

KAZAKHSTAN'S NATIONAL INNOVATION SYSTEM: KEY ELEMENTS AND THE MECHANISM OF DEVELOPMENT

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One of the main conditions for the successful development of state economy is the formation of a national innovation system (NIS), which should ensure the continuous growth of economy. Development of the national innovation system of the Republic of Kazakhstan is aimed at achieving sustainable development through economic diversification and abandonment of its raw material orientation, while innovations are defined as the main factor determining the competitiveness of the national economy. National innovation system includes four main elements, namely the scientific potential, innovative entrepreneurship, innovation and financial infrastructure. For the formation of NIS, there are 4 major subsystems, in which the state can effectively implement innovation policy through direct or indirect participation:

1. *Scientific and technical potential* is a foundation for innovation development. Scientific potential includes public research organizations, scientific organizations with national companies, private scientific research institutions, scientific personnel, and material and technical research base.

2. *Innovative business activity* is the main driving force for sustainable economic growth. *Innovative* business environment that includes various categories of natural and legal persons willing to participate in the management and financing of potentially highly risky and highly profitable projects, as well as invest in conducting prospective applied research and experimental development, commercialization of which may lead to the creation of new competitive products. In particular, the following can be referred to the field of innovative entrepreneurship: private investors and managers of innovation projects, business angels, innovative enterprises, funders of promising applied research and development, as well as venture capital funds. The latter should act not only as passive sources of innovative project funding, but also independently engage in an active search and promotion of promising developments in the scientific research field.

3. *Innovation infrastructure* is a set of interrelated production, consulting, educational and informational structures ready to provide a framework and a range of related services for the organization of innovative industries. Innovation infrastructure is a complex of enterprises, which include material and technical base, trained professional staff and established mechanisms of cooperation with academic and financial institutions, necessary for the provision of complete package of services for

organizing innovative productions for innovative entrepreneurs, ranging from consulting, initial market research and writing business plans, to the provision of preferential rent for premises, production facilities, utilities, etc.

4. *Financial infrastructure* is a complex financing, scientific, industrial and educational processes in the field of innovation and technological development. Based on public-private partnership, this infrastructure is ready to participate in the financing of high-risk innovative projects. In addition, the financial infrastructure provides comprehensive financing of perspective applied research and development activities, as well as stimulates the development of entrepreneurship in the innovation sphere and infrastructure through the direct and indirect mechanisms.

Since independence, Kazakhstan's economy had undergone major changes that have led to economic growth. Adoption of the Strategy of Industrial and Innovation Development was an incitement to the next stage of reforming the economy. The Strategy of Industrial and Innovation Development can be divided into three stages: the first stage – 2003–2005, the second stage – 2006–2010 and the third stage – 2011–2015. At present, our country is developing a state program of forced industrial and innovation development for 2010–2014. It is done in order to ensure diversification and competitiveness of Kazakhstan's economy. The program involves modernization and diversification of the economy basic sectors over the long term. Priority directions of economic development are agriculture, oil refining, metallurgy, chemical industry and pharmaceuticals, energy, engineering, transport and telecommunication infrastructure, etc.

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POVERTY AS AN ECONOMIC PHENOMENON AND POSSIBLE WAYS OF REDUCING IT IN KAZAKHSTAN

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As a phenomenon that accompanies every economic system, poverty has always existed in all countries regardless of their level of development.

Poverty affects not only the level of people's lives, but also the social and political spheres of life, becoming the source of rising crime and social conflict in many cases. As a consequence, the world community faces the task of poverty reduction.

Reduction of poverty in the society can be achieved through the creation of conditions for country development as a whole, as well as for the realization of potential opportunities of each person. In other words, in order to overcome the problem of poverty, it is necessary to provide a number of conditions, namely sustainable economic growth, expansion of opportunities for productive employment of population, the effectiveness of social policy, rational state regulation and the development of democratic institutions in society. Developing and implementing national strategies for poverty reduction in Kazakhstan, primarily taking into account the interests of poor people, is an important step in achieving the goal of reducing poverty in the world.

In the broadest sense, poverty is understood as socio-economic status of households or a person, in which their (his/her) relatively low level of cash, property and other resources do not allow to meet their (his/her) natural physiological, physical and spiritual needs.

According to the legislation of the Republic of Kazakhstan, living wage is a necessary minimum cash income per person equal in value to the minimum consumer basket and providing person with satisfaction of minimal needs at the level adopted by the society at this stage.

Processes of transition to the market in the Republic were accompanied by phenomena such as stopping and closing of several state-owned enterprises, and, as a result of this, a serious scale of unemployment. Lack of work was one of the main causes of poverty in Kazakhstan. The problem of unemployment became particularly acute in rural areas.

The social sphere, including health, education, science and culture, has been seriously affected in the last two decades. Socio-economic difficulties of the transition period contributed to the decline of income for most of the population of Kazakhstan. Thus, the average per capita income of more than 62% of the population in 1997–1998 was below 3,000 tenge per month. During those years, fourth of the population had a per capita income 3,001–6,000 tenge per month (less than \$ 70). It is only in 1999 and 2000 that real incomes of the population began to grow on average by 4–5%.

At the time, the state and society came to the implementation of purposeful activities to combat poverty, and the reduction of unemployment through active employment policy and targeted social assistance to the poor was of the highest priority. Cooperation with international organizations, such as the IMF (International Monetary Fund), World Bank (International Bank for Reconstruction and Development), the UN (United Nations)

and others goes to a new level in the implementation of various social programs, as well as attracting major investors to the country in order to develop the economy sectors. Thus, the level of poverty in Kazakhstan amounted to 3,8% in 2012 and 2013, versus 5,3% in 2011.

Definition of specific tasks and policy priorities for the fight against poverty at each stage of the current situation is an important moment in the process of combating poverty. For Kazakhstan, the priority directions of this strategy are the following:

- Ensuring sustainable economic growth. At the same time, macroeconomic policies should be maximally focused on support of the poor, solving the problems of inequality and providing maximum opportunities for the poor.

- Poverty should be considered as a complex multidimensional phenomenon, which will require concerted efforts by all partners working in the field of development (government at central and local levels, business sector, academic and research institutions, NGOs (Non-governmental organizations) and other civil society groups, international organizations, the media and the people themselves).

- The fight against unemployment. In order to increase the effectiveness of measures aimed at reduction of unemployment level, it is necessary to improve the regulatory framework in the field of labor market, take measures to legalize labor relations, stimulate the flow of labor from the scope of «hidden» employment to a fixed labor market, and improve the economic mechanisms for the protection of domestic labor market.

- Development of small business.
- State support for small and medium businesses.

- Development of micro-credit programs.
- Development of regional plans to combat poverty.

- Further democratization of society.
- Development of the Kazakh village.
- Ensuring the accessibility of education, health and environmental concerns.

- Improving the efficiency of funding for programs against poverty.

- Improving the monitoring mechanism for poverty reduction.

The most important element of this strategy is broad-based economic growth that provides new jobs and higher income.

Another component of poverty reduction strategy is the creation of conditions for poor people, which would allow them to take advantage of opportunities for employment and income generation.

The task of reforming the education and health systems is relevant; today's students would gain skills necessary for the existence under changing demand of the market economy, and the population would be provided with quality health services, financially accessible both to households and the state.

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**THE CORPORATE SOCIAL
RESPONSIBILITY, AS A PART
OF THE MODERN FIRM
CORPORATE CULTURE**

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The profit maximization is the classical objective of the commercial organization activities, but, recently, the ethical component of the business conducting has been given more and more attention. The ideas of the necessity of the moral and ethical values and the corporate social responsibility, as the basis of the long – term stability of the economic subjects, are the worldwide tendency. So, the modern business ethics principles are based on the informal social contract between the firm and the society, concerning the common norms of the behavior. The social business responsibility, having implied, that the company is being strove to be satisfied its own needs, its partners' and the whole society's needs, as well as to be minimized all the negative consequences of its activities, have already been included, in particular, in the given contract.

Even in the ancient times, the corporatism sense had already been led to the relevant internal norms, rules, and regulations formation, which, in their turn, that were strictly adhered to and, subsequently, they were transformed into the corporate values and the principles, which, necessarily, had to be separated and to be taken by those, who wanted to become the member of the corporate association [2]. Then, in the Middle Ages, such corporate norms, rules, and regulations have been existed in the quite different and various occupational groups: students, artisans, craftsmen, and merchants. So, in Russia, the corporatism ideology has been evidently revealed for the majority of the nobility, and later, at the merchants, entrepreneurs and business class, having combined in the quite different and various, and, consequently, the quite different and various statuses of the guild. The merchants guilds, the artisans and craftsmen shops, along with the technological secrets of their trade, had had the certain «codes of the honor», the work ethics, that were passed down from the father to the son and the violation of which had been led to the exclusion from the shop (e.g. guild).

In the recent decades, the significant cultural impact on the economic activities of the person has,

increasingly, been recognized by the economists. This has not been in the mainstream areas of the economic theory. So, the economy has been studied, as the joint activities of the people, as the social reproduction, during which the objective relations are emerged between its participants, that are, primarily, depended on the development level of the production material conditions, in the traditional political economy. The economic entities and the subjects' behavior have been considered, as due being conditioned to their place and the role in the social production, which is the dominant type of the social and economic appropriation.

Thus, in «the mainstream» of the modern economic theory, having presented by the economics, the presentation on the man is the fundamental idea, as «the homo economicus» – «the economic man», the rational subject, having made the economic decisions on the basis of the individual interest absolutism. But the economic behavior motivation of the subject of the subject, is conditioned due not only his to his personal economic interest, but also the general social and economic conditions, the institutional environment, the spiritual, moral, and cultural his settings of the selected, as the member of the society. «Being motivated, as the purposeful ones, and, having the real choice possibility, the people, at the same time, are, practically, being formed by the surrounding their cultural and institutional environment» [4, 118–119].

The institutional theory is being extended the frameworks of the economic analysis by the effect study of the non – economic factors on the economic processes. The elements of the state and legal system, having insured the specification and the property rights protection, the social norms, the traditions, and the cultural peculiarities have been considered, as these factors. So, the economic organization has been considered, as the social Institute, which is concentrated in itself the certain order, which is given by the individual organizational structure, the existing legislation, and the external Institutes. Some stable regulations and the patterns, which are formed the firm's culture, and are made its influence on the interpersonal relations, and, subsequently, on the resolved solutions, are being acted inside this system.

At the *firm's culture* determination, the researchers have been cited, most often, for the behavior and the value orientation patterns, which are adhered the company's staff members just in their actions. Having used the terminology, being adopted in the Institutionalism, it can be defined it by us, as *the informal rules* set (e.g. having not recorded in the laws and the contracts), *the semi – formal rules* (e.g. having fixed only in the internal documents and the codes), and, *partly, the formal rules* (e.g. having included in the laws and the contracts), which are reflected the firm's participations collective presentation (e.g. the principals and the agents, or the agents coalitions) on their interaction, behavior, and the firm's appearance.