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CORPORATE SOCIAL RESPONSIBILITY IN MANAGEMENT SYSTEMS OF KAZAKHSTAN COMPANIES

Abstract. To realize the strategic goal of our country's entry into the thirty most competitive countries of the world, (let's)pay attention to the latest modern processes. In this regard, representatives of Kazakhstan's business need to ensure security, the requirements of information openness of corporate social responsibility in accordance with global competitiveness and world trends. The importance of corporate social responsibility since the last century and with each period is being updated.

Corporate social responsibility in the practice of the Republic of Kazakhstan is a new phenomenon and is considered (to be) young. For 25 years of independence of our country, the government implemented measures and programs to improve entrepreneurship and create favorable conditions for them. In this regard, (we need) the urgent issue of the need for in-depth consideration of important issues (in order to implement) the implementation of corporate social responsibility of companies.

Keywords: Corporate social responsibility, social responsibility of business, social responsibility of domestic business, social responsibility of foreign companies, key performance indicators.

Introduction. The social responsibility of business is one of the fundamental values of a civilized economy, politics and society. The basic principle of business is to make a living. It is widely practiced that entrepreneurs can participate in public life of the population, as they are able to do it.

However, this is known to be a good result if it is done on a voluntary basis, rather than under the compulsion of the authorities. Therefore, international organizations and associations urge all countries and large transnational companies to work and produce goods and services within the framework of sustainable development.

Kazakhstani business is obliged to participate in the process of sustainable development in the era of global integration, and in this context it is important to establish harmony between society, the state and business, to prevent social imbalances and to take care of the environment.

The main section. The global economic crisis has revived the pressing problems for business, and now the biggest challenge is to build confidence in the company and preserve the image. In this regard, the importance and relevance of corporate social responsibility for companies is determined. Kazakhstan companies pay attention to this phenomenon and organize activities to use social responsibility within their services.

For domestic business, its cooperation with civil society and the state still requires a number of improvements. The study "Corporate Social Responsibility in Kazakhstan: situation, problems and perspectives" developed by the Sang Research Center for the Eurasia Central Asia Foundation is the largest study in the field of corporate social responsibility of Kazakhstan. This research covered 189 Kazakhstani, foreign and joint venture companies from different sectors of business and small and large enterprises [1].

According to the study, the domestic business community understands corporate social responsibility in the following areas: introduction of a social package/programs at the enterprise (83%), charity (59%), personnel development and training (54%), participation in regional development programs (52%) [1].

According to the results of this research, the most significant components of corporate social responsibility are the subjects of entrepreneurial activity of the country:
- For small businesses: charitable assistance, participation in regional development programs;
- For medium-sized enterprises: development and training of personnel, charity;
- For large business: training and development of personnel, charity. For large enterprises, it is also important to implement environmental projects (and to) establish responsible relations with suppliers and consumers [1].

In addition, according to the analytical review of corporate social responsibility in the extractive sector prepared by Kazakhstan and Norwegian experts in 2011-2012, one of the key issues of social responsibility in Kazakhstan is the lack of understanding of the concept of social responsibility. The second important issue is that, despite compulsory payments from companies, including the amount of social payments, regional government agencies often issue unequal orders for financing for companies. Such requirements force companies to spend on various projects, and this situation leads to the third problem. It is difficult for corporations to introduce corporate social responsibility into their development strategies. Corporate social responsibility should strictly correspond to the basic business of the company and in the implementation of social projects should be strictly monitored and tracked in the reporting format [2].

World practice shows that many large companies within their services actively develop and implement social responsibility policies and strategies. And the states that are striving for progress, contribute to the promotion and support of this policy.

A number of Kazakhstani companies adopted normative documents in the field of social responsibility within their development strategies. These may include policies or codes of corporate social responsibility. It is worth mentioning the experience of national companies in the strategy or policy in this field. A number of large companies working in Kazakhstan's industry, banking and financial sectors have adopted normative documents for the implementation of the principles of social responsibility, an action plan within the framework of their activities (Table 1).

Table 1 - List of national companies that have adopted regulatory documents in the field of corporate social responsibility

<table>
<thead>
<tr>
<th>Company name</th>
<th>Normative document in the field of corporate social responsibility</th>
<th>Approval date</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Samruk-Energo” JSC</td>
<td>Corporate Social Responsibility Strategy</td>
<td>Based on the decision of the Board of Directors (Protocol No. 47 of 11.05.2011)</td>
</tr>
<tr>
<td>JSC “Kazakhtelecom”</td>
<td>Corporate Social Responsibility Strategy for 2012-2020</td>
<td>Based on the decision of the Board of Directors (Appendix 3 to Protocol No. 2) dated 10.02.2012</td>
</tr>
<tr>
<td>JSC «KazTransOil»</td>
<td>Code of Corporate Social Responsibility</td>
<td>Based on the decision of the Board of Directors (Protocol No. 3/2010 of 10.03.2012)</td>
</tr>
<tr>
<td>JSC Enterprise Development Fund “Damu”</td>
<td>Corporate Social Responsibility Policies</td>
<td>Based on the decision of the Board of Directors (Appendix 6 to Protocol No. 46) dated 27.09.2013</td>
</tr>
<tr>
<td>JSC «NAC «Kazatomprom»</td>
<td>Corporate Social Responsibility Policies</td>
<td>Based on the decision of the Board of Directors (Protocol No. 5/11 of 03.06.2011)</td>
</tr>
<tr>
<td>JSC «Kazpost»</td>
<td>Corporate Social Responsibility Policies</td>
<td>Based on the decision of the Board of Directors (Appendix 30 to Protocol No. 14/10) dated 10.12.2010</td>
</tr>
</tbody>
</table>

Note: the data was compiled by the author on the basis of [3], [4], [5], [6], [7], [8], [9], [10], [11]
The review of the companies shows that the corporate strategy of social responsibility, the policy or the process of adoption of the code begins in 2010. Regulatory documents of the companies include the content of corporate governance, organization and control of the company's activities in the field of corporate social responsibility. In particular, all documents define the basic principles and main directions of corporate social responsibility.

However, corporate social responsibility strategies, approved by companies in terms of their content structure, still require a number of improvements. In particular, the analysis of the current situation in the strategies of corporate social responsibility of Kazakhstan companies, information on the complex of planned activities and control over the main directions are not fully disclosed. These documents often correspond to a policy or code form. At the same time, some companies consider the social responsibility strategy as an annex to their development strategy.

The initiators of the exchange of views and experience on the effective development and solution of the model of social responsibility of business are the National Chamber of Entrepreneurs "Atameken", the United Nations Development Program in Kazakhstan [12]. In order to improve and develop the social responsibility of business representatives in the Republic of Kazakhstan, aligning it with international standards and requirements, creating favorable conditions for business and civil society, a draft of the National Concept of Corporate Social Responsibility for 2014 was developed.

This National Concept project is a new mechanism and action plan for the promotion and development of social responsibility of all international organizations, government agencies, small and medium-sized enterprises and transnational corporations, as well as non-governmental organizations and social partnerships and other interested legal and natural persons. This draft national concept is a process of coordination in the government of Kazakhstan.

To determine the basis for the application of corporate social responsibility in the country, it is necessary to take into account the characteristics of the models of social responsibility development in different countries and to note the tendencies of the modern development of these models.

There was held a comparative analysis of the most common and effective models of social responsibility in the world in order to improve the tools of public policy to create and develop a model of corporate social responsibility in Kazakhstan. Among them: the United States, the United Kingdom, the Russian Federation, Asian countries (Japan, Singapore, China) and continental Europe.

It will be more correct to base on the experience of the Asian continents on the state regulation of corporate social responsibility, protection and preservation of the environment. The principles and mechanisms of the American model of charity or philanthropy allow us to regularly organize the activities of domestic enterprises in this field. We consider the experience of the countries of continental Europe as the regulatory regulation of the Company's services, as well as the establishment of mutually beneficial cooperation with interested parties. The communication policy of corporate social responsibility in Kazakhstan should be consistent and relevant, taking into account modern information technologies and development trends. In this regard, it is difficult to find favorable ? for Kazakhstan from foreign experience. It requires a comprehensive analysis of the model of each country. For this reason, we recommend (to use)using the experience of each country in developing a set of measures aimed at achieving efficiency.

It is also important to pay attention to the experience of a number of leading foreign companies regarding the principles of social responsibility at internal enterprises. We consider the example of large international organizations that differ in their experience and model for improving business in this area.

- Energy Resources of Australia Ltd. (ERA) company:

  The Company focuses on a wide range of activities in the field of social responsibility. In particular, the experience of the company uniting this industry on a variety of issues (environmental, social, medical assistance, etc.) will improve the systematics and control of social responsibility. There is also an active work of the Australian company with the local population, that is, the experience of improving the welfare of the local population, promoting healthy lifestyles and promoting social and economic development in the region where the company operates. The company has established partnerships with the Association which focuses on positive attitudes and health problems with the local community. In addition, this
society is in good communication with local business representatives and, as a result, affects the socio-economic situation of the local population. In this regard, we recommend that you rely on the company's experience in creating an effective community platform [13].

- *Rostov state corporation:*

  In the process of corporate social responsibility, the corporation is characterized by a high level of accountability in the context of sustainable development. The company holds prestigious positions at international competitions annually. The company's annual report for 2015 included 16 Russian awards and 24 awards in international competitions. The company's reporting system is mainly based on interactions and dialogue with stakeholders. The company's reports provide inquiries and reviews with feedback from stakeholders. Public consultations are also being prepared for reporting. In order to establish an effective dialogue with stakeholders, the Company holds public consultations on cooperation. We call for a focus on the company's best practices in identifying and organizing channels of communication with stakeholders and applying them in the best practice [14].

- *Sumitomo Corporation Group corporation:*

  The Japanese corporation is distinguished by the experience of effective organization of social investments in the organization of activities on social responsibility. Social projects implemented by the Company are carried out in accordance with the needs of local communities. The company pays special attention to quality management and socially responsible business management. The Corporate Social Responsibility Initiative and the Supply Chain Management Guide were adopted by the Corporation. It is best to turn to the company's experience in identifying socially responsible partners while working with partners [15].

- *AkzoNobel NV company:*

  Dutch AkzoNobel NV considers the strategy of supply chain management. The goal of this strategy is to create more value than the minimum amount of resources and costs for the supply chain. It means:
  1. Providing consumers with high-quality products and energy-efficient solutions;
  2. more efficient use of resources and reduction of greenhouse gas emissions;
  3. the positive impact of the company's product on the final consumer segment of the society;
  4. Paying attention to the end segment of consumers for business means creating values through growth and profitability.

  In the field of supply chain management, the company pays much attention to the development of sustainable development. Among world companies in this area of practice it is worth paying attention to the experience of AkzoNobel NV [16].

- *The Fujitsu Group company (manufacturer of information and communication technology products, service provider):*

  The commitment of the Fujitsu Group on Social Responsibility consists of five main areas for achieving the medium-term goals of sustainable development until 2020:
  1. Security through modern technology;
  2. environmental protection;
  3. diversification and attractiveness;
  4. development of human resources in the context of the contribution of the community and the world;
  5. communication and cooperation with stakeholders.

  The key performance indicators (KPI) were developed in a three-tier system in accordance with the Company's medium-term strategic directions. They are evaluated as "goals achieved", "all goals are not fully achieved, some problems remain open", "goals are not achieved". These goals will be met annually in the current year, the goals for the next year and the medium-term 2020 target. We offer the experience of the Japanese company Fujitsu Group in planning corporate social responsibility and developing key performance indicators [16].

  To assess and determine the effectiveness of the Company's activities in the field of sustainable development and social responsibility, many companies have their managers and employees corresponding to performance indicators or key performance indicators (KPI).

  To prepare key performance indicators (KPIs), you need to pay attention to the financial, operational, environmental and social aspects of the company. To achieve the organization's strategic goals it is
necessary to create a list of KPIs for critical areas of sustainable development. These figures should also correspond to the corporate strategy of the company, corresponding to the goals and objectives of the strategy. Corporate social responsibility and sustainable development will be coordinated with the system of motivation and compensation of managers and employees of the company. Indicators of the KPI in the field of sustainable development should be measured and should be prepared for short-term and long-term results. These figures should be focused on the interests of stakeholders and the market.

Thus, to ensure the competitiveness of domestic business structures on the international market, the experience of foreign countries and foreign companies in this field was analyzed. An example of this practice is a set of recommendations that are suitable for use in internal business environments.

Corporate social responsibility is an integral part of the long-term strategy of sustainable development which is a necessary condition for increasing the national reputation and competitiveness of the country’s economy, increasing the investment and export reputation of enterprises, reducing social risks and corruption, as well as environmental security and regional development.

It is important that representatives of the Republic of Kazakhstan and Kazakhstani businesses have a reputation in the international market and work in accordance with modern trends in order to ensure international competitiveness in the context of global integration.

**Conclusion.** As a result of the responses of domestic and foreign small, medium and large enterprises that participated in a special study on the introduction of corporate social responsibility in Kazakhstan, we come to the following conclusions regarding the phenomena of corporate social responsibility among Kazakhstan companies:

- The phenomenon of social responsibility in Kazakhstan is widely used by foreign or joint, national and transnational companies. There is still uncertainty about this phenomenon among domestic enterprises.

- The practice of corporate social responsibility in the country is often characteristic of large-scale entrepreneurship. Small and medium-sized enterprises are still not fully aware of this phenomenon or do not have much experience in its implementation.

- Kazakhstani companies adopted normative documents in the field of corporate social responsibility, and responsible social responsibility bodies are formed between the managerial and organizational structure. However, these measures still require a number of improvements.

In addition, the article examines the practice of the future decision-making process in world companies as well as the applied and rational options for managing corporate social responsibility, organizing and planning a corporate social responsibility strategy, assessing its effectiveness and interaction with stakeholders. We noted that these advanced methods are effective for domestic enterprises to improve their efficiency in the field of social responsibility.

**REFERENCES**


Корпоративная социальная ответственность в системе управления казахстанских компаний

Аннотация. Для реализации стратегической цели вхождения нашего государства в триаду наиболее конкурентоспособных стран мира важно обратить внимание на последние современные процессы. В этой связи предоставляемым казахстанского бизнеса необходимо обеспечить сохранение международных требований, мероприятия информационной открытости корпоративную социальную ответственность в соответствии с глобальной конкурентоспособностью и мировыми тенденциями. Важность корпоративной социальной ответственности рассматривается с прошлого столетия и с каждым периодом обновляется.

Ключевые слова: корпоративная социальная ответственность, социальная ответственность бизнеса, социальная ответственность отечественного бизнеса, социальная ответственность зарубежных компаний, ключевые показатели деятельности.

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