, leading to the expansion of green house gas emissions. On the other hand, Kazakhstan pledged under the Paris Agreement to reduce GHG emissions. Kazakhstan's energy system is highly carbon intensive and GHG emissions continue to steadily grow, indicating insufficient progress towards achieving the NDC (*Nationally determined contribution*) emissions reductions announced under the Paris Agreement.⁵¹

Meeting the rising energy demand and limiting its environmental impact are the two connected issues faced in the 21st century. In order to decrease emissions and meet the increasing

⁴⁷ Each Country's Share of CO2 Emissions < https://www.ucsusa.org/resources/each-countrys-share-co2-emissions> accessed 15 October 2020

⁴⁸ Report of the World Commission on Environment and Development: Our Common Future https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf accessed 28 October 2020

⁴⁹ The Constitution of the Republic of Kazakhstan [1995] N4

⁵⁰ Ualikhan Zhanseit, 'Kazakhstan Signs Paris Climate Change Agreement' (*International*, 4 August 2016) < https://astanatimes.com/2016/08/kazakhstan-signs-paris-climate-change-agreement/ accessed 17 October 2020

⁵¹ Aiymgul Kerimray et al, 'Long-Term Climate Change Mitigation in Kazakhstan in a Post Paris Agreement Context' (2018) 64 Springer International Publishing https://doi.org/10.1007/978-3-319-74424-7_18 accessed 25 October 2020

electricity demand, a decentralised, efficient and environment- friendly energy supply system based on diverse renewable resources is urgently needed.⁵²

The term "renewable energy sources" (renewables), according to the International Renewable Energy Agency (IRENA), embraces hydro- and geothermal power, bioenergy, as well as ocean, solar, and wind energy.⁵³

As we can see, the Republic of Kazakhstan has huge potential for renewable energy, particularly from solar, wind and small hydropower plants. The country has the potential to generate 10 times as much power as it currently needs from wind energy alone.⁵⁴ Renewables also contribute to significant reduction in CO2 emissions, local air pollution, and minimize the impact on the natural environment.

Current Renewable Energy Sector Statistics

According to Kazakh Ministry of Energy, as of the end of October 2020, 110 Renewable energy facilities are operating in the country, including⁵⁵:

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√Wind Power Plants (WPPs) – 26
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 $\sqrt{\text{Solar Power Plants (SPPs)}}$ – 42

✓ Small Hydropower Plants (HPPs) – 37

✓ Biogas Power Plants (BioPPs) - 5

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⁵² Marat Karatayev and Michele Clarke, 'Current energy resources in Kazakhstan and the future potential of renewables: A review' [2014] Energy Procedia 97,99

⁵³ IRENA (2020), Renewable Energy Statistics 2020 The International Renewable Energy Agency, Abu Dhabi

 ⁵⁴ European Bank for Reconstruction and Development (EBRD), 2009: Kazakhstan – Country Profile http://ws2-23.myloadspring.com/sites/renew/ countries/kazakhstan/profile.aspx>
 ⁵⁵ 'Number of Renewable Energy Facilities in Kazakhstan Grows' *Qazaq TV* (Nur-Sultan, 9 June 2020) https://kazakh-tv.kz/en/view/hi-tech/page_213627_number-of-renewable-energy-facilities-in-kazakhstan-grows-accessed 20 November 2020

	WIND	SOLAR PV	BIOMASS	SMALL HYDRO
RE Resource Potential in	920 billion	2.5 billion	4.3 GW1	62 billion
Kazakhstan	kWh/year	kWh/year		kWh/year
2019 RE operating facilities	717,4 mln	563,14 mln	14,9 mln	1105,4 mln
	kWh/year	kWh/year	kWh/year	kWh/year

RES Development Strategies and Targets⁵⁶

Programme Document, RE Targets	RE Law	Energy Saving & Climate-Change Policy	Membership in International Organisations
*Strategy "Kazakhstan - 2050" (December 2012) - Develop alternative and «green» energy sources to reach 50% of power consumption by 2050			

⁵⁶ Bayan Abylkairova, 'Development of the Renewable Energy in Kazakhstan - the Regulatory Framework Overview' (2018) USAID Power the Future Regional Program http://ptfcar.org/wp-content/uploads/2018/07/Day-1_Bayan-Abylkairova_-RE-workshop_Tashkent_day-1_July-11_En.pdf > accessed 15 November 2020

* Decree of the President of the Republic of Kazakhstan on the Concept on the transition of the Republic of Kazakhstan to the "green economy" No. 577 dated May 30, 2013 — alternative energy in electric power generation to 3% by 2020 (only solar and wind power), 30% by 2030 (with the share of solar and wind no less than 10%), and 50% by 2050	* The Law on the Support of RES dated 2009 (as amended on 01/01/2018) * Decrees of the Government and Orders of the Ministry of Energy (20)	• energy saving: to reduce energy intensity by 25% by 2020, 30% by 2030, and 50% by 2050 against the levels of 2008	Paris Agreement under the United Nations Framework Convention on Climate Change COP 21 (ratified in 2016), IRENA
* The concept of the development of the fuel and energy complex of Kazakhstan until 2030 (2014): — development of RE technologies and infrastructure	—Establishment of feed-in tariffs (June 2014) FIT for 15 years (2013–2028) for biomass, solar, wind, geothermal - Establishment of a requirement for mandatory purchase of electricity produced from RES by the FSC - the Center of Financial Settlement (2015) - Ceiling auction prices (July 2017) — investment stimuli: subsidies equivalent to up to 30% of the costs related to land acquisition, construction, and equipment purchases	 facilitation of modernization of existing power generation, power grids, and oil refining installations endorsement of 15% (2030) & 40% (2050) reduction in greenhouse gas emissions vs. 2012 level 	

*Renewable energy sector target indicators, Ministry of Energy Order No. 478 (2016)	• policies to support the development and inclusion of available RE sources in the energy mix
- renewable energy share to 3% by 2020 (including solar, wind, hydro and biogas).	

With the adoption of the Concept of Kazakhstan on transition to green economy and "Strategy 2050", the country has chosen a principally new way of economic and social development.⁵⁷ The energy efficiency is one of the main aspects in the gradual transition to a green economy. Nowadays, Kazakhstan is among the countries with the highest energy intensity.⁵⁸ And there is a considerable potential for improving energy efficiency in industrial, energy, housing and transport sectors.

Kazakhstan confirmed its long-term strategies: Strategy "Kazakhstan - 2050" and Concept on the transition of the Republic of Kazakhstan to the "green economy".⁵⁹ These strategies specify the goals for 2020, 2030 and 2050 years. The following documents formulate the quantitative objectives focusing on growth and diversification of the economy away from the extractive industries' dependence.⁶⁰ However, such ideas are not sufficiently turned into actions. There is a significant gap between specified targets and efforts made to achieve them.

Moreover, it seems that the Kazakh government pulled those goals for the expansion of renewable energy out of its hat as such goals are neither justified nor consistently declared in different pieces of state programs and legislation.

For instance, Renewable energy sector target indicators, Ministry of Energy Order No. 478 dated the 7th November 2016 (Order 478) and Decree of the President of the Republic of Kazakhstan on the Concept on the transition of the Republic of Kazakhstan to the "green economy" No. 577 dated 30th May 2013 set the same target of 3%. However, "the Green Economy Concept" specifies the 3% target only for wind and solar power plants. At the same

⁵⁷ See n8, 102

⁵⁸ Marat Karatayev and Michele L Clarke M, 'A review of current energy systems and green energy potential in Kazakhstan' [2016] Renewable and Sustainable Energy Reviews 491, 491 ⁵⁹ Ibid. 501

⁶⁰ Ibid, 501

time, Order No. 478 stipulates the 3% target for wind, solar, hydro and biogas power plants.⁶¹ As we can see, the 3 % target of both documents does not match with each other.

EXISTING BARRIERS

- Solvency and creditworthiness of the FSC as an off-taker single buyer of electricity produced from renewable energy sources is not guaranteed;⁶²
- The process and conditions for conducting the auction require are not perfect: there are no auction pre-qualification stage, requirements for experience in the sector, confirmation of financial stability, technical requirements and equipment specifications, auction product under the power purchase agreement, etc;⁶³
- The procedure for providing connection to grids, contracts and quality assurance entail risks for investors;⁶⁴
- Search for land plots required for the placement of extensive renewable energy facilities for the most part, the required land plots are agricultural land, and the process of changing the designated purpose of such land takes a long time and requires additional investments;⁶⁵
- Ideally, one comprehensive renewable energy law should contain all the essential provisions.

Above mentioned existing barriers, as well as other barriers, create risks for bank financing and private foreign investment in RES projects.

Measures to override existing barriers:

- Additional support from the Government in case of a failure by the FSC (Center of Financial Settlement) to fulfill its obligations on payments to RES projects;

⁶¹ Shaimerden Chikanayev, 'Kazakhstan: Renewable Energy In Kazakhstan – What To Expect?' (2020) Grata International https://www.mondaq.com/renewables/885178/renewable-energy-in-kazakhstan-what-to-expect accessed 18 November 2020

⁶² See n12, 18

⁶³ Ibid, 18

⁶⁴ 'Investor's Guide to Renewable Energy Projects in Kazakhstan' (2018) USAID https://energomost.kz/wp-content/uploads/2020/05/INVESTORS-GUIDE-TO-RENEWABLE-ENERGY-PROJECTS-IN-KAZAKHSTAN_USAID.pdf accessed 8 November 2020

⁶⁵ibid

- Decline of RES costs, which will drive the exponential increase in RES generation from 2020 to 2030;
- Access to the grid in all aspects (grid connection, grid usage and grid expansion) has to be guaranteed;⁶⁶
- Introduce financial incentives that support the use of energy-efficient vehicles and mode of transport;
- Bottom-up approach: Introducing apartment heat metering for new buildings to create incentive for final consumers to regulate their heat use: community funding re-emerge. Crowdfunding of energy projects;
- It is also necessary to conduct broad communication and education programs to increase the population's awareness in the issues of resource usage and environmental problems;⁶⁷
- It is necessary to enhance international cooperation, as an element and tool for sustainable development, to facilitate access to clean energy research and technology, including renewable energy.

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⁶⁶ See n14, 501

⁶⁷ Galym Teleuyev et al, 'LEGAL REGULATION OF RENEWABLE ENERGY SOURCES USAGE' [2017] Journal of Legal, Ethical and Regulatory Issues

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"The impact of regulatory support mechanisms to the development of Renewable Energy Sector of Kazakhstan"

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Introduction

The Intergovernmental Panel on Climate Change has clearly demonstrated that climate change is already happening. According to the Panel on Climate Change special report, global greenhouse gas emission (GHG) related to the climate change.⁶⁸ The report shows that power generation is responsible for the bulk of the emission, caused by human activity as manufacturing, transport, building and etc. Energy use accounts for just over two-thirds of total annual GHG emissions.

In accordance with scientific consensus, in order to stop climate rise and stabilize it efficient measures should take place. One of the key pillar is decarbonization of the energy system through the Renewable Energy (RE) deployment. The G-7 has recognized that decarbonization-the only way to safe our planet from catastrophic climate consequences. Many member states of G-20 and other countries have publicly declared their intention to purse this path.

In order to bring all nations into a common caused to undertake ambitious efforts to combat climate change in December 2015 within the United Nations Framework Convention on Climate Change (UNFCCC) was adopted in international treaty so called 'Paris Agreement'. The Agreement was signed by 196 member of the UNFCCC and 189 became a party to it.

The Paris Agreement central aim is to strengthen the global response to the threat of the climate change by keeping a global temperature rise. In order to reach this goal, appropriate financial flows, a new technology framework need to be placed.

According to the International RE Agency IRENA, directing energy sector investment towards renewables will help to realized their substantial potential for climate stabilization⁶⁹. To attract investments into RE Sector, governments need to establish attractive investment conditions. Investment incentive or so called RE support mechanism is one of the key condition for welfare investment climate.

As a signatory member of Paris Agreement, Kazakhstan has committed to the implementation of climate policy aiming at greenhouse gas emission reduction. In this respect, on May 2013, Kazakhstan adopted a concept for the Republic of Kazakhstan's Transition to a Green Economy

⁶⁸ https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15 SPM version report LR.pdf

⁶⁹ https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2015/IRENA REthinking Energy 2nd report 2015.pdf

known as «Green Economy Concept»⁷⁰ The Green Economy Concept sets RE Sector development targets for Kazakhstan. Under these targets Kazakhstan plans to achieve 3% share of RE in total electricity production by 2020, A 10% share of RE in total electricity production by 2030, A 50 share of low carbon alternative and RE Sources (RES) by 2050.

To successfully development of RE Sector and raking into account international best practice, amendments and additions were introduced to the Republic of Kazakhstan Law «On Support for the Use of RES»⁷¹ (RES Law). Within the amendments into the RES law were adopted RE support mechanisms of the state support of this sector.

It is worth to mention that RES legislation was amendment several times aiming to support RE targets addressed in the Green Economy Concept and follow international RE trends.

However, newly adopted RE mechanisms are not properly developed in order to provide efficient implementation of RE Supported mechanisms.

Approaches to regulation by the Kazakhstan

To successfully develop Kazakhstan's RE Sector and taking into account international best practice, the RES law introduced amendments and adoption of the mechanism of state RE support.

Following the international trends and best energy practice in May 2015 Government of Kazakhstan adopted a tariff policy in electricity, in order to stimulate investments into the RE Sector. However, newly adopted mechanisms did not meet state's expectations in respect to the set RE targets. Therefore, the Ministry of Energy decided to introduce auction mechanism and invite foreign investors to participate and operate on the low price proposed. In this respect in 2017 the RES Law⁷² was amended.

In order to implement the adopted auction mechanism in accordance with RES Law System Operator (KEGOC JSC) created Financial Settlement Center of Renewable Energy. By the Decree of the Government of the Republic of Kazakhstan⁷³ Financial Settlement Center is defined as financial settlement center on support of renewable energy sources. FSC carries out centralized purchase and sale of electric power, produced by renewable energy sources and delivered to the electric networks of the unified electric power system of the Republic of Kazakhstan.

⁷⁰ Order of the President of the Republic of Kazakhstan «The Concept of Republic of Kazakhstan's transition to the Green Economy», dated 30 May 2013 No 577

⁷¹ Law of the Republic of Kazakhstan «On Support for the Use of Renewable Energy Sources»

⁷² Law of the Republic of Kazakhstan «On Support for the Use of Renewable Energy Sources»

⁷³ Decree of the Government of the Republic of Kazakhstan No. 1281 of November 29, 2013.

State Support for Investments in RE Sector Development in Kazakhstan

Taking into consideration of the ongoing concerns regarding climate change, and recognized importance of RE sources in the combat against climate change, made the world economy to switch the trajectory of development.

It is worth to mention that based on the current RE development trends RE Sector is developing rapidly. According to the Global Energy Review 2020⁷⁴ «In Q1 2020, the global use of renewable energy was 1.5% higher than in Q1 2019».

However, the comparatively rapid decline in the costs of renewable energy technologies, regulation gaps and the growing share of variable renewable energy makes it difficult to grow without well-established regulatory mechanisms. Support mechanisms need continual adaptation to maintain a stable and attractive environment for investments in the sector. There is still considerable uncertainty among governments and regulatory agencies about the kind of policy framework needed to manage the incorporation of these technologies.

Currently, there are two different types⁷⁵ of support methods:

- Indirect method, i.e. implicit payments or discounts.
- Direct methods— these methods refer to investment supports, such as capital grants, tax exemptions or reductions on the purchase of goods and operating support mechanisms, i.e. price subsidies, obligations, tenders and tax exemptions on production.

Drawing from relevant experiences in power systems around the world, this paper offers a critical overview of existing regulatory supports for RES with the focus on direct support in Kazakhstan. It provides a detailed review of the different schemes and design features implemented to date.

Auction as a main tool of Renewable Energy Development in Kazakhstan

RE auctions are one of the tools available in many countries to promote RES generation.

According to the IRENA report⁷⁶, "Renewable energy auctions continue to support the deployment of renewable-based power, revealing competitive prices in many regions of the world."

⁷⁴ https://www.iea.org/reports/global-energy-review-2020/renewables

⁷⁵ https://www.wind-energy-the-facts.org/introduction--types-of-res-e-support-mechanisms.html

⁷⁶https://www.irena.org//media/Files/IRENA/Agency/Publication/2015/Jun/IRENA_Renewable_Energy_Auctions_A_Guide_to_Design_2015.pdf

According to the IRENA report, RE auctions become very popular. «In 2017-2018, 55 countries used auctioning mechanism some of these countries had no previous experience with auction and the desire to adopt auctioning mechanism was probably driven by the success in other markets to achieve low prices».

Kazakhstan is one of these newcomers, who launched auctioning mechanism in 2018. As the expansion of the renewable sector depends mainly on investors` intention to invest in the construction of plants, the Kazakh Government has embarked on seeks ways to encourage them to increase their participation.

In 2016, Government of the Republic of Kazakhstan came to consideration of introducing and implementing auction mechanisms for the future development of renewable energy sources, which would guarantee transparency in the projects and investors' selection processes, reduce the influence of the RES sector on increases in the end-user tariffs. ensure the orderly development of the RES sector, achieving the RES development targets.

In order to implement RE Auction, Rules⁷⁷ of Organizing and Holding Auctions were adopted. The rules of Auction includes: Qualification Requirements for Auction Participants, the Content and Procedure for Submitting Applications, Types of Financial Guarantee for Participation in Auctions and Conditions of their Deposit and Return, the Procedure for Summing Up the Results and Determining the Winners.

In this connection, in accordance with the Order⁷⁸ of the MoA KOREM was named the organizer of the auction. The RE auctions will be conducted on KOREM's electronic trading platform, http://www.korem.kz/. During the last two years Ministry of Energy of the Republic of Kazakhstan has been closely cooperating with international institutions, organizations and analyzing international practices of European countries for the purposes of sophistication of legislative and regulatory frameworks. According to the information on the website of the Ministry of Energy⁷⁹The initial pilot auction, completed in early June 2018, resulted in 194 MW of RE capacity being awarded. In October 2018, the second round of auctions resulted in the award of 664 of MW RE capacity. A third round of auctions for 250 MW of generation capacity was implemented in 2019. Currently there are 21 active RE projects in Kazakhstan.

Regulatory Risks associated with adopted auction mechanisms

Kazakhstan's RES Law was amended several times to support the ambitious renewable energy targets addressed in the Green Economy Concept. The earlier review of the auction scheme in its

⁷⁷ Правила организации и проведения аукционных торгов, внесённых Приказом МЭ РК № 228 от 27.06.2019 г.

⁷⁸ Order of the Minister of Energy of the Republic of Kazakhstan No. 280 dated August 7, 2017

⁷⁹ https://www.gov.kz/memleket/entities/energo/press/news/details/v-2019-godu-v-kazahstane-vvedeno-v-ekspluataciyu-21-krupnyh-obektov-vozobnovlyaemyh-istochnikov-energii?lang=en

current form is not without flaws. There are still a number of constraints in place such as absence of monitoring tools, long time frame for obtaining permits, general norms in standard Power Purchase Agreement.

Under existing Kazakhstan legislation, there is no tool that allows the Government of Kazakhstan to regularly monitor progress in the development of new RE projects, to better anticipate how many projects will commence operation and when they will do so. This prevents measuring the gap between the current market trends and the potential in the sector. Generally, this is due to the lack of institutional capacity. This also results in the situations that currently the authorities have no capacity for carrying out comprehensive auctions and post-auction procedures.

Kazakh laws and practice require the RE generator to undergo complex processes and long time-frame for obtaining permits (land plot rights, changing the designation of the land, environmental impact assessments (EIAs), approvals of the project documentation, grid connection approvals). It may take more than a year to obtain the land use rights and change land designation, which may affect the timelines under the Power Purchase Agreement.

"Comparative Analysis of Surrogate Motherhood Legislation in the USA, European Union, CIS Countries and Republic of Kazakhstan"

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1. Legal basis of surrogacy.

The modern concept "surrogacy" is bound firstly with assisted reproduction techniques and In vitro fertilization (IVF)⁸⁰. Surrogate agreement was awarded with the surrogate mother in which it was carried out in vitro fertilization with sperm spouse of a woman who could not get pregnant due to blocking fallopian tube; surrogate mother after childbirth paid monetary compensation⁸¹.

Surrogacy is assisted reproductive technologies, the application that in three people are involved of the conception and birth of a child. 1) Genetic father is a person providing his sperm for in vivo fertilization and agrees to take over his father's duties after childbirth. 2) The genetic mother is the person providing her in vitro matured egg for fertilization and consonants to take the mother's responsibilities after the childbirth. 3) The surrogate mother is a woman of childbearing age, to

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⁸⁰ Glossary on ART Terminology, 2009

⁸¹ Jerome Nadelhaft. American Popular History and Culture. *Gynecology and Textuality*. (New-York and London1998).14-15.

agree on a fee or free of charge to bear and give birth to a child from the genetic parents, and does not aspire to the role of the child's mother⁸².

Therefore, based on the above definition, surrogate mothers may be women who voluntarily agree to participate in this program.

The requirements for surrogate mothers:

- age from 20 to 35 years old;
- owning a healthy child;
- mental and physical health.

At the legislative level in Kazakhstan, law allows surrogacy. Unlike other countries, such as France, Germany, Austria, Norway, Sweden, where the surrogate mother services are prohibited by law. The first attempts to resolve the issues related to surrogacy were taken by adoption Zakon ot 17.12.1998 "O brake I sem'e"83. According to item 1. Art.17 Zakona, the surrogacy assumes gestation and the child's birth, including premature birth, by agreement between the surrogate mother and the potential parents, payment of remuneration or without it.

The origins of surrogacy in Kazakhstan takes in 1998, when it was adopted Zakona "O semi'e I brake", which gave the right to use method of assisted reproductive technologies⁸⁴.

2. Assisted Reproductive Technologies.

The list of technologies that referred to ART is contained in the Prikaz №627 i.o.Ministra zdravoohraneniya I sozialnogo razvitiya Respubliki Kazakhstan.

Thus, these include

- -in vitro fertilization and transfer of embryos and gametes into the uterine cavity,
- -injection of sperm into the oocyte cytoplasm, gestational carrier (surrogate), pre-implantation genetic diagnosis,

-donation of oocytes⁸⁵.

Using assisted reproductive techniques and technology choice of the future baby's gender is prohibited, except for possible cases of inheritance of diseases related to the gender. In 1999, the Human Reproduction Center conducted the first program of surrogate motherhood. It came Zakon "O reproduktivnyh pravah I garantiyah ih realizacii" in 2004. In these documents, the legal basis of surrogate motherhood was enacted Kodeks Respubliki Kazakhstan "O brake I sem'e". Acting

⁸² Rekomendazii VOZ: Terminologiya VRT "Problemy Reprodukzii".

⁸³ Zakon Respubliki Kazakhstan ot 17.12.1998 № 321-I''O Brake I Sem'e''.

⁸⁴ Ibid. Art.17

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⁸⁵ Prikaz i.o.Ministra zdravoohraneniy I sozialnogo razvitiya Respubliki Kazakhstan ot 28.07.2015 №627 "Ob utverjdenii pravil vozmesheniya zatrat organizaciyamzdravoohraneniya za schet budjetnyh sredstv"

earlier Act of the Republic of Kazakhstan dated 17 December 1998 "On Marriage and Family" is recognized as invalid⁸⁶.

3. Moral and Religious aspects in surrogate motherhood.

IVF in itself is a modified technology of surrogacy, more precisely, its particular case, the ethical problems of IVF remain valid for surrogacy. In the case of children are born by surrogate motherhood are the children of the mother (legally), which they carried and gave birth, but in different countries, laws may vary. For example, the law on the right to leave a child only to biological parents. Then the "mother-incubator" will give birth to a child for whom she has no rights. That is, the newborn will be removed by force⁸⁷.

Opponents of substitute motherhood, first to them the church concerns, consider, that its realization entails neglect the deepest emotional communication which is established between mother and the baby during pregnancy. Besides moral aspect, there is also a religious moral:

- a. Catholic. This case is equated to fertilization in vitro and change of a germ that from the point of view of Catholic morals is illegal because thus in a matrimony, the concept of the union is separated from the act of procreation and the life of an embryo of the person is not kept. Besides Catholic morals rejects an image of "bearing mother » as neglecting with a personal worth and purposely destroying the unique seat of conception and bearing the child whom the bosom of family is.
- b. Protestant. The proposed solution is unacceptable as seriously violates the right of the child to guarantee inclusion in the relationship, nullifying the human body to the level of goods.
- c. Jewish. It is possible to say that, to date, any form of 'borrowing her womb' barren wife is completely forbidden.
- g. Muslim. Female donor is permitted to be just another wife husband due to possibility in Muslim countries where polygamy is not prohibited.
- d. Buddhist. If such practice involves in vitro fertilization, it becomes unacceptable in itself, because in this case, produced several fertilization of eggs, then their breeding and, finally, destruction or cryopreservation, and according to the Buddhist teachings of the continuum of consciousness arises from the first instant of fertilization. Although this practice is not used, the

⁸⁶ Zakon Respubliki Kazakhstan ot 17.12.1998 №321.Utratil silu Kodeksom Respubliki Kazakhstan ot 26.12.2011 №518-IV

⁸⁷ Gulnara Aitzhanova "Surrogatnoe Materinstvo" (2011).< http://advokate.kz/surragatnoe_materinstvo> accessed 10 November 2020.

institution is allowed a pregnant mother. In case if this operation is performed should to be taken precautions⁸⁸.

4. The Surrogate mother agreement.

An agreement of substitute maternity is a basic document, defining right and duties genetic parents and substitute mother, and other provisions. These include the size of the monthly payment of running costs, the sum of the final fee, curriculum of visits to the doctor, condition of receipt by the substitute mother of Medicare, the place of medical service, terms of terminating pregnancy and other circumstances. Each agreement of substitute maternity must be individual for each separate case. Fundamental disagreements on some point of agreement are impossible. For example, attitude toward abortion can be different for a substitute mother and genetic parents. In the case of finding a serious pathology in the fetus, abortion is recommended. However, genetic parents can insist on maintenance pregnancies on religious or to other reasons. A substitute mother can have other point of view, be for abortion, because birth of child-invalid falls short of to her point of view. Such moments must necessarily come into question⁸⁹.

The agreement of substitute maternity must plug in itself penalty approvals, in order that parties have a stimulus to follow terms. Fines and approvals for violations of terms of contract should equally apply to both parties. Only on such terms, the contract can be considered symmetrical. At entering into the program of substitute maternity, it is out of the question about some verbal agreements. Only conclusion of treaty biological parents must come forward from one side of that, in other is a substitute mother. It will allow avoiding possible risks, for example, of blackmail⁹⁰. In an agreement, it must be prescribed terms of residence, property accountability, feed, possible indemnifications. Basic points of agreement: data of both parties; legal aspects and acts that touch substitute maternity; terms and concepts, meeting in text; strictly and clearly to describe the duties of substitute mother⁹¹. The required division, that describes terms a substitute mother will live in that, is obligatory. The treaty must include mutual rights. In case of birth of inferior or sick child indemnification the size of that makes a reservation initially must be paid. It is not needed to forget and about indemnification in case of offensive of different negative consequences for a substitute mother, and to specify a man that gets indemnification at death of substitute mother.

Also in an agreement on substitute maternity, the degree of confidentiality of application of auxiliary reproductive technologies must be envisaged. Final part must describe the terms of down

^{88 &}lt; https://eco.birth-info.ru/264/surrogacy-Problemy-surrogatnogo-materinstva/>accessed 10 November 2020.

⁸⁹ Svetlana Juravleva *Pravovoe regulirovanie dogovora o surrogatnom materinstve v Rossiskoi Federazii* (dissertaziya 2011) 23.

⁹⁰ Ibid.

⁹¹ Ibid.

lying. In an appendix described additional payments for a substitute mother (for example, payment of clothing, monthly maintenance and other)⁹².

5. Comparative analysis of the legal regulation of surrogacy motherhood in the Russian Federation, Republic of Kazakhstan, the European Union.

The laws governing surrogacy, the rights and obligations of the surrogate mother and those for whom she is carrying a child differ in different jurisdictions.

In France, Germany, Austria, Norway, Sweden, and Italy, surrogacy is completely prohibited.

In some jurisdictions, only non-commercial surrogacy is allowed—, UK (only payment of the surrogate's current expenses is allowed. In Belgium, Greece, Spain, and Finland, surrogacy is not regulated by law, but actually takes place.

Finally, there are countries where surrogacy, including commercial surrogacy, is legally permitted — this is the majority of US States, South Africa, Russia, Ukraine, Georgia and Kazakhstan.an Important point when concluding a surrogacy agreement is the question of how all parties involved in the process are aware of the possible risks.

This section examines the legal precedents that took place in Russia, Austria, Great Britain, and Italy. In some European countries, surrogacy is prohibited by law and married couples resort to surrogacy in countries where it is allowed, and as a result, there is a problem with recognizing children in a European country and giving them rights and responsibilities.

At the same time, the legislation of Russia and Kazakhstan provides for permission to use surrogacy, but there are different approaches to the recognition of children and the rights of surrogate mothers and parents.

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"TWAIL: Problems of Kazakhstan"

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Abstract

The role of international law in the system of interstate relations is undeniable. During its existence, the system of international law has been subjected to a lot significant changes. From the time of Antiquity to the Present, international law has evolved as a universal, independent legal system. This suggests that now international law has become common, i.e. it has no national coloring. It belongs to everyone. No nation can take control of it. It acts as a common code governing relations between states and their behavior in the international arena, for the purposes of the world community.

Also, with the formation of international law, various scientific critical schools, theories which analyze the effectiveness of international law, emerge, and offer new ideas in the process of improving international law. One of these schools is the Third World Approaches to International Law (TWAIL), which is the "opposition" to existing international law⁹³ and throws into question its "universality", "democracy" in regard to Third World countries. TWAIL, as a critical school of international law, seeks to change what they identify as repressive aspects of international law by re-examining the colonial funds of international law.

Thus, this thesis will address the existing issues and problems of TWAIL in the modern realities of Kazakhstan. Since the modern TWAIL movement is a movement advocating for the rights of third world countries and former colonies, in this dissertation it is necessary to define Kazakhstan as the object of TWAIL study. For this, this work will study the history of Kazakhstan, the colonial past and the reasons that led to the political and economic dependence of Kazakhstan on neighboring countries.

Finally, examples and cases will be given that clarify the actual political position of Kazakhstan in the international political and legal system. Kazakhstan, like any developing country, is in its essence politically dependent in the system of international relations. Despite the country's recognized

⁹³ M. Mutua, (2000) "What is TWAIL?", Proceedings of the 94th Annual Meeting of the American Society of International Law: pp.31-40, p. 38

independence and indisputable sovereignty in accordance with the Constitution of the Republic of Kazakhstan, Kazakhstan does not have the same political freedom as a subject of international relations, and in situations of negotiations with imperialist countries, Kazakhstan acts as a yielding party. In this dissertation, case studies are presented that confirm this phenomenon.

«Laws are like cobwebs, which may catch small flies, but let wasps and hornets break through⁹⁴»

Jonathan Swift, A Critical Essay upon the Faculties of the Mind

I. Introduction.

The Second World War stimulated decolonization process of the Third World countries⁹⁵. The European colonial powers, often resorting to the use of various resources from controlled colonies during military activities, found themselves in a state since the beginning of crisis where, exhausted by the war and stuck in the process of internal reconstruction, they were as well forced to change dramatically their approaches to the colonial issue. Similarly, in the outbreak of the Cold War between the United States and the USSR, the USSR helped the multiple colonies of European states gain independence. The drastic consequences of World War II and the inability of the European powers to control the colonies finally led to decolonization of a string of countries in Asia, Africa and Latin America.

Thus, after the end of World War II and the dissolution of empires, many colonies freed themselves from the colonial bonds of the European powers, thereby acquiring the right to self-determination. However, the political independence and sovereignty of the countries turned out to be "illusory" Although now third world countries have formally become free, they were still connected – politically, legally and economically – with the West 7. This dependence was expressed with joining of the Third World countries the UN, established by Europeans on the basis of European jurisprudence and principles. Despite the fact that imperialism in its "pure" form no longer existed on the world map, the United Nations personified a new form of Western hegemony. Even more, TWAIL representatives believed that the UN was created based on the said to be "four policemen" or "four powers" plan 98, which stipulates maintenance of peace in each region by representatives of the "four policemen". Consequently, the most global issues were solved by the UN Security Council, which included

⁹⁴ The Works of the Rev. Jonathan Swift/Volume 5/A Tritical Essay Upon the Faculties of the Mind, p. 8

⁹⁵ M. Mutua, (2000) "What is TWAIL?", Proceedings of the 94th Annual Meeting of the American Society of International Law: pp.31-40, p. 31

⁹⁶ M. Mutua, (2000) "What is TWAIL?", Proceedings of the 94th Annual Meeting of the American Society of International Law: pp.31-40, p. 34

⁹⁷ M. Mutua, (2000) "What is TWAIL?", Proceedings of the 94th Annual Meeting of the American Society of International Law: pp.31-40, p. 35

⁹⁸ Hoopes & Brinkley 1997, p. 100.

representatives of such powers as the USA, USSR, Great Britain and China. Third World countries did not have enough political capital and a voice (veto) to influence UN decisions.

In the same way, after the decolonization and independence process, the third world countries become the subject of international law and join such various organizations as the WTO, World Bank, GATT, etc. However, most representatives of third world countries declare that these organizations are also founded on the principles of "Western imperialism". At the first Ministerial Meeting in Singapore, one year after the WTO establishment, the developing countries were already disappointed by the unfair attitudes of developed countries. Thus, developed countries, taking advantage of their authority in the international arena, often ignore trade issues of developing countries.

All of the above cases have become a prerequisite for the emergence of the TWAIL political and scientific movement led by the representatives of developing countries. In 1955, a conference was held in Bandung to solve the problems of third world countries, which would be considered the first conference in the future.

Over time, the TWAIL movement, which originated in the world of colonial countries, is gaining popularity in Western countries. In 1996-1997, a group of students at Harvard Law School ran a conference to explore the viability of creating the Third World Approach to International Law. This event gave rise to the organization of various TWAIL conferences around the world. Since then, TWAIL has developed into a decentralized and organically developing network of scientists and practitioners. Although the history of TWAIL dates back to decolonization, the 1997 conference gave new momentum to the TWAIL promotion. From that moment on, the TWAIL boundaries expanded and began to embrace new areas. The new generation TWAIL exceeded the scope of the Third World problems, and began to embrace the problems of the Fourth World, caste and indigenous peoples.

However, despite the sharp growth of the TWAIL movement in Western countries in the 1990s, the TWAIL movement did not gain much popularity in the USSR and further post-Soviet space, even if the problems investigated by the TWAIL movement existed in the former Soviet Union countries.

This research paper will consider TWAIL issues and their relevance in modern Kazakhstan. Since the classic TWAIL is a movement on the side of former colonial countries, this article will consider the history and colonial past of Kazakhstan. This analysis is necessary to determine the signs in Kazakhstan, which are necessary for Kazakhstan to be ranked as a third world country.

Further, after defining the colonial past of Kazakhstan and identifying the features inherent in the countries of the Third World, it is necessary to study the legal status of Kazakhstan in the world political and legal arena. This thesis will use methods of comparison and analysis of private cases. The cases and special cases described in this dissertation work argue and reveal the political and legal problems that exist in Kazakhstan today.

II. Analysis of the history of Kazakhstan. Colonial past

Despite the fact that TWAIL early generation is a political movement whose goal is to protect and lobby the interests of colonial countries, TWAIL new generation covers a wider range of problems of developing countries. After the decolonization procedure and political independence of the Third World countries, the followers of TWAIL switch to the problems of countries that are the least developed with low living standards, weak economies. Thus, Kazakhstan, as a country with a developing economy and with medium development, can theoretically be the subject of TWAIL research. Moreover, it is necessary to analyze the colonial past of Kazakhstan, first part of the Russian Empire, and then part of the Soviet Union.

According to the Oxford Dictionary "Colony - a country or an area that is governed by people from another, more powerful, country." Thus, the main features of the colony include political dependence and geographical isolation.

The political lack of independence of the Kazakh population during the expansion of the Russian Empire was expressed in the acceptance of Russian citizenship⁹⁹. According to the conditions of the tread, the Kazakhs were obliged to pay tribute, to protect the borders between the Russian Empire and Kazakh land, to promote the political and commercial interests of the Russian Empire. Moreover, the colonization procedure built a structured system of administrative management, according to which all political and economic decisions were made by the Metropol (St. Petersburg, Moscow). One of the most famous political decisions of the Russian Empire is the transfer of the local population from a nomadic way of life to sedentary life.

Similarly, the territory previously subject to the Kazakhs passed into the Russian Empire. At the initiative of Speransky M.M. A number of reforms were carried out with the aim of integrating Kazakhstan into the administrative system of the Russian Empire¹⁰⁰.

At the initiative of the Russian Empire, codes were created based on the Russian judicial system. Likewise, Russian culture had a great influence on the population of the steppe, which ultimately led to the Russification of the population, the popularization of Russian literature.

All of the above signs confirm the fact of the presence of colonial experience in Kazakhstan. The Kazakh population was formally subject to the Russian Empire in the 17th-18th centuries.

However, the relations of Kazakhstan with the Soviet Union could not be called colonial or imperialist. According to the constitution of the USSR, Kazakhstan was "formally" a full member of the Soviet Union. According to the laws of the USSR, all countries were equal among themselves and

⁹⁹ Zhanturin, Arystan // Kazakhstan. National Encyclopedia. - Almaty: Kazakh encyclopedias

¹⁰⁰ "History of the East" (in 6 volumes). T.IV "The East in the new time (late XVIII – early XX centuries)", Book 1 - Moscow: publishing house "Eastern Literature" RAS, 2004. ISBN 5-02-018387-3

were governed by a single body, including a representative from each country. Likewise, the principle and goal of the Soviet Union and communism is the principle of the equality of all peoples and races. Undoubtedly, Russia and the Russian population as the center of communism and the ancestor of the Soviet Union had some privileges in comparison with other countries of the USSR. Moreover, the highest organ of the state apparatus was often composed of representatives of the Russian ethnic group. However, it is worth noting that the state apparatus and the Supreme Soviet of the USSR were nevertheless represented by other nations. Consequently, the Soviet Union had no signs of classical imperialism, unlike the British Empire or the French.

Thus, in the territory of modern Kazakhstan there was a "Kazakh colony" controlled by the Russian Empire in the XVIII-XIX centuries. The Kazakh colony did not have political power and depended largely on the Russian Empire. The Supreme Public Administration was located in the main Metropol in the city of St. Petersburg, and directly controlled the life of the local population. The territory of modern Kazakhstan de jure was part of the empire and was governed by provinces. However, the Soviet Union cannot be regarded as the colonialists of Kazakhstan, since the USSR had a different form of government. The USSR was based on the principles of equality of all nations and races, which contradicts the foundations of colonialism.

Considering all of the above, Kazakhstan has all the signs and problems inherent in the countries of the Third World and former colonies. Accordingly, it is indisputable that Kazakhstan can act as an object in the TWAIL study. Moreover, the modern definition of a "Third World" country means all countries with low economic performance and low living standards. That is, in the modern world it is enough to be a poor country in order to be identified as a country of the Third World. According to the authoritative rating of The Economist Intelligence Unite, Kazakhstan ranks 74th in terms of the quality of life of the population, while being inferior to such countries as Kenya, Nigeria, Angola, etc. All these facts lead to the conclusion that Kazakhstan is theoretically experiencing the problems explored by the TWAIL movement.

III. Problems of modern Kazakhstan from the point of view of TWAIL

All of the above events confirm that modern Kazakhstan has a "colonial past" and the problems of developing countries. As noted earlier, the new TWAIL approach covers not only the problems of the third world countries that went through the decolonization process in the middle of the 19th century, but also the underdeveloped countries with low quality of life. Similarly, the problems explored by the TWAIL movement are inherent in modern Kazakhstan.

Despite the fact that Kazakhstan became a member of the UN after gaining independence and is the only country in Central Asia that is a non-permanent member of the UN Security Council, Kazakhstan's foreign policy decisions are often made taking into account the interests of neighboring countries and trade partners. As noted earlier, developing countries such as Kazakhstan, Uzbekistan, and Kyrgyzstan are largely dependent on their trading partners. The economic dependence of such countries often influences political decisions and political position. For example, Kazakhstan with an

export economy has to consider the interests of more developed neighbors such as China or Russia. According to the Statistics Committee of the Republic of Kazakhstan, the share of trade between Kazakhstan and China is about 12% of total trade in Kazakhstan. In 2019, exports to China amounted to \$ 5.3 billion, while exports to Russia amounted to \$ 5.56 billion. Thus, the economic dependence of countries can often flow into a certain political dependence. For example, China is often criticized for infringing on the rights of the Kazakh diaspora. According to world media reports, the existing secret camps for political re-education in China are contrary to Kazakhstan's foreign policy. However, the government of Kazakhstan does not express political concern or send a note of protest in connection with the established friendly relations between Kazakhstan and China, and its dependence on the Chinese economy. This situation is a good example of the fact that often Third World countries or developing countries have to give in to political issues to their stronger trading partners. Powers use economic relations as a tool to influence the policies of underdeveloped countries. European imperialism in the modern world has acquired a new form, which is expressed in the form of economic dependence. In the modern world, powers do not wage aggressive wars for political control of developing countries, but influence these countries through the introduction of economic sanctions. This phenomenon is very common in the current international system. It is fair to say that Kazakhstan, to some extent, can influence its less developed neighbors. For example, in 2018, the government of Kazakhstan decided to close the border for Kyrgyz business representatives, after criticisms of the top leadership of Kyrgyzstan against the government of Kazakhstan. Thus, this proves that political debates between countries often lead to economic sanctions. Consequently, in such debates the state with a more developed and powerful economy, that is, the countries of the "North", the powers, often wins. Moreover, international law and the current international system have outlived themselves, as they provide for responsibility for military aggression, but not for economic "attacks". Moreover, WTO rules provide for economic sanctions for political pressure.

The secondary goal of the new generation TWAIL is to preserve the "cultural uniqueness" of developing countries. TWAIL, as an intellectual movement, often advocates preserving the unique culture of developing countries, and condemns the imposition of European culture. As history shows, former colonies are currently more susceptible to cultural integration. In the Former Colony of the British Empire in Singapore, English culture prevails. Similarly, Kazakhstan, as a former colony of the Russian Empire, and after a member of the USSR, has a similar problem. The dominant language in Kazakhstan is Russian. This phenomenon is a consequence of the colonial history of Kazakhstan. Thus, the above private cases are a vivid example of the fact that the problems of the TWAIL movement exist in modern Kazakhstan.

Thus, the cases described in this article reflect the problems inherent in the countries of the Third World. In the modern world, the "Nordic" countries practice their imperialist ambitions through the international legal system. This system has become a tool in the hands of Western countries to oppress less developed neighbors. Likewise, particular cases and examples of economic and political despotism are a vivid example of the failure of the principles of universality and justice in international law. The solution to this problem requires global changes and a rethinking of the essence of existing international law. Given the global nature of the current problem and getting used to the accepted system of international law, the solution requires fundamental changes and rethinking of the principles of law.

Despite the fact that the idea of a radical change in the accepted system of law and interstate relations seems utopian, this article proposes the first steps that contribute to the evolution of international law from the point of view of the TWAIL movement.

The first step on the road to fair law is the recognition by the world community of the insolvency of the current system of law. All states and schools of international law must recognize the existence of such problems as the "oppression" of underdeveloped countries, the possibility of dominant countries influence on international organizations, the use of indirect sanctions against underdeveloped countries for "refusing" to make concessions in political matters.

The recognition of the insolvency of international law and the legal system should be universal, since all states are part and subjects of this system. Partial recognition of insolvency can lead to certain difficulties in the process of rethinking the legal system.

Secondly, it is necessary to reduce the influence of Western countries on International regulators (UN, World Bank, etc.). Full independence of International regulators, based on the principle of universality, will lead to fair decision-making in matters related to underdeveloped countries. Theoretically, the influence of Western countries on world organizations can be weakened by the creation of a new regulator or by strengthening the powers and competencies of the current regulator.

However, as noted by the leading followers of TWAIL, all issues and problems existing at the moment require the participation of all scientific and political schools of international law. The adoption of international norms or the creation of a regulatory body do not allow solving the problem in full.

IV. Conclusion

TWAIL is a political and intellectual movement opposing European imperialism against Third World countries and underdeveloped countries. Motivated by the decolonization movement, TWAIL first arose in 1960-70 and eventually began to study new problems in third world countries. Despite the disappearance of formal imperialism and the colonies, TWAIL-ers believe that existing international law and the UN are a new tool to control underdeveloped countries. They condemn the one-sidedness of international law, which in practice contradicts its main principle of "universality of law." TWAIL as a political movement seeks to change this phenomenon and improve the position of underdeveloped countries in the international arena. Similarly, TWAIL seeks to rethink the classic history of international law, and to popularize a critical approach among young lawyers.

Despite the fact that TWAIL is often criticized for nihilism and the lack of a specific methodological approach, the main "weapon" of TWAIL is still criticism. TWAIL is a "school of thought," and does not provide a "methodological approach." As the "opposition" to international law, TWAIL seeks to change international law internally.

TWAIL of the modern world claims that European countries still dominate underdeveloped countries through economic influence. In this research work, the problems of modern Kazakhstan were noted. Kazakhstan with an export economy often depends on its trading partners. This dependence often affects the political independence of the country. Kazakhstan, as a former colony of the Russian Empire, also has a number of problems related to cultural integration.

The purpose of writing this article was to identify the problems of the Third World countries and, in particular, Kazakhstan. Undoubtedly, the noted problems exist in modern Kazakhstan and require public disclosure. The announcement of the problem and the subsequent recognition of the existing problem, such as the absence of a "voice", political weight, pressure from the dominant countries, are the first steps in the procedure for solving the problem.

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"PROBLEMS OF MODERN KAZAKHSTANI ADVOCATURA AND POSSIBLE WAYS TO INCREASE ITS EFFECTIVENESS"

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According to Encyclopaedia Britannica: distinct legal systems emerged relatively early in history, but legal professions of size and importance are relatively modern. Nowadays Institute of advocatura is the same integral part of civil society like health-care, education, science, industry etc. And as any other social institutes it changes, develops and from time to time faces different kinds of challenges and problems.

The profession of the attorney at law in Kazakhstan is quite unified. It does not divide on Barristers, Solicitors and Cost lawyers like in the UK.¹⁰² Thus the professional functions of a KZ attorney is quite broad. The topic of this article was chosen because it has direct relevance to the profession of its author. And as practising attorney I had a good chance to face and experience some certain problems (internal and external). I am not indented to highlight the problems I did not face or experience personally or through my fellow attorneys. So in this article I would like to be oriented on the addressees who have experience in spheres different from advocatura but can be interested in a short tour through this profession.

In a nutshell the problems can be divided in two main categories:

- Corporate problems;
- Systemic problems.

Corporate problems are faced not only by the legal community but any other closed and self-governing institutions. The main problems are related to management, decision making process and staff size. 103

The primal problem of legal community is a strict attachment of the attorneys to the Bar association. According to sb.cl.3), cl.7, Art.33 of the "On attorney practice and legal assistance" from July 5, 2018 (hereinafter referred to as - the Law) states that a lawyer is obliged to be a member of the Bar Association.

The reason why the attorney should be independent is that s/he can practice without any obstructions and provide good legal aid. Such independence should be not only from the state and state bodies, but also from the Bar. ¹⁰⁴ As we can observe from the aforementioned provision of the law, the Attorney is not entitled to exercise his practice without being a member of the relevant bar association. To be a member of the bar association means to obey its decisions, internal rules and regulations. In itself, obedience to the requirements of the community concerned is not a problem unless it affects the work of the attorney.

https://www.britannica.com/topic/legal-profession (accessed May 2)

¹⁰¹ Encyclopaedia Britannica. Legal profession

¹⁰² The Law Society. Legal professionas - who does what? https://www.lawsociety.org.uk/public/for-public-visitors/resources/who-does-what (accessed May 2)

¹⁰³ Владимир Ленин. «Как нам реорганизовать РабКРИН», «Правда» №16, 25 Января 1923 [Vladimir Lenin.

[&]quot;Kak nam reorganizovat' RABKRIN". "Pravda" #16, January 25, 1923]

¹⁰⁴ Иванов А.В. «Право на профессию» Евразийская Адвокатура 6 (19) 2015, стр.39 [Ivanov A.V. "Pravo na professiyu" Evrasiyskaya Advocatura 6 (19) 2015, page 39]

According to the current rules (rather traditions) taking their origin from the times of the Soviet advocatura, after signing the contract with the client and receiving the fee, the attorney undertakes to hand over the full amount of the fee to the cash register of the bar association. And only after submitting a report on the accomplished works, describing the work itself and indicating the person receiving the legal assistance, the attorney receives his money less monthly membership dues.

The dependence of the attorney is not only on the obligation to submit its fee to the cash register of the bar association which is not a party to the contract, but also on the order of payment of the attorney's fee. Money can be transferred to the cash register only in the national currency - in tenge. If the non-resident has paid in US dollars, the attorney first needs to exchange money for tenge and only then submit it to the cash register. The loss in exchange rate difference does not concern anyone.

The attorney is also unable to submit the report at a convenient time and receive his/her money. The report should be submitted from 15th to 18th of the current month. The money is paid in the first decade of the following month. As we can observe the attorney is not able to manage his own property (money). At that according to cl.1, Art.188 of the Civil Code - The right of ownership is the right of the subject, at his discretion, to own, use and dispose of property owned by him, recognized and protected by legislative acts. According to international standards the state must provide the conditions where the attorney performs his/her duties freely, without any interference from outside. But how one may call an attorney independent if s/he is not a master of his/her own money?

The legal aid agreement is concluded between the client and the attorney. The bar association is not a party to the agreement. The submission of a report on the accomplished work with the name of the client violates the legal secrecy with regard to the fact of appeal. Accounting staff are clearly bound by the obligation not to disclose the information of the accounting documents. Legal community cannot exist without corporate discipline and professional ethics. However, the submission of a report on the accomplished work means a de facto violation of legal secrecy by the attorney.

Another problem is one-way relationship (aka Taxation without representation). The relationship between the attorney and the bar association is always one-sided. The bar association does not provide any support to the attorneys. The attorney is left on its own devices - searching for clients and making money. For example, in Russian Federation, the goal of the Federal panel of attorneys of RF as a body of legal autonomy is representation and protection of interests of the attorneys in state bodies and local autonomy. Moreover, there is a commission on protection of the attorneys' rights against criminal prosecution. And in general Russian legal community is quite well-knit and strong. However KZ Bar Association is pure control.

¹⁰⁵ Шакиров Т.Р. «Международные стандарты независимости и подотчетности адвокатов» Евразийская Адвокатура 6 (7) 2013, стр.19 [Shakirov T.R. "Mezhdunarodnye standarty nezavisimosti i podotchetnosti advocatov" Evrasiyskaya Advocatura 6 (7) 2013, page 19]

¹⁰⁶ Вельгорецкая В.А. «Адвокатская тайна: необходимость существования и сущность» Территория науки 2015 №5, стр.1 [Velgoretskaya V.A. "Advokatskaya taina: neobhodimost sushestvovaniya i sushnost" Territoria nauki 2015 #5, page 1]

¹⁰⁷ Пилипенко Ю.С. «Адвокатура сегодня» Вестник Университета им. Кутафина О.Е. 12/2017, стр.26 [Pilipenko Y.S. "Advokatura segodnya" Vestnik Universiteta im. Kutafina O.E. 12/2017, page 26]

¹⁰⁸ Федереальная Палата адвокатов Российской Федереации. Защита прав адвокатов – одна из основных задач адвокатуры [Federalnaya Palata advokatov Rossiiskoy Federacii. Zashita prav advokatov - odna iz osnovnyh zadach advokatury] https://fparf.ru/polemic/opinions/zashchita-prav-advokatov-odna-iz-osnovnykh-zadach-advokatury/ (accessed May 10)

One the most painful points about systemic problems of KZ advocatura is bro-bono or State guaranteed legal assistance (SGLA). Pro-bono work is a good idea and it is quite common practice for all modern and progressive communities. According to cl.3, Art.13 of the Constitution of the Republic of Kazakhstan - ... In cases stipulated by the law, legal aid is provided free of charge. SGLA is a system which includes the involvement of the attorneys in SGLA and payment for this work from the state budget as per official rate. Sounds quite legit, but in Kazakhstan this system is not flexible and not attorney-oriented at all.

The remuneration rate in the SGLA system is unified for the whole Republic of Kazakhstan. The income among the attorneys of big cities and regions is different. So the perception of the same payment is different as well. For the regions where purchase ability among citizens is much lower the SGLA system is the main or the only source of the attorneys' income. Whereas the attorneys of the big cities may enjoy regular contract work. So the nature of the SGLA work in the regions is not compulsive because usually attorneys compete for this work. Even though the SGLA work is the only source of income for a lot of attorneys from regions the payment rate is quite low. For example the US probono counsel salary equals 118 000 USD per year. 109

According to the Governmental decree of the Republic of Kazakhstan No. 834 of 13 December 2018 "On approval of the amount of payment for State guaranteed legal assistance provided by attorney and reimbursement of expenses related to legal advice, protection and representation, as well as conciliation procedures" the payment rates are:

Minor crime and Misdemeanor - 0,56 MCI per hour;

Felony - 0,78 MCI per hour;

Gravest crime - 1,15 MCI per hour;

Waiting time - 0,28 MCI per hour.

For 2021 1 MCI equals to 2 917 KZT. With such odds the attorney does not have any motivation to put his/her efforts during the work, which definitely hurts the interests of the client. Nevertheless, for comparison the average salary for "pro-bono coordinating attorney" ranges from approximately \$47,964 per year for Legal Secretary to \$133,092 per year for Associate General Counsel. Besides scantiness of the remuneration and absence of the proper work conditions there are also problems with obtaining own money. According to cl.4 of the Order of the Minister of Justice of the Republic of Kazakhstan No. 1462 of 28 September 2018 on approval of the "Rules for payment of Stateguaranteed legal aid by attorney and reimbursement of legal advice, protection and representation, and conciliation proceedings" in order to request a payment for the accomplished work the attorney must provide the local Department of justice with:

- Application request;
- Act of accomplished work signed by the body conducting investigation;
- Authorization signed by the body conducting investigation.

¹⁰⁹ Law Crossing: Pro Bono Counsel Salaries

https://www.lawcrossing.com/salaries/q-pro-bono-counsel-jobs.html (accessed May 23)

¹¹⁰ Indeed. Pro Bono Coordinating Attorney Salaries in the United States https://www.indeed.com/salaries/pro-bono-coordinating-attorney-Salaries (accessed May 24)

At first view nothing complicated here, but in fact sometimes it is absolutely impossible to get the investigator so he/she could sign the Act of accomplishment and the Authorization. He/she is either busy or does not answer the phone.

In normal labour relations it is a duty of an employer to pay for work in full scope and in time. But in the SGLA system the attorneys are involved against their will plus they must prove the fact of accomplished work.

The great injustice is that the Chair of the bar association, his/her deputies, heads of the counselling offices are considered as employees of the Bar Association and enjoy all freedoms, guarantees and protections provided by the labour legislation. They do not pay membership dues. They do not pay malpractice insurance. They do not participate in the SGLA system. They receive regular salary, paid vacation, insurance and other benefits. However, when the Department of justice refuses to pay the attorney for SGLA work for any reason the bar association does not involve. This is nothing but corporate parasitism.¹¹¹

Increasing the effectiveness of the institute of advocatura is a generic process. One cannot just alter the Law and expect for improvements. It is impossible to have strong and independent advocatura if other state and social institutes do not work properly. It is impossible when corruption is not just a random act of deviation from norm but a part of a system sitting deep inside the roots, and when random citizens perceive it as a normal practice. Despite its destructive nature, corruption is not the only problem that needs to be solved.

The greatest tragedy is that our penitential system is the same Gulag as it was back then. Before I entered the profession of attorney I was convinced that these sad times are far in the past. But now I see that Alexander Solzhenitsyn was not a liar as some people like to say. The prison reforms of Nikita Khrushchev of 1954 did not create many odds. ¹¹² Sure, there are no more executions by firing squads or 12 hours hard labour in uranium mines. But the attitude towards human life is the same - barrack system, malnutrition, beatings, tortures and humiliations.

Surprisingly, the biggest step back to Gulag was made by Russian Federation. Unfortunately Yarovaya law and Senator Klishas' "sovereign Internet" were just an overture. The real challenge not only for advocatura but for all Russian citizens started with the amendments to the Constitution of the Russian Federation.

The most concerning amendments relate to the priority of national legislation over international law. The remarkable part is that according to section two, Article 9 of the Constitution of the Turkmenistan - Turkmenistan recognizes the priority of universally recognized norms of international law. We don't know yet how exactly the priority of national legislation over international law will affect the situation with human rights in Russia. But the main concern is about possible invalidity of international conventions regarding human rights defence, ban of tortures and the most important - invalidity of ECHR decisions.

Let us hope this cup passes us by.

¹¹¹ Michigan State University: Corporate Parasitology 101 https://msu.edu/~dwyer/CorporateParasitology.pdf (accessed May 22)

¹¹² Солженицын А.И. «Архипелаг ГУЛАГ», Том 3, часть 7, Глава 2 «Правители меняются, Архипелаг остается», стр.358 [Solzhenitsyn A.I. "Arhipelag GULAG", Volume III, Part 7, Article 2 "Praviteli menyayutsya, Arhipelag ostayotsya", page 358]

¹¹³ https://www.hrw.org/news/2020/06/18/russia-growing-internet-isolation-control-censorship# (accessed January 27)

"Legitimacy of compulsory vaccination of Kazakhstani children"

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The structure of the work includes three chapters dedicated to the Kazakhstani and world practices, legislative norms on vaccination in Kazakhstan and public opinion on the compulsory vaccination of children in Kazakhstan.

With the increased number of infectious diseases and pandemics around the world, the legalization of compulsory vaccination becomes a great issue to analyze.

There are numerous approaches to this issue, however, most of them deal with scientific and medical side of the question. This exact thesis is dedicated to examination of legal basis of compulsory vaccination. That is why, today we pay attention to the law, not science and social problems of vaccination.

To satisfy the research objectives, following research question was stated in the thesis: Does compulsory vaccination of children contravene human rights?

The hypothesis of the thesis is: "Compulsory vaccination of children is a measure taken by the governments aimed at protecting public health, however such decision contradicts basic human rights".

The following work includes BOTH qualitative and qualitative data analysis methods. Such methodology will increase credibility of the paper and will exclude biases. With the help of qualitative analysis, it will be possible to evaluate legal cases in Kazakhstan. Quantitative analysis on its turn will help to gather public opinion of parents to compulsory vaccination of children in Kazakhstan. As the acceptance of the new Code of the Republic of Kazakhstan about people's health and the health system depended on public opinion it is crucial to evaluate why some changes were met extremely negatively by people.

Countries like USA, Canada, Australia, Italy practice child vaccination and control vaccination through kindergartens as Kazakhstan. Thus, p.11 art.85 of the Code of the Republic of Kazakhstan about people's health and the health system, stipulates that 'the non-vaccinated child is not allowed to be enrolled to kindergarten if the threshold level of collective immunity is not achieved.'

The threshold level of collective immunity on its turn equals to 93-95 %. In other words, only one non-vaccinated child is allowed to study in class of twenty vaccinated children

According to official data the number of children died from vaccination = $\mathbf{0}$ in Kazakhstan. In fact such statistics is proved by the some court cases where medical expertise concluded that children die from supplementary diseases.

For example, there was a case where the plaintiff appealed to the court with the compensation for moral damage, arguing that the medical staff of the Polyclinic made mistakes in the performance of their duties, which, together with vaccination and characteristics of the child's body contributed to the death of daughter of A.Markovich. According to the case materials and medical expertise, the death of a child was caused by:

- 1) poor quality medical care provided by the medical staff of the Polyclinic and the ignorance of a special characteristics of the child's body failure to diagnose the dyspnea symptom (shortness of breath).
- 2) Vaccination conducted without the written voluntary informed consent of the legal representative of the minor child.
- 3) The injection was discovered on the right and left shoulder, but according to the instructions, the place of introduction should be a anterolateral surface of Baird.

At the end moral compensation did not reach even half of required by the Plaintiff.

Legislative norms correlated with vaccination in Kazakhstan include the Constitution, the Code of the Republic of Kazakhstan about people's health and the health system.

By evaluating the Code of the Republic of Kazakhstan about people's health and the health system it was found out that it has a controversial nature. According to presented articles despite the fact that preventive vaccination is mandatory in the Republic of Kazakhstan, every individual is not restricted with practicing his or her rights. Thus, every person can write a refusal to vaccination.

The survey, WHICH WAS conducted on the online platform Google Forms, included multiple-choice and open-text questions. Now all respondents answering the questions and at the end of the research the results are going to be presented.

To conclude,

legal norms on compulsory vaccination are lobbied by the governments for public health non-vaccinated children face difficulties when entering kindergartens and schools legal norms regulating vaccination in Kazakhstan are controversial

As to further research, this study emphasizes the need for the further development of a legal basis for compulsory vaccination as numerous problems and questions remain grey.

From one side by accepting compulsory vaccination government enforces its citizens to receive vaccine even if it is against the will of the person, from the other hand by doing so governments of numerous countries try to protect public health and prevent epidemics.

So let's not forget that every coin has two sides.

"CASPIAN ISSUES, SOLVING THE PROBLEMS OF THE CASPIAN SEA AT THE PRESENT STAGE"

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Abstract

The Caspian Sea is the richest natural resource located in Eurasia. This natural object has a huge role in maintaining a balance between the bordering states of this region. Covering the topic of a natural object, therefore, one can note the topic of environmental problems in the modern world. Under the influence of human activity, the global climate falls under significant changes. The value of fresh water sources is a great importance for the economy of each state. In this research I would like to announce next environmental issues: problems associated with human activities at and near the sea, environmental problems arising from human activities in the catchment area of rivers flowing into the Caspian Sea, massive poaching at sea and conservation of biological diversity and also fluctuation in the level of the Caspian. This article addresses the topic of a joint solution to the Caspian Sea problem, as well as ways to solve this problem using the instruments of modern international law. Which international documents govern this issue? What needs to be done by the participating states to maintain the balance of the Caspian Sea?

Keywords: Caspian Sea, level, balance, environmental problem, international document.

Connecting Europe and Asia, the Caspian Sea is one of the most real lakes on Earth. Its area is 371,000 km2, and the depth reaches 1025 m. Why does this sea, named so because of its colossal size, have such a significant impact on the life of the countries in its basin? Let's look at examples that prove the accuracy of this question.

Topical issues of environmental problems of the Caspian Sea, preservation of this region and its unique natural heritage. Hydrocarbon resources and biological wealth have no analogues in nature and are truly unique. Nevertheless, the Caspian Sea is one of the oldest oil-producing basins, and minerals were mined more than a decade ago. During the Soviet government, the Caspian region was an important strategic priority for the country.[2] After the collapse of the USSR, the situation of such a promising region became more complicated, since the territory was divided and given into the hands of a new independent state. The unique deposits of the Caspian Sea became the subject of disputes and bargaining on the international oil and gas market. Other equally important problem have appeared the problem of the ecology of the water space.

This territory is designated by five countries: the Republic of Kazakhstan, Russia, Azerbaijan, Iran and Turkmenistan. It is customary to indicate them as the state of the "Caspian basin". It should be noted that there are major environmental problems in this region - sea pollution, disease

and flora, changes in natural biochemical cycles, eutrophication, phenol pollution, heavy metal pollution of water and soil samples [3].

The main water pollution is oil. Oil pollution is the main threat to the development of blue-green algae, also called phytobenthos and phytoplankton. It also negatively affects on the exchange of moisture between the water surface and the atmosphere. Due to the spread of an oil film in a small area, the evaporation rate decreases several times. Water pollution leads to a decrease of the population of fish and plants, especially the problem affects the life of waterfowl. A sharp decline of the population of sturgeon fish leads to an irreparable crisis and the extinction of the biological species.

Considering the topic of the legal status of this natural object, it can be revealed that the solving the issue of ecology, most countries have a common point of view, which makes cooperation in this area more open and direct. In the joint documents, the states consider such environmental issues as pollution of the Caspian water with wastes from the oil and gas corps, and also work with a big number of problems of the spread of the risk of extinction of some species of marine life, including the population of birds and underwater (aquatic) plants. This documentation is used to build further plans and actions to regulate the environmental situation in the territory of the Caspian Sea. However, a number of countries do not share the idea of protecting the Caspian Sea from an environmental point of view, since the economic interests of the state prevail and the countries are forced not to comply the measures of environmental legislation that apply to the territory of the Caspian Sea. Countries are lobbying for the construction of pipelines on the seabed of the Caspian Sea, which leads to dire consequences, such as the complete depletion of oil and gas resources from the Caspian Sea. For example the construction of a gas pipeline from Turkmenistan to Turkey and the EU. This pipeline could cause irreparable damage to the population of a number of endangered species of marine plants such as green algae. This type of aquatic plants plays a huge role in ensuring the vital activity of a number of fish, which subsequently participate in the reproduction and increase of fish in the waters of the Caspian Sea.

The Caspian Environmental Program (CEP) was founded in 1998. In order to ensure healthy cooperation between the participating States. Since its' establishment, the CEP has created an active policy to combat with the environmental threat of the Caspian Sea.[1]

The CEP was the first stage in the completion of the Tehran Convention (2003). The Tehran Convention entered into force on August 12, 2006. The Secretariat has prepared the following Protocols to the 2003 Convention: Protocol on Land-Based Sources of Pollution; Protocol on Preparedness and Response to Major Oil Spills; Protocol on Environmental Impact Assessment (EIA) in a Transboundary Context and Protocol on Biodiversity Conservation. On December 12, 2012 in Moscow (Russian Federation), following the results of the 4th session of the Conference of the Parties to the Tehran Convention, the Protocol on the protection of the Caspian Sea from pollution from land-based sources and from land-based activities was signed. On August 12, 2011 in Aktau (Kazakhstan), within the framework of the Third Session, the Protocol on regional

preparedness, response and cooperation in case of incidents causing oil pollution was signed. This Convention serves as a connecting element of joint work of the state-members. This document contains the objectives in the document which are aimed to solve environmental problems. The Tehran Convention contains principles: precautionary principles, principles of fair settlement of losses, as well as the principle of ensuring free access to information. In accordance with the adopted legal program: the sustainable use of natural resources, as well as analysis of the impact on the environment is a clue to study the region from a scientific point of view.

Based on the foregoing, it can be concluded that laying an underwater pipeline along the seabed is extremely dangerous under the conditions of seismic activity in the Caspian basin, although modern technology allows laying oil pipelines that do not react to earthquakes, but, as you know, even the most advanced oil pipeline does not completely guarantee the full protection of an offensive accidents, the environmental consequences of which spread on underwater oil pipelines are tens times higher than on oil pipelines passing by land, and it is very difficult to predict their consequences. However, some countries far from the environment of the Caspian Regionand they are actively lobbying the construction of an underwater oil pipeline on the seabed, and one can notice an electoral policy of environmental priority, in which the protection of the environment of Turkish Bosphorus Strait is put above the interests of the ecology of the Caspian countries. For example, US Secretary of Energy Penyi said during a visit to Kazakhstan:

"The construction of the trans-Caspian oil pipeline will simultaneously solve environmental problems associated with the Bosphorus Strait. We share Turkey's concerns about environmental protection due to the potential increase in traffic on the Turkish Straits. In addition, we do not want the Bosphorus suffered..., which will aggravate environmental problems and slow down the development of Caspian energy resources."

Thus, the main problems that aggravate the ecological situation in the Caspian and require legislative solutions at the regional level are:

- problems associated with human activities at and near the sea;
- environmental problems arising from human activities in the catchment area of rivers flowing into the Caspian Sea;
- massive poaching at sea and conservation of biological diversity;
- fluctuation in the level of the Caspian.[4]

As for public organizations in Kazakhstan, we can name the Caspian-Tabigat movement, which believes that the solution of such issues as drilling the sea shelf and laying an oil pipeline on the seabed, due to its potential danger for the region, should be submitted to a referendum of the

coastal population. And the leaders of the Caspian-Tabigat movement declare that the main task of the movement is "to stop drilling in the Caspian and to prevent a catastrophe. The main merit of such seminars and environmental movements is that they provide a unique opportunity for the governments of the Caspian countries to comprehend these problems deeply and objectively enough.

All these problems require concerted action by the Caspian states. In this regard, it is necessary to implement a program of interstate cooperation on joint control over economic activities at and near the sea, joint management of the level regime of the Caspian Sea, coordination of measures to protect the coast from sea impacts, as well as the speedy conclusion of a single regional agreement on the rational use of marine biological resources.

The unique ecosystem of the Caspian Sea is universal and common for all the Caspian states, requiring close cooperation and direct interaction of these countries in relation to their own and shared resources in the interests of environmental protection. Thus, the main problems that aggravate the ecological situation in the Caspian and require legislative solutions at the regional level are:

- problems associated with human activities at and near the sea;
- environmental problems arising from human activities in the catchment area of rivers flowing into the Caspian Sea;
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- fluctuation in the level of the Caspian.

All these problems require concerted action by the Caspian states. In this regard, it is necessary to implement a program of interstate cooperation on joint control over economic activities at and near the sea, joint management of the level (water) regime of the Caspian Sea, coordination of measures to protect the coast from sea impacts, as well as the fast conclusion of a single regional agreement on the rational use of marine biological resources.

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COLLEGE OF HUMANITIES AND EDUCATION

"Comparative Analysis of Undergraduate University Requirements for University Acceptance and Reaching Equity in the Admissions Process"

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Literature Review (partial segment) Understanding Holistic Review in Higher Education Admissions

When it comes to admissions to institutions with varying levels of selectivity, a three-letter word comes to mind: why. Why did this applicant got accepted, but not the other? Why didn't my A* child get rejected? Why is the admission process so complicated? In this CollegeBoard article, the authors Arthur L. Coleman and Jamie Lewis Keith go over the holistic review and how it is mission-aligned at colleges, the "duality" of the institutional aims, and the consideration of intersecting factors when making the final decision.

First of all, the U.S. uses a holistic approach when making decisions for admitting college students. This means that when evaluating an applicant, the admission committee uses all factors into consideration such as academic and non-academic achievements, grades and test scores, background, essay, and recommendation letters. The reason why college admissions are considered a "black box" due to uncertainty about how the decisions are made, is because the decision of each college is based on the history, mission, aim educational and societal contributions of the college that sets criteria for decision-making in admissions. It is different at each college, and there are no concrete criteria of admission, but each institution has a minimum requirement depending on the selectivity and program rigor.

Secondly, one needs to comprehend that the admission process is a two-way inquiry regarding making a decision. There should be a "match" from both sides. Admission officers pay close attention to the applicant's likelihood of success and flourish at the given college as well as their ability to enhance the educational environment and experience in the admitted class. Successful admission is about the contribution of both sides, the student to the institution, and the institution for the student. It is a cycle: the more successful students attend, the more successful students apply to the institution, thus the higher the rank of this institution which attracts exceptional students.

Princeton's former president said to the class of 2009 on their first day "Never again will you live with a group of peers that were expressly assembled to expand your horizons and open your eyes to the fascinating richness of the human condition". In my work as a School Counselor, I noticed that some students tend to "shadow" a certain admitted student by following the same extracurricular activities, projects, and try to get similar test scores. As a School Counselor, I encourage my students to strive for authenticity in their college applications, so they will be able to stand out as an individual, not a copy. Colleges do not seek the perfect student, but they look for a student that will fit perfectly with the new cohort. I refer to forming the cohort as assembling a

puzzle, with unique bright colors that when completed will give an unforgettable journey and experience for the student, as for the university.

Lastly, the main role of the holistic is the consideration of multiple factors that are often intersecting, such as a combination of academic, non-academic, and contextual aspects. However, the contributions and accomplishments of each candidate are considered in the light of the background student comes from. This aspect of the admission process relates to the topic of educational equity.

As an explanation to this, the article gives an example that a U.S.-born student at a private school that participated in an international mission trip that was funded by his/her parents may be recognized for commitment to others in his/her application. However, another U.S.-born student who had to work after classes due to additional responsibilities to help the family household may also be considered as a dedicated person who is willing to help others, mature, and a mentor for his/her younger siblings. Those differences as stated in the CollegeBoard article may be evaluated equivalently accomplishment-wise.

An aspect that I did not consider before this article is how leadership at those institutions plays a key role to execute such a complicated holistic process in admissions (policy and practice wise). Only with proper guidance, comprehensive management, and coordinated actions of enrollment and admission processes (including recruitment, financial aid, program departments) the decisions can be made fairly.

The process of admission is at constant change after internal evaluations, institutional goals, and other changing circumstances. This year the main circumstance is the Covid-19 outbreak that is re-shaping college admission worldwide and will be touched upon next.

The Role of Selective College Admissions Criteria in Interrupting or Reproducing Racial and Economic Inequities

This part of the literature review is on the role of admissions criteria and the test-optional movement amid Covid-19 from the article published in The Journal of Higher Education by Kelly Ochs Rosinger, Karly Sarita Ford, and Junghee Choi. Selective American colleges use the holistic review of applicants who consider their grades, test scores, essays, extracurricular activities as determining factors of admission. However, this approach may cause some enrollment inequities among applicants, and one of the ways to solve this issue is moving away from standardized test scores.

US selective colleges are often criticized as "bastions of privilege", enrolling upper-income White students in large proportions when compared to other students. Though, in recent decades, those colleges have reformed the admission policies in a way to promote access, which is using holistic admissions that boosted admission among students of other nationalities. Another alteration was moving towards test-optional admissions, which is giving the applicant to decide to send in the standardized test score or to omit them.

According to Fair Test, in 2019, 360 colleges adopted a test-optional policy. With the novel Coronavirus emerging in 2020, which disrupted classes and standardized testing, now over 1600 accredited, 4-year colleges and universities are ACT/SAT optional for 2020 and 2021 admissions (FairTest, 2020). This means that now the institutions and admission officers will pay close attention to the applicant's academic and non-academic achievements at school, background

information, and weighting the applicant's grade and curriculum rigor more heavily. My biggest question this fall as a school counselor with 142 in the senior class was how colleges will place importance on those new criteria, especially for international students.

When universities switched to a test-optional policy, they expanded the access to education among low-income and racially marginalized applicants. Before, wealthy students could enjoy great access to prep-textbooks, tutors, academic resources that reinforce high test scores. There was a similar situation at Nazarbayev Intellectual School (NIS) as well, the wealthier families could send their kids to SAT preparation courses, who could also re-take the test several times. For this situation, NIS has launched an elective SAT, SAT Subject, and IELTS preparation course that can be taken free of charge at school. Also, all 11th grades take the IELTS paid by the school, so all students have an equal chance of applying to universities. Unfortunately, this is the case only at the NIS network, other local state schools do not practice such a notion. There is still not enough suitable data to see how the test-optional criteria relate to the actual enrollment pattern since most of the schools started practicing test-optional policy starting this fall.

This article in The Journal of Higher Education also looked upon the importance that colleges place on the holistic admission and the applicant's background (Black, Latin, Native American) and within low-income student enrollment. Little is known about the significance colleges put on different admissions criteria and how they work towards enrollment inequity because it varies from college to college. Though, the study in this article showed some of the factors that most universities do look at, which are GPA and rigor when making the final decision. Universities believe that the predictor of success in college academics is past academic achievements. The test-optional movement midst the Coronavirus pandemic raised the question of the role of these standardized tests that warrant additional examination. Now, with the waiver of test submission, more "marginalized" students will be able to apply to "rigorous" colleges.

Overall, practicing holistic admissions and going test-optional when evaluating applicants have a promising future for racial and economic diversity at higher education institutions. Those comprehensive practices and policies towards equity at recruitment, admission process, and enrollment stages are important to support diversity.

This is similar to the statement I read by the Council for Aid to Education (CAE) on how test-optional policy will allow "underrepresented" applicants an opportunity to demonstrate their "21st-century success skills". The CAE also spoke about how the whole model of standardized testing is about assessing literacy and quantitative skills, which is useful but is limited. The limitation of those tests is the ability to predict the success of students who will later launch their careers in the time of the fourth industrial revolution with ongoing technological advancements.

The idea is that the admission officers should look for students who have critical thinking skills, problem-solving abilities and can communicate their thoughts and ideas as the main criteria that determine success in the classroom and workspace. This can be seen with the holistic approach, and therefore can be done without standardized tests.

Identifying admissions in Universities in England

In the United States, there is an increasing notion to abandon the reliance on standardized testing scores, and the pandemic can be the catalyst for this move. In the test-free admissions, the

universities can focus on school final grades, student essays, and recommendation letters. When it comes to England, the most rigorous schools require high school grades for admission as their main criteria.

In the United Kingdom, the requirement for admission at elite higher educational institutions is the highest school grades. For example, if one checks the admission requirements for Oxford or Cambridge universities on their websites, an applicant should get AAA grades in three A-level exams. The UK is different in the context of universities themselves moderate their admission system rather than policymakers (Mountford-Zimdars, 2020).

Contextualized admission for universities has been mentioned in various UK policy documents with recommendations for implementation and practice (All-Party Parliamentary Group on Social Mobility, 2019). Mainly, contextualized admission means that higher education institutions are asking for records that help them comprehend the context of the applicant (Mountford-Zimdars, 2020).

However, the article written by Anna Mountford-Zimdars on contextual data in undergraduate admissions at nine highly selective English universities states that opportunities for admission at higher education institutions are not equally distributed among social groups. It is mentioned that in highly selective "elite" universities "inequality is effectively maintained in that access inequalities are greatest among the most selective tiers" (Mountford-Zimdars, 2020).

The Ivy League in the United States is also using such "contextualized" data, however, it is mostly to create a perfectly balanced class. This idea is criticized because there is a certain agenda given to the admission creating a controversial factor of the "holistic admissions". As a counterargument, it states that this holistic approach creates a more diverse learning environment to prepare students to prepare for life and be a leader in the future society (Mountford-Zimdars, 2020).

In the UK, on the other hand, the contextualization approach has been used only for understanding the educational context of the applicants. The contextualization approach examines the data to evaluate the students' prior accomplishments and prospective success in the future as a university student (Mountford-Zimdars, 2020).

The Office for Students, the regulator for higher education in England, has set a goal to reduce "the gap in entry rates at higher-tariff providers between the most and least represented groups" (Office for Students, 2020). There has been a notion among higher-education providers to sustain the license to operate is to have an "Access and Participation Plan" to increase the equity in access, success, and progress in exchange for funding (Office for Students, 2019). The information provided by the Office for Students evaluates the admission that is contextualized in the UK to reach equality between different social groups in terms to access to higher education.

When studying the "Access and Participation Plan", each university has prepared its own plan after consideration by relevant committees and student representatives. The universities which admit students for their undergraduate studies acknowledge their shared responsibility to reach the target of this plan. When studying the Plan of Cambridge University, the university came up with key features that they will follow:

• A detailed and honest self-assessment of our current performance on access, student success, and progression.

- Ambitious and challenging targets on admissions will further diversify the University's intake by school type.
- A commitment to conduct further research into gaps and set targets in relation to student success and progression, to build further upon strong outcomes, and in anticipation of a more diverse intake.
- To focus outreach work and innovate admissions practice to deliver upon access targets.
- To conduct a full strategic review of admissions and outreach to ensure that we continue to make progress on access throughout the lifetime of this Plan and beyond (University of Cambridge, 2020).

With this Plan, there is a closer sense to reaching equality in educational opportunity and eliminate the gaps between different groups. This is the plan that committed universities to intend to achieve by the 2024/25 academic year. Cambridge University recognizes the importance of those objectives and states that "along with the higher education sector as a whole we must play a leading role in supporting the Office for Student's (OfS) commitment to social mobility, and trusts that our reasonable endeavors to this end will be inactive partnership with an education sector adequately resourced to narrow the gaps which manifest during primary and secondary schooling" (Cambridge University, 2020).

Access to higher education matters for social mobility of the country and identifying those admission practices helps to understand where are the gaps and work towards more equitable admissions. The study by Mountford-Zimdars has shown that contextual admission approach and individualized applicant assessment have to lead to a more diversified student body. However, this approach requires a high level of planning in advance, extensive resource allocation, and constant collaboration between different departments (Mountford-Zimdars, 2020). This admissions approach at higher education institutions does have barriers: ideological and practical. Ideological barriers are concerns on selectivity at entry the readiness of success in the competitive institutions. Practical barriers to implementing this approach at universities are the availability of the full data set and the ability to work with it and training a large number of skilled decision-makers (Mountford-Zimdars, 2020).

Moreover, the interviewees from the elite higher-level educational institutions in the study of Mountford-Zimdars mention that the institutional recruitment goals are the stronger incentive to "dropping grades" in the admission process requirements than "research evidence on the minimum required to succeed" (Mountford-Zimdars, 2020).

The study in the conclusion Mountford-Zimdars proposes to change all institutions to adopt a notion to publish all of the contextual offers to provide greater transparency for future applicants in terms of their options and chances. In this way both applicants and universities will have a clear understanding of the records that are processed and how contextualized data works in the admission process, what is expected, what universities are looking for. Contextualizing the applicants is a chance to offer promising high-achieving young people from the "disadvantaged" group to access undergraduate degrees. It is in the power of contextualization to take small steps while not requiring great reforms that might "upset the existing system that makes it an attractive tool throughout political parties and institutions" (Mountford-Zimdars, 2020).

This approach is more applicable to Kazakhstan since there is already merit-based admissions (the highest UNT score) on scholarship and regular offers. If the social status, family background, and school records will be considered in the application process, the admissions in Kazakhstan can be more equitable. However, this will require more resources at each university and special training that they would need to provide to analyze the given data set. It is a huge resource and time commitment that the policymakers in Kazakhstan are not willing to take, plus it will require bigger reforms such as more transparent and proctored UNT procedures, information on school rankings and their grading system, as well as an established methodology of scoring in the admission process.

University Autonomy and Admission Process in Europe

Concerning academic autonomy mentioned in the article on UK admissions where universities adopted suggestions for fair admissions, a study regarding the situation in European undergraduate admission was needed to be included. The study conducted by Thomas Estermann and Terhi Nokkala looks into European universities and their ability to determine their own institutional strategy, academic profile, their roles and responsibilities with regards to the quality of their programs and degrees, as well as to the extent to which they can decide on student admissions.

Though European universities are responsible for defending their own institutional rules, it is common for them to face some restrictions as mentioned in this study. For example, in Belgium, universities are allowed to operate within certain territories and in the official language of that territory, restraining their ability to regulate institutional strategy (Estermann & Nokkala, 2009). Universities in Europe, however, in the majority, are broadly free to establish their own academic profiles. When it comes to student admission, as the study mentioned, academic autonomy and the ability to decide is related to:

- whether the higher education institutions can decide on the overall quantity of students
- if they can choose the number of students per program
- if they are the regulator over student admission mechanisms
- if the universities need to follow certain quotas (Estermann & Nokkala, 2009).

Admissions mechanisms in Europe use three different models: free admission, admission based on grades, and admission criteria set by universities (Estermann & Nokkala, 2009). All these models of admission require candidates to have a secondary education qualification or pass a certain exam, which will let them the necessary eligibility to apply to university.

Free admission means that if a student qualifies, he/she has a right to obtain a study place at the university in countries such as Austria, Belgium, France, Italy, Malta, Netherlands, Spain, Switzerland. Admission based on grades is based on the results obtained by students in the national or entrance exams. However, there are some minimum achievement standards set by the Ministry in countries like Cyprus or Greece, or universities themselves like in Poland and Hungary. This application mechanism may also apply to some or all program studies like in Germany, Latvia, or Lithuania. In countries like Bulgaria, Croatia, Czech Republic, Estonia, Portugal, and Scandinavian countries (Estermann & Nokkala, 2009).

To be more equitable, some countries with students of particular socio-economic circumstances, foreign students, or students with disabilities can set "entry quotas". This means that

universities can establish a quota to diversify the student body under certain criteria, disabilities, or outstanding aptitudes to help the student for access to higher education (Estermann & Nokkala, 2009). These decisions are made by the internal admission mechanisms of the university. Only in some cases, like the UK, the government can set incentive mechanisms so the universities will admit students from underprivileged backgrounds.

The key findings of the exploratory study in university autonomy in Europe by Estermann and Nokkala are that the Bologna process and EU framework has an impact on academic autonomy in universities and their ability to decide on their academic profile, responsibilities, criteria's to choose and admit students. The student selection process is strictly regulated, either by setting certain standards for admission or by limiting student intake for certain programs. However, the study concluded that the admission process for undergraduate studies is "free for all students" that meet the minimum criteria for admission requirements (Estermann & Nokkala, 2009). Mostly the decision is done by the university.

So far, the European admissions system to the undergraduate degree is the closest to the mechanisms used in Kazakhstan: the admissions process is conducted through the results of national tests results with governmental quotas for full-tuition scholarships for students from rural areas (30% of the scholarships). With this quota, talented students from other regions are promoted to enter the best educational institutions with full tuition coverage after winning the governmental grant. However, is that governmental scholarship and monthly stipend enough for students from the unprivileged socio-economic background from rural areas to cover lifestyle in a big city such as Almaty or Nur-Sultan is another issue to look into.

There is one university in Kazakhstan that has a merit-based admission process that is based on international standardized tests such as the ACT, SAT, Cambridge A-levels, IB (not UNT) and does not have a quota on certain student types – Nazarbayev University. The thesis research paper will include an interview with an admission officer from Nazarbayev University on why was UNT abandoned in the admission process and how the university works on creating more equitable conditions for university acceptance.

The rest of the universities in Kazakhstan use UNT in undergraduate university admissions. As the literature review presented now is the beginning of the study and research of university admissions, participation in the student conference has given me feedback for the further steps in completing the paper. Those are interviewing local and international admission officers since they are the employees who have been working solemnly in the admission department and know all the information regarding entry requirements, updates, amendments in procedures and would have personal stories and examples to tell. I am planning to speak to three foreign university admission officers, and three Kazakhstan admission officers from different universities, as well as independent admission consultants who work in Kazakhstan. With those interviews, the research would have broader data to make interpretations and draw conclusions from.

For the analysis of the interviews, a narrative analysis will be used. This type of analysis would be used since the research is a comparative study between different undergraduate admissions requirements. There is also an element of equitable admissions that the research question will be focused on, therefore personal examples and stories will be gathered from

interviewees to draw insights, common themes, and interpretations that could be used in the thesis research. This way the research findings could be reported as a storytelling technique.

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"An Analysis of English Language Needs of Medical Students and Medical Professionals in Kazakhstan"

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Abstract

The growing need and dominance of English in various field of science and medicine in the twentieth century has paved the way for the emergence of English for Medical Purposes (EMP). With the use of EMP, it is deemed necessary to know what is specifically significant and appropriate and applicable for the medical students and medical practitioners in Kazakhstan. In conducting a need analysis, the medical course on Medical English will be made suitable to meet the needs of medical students in EFL setting like Kazakhstan.

This study aims to analyze the needs of medical students and medical professionals in Kazakhstan. As a part of the need analysis process, this study aims to conduct personal interviews with medical practitioners and medical students. The questionnaire will cover questions on the purpose of learning English, significance of learning English, their perception of the advantage of medical English in the practice of medicine and the delivery of care.

Based on the initial personal interviews conducted with medical professionals and medical students, there is a great need in learning medical English. Some of the advantages that were mentioned are the following: a) useful in reading journals and delivery of care; b) helpful in conducting research in the field of medicine; c) it prepares them for conferences and trainings abroad. Learning medical English in ESP language classroom for medical professionals has far reaching benefits. This paper will look into these benefits and how can these needs be met. It is my hope that this research study, will help in the delivery of EMP that is specifically significant and applicable in the context of Kazakhstan.

Keywords: need analysis, English for Medical Purposes (EMP), medical English, health care delivery, medical research, Kazakhstan

Introduction

English language has played a significant role in globalization, progress and trade. Though there are other international languages that has gained popularity in the past decades, English has become the most widely spoken language in various fields and professions all across the world. The growing need and dominance of English in various field of science and medicine in the twentieth century has paved the way for the emergence of English for Medical Purposes (EMP). In the medical field, English is needed by medical students and medical professionals because most of the textbooks, journals, documentary and recent trends in medicine as well as the management of diseases were written in the English language.

Common to our knowledge, medical professionals devote much of their time, effort and resources in developing knowledge in their respective profession and field of specialization. With good command of English language skills, medical students and medical professionals can further their own professional development by attending international conferences, reading journals, and

in research studies in their field. The medical professionals and the aspiring medical doctors in Kazakhstan are not an exemption when it comes to professional development, but the general language used in the classroom is Russian language. There are few universities that offers an English medical curriculum. The government has implemented a trilingual education in 2016 to meet the increasing demand for advancement in different fields of society for global competitiveness.

This study aims to explore the English language needs of medical students and medical professionals and design a course to meet their specific needs. An analysis of the needs of the target group aids in the decision-making process, development and design of English language course that is suitable to their needs. English for medical purposes (EMP), a sub-type of English for special purposes (ESP), offers course design, content and materials that would meet the specific needs of the target group and their agenda of learning. With the use of EMP, it is deemed necessary to know what is specifically significant and appropriate and applicable for the medical students and medical practitioners in Kazakhstan.

Research Questions:

What are the English language needs of medical students in their academic activities? What are the English language needs of doctors in their professional career?

What English language skills do medical students and medical professionals consider as the most important?

What EMP course can be designed based upon the information gathered during the present study?

Background of the Context

Teaching English for specific purposes (ESP) has become popular in the past decade, and was also adapted as a method of teaching in the medical field. Thus, the development of English for medical purposes (EMP), an approach in teaching language which caters specifically to the needs of medical students and students of other sciences like nursing, pharmacy, medical technology, physical therapy and others, as well as for the medical professionals. Teaching medical courses in English is beneficial, because most of the medical resources like textbooks, journals, documentary and latest the trends in the medical field are written in English. Even international conventions, conferences, symposiums and trainings use the English language. Thus, there is a need to prepare medical students and medical professionals for immediate and real-world application.

In conducting a needs analysis, the medical course on Medical English will be made suitable to meet the needs of medical students in EFL setting like Kazakhstan. This study aims to analyze the needs of medical students and medical professionals in Kazakhstan. As a part of the need analysis process, this study aims to conduct personal interviews with medical practitioners and medical students. The questionnaire will cover questions on identifying the English language needs of the target group, the purpose of learning English, their perception of the advantage of medical English in the practice of medicine and in the delivery of care.

Theoretical Framework

There were previous research studies conducted on the topic of medical English and needs analysis in ESL. Based on a study conducted among medical students in Turkey on their English

language needs, Kayaoglu and Dag Akbas (2016), found that medical students have different language need compared to those who are practicing in the medical field. The result of this study was limited to students, a needs analysis should have covered other parties, like the medical instructors, medical professionals and staff.

Research studies on identifying the needs of the medical English language learners will not just affect the medical professionals in the delivery of care. Most researchers in EMP gave emphasis on the importance of intra-professional communication, spoken interactions in conferences, or medical discourse committees (Master, 2005) and written medical genres such as case reports, letter of referrals, and invitation for conferences or symposiums, and others (Ferguson, 2013). The benefits of teaching English for medical purposes (EMP) has far-reaching benefits and will greatly affect wide number of people.

A case study on the topic of ESP course development for learners of Medical English in Turkmenistan, a neighboring country in Central Asia, who uses Russian language as a mode of teaching in the medical universities, and for Mexican Medical Specialist in Mexico, In this case, the Turkmen Ministry of Health recognized that the medical specialists desired to improve their English-language abilities to meet the growing need to interact with international patients, and to pursue trainings as medical professionals. The target learners were medical professionals, such as doctors, nurses and medical staffs, with ages ranging from late 20s to 50s. Their English language levels ranged from beginner to intermediate. Understanding the present needs of the learners, their ages, professional experience, and English proficiency level has helped the ESL materials developer and instructors in the development of course and the length of the course that was appropriate to the specific needs and levels of the learners (Staley, Allen, & Hamp, 2017).

Identifying the needs of the learners gave insight to the developers of courses on issues in the medical field to incorporate in the lessons, which addresses real-world, life-threatening issues we face today (Staley, Allen & Hamp, 2017). It was also important to take into consideration the student's native language, usage of English in the place, educational and professional levels in developing an EMP course appropriate to meet the needs of the learners. Although many medical vocabularies were Latin-based, teaching the correct pronunciation in speaking practice and skills in writing, listening and reading should also be noted. These case studies in Turkmenistan and Mexico had overwhelming results, which showed in the assessment after the course. There were major improvements in the English language abilities of the target group. The Turkmen medical specialist felt more confident when speaking in English with international patients and visiting specialist from other countries to conduct trainings.

EMP courses like ESP courses should be designed accordingly to meet learner's needs and purposes. Firstly, who are the medical learners and what are their purposes in learning Medical English language. As to the methods of instruction, content-based and problem-solving based learning must be integrated in the course design to enhance communicative skills. For the purpose of real-life communication in classroom, the use of technological equipment is an important aspect of EMP course.

For this study, a combination of personal interview and questionnaire will be conducted to gather data on the English language needs of medical students and medical professionals. Respondents of the research study will be randomly selected. Since face-to-face interview is not the best way to do at the moment, video call via Zoom will be conducted, especially to those who are from other cities of Kazakhstan. Interviews will be recorded and transcribed and analyzed.

For the questionnaire, a 25-item questionnaire will be sent to medical students and medical professionals. The questions will address to meet to answer the research question for this study:

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An initial informal and conventional interview was conducted with medical practitioners. The interviews were done face to face and via video call. The interviews were conducted with a cardiologist, to get more information on the English language needs of medical workers in Kazakhstan. The respondents are a cardiologist, an obstetrician, nurse practitioners, medical clerks, and a graduating medical student who wants to be a pediatrician.

Their opinion and values on the topic of English for medical purpose language acquisition. Questions were asked about the present medical English present in the universities. Their perception of the need to study medical English. In what way/s, can knowledge and fluency in medical English be advantageous to them personally in their given profession?

Results

The result of the initial interview has shown the need for more appropriate medical English course for medical students and medical professionals is needed. The desire to improve in their English language skills, as well as, in Medical English was identified. Based on the initial interview conducted with three medical professionals, there is a great need in learning medical English. Some of the advantages that were mentioned are the following: a) useful in reading journals and delivery of care; b) helpful in conducting research in the field of medicine; c) it prepares them for conferences and trainings abroad.

Significance of the Need Analysis and Limitations

Learning medical English in ESP language classroom for medical professionals has far reaching benefits. This paper will look deeper into these benefits and how can these needs be met. Understanding the factors that significant and appropriate needs of the medical students and medical professionals will be of great need in developing courses and curriculum, like EMP, to meet the growing need of people in the medical field to effectively communicate using the English language. The need analysis is not limited to those in the medical sphere, but there is also a need to collaborate with the medical universities to better have a full grasp of the available resources and courses. Collaboration with the educators in the medical university will facilitate the choice of field-oriented content in the teaching materials and for the selection of appropriate classroom activities. It is my hope that this research study, will help in the delivery of EMP that is specifically significant and applicable in the context of Kazakhstan.

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