

currency assets. The country's official foreign assets (NBK reserves and NFRK assets) are now well above the level reached prior to the onset of market volatility in August 2007. Intervention in the foreign exchange market has been substantially scaled back (as a share of total transactions) in recent months, although the NBK stands ready to intervene in the market if downward pressures on the exchange rate re-emerge. The authorities continue to view the exchange rate regime as a "managed float with no predetermined path for the exchange rate."

The NFRK continues to be managed prudently, and the government does not expect to draw on the Fund beyond the amount of the guaranteed annual transfer to the budget. The assets of NFRK consist of a stabilization portfolio of about \$5 billion (invested in short-term debt securities) and an investment portfolio (invested in longer-term debt and equity securities). While the NFRK fulfils both a stabilization and savings role, at present the government has no intention to use the Fund's assets to help cushion the downturn. Indeed, the government spent only 86 percent of the guaranteed transfer from the NFRK last year, and expects the mandated transfer to be adequate to meet spending needs this year.

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SURVEILLANCE OF CORPORATE SOCIAL RESPONSIBILITY IN KAZAKHSTAN

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ABSTRACT

With the liberalization of economy, the corporate sector is making an increased effect on the rapidly transforming society in Kazakhstan. The paper studies the perception of the society of Kazakhstan on Corporate Social Responsibility (CSR). The primary data has been generated by means of a structured questionnaire, administered to the selected sample in Kazakhstan. The data has been analyzed with the help of mean and standard deviation. The findings reveal that in a market-led economy, society holds both positive and skeptic view of CSR activities and expects a responsible and ethical behavior from the corporations. The process of further integration of the society and business is required and the business has to reinforce the positive momentum to strengthen the confidence in the society. The study is useful for the corporations to understand the societal perception on corporate social responsibility, which may help them to redesign and reposition their social responsibility activities.

Keywords: CSR, Kazakhstan, societal perception, objective viewpoint, skeptical viewpoint, ethical viewpoint.

INTRODUCTION

The basic idea of corporate social responsibility is that business and society are inter-woven rather than distinct entities; therefore, society has certain expectation for appropriate business behavior and outcomes (Wood 1991). The concept of social responsibility was conceptualized during the early part of the twentieth century. Clark (1916) was among the pioneers to observe that if men are responsible for the known results of

their actions, business responsibilities must include the known results of business dealings, whether or not the law has recognized these. Now there is increasing awareness that a company, which works only in order to benefit itself, might harm other groups in the society. Today, partly due to the interdependencies of many groups in our society, the social involvement of businesses has increased Knootz and Weihrich (1998). Zadek, et al. (1997) observed that the main drivers of CSR are the values, strategy and public pressure. Shrivastava and Venkateswaran (2000) observed that CSR is culture specific and the issue is only that of prioritization. The CSR measures should focus on benefiting people and communities other than those whom they are contractually obliged to, namely those who are socially and/or economically disadvantaged.

In the modern times, companies should exercise socially responsible behavior voluntarily; otherwise they might be forced to do so. The society, in general, has a definite perception on corporate social responsibility (CSR), which needs to be understood. A clear understanding of the societal perception of CSR shall enable the companies to design and position their social responsibility activities accordingly.

This paper is an attempt to understand views of CSR activities in Kazakhstan. Literature shows that in Kazakhstan, almost no empirical studies have been made to access the state of CSR. An understanding of the societal perception of CSR activities would help the corporations in Kazakhstan to position their CSR program more effectively in order to generate a favorable image in the society.

VIEWS ON CSR

Despite acknowledging the significance of CSR, there is a lack of consensus on the very meaning of CSR. The simplest classification of views on CSR shows the existence of at least two viewpoints, which can be called as classical and modern. The classical view considers social responsibility as being incompatible with a free economy, Friedman (1962 & 1970). The proponents of this view hold that business managers have a single responsibility towards the shareholders. All their endeavors must uphold an undeterred commitment to maximizing shareholders' value. Managers, acting as the agents of the shareholders, have no mandate to embark on socially responsible projects that do not enhance the income generating ability of the firm. Further, the managers are experts in business activities and their expertise cannot be channeled to social responsibility activities. Pava (1996) finds Friedman's arguments as both rigorous and convincing. Numerous economists, accountants, sociologists, corporate managers and social critics, either explicitly or implicitly, accept a similar view on social responsibility. At best, the advocates of the classical view uphold that corporate goals must be based on a broad social consensus. This classical view of CSR is similar to the *Agency Theory*. The premise underlying *Agency Theory* is that the firms exist to maximize the wealth of the owners; therefore, other stakeholders (including charity recipients) are important only to the extent they are instrumental in maximizing shareholders' wealth, Seifert et al. (2003). Agency theory argues that managers act as the agent between the shareholders and the organization. According to this theory, all other stakeholders of business are largely irrelevant and if they benefit from the business then this is co-incidental to the activities of management in running the business to serve shareholders, Crowther et al. (2005). Advocates of the modern viewpoint uphold the theory that business must think beyond the shareholders value and must not ignore its ethical and moral responsibilities. Shareholders are not the only participants of the business operations. Therefore, business must not confine its allegiance towards shareholders only, but also should be responsible towards the stakeholders at large. Brown and Dacin (1997) consider CSR as the company's status and activities with respect (i.e. responsiveness) to its perceived societal obligations. McGee (1998) advocated a proactive social responsiveness view, which articulates a company's long-term role in a dynamic social system. L'Etang (1995) finds CSR as an ongoing process, constantly monitoring the environment and relationship and not a fixed mission in relation to specific groups with a predetermined priority that remains static.

RESEARCH METHODOLOGY

A theoretical framework was developed from the secondary data, comprised of the published literature. A structured questionnaire was used to generate primary data. In line with the research problem, primary data was generated by a survey, conducted on the population of Kazakhstan. The questionnaire was self administered and was distributed personally to the respondents.

QUESTIONNAIRE DESIGN

A questionnaire was developed, on the basis of three variables related to corporate social responsibility view point. These question items were identified from the literature shown in Table-1.

The three variables were put in the form of 12 statements and the respondents were asked to record their opinion on a 5-point Likert-type interval scale i.e. strongly agree, agree, neutral, disagree, and strongly disagree. The questionnaire also contained questions on the demographic profile of the respondents. A pilot survey was conducted on 40 respondents and language was refined to make it more understandable. The final questionnaire contained 8 question-items relating to CSR and 6 relating to the demographic profile of the respondents.

SAMPLING

Quota sampling method was used to generate primary data, controlling the sample for sex, age, income, occupation and education. The Kazak society is a multi strata society, wherein several socio-economic variables influence the perception and attitude of the people. Significant among the demographic variables are the age, sex, education, income and occupation. The data was taken from a sample of 150 respondents of Almaty, Atrau, Taraz, and Astana. The profile of the sample is shown in table 2.

Table-1 Shows the Variables Identified For the Questionnaire with Literature Sources

Variables/Issues	Question Items	Keyword	Literature Source
Objective View Point	Being a part of the society, business must be responsible to it	Part of system	Koontz and Wehrich (1998)
	Conducting routine business properly is an act of social responsibility	Routine exercise	Jones (1999), and Robertson and Nicholson (1996)
	Goodwill of a firm increases by being socially responsible	Goodwill	Sen & Bhattacharya (2001), and Brown & Dacin (1997)
	Social obligations of business are important than profits	SR Focus	Quazi & O'Brien (2000), and Singhapakdi et al. (1996)
Ethical View Point	Social responsibility as planned activity and not arbitrary	Planned activity	Jones (1999)
	If survival is at stake then business must forget social responsibility	Ignore SR	Friedman (1962), and Singhapakdi et al. (1996)
Skeptical Viewpoint	Social Responsibility leads to a trade-off in profits	Trade-off	Friedman (1962)
	Social responsibility is an eyewash and firms undertake it as a cover-up	Cover-up	Singh et al. (1980)

Table-2 Shows Demographic Profile of Sample Used in Study

Age(years)		Education		Gender		Occupation	
Category	No. in (%)	Category	No. in (%)	Category	No. in (%)	Category	No. in (%)
< 20	18%	Undergraduate	20.6%	Male	45.4%	Unemployed	17.4%
21 – 25	22.6%	Graduate	47.4%	Female	54.6%	Service	68.6%
26 – 30	34.6%	Postgraduate	32%			Business	11.3%
31 – 35	15.4%					Other	2.7%
> 40	9.4 %						

DATA ANALYSIS AND FINDINGS

The questionnaire contained 8 question-items, each related to any of the three variables as mentioned in Table-1, Eight questions, were subjected to statistical analysis first percentage was calculated to obtain general idea of preference of the sample the mean and standard deviation was calculated to coagulate the analysis after which conclusions were drawn based on basis of confidence intervals. Each of the percentages derived by analysis of data represents a particular outlook of the respondents towards various issues of social responsibility and is explained in the following interpretations.

Table- 3 Shows the Objective View Point of Social Corporate Responsibility

Sr. No	Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean/ SD
1	Being a part of the society, business must be responsible to it	92	58	0	0	0	N=150	1.38
		61.3%	38.7%	0%	0%	0%	100%	0.48
2	Conducting routine business properly is an act of social responsibility	35	91	24	0	0	N=150	1.92
		23.3%	60.6%	16%	0%	0%	100%	0.62
3	Goodwill of a firm increases by being socially responsible	62	88	0	0	0	N=150	1.58
		41.3%	58.6%	0%	0%	0%	100%	0.49
4	Social Responsibility leads to a trade-off in profits	5	53	68	15	9	N=150	2.8
		3.3%	35.3%	45.3%	10%	6%	100%	0.88

As shown in Table 3 high percentage of the sample strongly agree on the following two items - being a part of the society, businesses must have responsibility towards it; and goodwill of a firm increases by being socially responsible. 60.6% agree that – conducting routine business properly is an act of social responsibility. But there is a mixed view about the item – social obligation of businesses are important than profits.

Each of these items represents an optimistic and an unbiased viewpoint, avoiding any of the extremes. Hence, it is labeled as *objective* viewpoint. On the basis of this variable, it can be concluded that the corporations should have an undeterred commitment towards social responsibility, integrating it as a part of their system. This variable also shows that the society takes a positive view of the CSR activities, which may help the companies in their long-term survival and competitiveness.

Table -4 Shows the Skeptical View Point of Social Corporate Responsibility

Sr. No	Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean/ SD
1	Social Responsibility leads to a trade-off in profits	29	20	23	77	0	N=150	2.98
		19.3%	13.3%	15.3%	51.3%	0%	100%	1.19
2	Social responsibility is an eyewash and firms undertake it as a cover-up	13	88	26	9	14	N=150	2.48
		8.6%	58.6%	17.3%	6%	9.3%	100%	1.05

51.3 % of the respondents disagree with the statement- Social Responsibility leads to a trade-off in profits; respondents disagreeing with this statement do not look upon the firms CSR as expenditure wasteful, which erode the profit of the company. 58.6% of the respondents agree with the statement- Social responsibility is eyewash and firms undertake it as a cover-up, this statement reflects an element of doubt in the activities of social responsibility the respondents doubt the very intention of firms undertaking these activities and even believe that firms do not make any substantial contribution to the society and are eyewash. Keeping in view that nature of these items, this factor is labeled as *skeptical* view point.

Table- 5 Shows the Ethical View Point of Social Corporate Responsibility

Sr. No	Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean/SD
1	Social responsibility as planned activity and not arbitrary	8	94	31	17	0	N=150	2.38
		5.3%	62.2%	20.6%	11.3%	0%	100%	0.75
2	If survival is at stake then business must forget social responsibility	11	9	18	99	13	N=150	3.62
		7.3%	6%	12%	66%	8.6%	100%	0.98

66% of the respondents disagree with the statement – If survival is at stake then business must forget social responsibility. This shows that the respondents seem to uphold that even in the turbulent times, when the survival of a firm is at a stake, it must not ignore/forget social responsibility. Even during the time of crisis, a socially responsible behavior is expected from the business. This might be the reason that 62.6% of the respondents have supported the idea of social responsibility being a part of the mission of the company and an essential ingredient of their planning exercise and not arbitrary. This view point upholds a sense of ethical behavior on the part of business. Henceforth, this factor is labeled as *ethical* view point.

CONCLUSION:

Three distinct viewpoints emerge out of the data analysis – *objective, skeptical and ethical*. The transition of Kazakhstan’s economy towards a free market regime has reduced controls on businesses and has accelerated economic growth. With increased earnings and media awareness on CSR issues, the businesses are beginning to undertake CSR activity voluntarily. This has contributed to reducing the mistrust and doubt and there is a definite trend towards perceiving the corporate CSR actions in a positive manner. There is a paradigm shift from skepticism to objectivity, bridging the gap between the two. In the world ethics still occupy an important place in the society and draws the boundaries for the businesses to function. It lays down normative behavior for the firms to act on, thereby supporting Pava’s (1996) hypothesis and possibly Freeman (1984), who indicate that there is a normative core that businesses should follow. Morality and ethics guide businesses to become socially more responsible. Consumers in other cultures also are reported as being concerned about the ethical standards of the business organizations, Maignan (2001).

The business enterprise makes use of the resources of society and depends on it for its functioning; it should contribute to enhance the welfare of the society. The society expects businesses to discharge CSR activities. Moreover, liberalization of Kazakhstan economy has reduced the regulatory framework imposed by the state. In this kind of economy, society takes a positive view of CSR activities and expects a responsible and ethical behavior from the corporations.

Thus Kazakhstan needs a collaborative strategy for economic growth, where the society and the corporate sector work together for enhancing the effectiveness of CSR and reducing the skeptical view point of society.

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TRADE AGREEMENTS AND THEIR IMPORTANCE TO KAZAKHSTAN

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1. Introduction

Today every country thinks about increasing efficiency through free trade. Free trade is a system in which the trade of goods and services between or within two or more countries flow unconstrained by government-imposed restrictions [1]. Such government interventions generally increase costs of goods and services to both consumers and producers. Interventions include taxes and tariffs, non-tariff barriers, such as regulatory legislation and quotas. Free trade opposes all such interventions. One of the strongest arguments for free trade was made by classical economist David Ricardo in his analysis of comparative advantage.