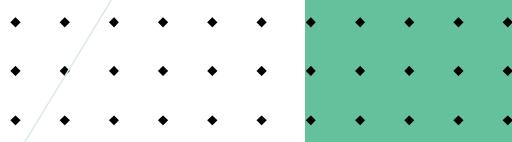


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Conceptual Basis for Forming the Competitive Resource Model in Kazakhstan

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Abstract

Goals and objectives of the research are to analyze and systematize the existing approaches to the study of the competitiveness of human resources and identify the suitable ones as a basis for formation of competitive human resource model for Kazakhstan.

Methodology: the analysis and synthesis methods are used in research. The authors analyzed the different explanations and definitions of the concept of competitive human resources and studies the various approaches of identifying it.

Results/Findings directed to develop the theoretical mechanism of the competitive specialist creation, considering the major priorities and requirements for skilled employees in the labor market.

Novelty, originality, and value of the study are determined by worldwide changes in the development of the economy and the actions of Kazakhstan in realization of these processes. These changes make the State obliged to create a necessary concept of increasing the competitiveness of national human resources, considering the development priorities and the country's needs for qualified specialists. Theoretical or practical implications are the staff competitiveness, the readiness to adaption of using and applying the latest technologies, and those are considered as major issues of the paper. The measures of these are defined by the map of four directions. Each of these directions are discussed in detail and the outcome of the measurements are described as a whole for a practical use.

Keywords: competitiveness of national human resources, employment, education, labor market

Introduction

In modern conditions of the world economy, its digitalization and increasing role of innovation, the top question that has to be solved to reach the success is high level of human resources quality of a country. Competitive specialists are not only in demand at the labor market, but also in high scarcity for organizations and the state, as they help businesses to grow faster and make contribution to the competitiveness of a whole national economy through their effective work (Kvasnikova & Zhuchkevich, 2013).

Worldwide changes in the development of the economy and the actions of Kazakhstan in realization of these processes makes them obliged to create a necessary concept of increasing the competitiveness of national human resources, taking into account the development priorities and the country's needs for qualified specialists. The development and training of the qualified specialists should be performed by using the policy on creating the sufficient conditions to get the high professional level in the most demanded professions in accordance with the common world standards and new advanced technologies.

The policy in the field of training and retraining of qualified personnel should be aimed at creating conditions for raising the professional level in the most popular and promising professions and specialties in accordance with the best foreign standards and advanced technologies. The formation of practical skills, the organization of highly productive and competitively paid job places, raising the share of effective employment population and the implementation of technological modernization, etc. are also the important courses of action.

The object of the paper is to analyze and systematize the existing approaches to the study of the competitiveness of human resources and identify the suitable ones as

a basis for formation of competitive human resource model for Kazakhstan. The methodology applied to reach the given objective is the analysis and synthesis methods.

Literature Review

Based on the recent actual literature, competitiveness is a multilevel, multidimensional concept that characterizes the dynamic state of the assessment subject, determined by the set of competitive advantages and expressed by the ability of withstanding competition in the market relations system in identified period of time (Gerasimova, Gerasimov & Sizikin, 2018).

The category of competitiveness is also applied to social and labor fields of study, and has become widely used in the scientific literature and for the purpose of denoting the various properties and characteristics of the subject of labor.

Based on the analysis of the literature sources, the several approaches of the competitiveness of human resources were identified. From the point of formation and scope of manifestation, the competitiveness of human resources is considered at three levels: macro level, micro level and ego level (Vakhovskiy, 2014; Sotnikova, 2006; Yanchenko, 2011).

The first approach considers the ability of employee to keep his position in the competitive labor market, the second one is for the sufficiency of employee quality to the requirement of employers, the third approach requires the abilities of reaching high individual results at work by using the gathered qualities and personal uniqueness. There could be a mix of these three, as it is written in the works of Telegina and Pylayev (2015).

Competitiveness of employees is identified as the quality of workers, which meets the requirements of market demand for the functional quality of labor work (Chapman, et al, 2018). It is considered as the indicator of selection of hired workers by their level of potential and real effectiveness of work and abilities of professional

development (Golenkova, Kosharnaya & Kosharnyy, 2018). This selection is realized from the view of sufficiency of human capital to the quality of the labor.

In addition, there is the aspect of considering the competitiveness of working population and human resources, the human resources wider than just a working resource concept. As it is studied, human resource from the quantitative side is the working aged population, while from the side of quality it is working potential of a region. It means, that in the first concept the author considers all the population, in the second consists of not only the working potential, but also the qualities like abilities that could be realized out of the working sphere, and in the conditions of human resource development environment (Lin, Wang & Jaw, 2017).

Thus, a competitiveness of human resources has different definitions and explanations: it could be different due to the conditions like changes of the external factors, which in turn could change the requirements of employers to human resources. By taking into account the volatility of the modern economic state, this field of study is actual to find the influencing factors and the solutions of improving the situation (Mironov, 2014).

Methods

The assessment is based on 4 main indicators like quality of basic literacy and math skills (PISA score); use of technology in education; access to lifelong education opportunities; relevance of the education system for the needs of the economy.

The second direction is the readiness of the employment system and social protection, which are measured by three indicators as labor market flexibility (ease of hiring and reduction), security, cooperation between employers and employees.

The next significant direction is a stakeholder engagement. It is measured by the relationship between business and government. The development of the lifelong education system involves learning by using online education platforms, the interaction of enterprises, trainers, educational institutions, government agencies.

The fourth main direction is the level technological competence, which consists of seven indicators: the use of virtual work (freelance work, distance work); use of online social networks; personal innovation (generating ideas by employees); degree of intercompany cooperation; degree of collaboration; entrepreneurial spirit and delegation of authority.

Evaluation of all indicators of adaptation to the latest technologies, modernization of the education system, and the acquisition of necessary skills throughout life allowed us to define 9 countries as an excellent example: Switzerland, Singapore, Great Britain, Denmark, the Netherlands, Ireland, Canada, New Zealand and the United Arab Emirates (Alex, 2006).

Findings

The core direction of Kazakhstan in formation of competitive national human resources is by developing the innovative economy. The responsible side for realization of this strategic plan should be highly qualified specialists. It is very actual to ensure the performance level of competitive high education graduates and the young specialists, who are more flexible to changes in innovations and capable to introduce the latest achievements of science and technology. They should generate and share with fundamentally new knowledge and skills.

It is impossible to accelerate the pace of economic development, the transition to a knowledge economy and improvement of the population's life quality through the use of new digital technologies, as well as creating the conditions for the transition of the economy of Kazakhstan to a fundamentally new model of development without a progressive national education system that meets international standards to perform the competitive specialists.

The new requirements for human capital in modern conditions on performing the highly qualified specialists consider the development of up to date policy of increasing the competitiveness level of national human resources as the state for balancing the labor market, achieving the economic growth and ensuring the quality of population's life.

The competitiveness of human resources is defined as the quality of the labor force, meeting to the needs of the labor market and jobs requirements. This indicator is for the selection of the most suitable employees in terms of their potential and actual labor productivity and ability of obtaining professional development and the compliance of human capital with the quality of their performed work.

It is also important to understand the classification of employees based on the level of qualification. The first group of employees consists of those, who are highly qualified specialists, including general training and special education. The second one are the group of specialists, who are low-skilled. This group includes the specialists, who took up to two-month short term training courses at the workplace and the employees with the lowest possible qualification level. The last group consists of unskilled employees, who do not have even the lowest level of general education, special training and are limited with a minimum requirements of learning safety and production instructions at workplaces.

The system of human resource competitiveness represents the next points:

- basic indicators of the socio-demographic, psychophysiological and motivational characteristics of the employees, which determine their level and content of knowledge, skills and abilities.
- own indicators of employers based on their preferences to the labor force and the quality of performed work, the demand for ability to work, the possibility of increasing the profitability of operational process, the easiness of perception of new information, the growth of professional knowledge, self-investment in human capital, the potential for communication (Mironov, 2014).

The competitiveness of human resources is determined by the competitiveness of individual employees and the groups of employees in the production and commercial processes. At the same time, the employer achieves its goals (increasing the competitiveness of a whole organization: getting a profit) by fully using the competitive advantages of employees, who are interested in improving individual competitiveness.

A competitive specialist has such professional and personal qualities, that give him certain advantages over other candidates in the process of hiring. The noted advantages include activity in the search for one's professional “niche”, the desire for professional socialization and entry into the professional environment, the acquisition of professional experience, reaching the standards and values of the profession

The basis for professionalism is formed throughout the life in various forms of professional education, but a person should work on the development of a professional specialist by himself, choosing individual standards and strategies for professional behavior and development. The mechanism of creating a competitive specialist can be represented as a set of his qualities, which show his professional, social and personal competence and ensure the successful completion of tasks, his self-training and self-development, taking into account the dynamic development of the organization and society as a whole. Theoretically, the mechanism of a competitive specialist can be represented as follows (Figure 1):

The mechanism of developing a competitive specialist			
The level of general education			
The level of professional education			
<i>Professionalism</i>	<i>Competencies</i>		
The highest level of knowledge, skills, systemic organization of the psyche with a social orientation, attitude to the outside of the world, to people, to the profession.	Knowledge, experience, set of powers, rights of a job position.		
Components of professionalism	Adaptation to the profession - the primary assimilation of norms, technologies and mentality (way of thinking, lifestyle according to the chosen profession).	Components of competencies	Professional competence is a degree of manifestation of professionalism, knowledge, personal and moral categories, which correct the level professional growth.
	Self-actualization in choosing profession –meeting the professional standards.		Competence of communicating is as a “third

	Being a master in profession - harmonization of a person with the profession, following high standards.		whale", requirement for a successful specialist: - ability of making productive dialogue; - managing the emotions, feelings, behavior; -the ability to predict possible tense interpersonal relationships; - the ability to adequately get out of the conflict; - the ability to choose the best communication style in business cases
Social adaption and socialization of personality			
Social environment	Personal qualities		Initiative and self-discipline. Arrangement and busyness Ability to self-analysis and decision making Dignity and personal responsibility. The ability to protect own rights and freedom

Figure 1. The mechanism of developing a competitive specialist

The questions concerning the rising of competitiveness of fresh graduates from high education is in top list of significant issues in the context of ensuring the competitive advantage of national economy. At the same time, the high competitiveness of young specialists in the labor market should contribute to the growth of their incomes, increase the level and quality of life and the formation of the middle class in the country. The solution of given problem on increasing the competitiveness as a driving factor of ensuring the national competitiveness could be found based on the strategic management and planning, which means the significance of developing a sufficient concept.

An important problem of staff competitiveness is the readiness to adapt to using and applying the latest technologies. The measurement of this is identified by the map of four directions: the first one is the readiness of the education system.

Conclusions

Meeting the needs of the labor market on qualified and competitive human resources is possible with the development of multi-education system, which covers the second education, advanced training, retraining, change of profession, the formation of digital skills).

Thus, the government policy of ensuring the competitiveness of national human resources should be based on the following principles:

- 1) Equal rights to get free general education, professional training, access for the most talented children to special and higher education in elite schools and universities on a competitive basis.
- 2) Compliance with international norms and standards, ILO recommendations in the field of professional training, demand in labor markets.
- 3) The education, professional training and advanced training of employees should be carried out as far as possible on the basis of public-private partnerships.
- 4) Development of conceptual basis for improving the competitiveness of national human resources as a condition for the balance of labor market resources and work places involves the determination of goals, objectives, strategies, priorities and directions of the government policy and mechanisms for its implementation, including the development of the main directions of state policy on the formation of competitive personnel by creating conditions for professional education that meets international standards, ensuring productive employment, ensuring a balance of labor resources and jobs.
- 5) Performing the measures of organizing training by taking into account the new structure of employment.
- 6) Improving the quality of education of universities through the modernization of educational programs and staff. A universally recognized and promising

direction for modernization of the education system is a competency-based approach of updating the state educational and professional standards. The necessity of using this approach is well founded. The launching of new technologies, the development of the digital economy, the formation of a global market for educational services and scientific developments, etc. have a serious impact on the labor market.

- 7) Introduction of a modular competency-based approach to the development of new educational programs and updating the content of educational standards in accordance with international requirements and the needs of employers in perspective and highly demanded specialties.
- 8) The admission (graduation) of students to advanced training programs.
- 9) The reduction in the share of non-working and non-studying youth in the total number of youths.
- 10) Development of measures to involve employers in training of their employees.
- 11) Ensuring the equal opportunities for getting access to professional training infrastructure in regions, urban and rural areas.
- 12) Introduction of a system of guarantees for youth employment, including full access to information in employment centers, in educational and professional training institutions using the media; developing partnerships between employers and labor market institutions (employment services, various levels of government, trade unions and youth services) in order to expand employment opportunities, training and internships for youth.

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The Impact of Kazakhstani External Debt on the Economy of Republic

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Abstract

The purpose of this article is to analyze the dynamics and structure of the external debt of the Republic of Kazakhstan. This article analyzes the prerequisites for increasing and the current state of the external debt of the Republic of Kazakhstan, which from the point of view of the country's economic security are the most significant.

Regarding methodology, we used system, logical, comparative-analytical, expert methods, as well as methods of generalization, grouping, analysis and synthesis. The provisions and conclusions are illustrated by statistical data presented in tables, diagrams, accompanied by references to scientific literature and legal acts.

The results obtained allow us to give clear recommendations that can contribute to the creation of an effective, more advanced system for managing the external debt of the Republic of Kazakhstan. The proposed recommendations will directly affect the removal of excessive burden on the Kazakh budget and the release of financial resources to address current economic and social problems of the country.

The novelty of the article research as a whole lies in clarifying the theoretical foundations and key methods of the external debt management system of the Republic of Kazakhstan, taking into account factors of the external and internal economic environment.

The significance of these studies lies in the development of conclusions and recommendations that can contribute to the creation of an effective, more advanced system for managing the external debt of the Republic of Kazakhstan.

Keywords: external debt, gross domestic product, net external debt, foreign currency in cash, exports of goods and services for the period.

Introduction

One of the most pressing problems at this stage of economic development of our country is the lack of a state policy to regulate the process of formation of gross external debt of Kazakhstan.

The future of the entire country and sustainable social, political and economic growth depend to a large extent on the level, composition and structure of external debt. Optimal formation of Kazakhstan's external debt and its effective servicing will reduce external debt without hindering internal development processes in the state.

In recent years, in our Republic, with the gradual reduction of obligations on state and state-guaranteed external debt, there has been a steady trend of growth of the non-guaranteed part of the external debt. These dynamics is due to the borrowing operations of second-tier banks and enterprises, as well as the growth of inter-company debt that is not secured by state guarantees. Domestic banks and large companies, taking advantage of good conditions for borrowing, continue to increase the volume of attracting resources from foreign financial markets.

The main drawback of external borrowing is that high payments for repayment and servicing of external debt divert financial resources from the real sector of the economy, and late repayment of external debt has dangerous consequences for the country's economic security. The size of the Republic's gross external debt is approaching the size of its GDP. Payments for repayment and servicing of foreign debt, which already amount to billions of dollars a year, are growing every day. At the same time, the country's financial market has been experiencing excessive

liquidity and a shortage of financial instruments for investment in recent years. All this makes it necessary to significantly improve the system of formation and effective servicing of Kazakhstan's external debt.

The great practical significance, insufficient elaboration of issues of formation and effective servicing of external debt in relation to the conditions of Kazakhstan and its impact on the economy, the lack of practical recommendations determined the choice and relevance of the topic of this article.

The analysis of the works of domestic and foreign authors shows that the theoretical and macroeconomic aspects of the impact of the external debt of the Republic of Kazakhstan on the economy of Kazakhstan are insufficiently generalized and developed.

Literature Review

Abishev (2009) contented that “prospects for the national economy during the global economic crisis” (p.83). Atkinson (1995) argued that “argued a systematic description of the fundamental consequences of the economic activity of the government and the relationship with social objects” (p.152). “The role of strategic risk planning in the investment management system of the economy” found by (Chelekbay, 2007). He stated “About economic justice and welfare for all” (Erhard, 2001), but he didn’t go into much more detail.

James (1986) discovered the following: On the one hand, inflation diverts resources from production to economizing of cash holdings. On the other, those same economies create extra room for capital in the portfolios of finite-horizon savers; and seigniorage from inflationary money creation permits tax reductions favorable to accumulation of wealth and capital.

Kaldybayev (2010 contented that “the main trends in the development of the Republic of Kazakhstan and its place in the world economy. It presents the analysis of the geo-strategic position of Kazakhstan and the country's prospects of joining 50 most competitive countries in the world. the main trends in the development of

the Republic of Kazakhstan and its place in the world economy. It presents the analysis of the geo-strategic position of Kazakhstan and the country's prospects of joining 50 most competitive countries in the world". Kamshibaev (2013) argued "The principles of the organization and implementation of customs administration, as well as features of its elements: customs control, customs examination, audit and assessment, risk management in the field of customs, etc." (p.224). He revealed, "the stages of formation of the development of market relations, pays special attention to the development of theoretical foundations and the functioning of a mixed economy, the transformation of relations and forms of ownership, the problems of sustainable development and the formation of a new production structure" (Koshanov, 1997). Kuznetsov (2001) found that "investigated the evolution of the function of the International Monetary Fund for the regulation of world economic relations, the global monetary system. The asymmetry of regulation, the transformation of the Fund into a world development bank are shown. Particular attention is paid to the impact on global economic relations through credit relations with borrowing countries" (p.432).

Lushnina and Nikolaichuk (2020) noted that "approach to studying the problem of external debt. The mistakes of institution building, and most importantly, their correction every year are becoming more expensive for Russian society. In this regard, the study of external debt problems through the prism of features that affect the institutional efficiency of the economy, explains and justifies the growing interest in such studies" (p.132). Mamyrov, Madiyarova and Kaldybayeva (1998) found "The urgent problems of the theory and practice of state regulation of the economy are investigated and contains the main results of their scientific generalization. The main attention is paid to the reasoned statement and coverage of relatively new issues of scientific and conceptual foundations, principles, mechanisms of economic regulation and a combination of various business models" (p.248). Mokhnatkina (2013) contented that "main categories and concepts are described that characterize the features of the organization and development of the government securities market and the public debt management system" (p.518). Primbetov (2000) contented "problems and contradictions of the integration

processes of Central Asian states. Regional integration is characterized as an uncontested path to stability, progress, economic and military-political security, as well as to the growth of Central Asian authority in the world community" (p. 504). Romanova and Ivanova (2019) noted "The purpose of the study is to identify the main trends in the dynamics of external corporate debt indicators of a group of high-income countries, a group of low and middle-income countries, including the Russian Federation as its component.

The theoretical significance of the work lies in the applicability of the findings in the training of students of economic specialties, as well as in the conduct of research projects on the world economy and international finance", (Lambert Academic Publishing. 109-181). Sakhanova (2013) found that "Securities play a significant role in the payment of the state, in mobilizing investments. The combination of securities in circulation forms the basis of the stock market, which is a regulatory element of the economy. It facilitates the transfer of capital from investors with free cash resources to issuers of securities. Thus, the stock market as an instrument of market regulation plays an important role" (p.143). Sabden (2007) contented that "a comprehensive analysis of the problems of the competitiveness of the national economy, the parameters of the formation of the national model of Kazakhstan's competitiveness in the global economy are considered. The evolution of theoretical views on the problem of global competitiveness of national systems is presented" (p.174).

Sarkisyantsa (1999) found that "a comprehensive analysis of the system of international debts, explores the problem of Russian debt as an integral part of this system, and also examines all the instruments for managing external debt based on world experience and taking into account national specifics" (p.352). Vavilov (2010) contented that "the content, current status and role of public debt; the essence and fundamentals of the functioning of the debt market; essence, methods and tasks of public debt management" Zaripov (2019) contented "regulation of the extent of government intervention in the economy and the disclosure of the causes of the debt crisis in the US, EU, developing countries. Based on the research, the

author formulates a number of conclusions and practical recommendations for the formation of modern systems of internal and external debt management in the face of a deteriorating political situation”.

Zlatkis (2008) argued that “The existing problems of timely repayment and servicing of public debt are especially noticeable in the conditions of modern crisis phenomena and stagnation of the national economy. Concrete examples of setting goals, objectives and parameters of debt management are given, and the need for institutional changes and preparation of changes in the current regulatory framework for the full resolution of problems in the process of public debt management is emphasized” (p.37).

Methodology

The research methodology is based on General scientific methods of knowledge, principles and criteria of objectivity in their versatility and inconsistency, based on the totality of works of domestic and foreign scientists, statistical indicators that correspond to the truth and General laws of state and socio-political development at the historical stage under study.

Findings and Analysis

One of the most pressing problems for Kazakhstan is the presence of a significant amount of external debt, which has a direct impact on the country's economic growth rates, as well as on all areas of state policy. Research has shown that there was no systematic approach to managing external debt in Kazakhstan. The lack of an effective system for monitoring external borrowings and proper control over their placement within the country has created a threat to the national economic security of the Republic of Kazakhstan (Primbetov, 2000). The structure of the Republic's external debt is still not optimal for its effective management. In addition, huge resources are diverted to servicing the external debt, which exceeds the costs of most major items of the national budget, which significantly reduces

the investment potential and opportunities for economic development of our country (Abishev, 2019).

Global debt in 2019 reached an all-time high of \$188 trillion. The last time such indicators were only during the Second world war. On the contrary, Kazakhstan's external debt shows a downward trend.

According to the IMF, the volume of world debt has reached 230% of world GDP. At the same time, the total national debt reached its highest level since the 1980s (Vavilov, 2010).

Global debt growth has accelerated somewhat in recent years. The expert connects what is happening primarily with the monetary policy of the world's leading Central banks – it is characterized by extreme, and in some cases even unprecedented softness (Buchanan, 1996). The implementation of this policy began during the struggle with the global crisis of 2008-2009 since then, the rates of attracted financing on the global money market have been very low, even negative. This created the conditions for a sharp increase in borrowing and, as a result, the growth of debt (Sakhanova, 2013).

Officially, the national debt of Kazakhstan under the government line is less than \$40 billion. According to the expert, this figure is not critical, since it is about 20% of GDP and much less than \$160 billion, which includes the country's debt on private foreign investment.

Meanwhile, the existing statistics do not provide all the indicators that are included in the recommendations on the balance of payments methodology [BPM] from the IMF (Tverdokhlebov, 2012).

Let's consider the dynamics of the VVD of the Republic of Kazakhstan for 2000-2019 (figure 1.)

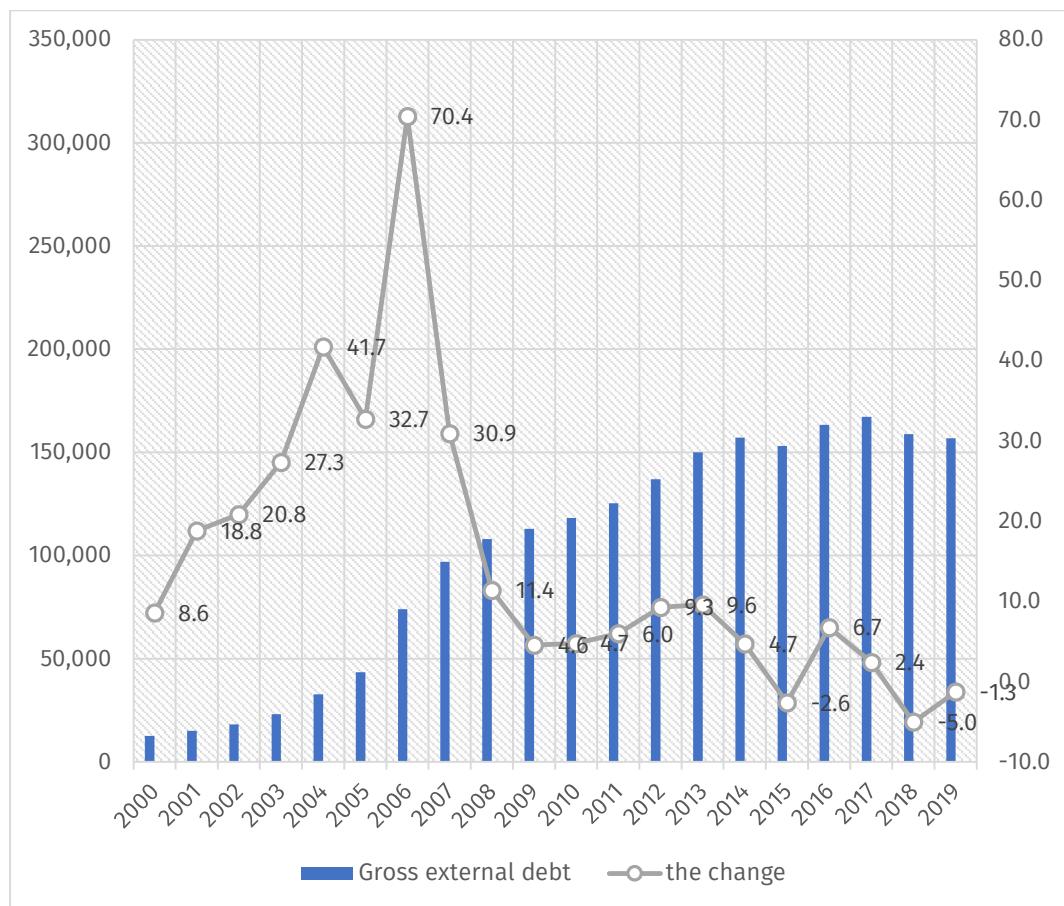


Figure 1. Dynamics of the VVD of the Republic of Kazakhstan for 2000-2019.

Note - calculated by the author based on Espaev and Nurlanova (2012).

Figure 1 shows that over the past nineteen years, gross external debt has increased by us \$ 144,168 billion, or 12.4 times. According to the information published on the website of the National Bank of Kazakhstan, the first jump in the growth of external debt was recorded between 2005 and 2006, when it grew by almost 70.4 %. Previously, it grew from 2000 to 2005, but at a low rate.

The country's foreign liabilities have decreased over two years, with a record figure of \$168.59 billion at the end of the third quarter of 2017. The main contribution to the reduction of Kazakhstan's external debt was made by reducing inter-company debt by \$7.3 billion. And this happened directly due to the component "obligations of Kazakhstan enterprises to foreign sister enterprises", the amount of which decreased from \$17.9 to \$11.3 billion in the specified period. In other words, Kazakh

companies with foreign participation have become less indebted to their foreign affiliates. There was also a reduction in banks' external debt by about \$2 billion (Espaev, 2012). At the same time, the government's external debt increased by 0.5 billion.

The reduction of external debt is generally a positive trend, since it means a reduction in debt service payments, and this has a positive effect on the balance of payments: less currency is being withdrawn from the country to pay interest, which, in turn, contributes to the stabilization of the tenge exchange rate (Mamyrov, Madiyarova & Kaldybayeva, 1998). In Kazakhstan, the scale of external debt reduction is insignificant – it has decreased by 6.4% in two years, and, according to experts, this is not enough to have a noticeable impact on the macroeconomic situation, for example, on the same balance of payments.

Let's look at the dynamics of the gross external debt-to-GDP ratio for 2000-2019 (figure 2).

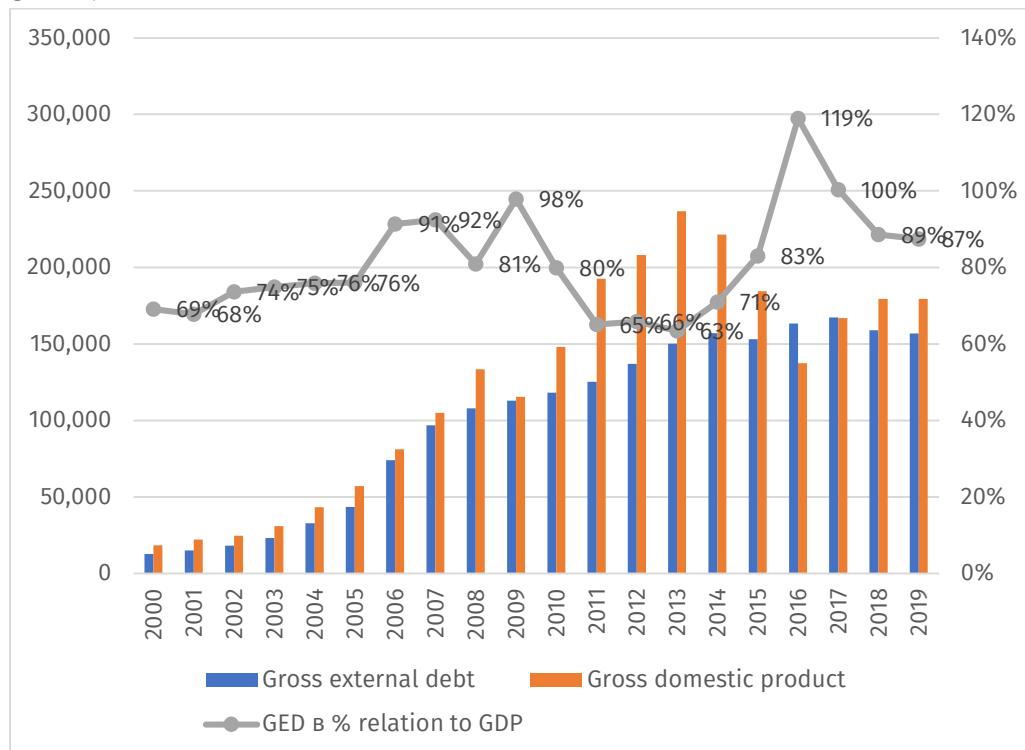


Figure 2. Dynamics of the ratio of gross external debt to GDP

Note-calculated by the author based on Espaev and Nurlanova (2012), Primbetov (2000).

Thus, according to the National Bank of the Republic of Kazakhstan, as of January 1, 2020, the country's external debt amounted to 156.8 billion US dollars or 87% of GDP. However, according to the calculated data based on the data of the Committee on statistics, there is a trend of growth of external debt in absolute terms, the decrease in the percentage of external debt to GDP is due to an increase in GDP indicators for 2019. At the same time, according to data published on the official website of the National Bank of the Republic of Kazakhstan, over the past nineteen years, there has been an extremely negative trend in.

Consider the external debt of Kazakhstan by country for 2019 in billion US dollars (figure 3).

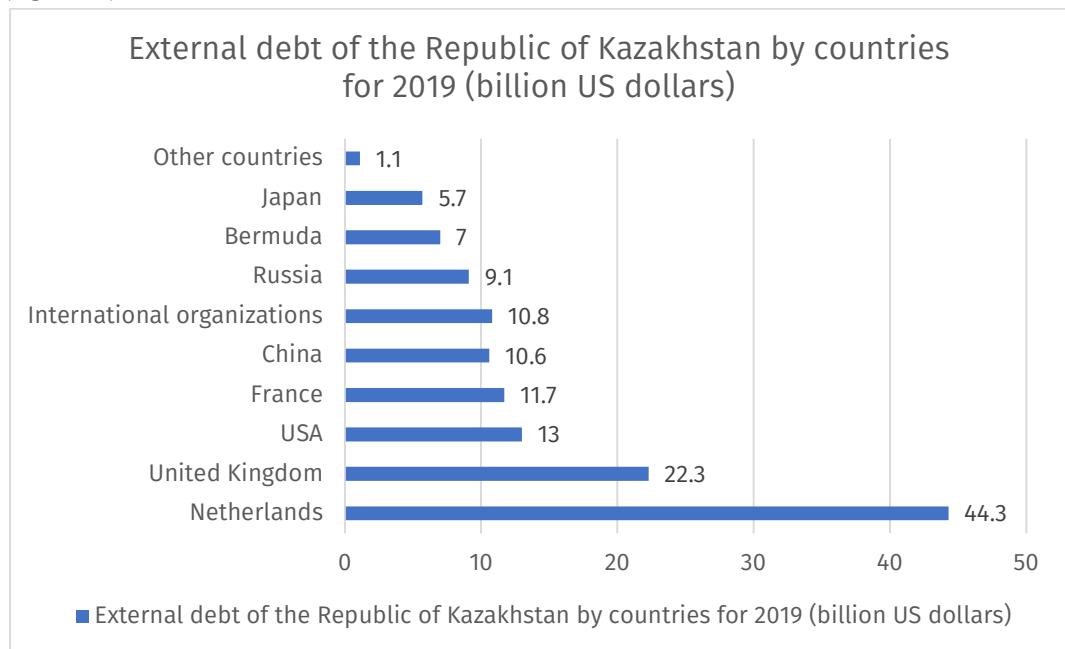


Figure 3. Dynamics of the ratio of gross external debt to GDP.
Note-calculated by the author based on Espaev and Nurlanova (2012).

Figure 3 shows that China is only in fifth place among Kazakhstan's investor countries [as of January 1, 2020]. Kazakhstan owes the Netherlands the most – 44.3 billion US dollars, almost a third of the country's total external debt, which almost entirely consists of inter-company debt. Over the past 12 months, the country's debt has decreased by \$3.8 billion.

The largest amount of debt of the public administration sector among the investor countries to the UK is \$6.47 billion, the total amount of external debt to the country was \$22.3 billion. For the year, the figure increased by \$2.83 billion. Obligations to Bermuda [an overseas territory of the United Kingdom] also increased by \$2.12 billion, up to \$7 billion (Lushnina and Nikolaichuk noted (2020)).

The three largest creditors of Kazakhstan included the United States. As of January 1, 2020, the debt to the United States amounted to \$13 billion, mainly the obligations of domestic enterprises to foreign companies (Kamshibaev, 2013).

Next are France and China, to which the Republic of Kazakhstan owes \$11.74 and \$10.6 billion, respectively. At the same time, the debt to France is mainly corporate debt. More than half of the obligations to China are owed by other sectors [which ones are not specified], and 11% of the external debt to China is guaranteed by the state (Makvill, 2010). The country's top ten creditors also include international organizations, the Russian Federation, Japan, and Hong Kong.

Let's consider the structure of external debt by sectors of the economy of the Republic of Kazakhstan in %, for 2019 (figure 4).

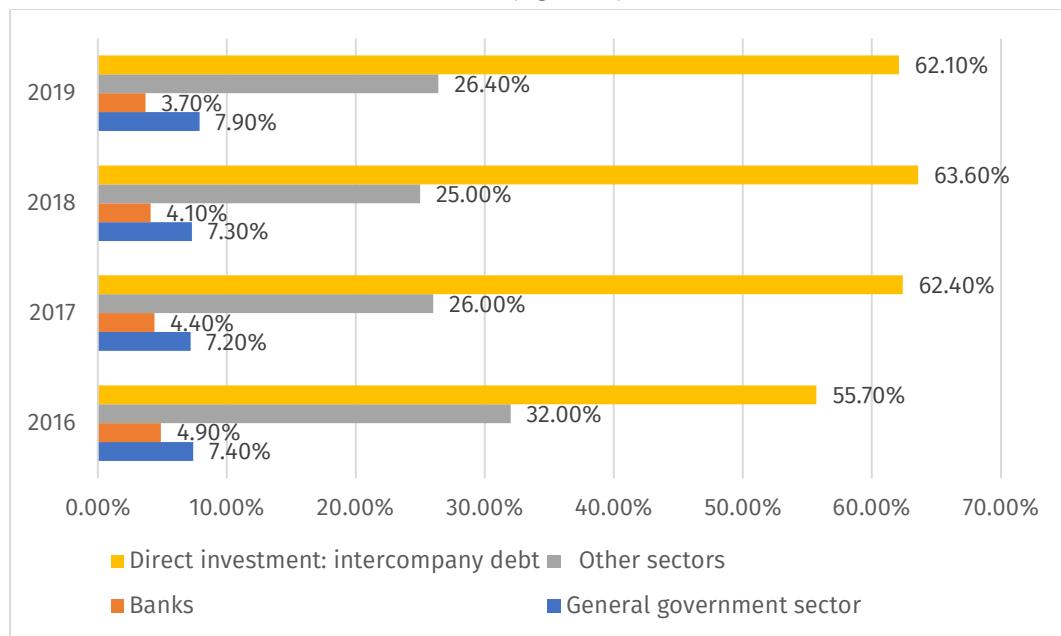


Figure 4. Structure of external debt by sectors of the economy of the Republic of Kazakhstan (%) for 2019. Note-calculated by the author based on Espaev and Nurlanova (2012).

Figure 4 shows that direct investment accounts for the largest share [62%], while banks account for the smallest share [4%].

Consider the external debt by industry in the Republic of Kazakhstan for 2019 in billion US dollars (figure 5).

Figure 5 shows that the largest external debt by sector of the economy of the Republic of Kazakhstan is the mining industry [83.6 billion US dollars], and the smallest financial and insurance activities [7.4 billion US dollars]. There is also a growing trend in the external debt of the manufacturing industry, namely in the production of coke and petroleum products, production of coke and petroleum products, and the metallurgical industry and the production of finished metal products, except machinery and equipment.

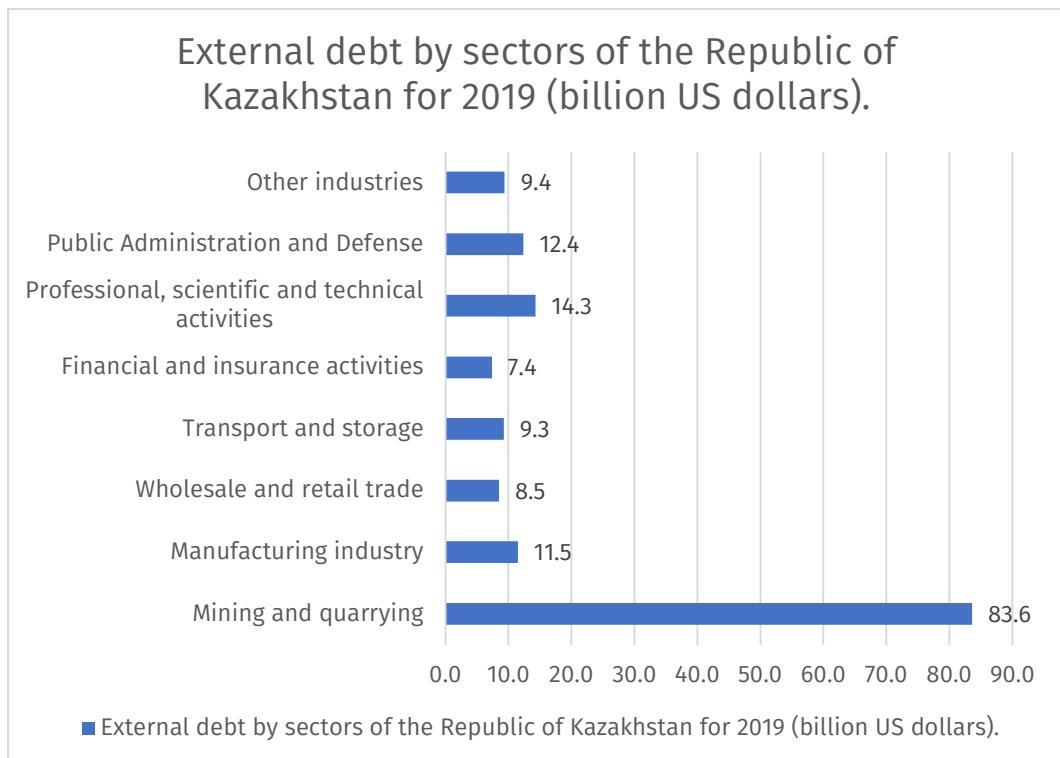


Figure 5. External debt by industry in the Republic of Kazakhstan for 2019 (billion US dollars).

Note-calculated by the author based on Espaev and Nurlanova (2012).

With the growth of external debt, the volume of payments for repayment and servicing of external debt is also growing.

Let's look at the dynamics of payments for repayment and servicing of long-term external debt in 2019 in US \$ billion (figure 6). Figure 6 shows that payments to repay and service long-term debt over the past fourteen years have increased by us \$ 22.8 billion [including inter-company debt] and us \$ 13.3 billion [excluding inter-company debt]

Let's consider the dynamics of indicators of external debt sustainability of the Republic of Kazakhstan for 2005-2019, %. (figure 7).

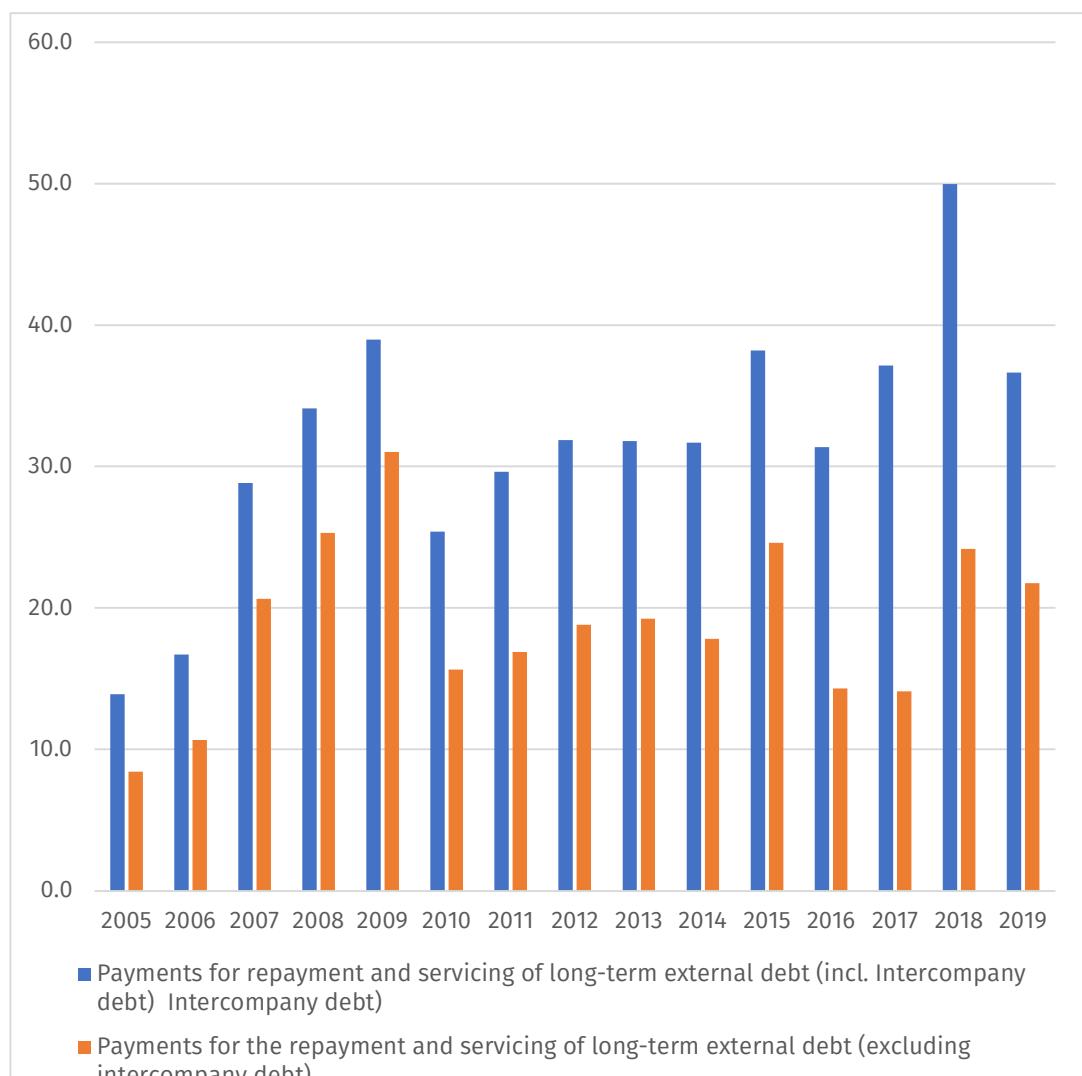


Figure 6. Dynamics of payments for repayment and servicing of long-term external debt for 2005-2019, US \$ billion

Note-calculated by the author based on Espaev and Nurlanova (2012).

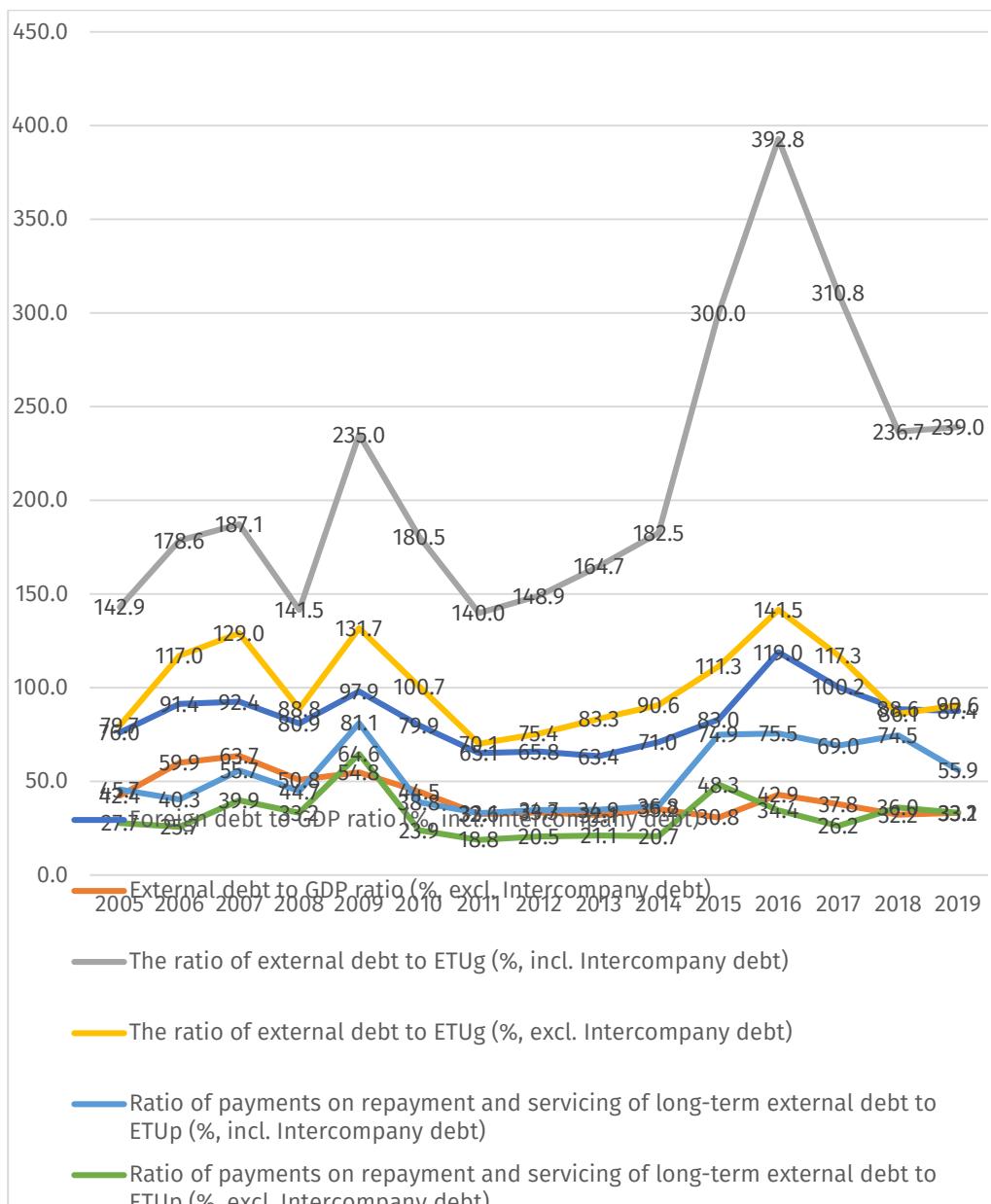


Figure 7. Dynamics of Kazakhstan's external debt sustainability indicators for 2005-2019, %.

Note-calculated by the author based on Espaev and Nurlanova (2012).

Figure 7 shows that over the past fourteen years, external debt sustainability indicators have been at a safe level, but this indicator is at the upper limit of the security limit and a further increase in payments for repayment and servicing of long-term external debt will lead to a violation and stability of the external debt.

Another important indicator of external debt sustainability is the ratio of external debt to exports of goods and services.

This indicator allows us to judge how much a country is able to implement the classic scheme of external financing: to cover its external debt with foreign exchange income from national exports.

It is obvious that the lower this indicator is within 100% of export revenue, the better off the country is as a debtor. For countries that do not have difficulties in repaying external debt, this figure is 10-20%. For traditionally troubled debtors, it is more than 500%. A distinctive feature of this indicator is that when the critical level of 275% is exceeded, the country's external debt is partially or completely written off.

Analyzing the data shown in figure 7 excluding inter-company debt, Kazakhstan's external debt sustainability is within acceptable limits.

The indicator "Ratio of payments for the repayment and servicing of long-term external debt to ETUP" is otherwise called the debt service rate [DL] is considered the most important for the analysis of the state of solvency.

The threshold is considered to be a 20-25% GCD [however, a number of countries managed to spend more than 40% of the amount of exports of goods and services on debt repayment, while others did not maintain a GCD below 10%].

Interest payments are highlighted. Their size is related to GDP and exports. They give an idea of which loans [expensive or cheap] are used to generate external debt. Interest payments can fluctuate significantly if a lot of floating-rate loans are involved (Krasieva, 2016). In addition, the settlement of external debt usually pushes back the repayment period for the main debt, and the payment of interest does not stop.

Kazakhstan's external debt has several components. When a foreign oil company brings equipment to Kazakhstan, it is written into the debt, which will be paid

gradually out of the company's profits. This is an unpleasant debt, since it reduces taxes paid to the government, but it does not threaten a crisis (Kaldybayev, 2010). It happens that a foreign company is not sure of the profitability of its investments and makes them under a letter of guarantee from the government. This type of debt is more dangerous, and worst of all, we don't know the exact size of these debts.

Official statistics do not show loan terms, terms, and interest rates by country. As a result, we cannot analyze which loans are profitable and which are not. There is no breakdown of which debts we have attracted at a floating interest rate, and which at a fixed rate. The floating interest rate can change over time and depends on the global LIBOR rate.

The lack of sufficient information distorts the objective picture of the country's debt, which is why the President of Kazakhstan, Kassym-Jomart Tokayev, instructed to make public information about the external debt.

"We need to stop speculating about the excessive debt of our country to external creditors. In this regard, until April 1, 2020 NEM RK and MF RK and the national Bank should develop a unified registry of external debt in the form of digitized database," said Tokayev at the II meeting of the National Council of public confidence in the President.

It is important that the new register not only consolidates the existing information, but also aims to fully comply with the recommendations of the IMF on foreign debt statistics. the new register should contain detailed information on all external debts of state companies, the government and the national Bank – with attached documents describing the terms of the loan, that is, the full text of the loan agreement itself.

If all this information is included in the new register, then only in this case will it help to increase the transparency of state finances and ultimately increase the confidence of citizens in the issue of attracting foreign loans, especially loans from China, which cause an emotional reaction from the society, the expert believes.

Discussion

An important element of the system of functioning of international economic relations is the external debt, which has a huge impact on the country's economy. Foreign debt of a state is the total monetary obligations of a country that are issued by foreign creditors.

Foreign loans, on the one hand, contribute to the expansion of international trade, the introduction of new technologies and production, and, on the other hand, exacerbate internal contradictions, increase the risk of a financial crisis. In this regard, the management of external debt is one of the priorities of the state. As the experience of foreign countries shows, an effective external debt management system can ensure the prompt attraction of the necessary amount of borrowing to meet the financial needs of the state, save significant financial resources by optimizing the debt structure and debt service schedules, and minimize the risks of borrowing in foreign currency.

External debt consists of:

1. Public debt — debt that has been occupied by the government of the state, as well as by the National Bank.
2. Corporate debt – the total amount of all loans to all companies and enterprises located in the state.

Today, external borrowing is an integral part of the world economy.

Reasons for Kazakhstan's external debt

1. Integration of the economy of the Republic of Kazakhstan into the world economy
2. Raw material orientation of the economy, which is why there is a significant dependence on world prices for raw materials extracted in the state
3. Untimely and ineffective anti-crisis measures of the government of the country
4. Aggressive credit policy of a large number of commercial enterprises, which has become a factor of significant external debt of the Republic for a short period

5. Excess of available funds and lack of sufficient opportunities for their investment due to the underdeveloped stock market in the Republic, which led to a significant increase in the value of the auction (Kaldybayev, 2010).

Conclusions

In our opinion, based on the results of the analysis of relevant international practice, the most important areas for improving the management system of Kazakhstan's debt should be the following:

- borrow as the relevant needs of the state budget arise and without additional negotiations with potential creditors on the basis of stable and stable relations with investors in the form of special medium-term programs for issuing government debt in tenge and / or foreign currency;
- implement a unified state policy on internal and external borrowings, as well as on public internal and external debt management;
- effectively counteract the possible negative impact of currency exchange rate fluctuations and / or interest rates on public debt repayment and servicing expenditures;
- exclude the possibility of concentration of payments for repayment and servicing of public debt in limited periods of time;
- promptly change the structure of public debt depending on the current economic and financial situation;
- ensure that Kazakhstan's debt sustainability is maintained in a way that eliminates the possibility of liquidity and/or solvency crises;
- prevent the adoption of economically unjustified decisions in the sphere of public borrowing and the implementation of public debt management measures;
- effectively develop and maintain Kazakhstan's secondary debt market;
- produce in real time any necessary forms of reporting on the public debt, as well as on the external debt of the non-state sector of the economy;
- monitor borrowings from the non-state sector of the economy.

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Urbanization Trends and Processes in Kazakhstan

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Abstract

Goals and objectives of the research: the main goal of the research is to analyze urbanization processes occurring in Kazakhstan in the period between 2009 and 2019.

Methodology: the author uses comparative analysis and synthesis via statistics taken from the Committee on Statistics of the Republic of Kazakhstan by the period of 2009-2019. There is a comparison of the share of urban population, unemployment rate and average monthly salary wage in Almaty, Nur-Sultan, Shymkent.

Findings : primarily, there is shown an overview of worldwide trends towards urbanization processes. Main causes of these processes globally and regionally are presented either. Afterwards, diagrams and graphs with main indicators as well as description of urbanization in Kazakhstan can be seen. Then it leads to conclusion. The structure of this paper: abstract, main part (with diagrams and tables), conclusion, references.

Value: The paper reviews the changes of urbanization processes in Kazakhstan. Urbanization today is one of the main trends of the world. Currently the urban population has exceeded the number of people living in rural areas, and this trend will only intensify. Regarding developed countries, it can be seen that 3/4 of the country population tend to live in cities: in the United Kingdom, the rate of urbanization hits 82%, in the USA - 81%, in France - 79%, in Germany - 75%. In

accordance with UN forecasts, by 2050, 6.2 billion people will reside in cities, which will be 66% of the total population of the earth. Therefore

Theoretical or Practical implications: the given research results can be used by governmental committees and implemented for theoretical courses and disciplines towards urbanization.

Keywords: urban population, urbanization, level of urbanization, rural population.

Introduction

The level of urbanization is one of the essential indicators of the social, economic and political development of the country. Urbanization refers (to the population shift from rural areas to urban areas, the gradual increase in the proportion of people living in urban areas, and the ways in which each society adapts to this change. In numerous countries, there is a steadfast trend toward urbanization, which is a natural result of economic development going through the stages of industrialization and post-industrialization.

Nowadays there are about 25 large metropolitan areas on the planet with over 10 million people: São Paulo and Rio de Janeiro, Tokyo, New York, Shanghai and Beijing, Bombay, Jakarta, Mexico City, Moscow and others. The largest city in the world is Shanghai with a population of more than 24 million people.

An important factor in clarifying the importance of urbanization towards state development is a positive impact on economic growth. There is a direct link between urbanization and GDP growth. It is estimated that, on average, for every 5% increase in the number of urban residents of the country, there is a related increase in per capita economic activity by 10%. It can be suggested that in the future there will be competition not of the economies of countries, but of large cities. According to the 'The New Climate Economy' (2018) report, Tokyo's GDP is already larger than Spain's. According to UN data, by 2030, 600 cities will account for 60% of global GDP growth, but the focus will shift to developing countries and their growing urban agglomerations (China, Africa, Asia).

Urbanization provides obvious positive signs and new opportunities for business development, which consists in the centralization of would-be consumers, the presence of demand for a more diversified domain of products and services, which leads to enlarged production and the investigation for new development spheres, as well as the upbuilding of human, financial and information resources. Moreover, the city contributes to the development of entire sectors of the economy: the construction sector, metallurgy, mechanical engineering, automotive, services, banking, information technology, media, etc. At the same time, the rapid growth of cities actualizes the issues of uncontrolled urbanization, which is fraught with a number of manifestations negative trends. In this regard, it is important to understand the need for planning, the use of new technologies and innovations to build the most comfortable urban environment.

The main cause of urbanization is industrialization. Industry located in cities requires workers to function, and industrially produced agricultural machinery and fertilizers make agriculture more efficient and reduce the number of farmers needed for its work. Furthermore, most of urban areas grow due to the decline of rural areas, forcing impoverished rural residents to move to cities looking for a job.

Thereby, main causes of urbanization globally can be highlighted:

- The development of industrial production;
- Development of non-production city-forming activity;
- Intensification of agriculture;
- Cross-functional interaction (integration of various activities);
- The influence of the world economy, the development of international trade.

Literature Review

Urbanization is closely connected with many political processes in the state, therefore it is being studied by many scientists. For example, Adams in his book *The Evolution of Urban Society* (1996) claims that the presence of cities is an indispensable sign of the state. Eric Hobsbawm's book *The age of revolution: 1789–1848* (published 1962 and 2005) chapter 11, stated "Urban development in our period

[1789–1848] was a gigantic process of class segregation, which pushed the new labouring poor into great morasses of misery outside the centres of government, business, and the newly specialized residential areas of the bourgeoisie. A. Levada, L. B. Kogan, A. S. Akhiezer and O. N. Yanitsky are the researchers of the urbanization theories that developed among the Russian-language sources in the 1960s. Already in recent years, Grinin and Korotaev point to the close relationship between urbanization and the evolution of statehood.

Methods

The author uses the traditional methods of comparative and functional analysis, a systematic approach, and induction. Considering the trends of urbanization in Kazakhstan and their impact on key social processes, it is necessary to first assess the extent of this phenomenon. To carry out such an assessment, the author researched the period from 2009 to 2019 (10 years). The main source was statistical data from the Committee on Statistics of the Ministry of National Economy.

Findings and Discussion

According to the *Ministry of Agriculture of the Republic of Kazakhstan*, an analysis of the migration flows of the rural population over the past five years has shown that the level of migration activity of the rural population remains high. This is proven by the negative balance of interregional and intraregional migration of the rural population in almost all regions of the country. The outflow of rural residents from rural areas is a natural process. The main reason is the improvement of their social conditions. People are moving from a countryside with a low development potential to cities with a high development potential. The second reason is the lack of employment. Third reason is that young people leave rural areas to continue their studies at higher and secondary special educational institutions.

Along with high birth rates, rural infrastructure develops poorly, and often falls into decay. In most of rural areas there is no large-scale production. Schools and hospitals are closed in some places. In other regions, people still do not have enough water. There is a lack of specialists in the social spheres like health, education, culture and sports (Nagaeva, 2020).

In the coming years, 90 billion tenge will be allocated from the National Fund to create infrastructure and a rural climate. This is a special project called "Auyl - El Besigi". The need for such a program in our country was discussed back in 2018 (Official information resource of the Prime Minister of the Republic of Kazakhstan). Government decided to create comfortable living conditions in the rural areas.

In Kazakhstan the reasons people move from rural to urban areas are:

- low social conditions in rural areas;
- lack of employment;
- continue study in the universities;
- malfunctioning healthcare system;
- low salaries.

However, some projects arranged by government did not work. For example, the project “With a diploma - to the village”, according to experts, practically did not pay off. Over the eight years of the program, only 3,552 young professionals were directed to the countryside regions. Nevertheless, many of them returned back to the city.

Due to the lack of employment, low salary, undeveloped infrastructure, people are forced to move to the cities. Cities like Almaty, Nur-Sultan, Shymkent are the main directions of migration flow. People migrate to these cities, since they want better social conditions, get education, to be employed.

Today, 57.6% of the country's population lives in the cities of Kazakhstan (Adjusted population of the Republic of Kazakhstan of 2009 and 2019). The biggest cities such as Almaty, Astana, Shymkent have a population more than 1 million people. Shymkent is one of the fastest growing cities with great development potential. In

this vein, the further promotion of Shymkent as a city of a million-plus population and the issues of its development seem relevant.

An analysis of the level of urbanization over the past 10 years has shown that the shares of the urban and rural population of Kazakhstan underwent certain changes both in general and in the regional context. The share of urban population increased by 4.4 percentage points compared to 2009. In the context of regions, an increase in the level of urbanization occurred in most regions, only in some regions there is a decrease in the share of urban population.

To sustain a harmonious development of the country, it is important to identify the optimum level of urbanization. *Strategy «Kazakhstan – 2050»* claims that the share of the population in urban areas should rise to 70%. Currently in two regions of the Republic of Kazakhstan, the level of urbanization exceeds the indicated value. Thus, the share of urban population in Pavlodar region is 70.7%, in the Karaganda region - 79.6%, which is the highest value in the country.

Additionally, one of the seven most crucial systemic reforms of the *Strategic Plan for the Development of the Republic of Kazakhstan until 2025* is the reform of «Strong Regions and Urbanization». As mentioned in the plan, the level of the urbanization development and the urban environment represents the level of the country development as an entire and is an important factor for future development of socio-economic life.

“Strong regions and urbanization” is the economic development of regions by increasing their independence and ensuring equal quality of life for the population, regardless of their place of residence.

As stated in information given by *the Statistics Committee of the Republic of Kazakhstan*, total urban population of Kazakhstan in 2009 was about 8.5 million people. Then in 2019 urban population in Kazakhstan slightly increased by 23%, from 8.5 million to 10.5 million people. Population in cities considered as significant on republican level rose: in Shymkent – from 615 000 to 1 011 511 people, in Almaty – from 1 361 877 to 1 854 656 people, in Nur-Sultan – from 605 254 to 1 078 384 people.

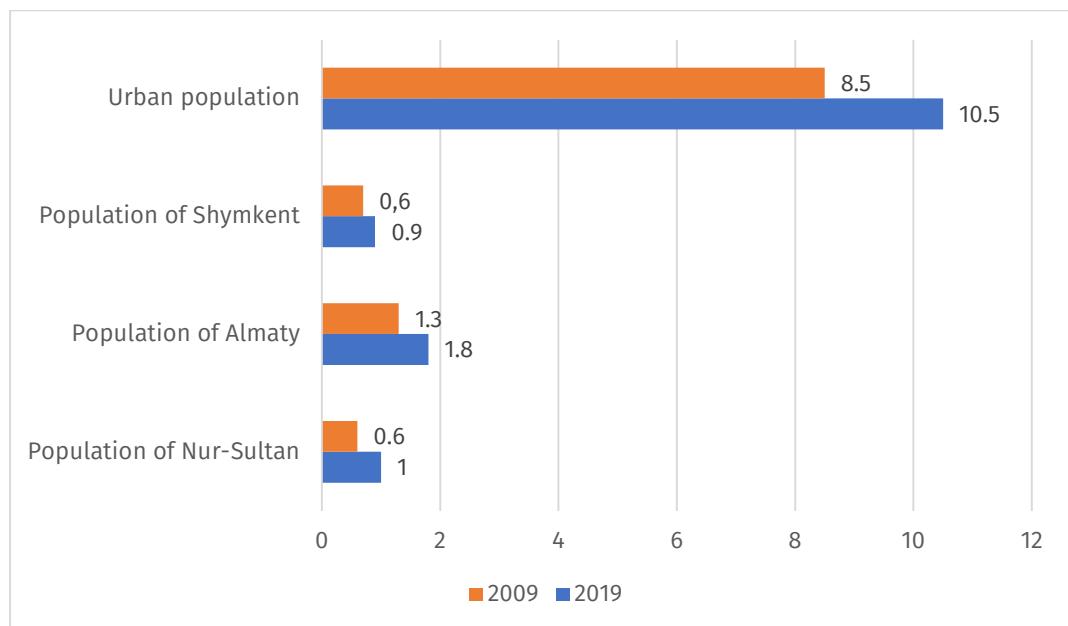


Figure 1. Statistic data between 2009 and 2019. In “million” people

In the economic system of the republic in the IV quarter of 2009, 7.9 million people were employed. In the structure of employed, the share of employees amounted to 66.6%, self-employed - 33.4%. The number of unemployed in the IV quarter of 2009 amounted to 531 thousand people; the unemployment rate was 6.3%. In December 2009, an employee's average monthly nominal wage amounted to 82 779 tenge (About the average monthly wage and the situation on the labor market in 2009 and 2019 in Kazakhstan).

In the III quarter of 2019, in accordance with the results of a sample survey of employment in the economy of Kazakhstan, 8.8 million people were employed. The employment rate for the population was 66.8%. The number of unemployed amounted to 442 thousand people, the unemployment rate - 4.8%. In the II quarter of 2019, the average monthly nominal wage of one employee, taking into account small enterprises engaged in entrepreneurial activity, amounted to 177 461 tenge.

In 2019 Almaty population has reached 1 854 656 people. Men share is 847 273, and women share is 1 007 383 people. In the city's economy 936 700 people were employed. The employment rate was 65.3%. The number of unemployed is 50 300 people; the unemployment rate is 5.1%. In the III quarter of 2019, the average

monthly nominal wage of one employee, taking into account small enterprises engaged in entrepreneurial activity, amounted to 218 005 tenge.

In Nur-Sultan population has reached 1 078 384 people in 2019. Men share is 529 723, and women share is 574 403 people. In the city's economy 552 300 people were employed. The employment rate was 65.1%. The number of unemployed is 25 700 people; the unemployment rate is 4.4%. In the III quarter of 2019, the average monthly nominal wage of one employee, taking into account small enterprises engaged in entrepreneurial activity, amounted to 308 071 tenge.

In Shymkent population has reached 1 011 511 people. Men share is 484 572, and women share is 526 939 people. In the city's economy 408 500 people were employed. The employment rate was 63.6%. The number of unemployed is 22 200 people; the unemployment rate is 5.1%. In the III quarter of 2019, the average monthly nominal wage of one employee, taking into account small enterprises engaged in entrepreneurial activity, amounted to 141 007 tenge.

Table 1. Key indicators of population, employment rate, unemployment rate and average monthly salary wage in Kazakhstan by the year of 2019.

City/ Indicators	Population (men/ women)		Employment rate	Unemployment rate	Average monthly wage
Almaty	1 854 656		65.3%	5.1%	218 005 tenge
	847 273	1 007 383			
Nur-Sultan	1 078 384		65.1%	4.4%	308 071 tenge
	529 723	574 403			
Shymkent	1 011 511		63.6%	5.1%	141 007 tenge
	484 572	526 939			

Comparing with data on 2009 given by Agency of statistics of the Republic of Kazakhstan, for 10 years in country employment rate did not experience huge change, whereas unemployment rate slightly decreased from 6.3% to 4.8%. The average monthly nominal wage increased for about 2 times by 53%. The urban population in Kazakhstan grew by 23%, from 8.5 million to 10.5 million people.

From January to September 2019 the amount of arrived people in Almaty accounted by 2675 people, while the amount of people who left the city drew up 777 people. The amount of arrived people in Nur-Sultan accounted by 1407 people, while the amount of people who left the city drew up 447 people. In Shymkent, 293 people arrived and 622 people left.

Table 2. Migration of city population in 2019.

City/Indicators	Arrived (people)	Left (people)
Almaty	2675	777
Nur-Sultan	1407	447
Shymkent	293	622

According to article 3 of the *Law of the Republic of Kazakhstan "On the administrative-territorial structure of the Republic of Kazakhstan"* there are several types of cities:

- Cities of republican significance, which include settlements of special state significance or having a population of more than one million people.
- Cities of regional significance, which include settlements, which are large economic and cultural centers, having developed industrial and social infrastructure and a population of more than 50 thousand people.
- Cities of regional significance, to which settlements belong, in whose territory there are industrial enterprises, utilities, state housing stock, a developed network of educational, cultural, educational, medical and commercial facilities, with a population of at least 10 thousand people.

14 cities are regional centers: Aktobe, Aktau, Atyrau, Kokshetau, Karaganda, Kostanay, Kyzylorda, Petropavlovsk, Pavlodar, Taldykorgan, Turkestan, Taraz, Uralsk, Ust-Kamenogorsk.

Three cities have the status of republican significance: Alma-Ata, Nur-Sultan (capital), Shymkent. Most of the remaining major cities are cities of regional subordination: Semey in the East Kazakhstan region; Kentau in the Turkestan region; Ekibastuz in the Pavlodar region; Rudny and Arkalyk in the Kostanay region; Zhanaozen in the Mangistau region; Temirtau, Zhezkazgan, Balkhash, Satpayev, Shakhtinsk in the Karaganda region; The cities of Kaskelen in the Almaty region and Kulsary in the Atyrau region are cities of regional subordination.

The influx of rural population into the cities and the increasing pendulum movement of the population from the rural environment and the nearest small towns to large cities, as well as the formation of wide suburban areas characterize the urbanization process in Kazakhstan.

Conclusions

Urban agglomerations form because of the growth and development of the suburban area of large cities (suburbanization). Around the largest urban centers, there is an accumulation of settlements, mainly of urban type, growing together due to intensification of economic and cultural ties.

Urbanization has positive effects on city economy. GDP of cities grow, new enterprises open, arriving people fill unemployment gaps etc. However, it also has negative effects such as ecological problems, occurring of slums and rise of crime rate. As Deputy Prosecutor General Marat Akhmetzhanov reported to Central Communications Service under the President of the Republic of Kazakhstan in three large megacities with large population, the crime rate is objectively higher than the national average. In Nur-Sultan, the level of crime decreased by 15 percent compared to last year (2018); if last year the figure was 256, this year it was 218. At

the same time, unfortunately, crime is growing in Almaty (Newspaper: Crime in Nur-Sultan has decreased, in Almaty is growing).

To sustain a harmonious development of the country, it is important to identify the optimum level of urbanization. Strategy «Kazakhstan – 2050» claims that the share of the population in urban areas should rise to 70%. It should be mentioned that currently the level of urbanization exceeds the indicated value in two regions of the Republic of Kazakhstan. Therefore, the share of urban population in Pavlodar region is 70.7%, in the Karaganda region - 79.6%, which is the highest indicator in the country.

In addition, one of the seven most crucial systemic reforms of the Strategic Plan for the Development of the Republic of Kazakhstan until 2025 is the reform of «Strong Regions and Urbanization». As mentioned in the plan, the level of the urbanization development and the urban environment represents the level of the country development as an entire and is an important factor for future development of socio-economic life.

Thus, the topic of urbanization is a worldwide trend for the tomorrow. In the long run, the trend of urban population growth will only intensify. The urbanization rate in a numerous cities of developed countries has already exceeded 75%. The UN forecast shows that 65% of the world population will reside in cities by the year of 2050.

However, the urbanization process in Kazakhstan is slight - over the past 10 years, the share of the urban population has increased from 53.2% in 2009 to 57.6% in 2019. According to this indicator, the country is among the weakly urbanized states. In some regions, rather low rates of urbanization are observed, which significantly differ from the national average.

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The Role of Tax Revenues in Ensuring Sustainable Economic Growth of the Republic of Kazakhstan

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Abstract

The purpose of the research is to substantiate the scientific concept of the role of tax revenues in ensuring sustainable economic growth of the Republic of Kazakhstan. In accordance with the set task, the following tasks were solved in the study: to study the theoretical aspects of tax revenues and its impact on economic growth; to analyze and give an objective assessment of tax revenues.

The methods of statistical, comparative, and factor analysis were used, and a historical, systematic, and comprehensive approach to the presentation of the material were applied.

In analysis of findings and results, certain provisions were used from the practice of the Department of State Revenue for the city of Almaty and the Public Association "Chambers of tax consultants of the Republic of Kazakhstan".

The scientific novelty of the research is that on the basis of a theoretical study of the current state of taxation, possible directions for increasing the degree of impact of the tax system on economic growth are justified. The following is the rationale for the place of taxes in the system of factors of economic growth. It is noted that taxes can play not only a negative, but also a positive, and even an active role in changing the dynamics of economic growth; the values and structure of tax revenues for regions and the country as a whole are analyzed.

Theoretical and practical significance of the study lies in the possibility of using the obtained scientific results in the activities of the Ministry of Finance of the Republic

of Kazakhstan and its structural subdivisions, the tax authorities at various levels, the Ministry of national economy of Kazakhstan. This research, being fundamental, can be used as a basis for training specialists in the field of Finance and taxation.

Keywords: gross domestic product (GDP), economic growth, taxes, corporate income tax (CIT), VAT, tax receipts.

Introduction

Taxation plays a crucial role in the economic policy of the state. On the one hand, tax revenues are usually the main source of funding for government spending. On the other hand, taxation is a factor in stimulating economic activity and competition in the private sector, as well as a tool for redistributing added value in the economy. Thus, taxation directly affects the implementation of priority economic and social tasks facing the state.

As a result of the changes, the tax system became attractive to businesses, and government spending was mainly financed by the resource sector.

The development strategy of the Republic of Kazakhstan until 2050 (Strategy "Kazakhstan-2050") sets the main goal of the state – the creation of a developed economy and opportunities for universal labor, as well as Kazakhstan's entry into the top thirty most developed countries in the world. The tasks of tax reform are also defined in the national Plan "100 concrete steps to implement five institutional reforms" (May 2015).

An effective tax system is one of the most important factors for the dynamic development of the national economy. Currently, there are a number of factors that actualize the importance of tax regulators. First, on the trajectory of economic growth, the sensitivity of the national economy to tax fluctuations increases in comparison with the previous period of the crisis. Secondly, the problem of rent payments is growing more and more.

The main goal of tax reform should be to create an effective system of tax relationships that ensure high-quality economic growth. This is what the development of the theory, study and analysis of taxation practice in the Republic of Kazakhstan should be aimed at. In the conditions of transformation of the market economy, there is no complete understanding of the most appropriate structure of the tax system, which allows creating an effective mechanism for interaction of socio-economic processes, including in the regions, with tax relations, which largely determines the level of efficiency of the tax system.

The socio-economic content of the nature of taxes and taxation should be considered as a specific form of financial relations. For stable developing countries, the motive for tax reforms is the desire to turn the tax system into a sphere of active influence on production, a kind of impulse for economic growth.

Based on the dualism of taxes, which is characterized, on the one hand, by their fiscal function, and on the other - by the function of regulating production in order to increase its efficiency, the transformation of the tax system in the Republic of Kazakhstan is objectively necessary.

Literature review

Analysis of works of domestic and foreign authors indicate that, to date, lack of consolidated and developed theoretical and macroeconomic implications of the role of tax revenue on economic growth, no build optimal and efficient tax system.

The impact of taxes on economic growth in varying degrees, were considered in the writings of Hume (2018).

Modern tax legislation and current Tax Codes in most countries of the world were drawn up on the basis of theoretical concepts and principles developed by the above-mentioned and other scientists, but such documents did not sufficiently take into account the possibilities of the influence that was discussed above.

These issues are covered in the works of the Russian scientists Romanovsky (2016).

In Kazakhstan the problems of the formation and reform of the tax system are reflected in the works of Tuseeva (2016) and Ermekbaeva (2017, 2018). Their works have made a significant contribution to the analysis of the theory, methodology and practice of the formation and development of the tax system and tax policy of the state in industrial and post-industrial society. At the same time, many theoretical, methodological and practical aspects of developing and justifying the modernization of the tax system and its impact on economic growth remain poorly understood. This is the question that this article will focus on.

Methods

The research methodology is based on General scientific methods of knowledge, principles and criteria of objectivity in their versatility and inconsistency, based on the totality of works of domestic and foreign scientists, statistical indicators that correspond to the truth and General laws of state and socio-political development at the historical stage under study.

Sample

The study provided the statistical sources of the statistics Agency, the Ministry of Finance, Ministry of national economy of Kazakhstan, legislative acts of Kazakhstan, normative-legal documents regulating the taxation of certain sectors of the economy, publications, monographs and Internet sources on this issue.

Data Collection

Information base of research made legislative and regulations of Kazakhstan; statistical materials statistics Committee of the Ministry of national economy of Kazakhstan; materials of scientific and scientific-research conferences and seminars; statistical information contained in scientific publications.

Findings and Discussion

One of the prerequisites for the normal functioning of the tax system is the stability of tax legislation. But the situation does not change. As before, tax legislation is periodically reviewed in connection with the development of related legislation, and various amendments, additions, and adjustments are made.

Taxes are a source of revenue generation for the state, so they are inextricably linked to the functioning of the state itself. Through taxes, the state collects and appropriates part of the national income produced, and therefore taxes and the tax system are directly dependent on the functioning of the state mechanism. The ultimate goal of applying tax regulators to the economy is to reduce the tax burden, stimulate business activity and related factors.

It is necessary to use tax regulation methods to influence the dynamics of tax revenues by applying various tax incentives so that investing long-term money in the real economy becomes profitable for both internal and external investors.

In accordance with the Budget code of the Republic of Kazakhstan, the budgets of local Executive bodies (villages, districts, cities, regions) and the Republican budget approved by the relevant law are approved, executed and are independent. The state and consolidated budgets are also formed as analytical information, which are not subject to approval.

The state budget includes the national and local budgets without taking into account the mutual operations between them.

The consolidated budget includes the state budget, as well as receipts and expenditures of the National Fund of the Republic of Kazakhstan (01.04.2020), excluding mutually repayable transactions between them. Note that all direct taxes from organizations in the oil sector go to the national Fund.

To determine the role and place of taxes in the state budget revenues, consider the revenue part of the state budget of the Republic of Kazakhstan. Let's consider the

main characteristics of the revenue part of the state budget of the Republic of Kazakhstan in 1999-2019 (figure 1).

Figure 1 shows that during the analyzed period, the state revenue increased by 9.3 trillion tenge. This was influenced by the growth of tax revenues and proceeds from the sale of fixed assets. As the main source of state budget revenue, tax revenues continue to grow.

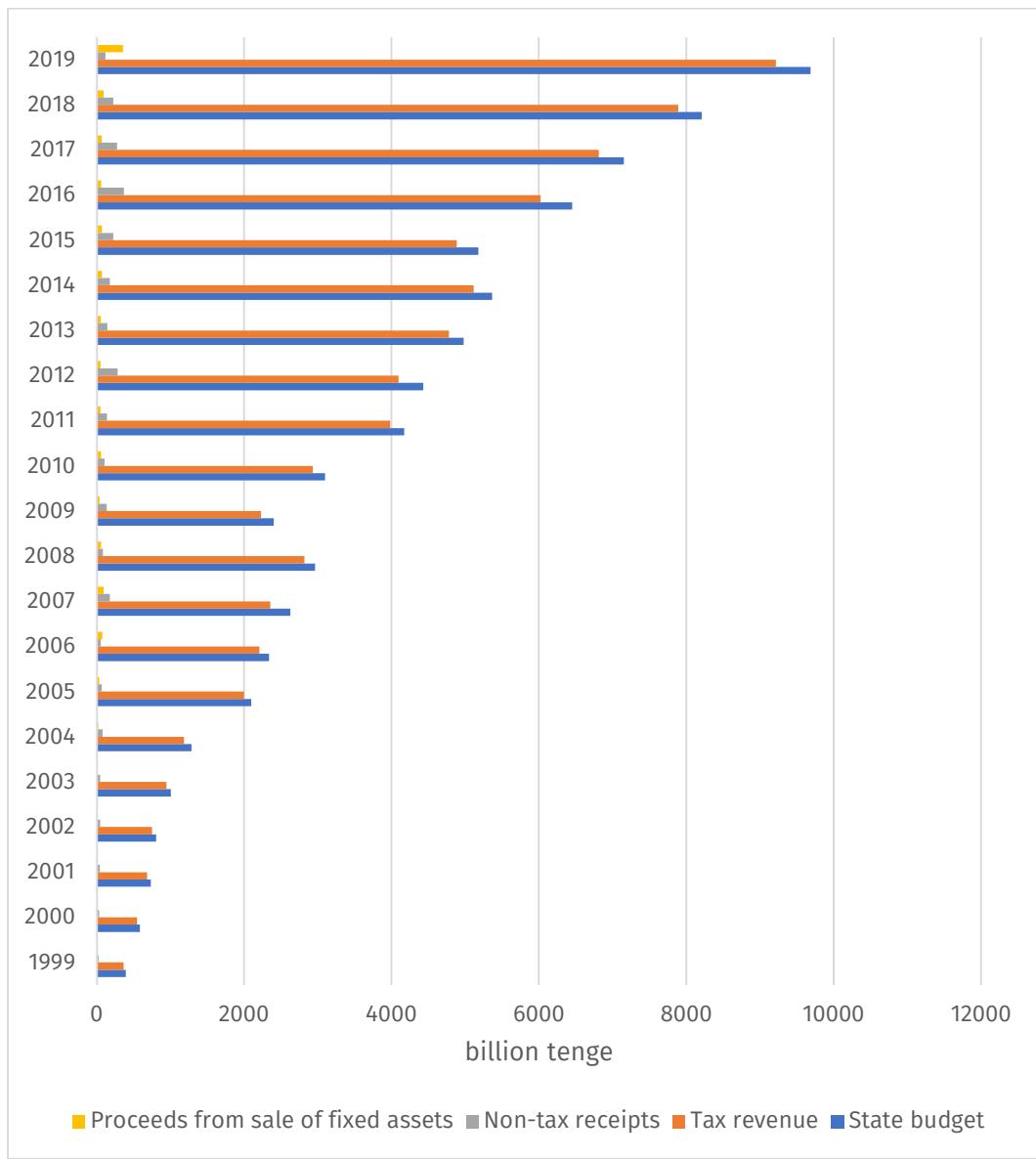


Figure 1. Dynamics of the revenue part of the state budget of the Republic of Kazakhstan for 1999-2019, billion tenge (Statistics Committee of the MNE of the RK, 2020, 9 April)

Let's look at the structure of state budget revenues for 2016-2019 (figure 2).

Figure 2 shows that the main share in the structure of GB revenues is traditionally occupied by tax revenues: 95.1% (a year earlier - 96.1%). The share of non-tax revenues was 1.2%, while proceeds from the sale of fixed assets accounted for 3.7%.

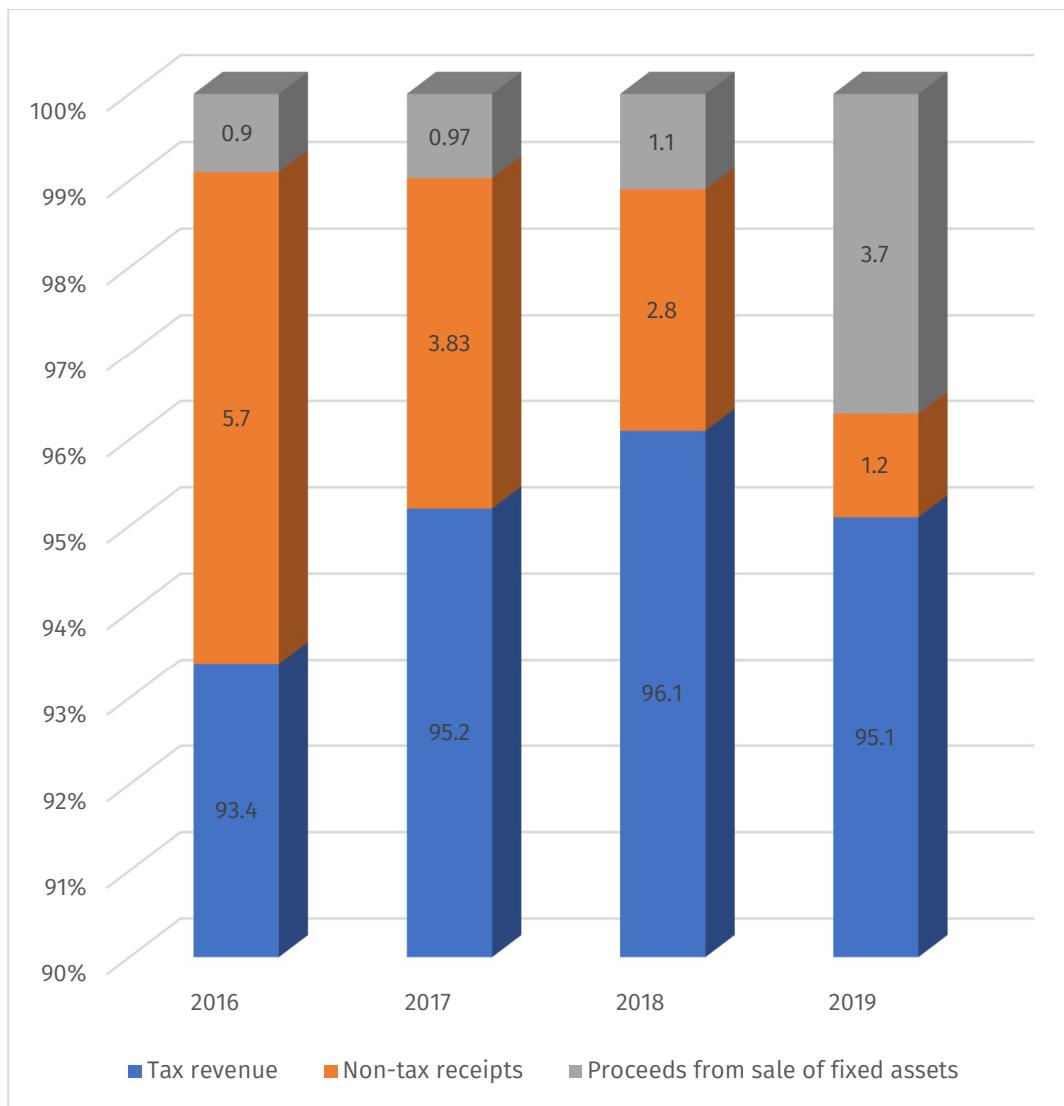


Figure 2. Structure of state budget revenues for 2016-2019
(Statistics Committee of the MNE of the RK, 2020, 9 April)

Let's consider the structure of tax revenues by type of taxes and payments in the Republic of Kazakhstan for 2017-2019 (figure 3).

Figure 3 shows that the largest share of tax revenues for 2019 is taken by VAT (29.3%), and the smallest land tax (0.2%).

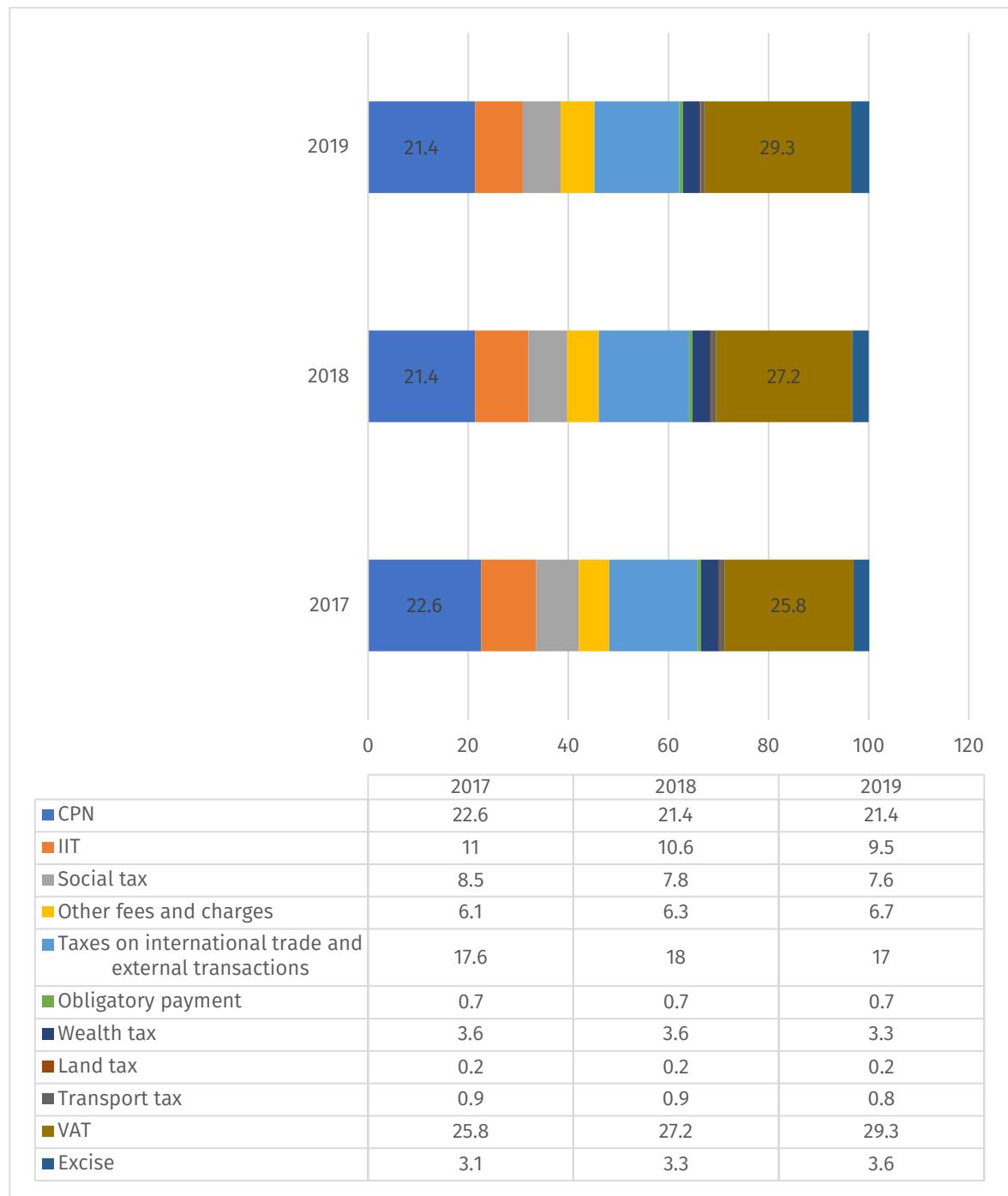


Figure 3. Structure of tax revenues by type of taxes and payments in the Republic of Kazakhstan for 2017-2019 (Statistics Committee of the MNE of the RK, 2020, 9 April)

As a result, we can say that the main revenues to the state budget of the country are tax revenues, which occupy more than 95% of the share. The analysis of the main tax revenues to the state budget of the Republic of Kazakhstan showed that VAT and CPN account for more than half (more than 50%) of all tax revenues.

The shift of the tax burden from indirect taxes to direct ones gives reason to think that the tax system in the Republic of Kazakhstan will be fairer taking into account the ethical principles of taxation and, accordingly, in the future will not have a disincentive effect on the real sector of the region's economy, which acts as the tax base for the formed tax model.

The main principle of building financial relations, including tax relations, in the regions should be reduced to the implementation of an organic link with the development of production (works, services), with the activity of business activity, that is, indirect tax impact on the behavior of business entities.

The formation of the financial base of regions is negatively affected by the processes taking place in the country's economy: a decrease in production rates, low profitability of many industries and productions, a significant share of unprofitable enterprises, non-payment of enterprises, accounts receivable, which leads to tax arrears. The dynamics of tax debt also characterizes the effectiveness of the tax model, that is, the greater the debt, the more problems in this area and it needs to be reformed.

Receipts to the national Fund in 2019 decreased by 10.9% to 2.8 trillion tenge

As noted in the Department of state revenue, the most non-Executive in paying property taxes were police officers and military personnel.

Hundreds of billions of tenge of tax revenues will not be received by the Republican budget due to the coronavirus and the subsequent emergency regime.

First of all, the State revenue Committee raised the issue of closed Nur-Sultan and Almaty for quarantine. According to forecasts, in 2020, 639.5 billion tenge was to be

received from Nur-Sultan, and 1.7 trillion tenge from Almaty. However, according to preliminary data, funding from the two megacities will decrease by 230.2 billion tenge. Including from Nur-Sultan – 118.9 billion tenge, from Almaty – 111.3 billion tenge.

Corporate tax evasion and cash flow tax implementation recommendations are addressed by scholars such as Rodney Brown, Youngdock Lim and Chris Evans (2020).

Summing up the current situation, it should be noted that during the analyzed period, problems with tax receipts were and still remain. This is evidenced by the presence of debt, arrears, accrued penalties and other factors. Therefore, it is too early to say that Kazakhstan's tax system is absolutely effective, since it does not fully fulfill its fiscal and regulatory purpose.

The tax system can act as a factor that has a positive impact on business activity, investment, production facilities, and financial results.

When considering tax receipts, you should pay attention to the amount of tax arrears. Let's look at the dynamics of the tax system in the Republic of Kazakhstan for 2014-2019 (figure 4).

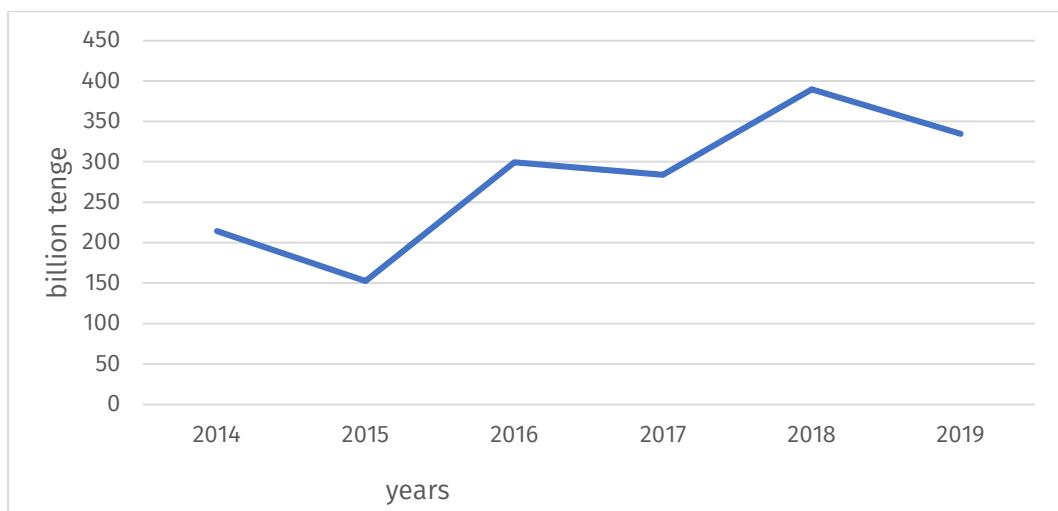


Figure 4. Dynamics of tax debt in the Republic of Kazakhstan for 2014-2019
(Statistics Committee of the MNE of the RK (2020, 9 April))

Figure 4 shows that in General, over the past six years, the tax debt has increased by 120.1 billion tenge, or 56%. The lowest value for five years, the amount of tax arrears was in 2015, when the budget was short of 152.8 billion tenge. While in 2014, this figure was equal to 214.4 billion tenge.

However, there are also positive aspects. So on October 24, 2019, the world Bank published the next annual report on the ease of doing business "Doing Business-2020".

The overall position of Kazakhstan in the rating – 25th place rose by 3 points, 28th place in 2019.

I. According to the "Taxation" indicator, Kazakhstan is on the 64th place, a decrease of 8 positions, 56th place in 2019.

This indicator includes the following indicators:

- payments (quantity per year)
- time (hours per year)
- total tax and contribution rate
- index of post-reporting and tax payment procedures

Table 1. Kazakhstan in the world Bank's "Doing Business-2020" rating» (2020, 9 April)

Indicators	DB 2020	DB 2019	Deviation +/-
Number of payments per year	10	7	+ 3
Time (hours per year)	186	182	+ 4
Total tax and contribution rate (%of profit)	28,4	29,4	- 1
Index of procedures after filing and paying taxes (0-100)	48,9	48,85	No changes

Table 1 shows that the total tax and contribution rate (%of profit) for the analyzed period decreased by 1 point.

This indicator reflects the total number of taxes and deductions paid, the method of payment, the frequency of payment, and the frequency of reporting per year for basic taxes and mandatory social contributions from the payroll.

Time (hours per year).

The tax indicator measures the time required to prepare, submit, and pay the three main types of taxes and contributions in hours (CPN, VAT, Wages Fund taxes, and social payments). According to the survey, the time spent by taxpayers on preparing all the necessary information, filing and paying CPN, taxes and duties on labor and VAT is 55 hours for CPN, 78 hours for taxes on labor and contributions, and 53 hours for VAT.

Table 2. Number of payments per year

Nº	DB 2020	DB 2019
1	CPN	CPN
2	VAT	Social tax
3	Social tax	Social tax
4	Transport tax	Transport tax
5	Land tax	Land tax
6	Tax payments for emissions into the environment	Tax payments for emissions into the environment
7	Contribution to the National chamber of entrepreneurs «Atameken»	Contribution to the National chamber of entrepreneurs «Atameken»
8	Compulsory social health insurance	-
9	State social insurance fund	-
10	Pension contributions	-

The decrease in the position for this indicator was influenced by additional payments and mandatory contributions (compulsory social health insurance, pension contributions, State Social Insurance Fund JSC), which increased the time to fulfill obligations from 74 hours to 78 hours.

Total tax and contribution rate (% of profit)

Despite the deterioration in the rating, the overall tax burden for businesses decreased by 1%.

From January 1st, 2018 and reduced Social tax rate from 11% to 9.5% (article 485 of the Kazakhstan Tax code) and social security contributions from 5% to 3.5% (clause 1, article 14 of the Law «On compulsory social insurance» № 405 dated 25.04.2003.)

Index of procedures after reporting and payment of taxes (VAT refund)

From January 1, 2019, a new procedure for returning excess VAT was introduced for taxpayers who use a VAT control account on a voluntary basis (Article 433 of the Code of the Republic of Kazakhstan dated December 25, 2017 No. 120-VI «On taxes and other mandatory payments to the budget» (Tax code), where VAT refund is made within 15 instead of 55 days, without checking and applying a risk management system.

Thus, during the pilot project, the state revenue authorities (including the Astana-1 Information system, the tax reporting processing Information system, the Unified data storage Information system, the Centralized unified personal accounts Information system, the Electronic invoice Information system, and the blockchain VAT Information system) refunded VAT to 6 experimental taxpayers applying the VAT code based on data available in the information systems of tax authorities within 15 days without conducting an audit.

Increasing the position of Kazakhstan in the "Doing Business" (2020, 9 April) rating became possible due to the ongoing systematic work of the Government to reform the current legislation, improve the licensing system, simplify business creation

procedures, optimize state control and supervision activities and improve the business climate.

The world Bank annually publishes a rating of 190 countries for favorable business conditions. The analysis is based on 10 indicators, including time and money spent on creating a new business, obtaining construction permits, access to electricity infrastructure, registering property rights, obtaining loans, protecting the rights of minority investors, taxation, international trade, etc.

The leaders of the "Doing Business" rating are New Zealand, Singapore, and Hong Kong.

The tax system can act as a factor that has a positive impact on business activity, investment, production facilities, and financial results.

To improve the tax system, it is necessary:

- exclude the slightest possibility of discrimination of taxpayers depending on the legal form of the enterprise, the authorized capital or financial resources of taxpayers;
- counteract unjustified price increases, inflation, cost swell, and the desire of commodity producers to work without profit;
- contribute to the formation and strengthening of incentives for economic activity, including through the use of tax regulators;
- to stimulate investment and the accumulation of funds from taxpayers to carry out investment activities;
- reduce the tax burden (at the expense of regional and local taxes), since both regions and entrepreneurs should first of all be stimulated by taxes to activate their activities, and the state of revenues of regional (local) budgets directly depends on the results of the life of business entities;
- have a scientifically based regulation of all types of checks and work with legal entities, entrepreneurs without a legal entity and declarations that are subject to electronic processing;

- be socially significant for these territories, understandable to taxpayers, and not cause them to actively resist.

Conclusions

As recommendations for the successful functioning of the tax system of taxation, it should be recommended to the authorities and management:

- instead of providing tax breaks (reducing regional and local tax rates; using incentives; applying investment tax credits), use a broader tax base with lower rates.
- the feasibility of concentrating all tax revenues from small businesses in local budgets in order to stimulate and support small businesses;
- use of tax incentives in the framework of regional tax policy for organizations that invest in the implementation of regional development programs, including the creation of special economic zones of local significance.

All these measures together will help to improve the tax system and achieve a stimulating effect in the investment and production sectors of the economy of Kazakhstan.

In the context of the ongoing reform, it is still important to determine the effective tax burden, which largely depends on the performance of business entities.

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Author Guidelines

- All papers are assumed to be original and not under consideration with any other publication.
- Manuscripts should be submitted in English through the Manuscript Submission system of the Journal.
- All manuscripts must be free of grammatical and/or punctuation errors.
- Manuscript files should be provided in Microsoft Word format.
- Articles should be between 3000 and 5000 words in length including the text, tables, figures and references.
- All papers must contain the following sections:
 - Abstract (not descriptive, it should be detailed and structured as it is required by the guidelines) - Maximum 250 words including maximum 6 keywords
 - Introduction
 - Literature Review
 - Methodology
 - Analysis/Findings/Results
 - Discussions
 - Conclusions
 - Implications
 - Limitations/Further Research
 - References
- Only detailed abstracts are accepted. The abstract of a paper must be structured and should contain the following sections:
 - Goals and objectives of the research
 - Methodology
 - Results/Findings
 - Novelty/Originality/Value
 - Theoretical or Practical Implications
 - Key words
- All references cited in the article **must be listed in the reference section**.
- **APA (6th edition) style should be used for in-text citations, tables (if any), figures (if any), and reference list.**
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