Corporate Social Responsibility in Kazakhstan: Current State and Ways of Development

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Abstract

The main purpose of the study is to assess social responsibility development at the enterprise and its development ways. The main objectives of the study are to assess corporate social responsibility development in Kazakhstan, identify the main problems and make recommendations for its further development. The authors revealed that the understanding of social responsibility, the conduct of which in business creates additional competitive advantages, thereby forming a favourable social environment and stable social conditions, increasing the level of trust in it among various economic agents. Results: the authors also conducted the research in the form of an expert survey to assess the prospects for the development of corporate social responsibility in Kazakhstan. During the survey, questions were asked about corporate social responsibility: understanding of corporate social responsibility, the dynamics of its further development, etc. Also, during the conducted research, the main problems that hinder the development of corporate social responsibility in Kazakhstan were identified: the problem of a haphazard approach to the formation of a policy for corporate social responsibility development, incomplete openness of interaction processes between the state and business, the unreasonableness of existing economic measures to stimulate corporate social responsibility, weak involvement of the civil sector in the practice of corporate social responsibility, etc. Conclusions - to solve the development of corporate social responsibility, such as a systematic approach to the development of corporate social responsibility in Kazakhstan, the complete rejection of the state from corporate social responsibility economic stimulation.

Keywords: Business, Economic Activity, Corporate Social Responsibility, Customers, Investors

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1. INTRODUCTION

The relevance of this topic lies in the fact that, at present, the international expert community is increasingly focusing on finding a comprehensive development model that provides opportunities for economic development, environmental protection, social support, gender equality and satisfaction of the population's social and political interests. One of the ways to achieve these goals is to actively expand the scope of business activities, including elements of corporate social responsibility (Yang, 2022). Corporate social responsibility develops in response to the demands of society, which is interested in the results and content of enterprises' economic activity within the framework of sustainable development. It is also worth considering that in modern society, social processes play an increasingly important role in making investment decisions for both owners and ordinary consumers; there is growing concern about the increase in environmental pollution caused by economic activity; through the mass media and information and communication technologies, the necessary conditions are created for greater transparency of entrepreneurial activity (Pryazhnikova, 2016).

According to the definition by the European Commission, corporate social responsibility is the concept that “companies voluntarily take into account social and environmental issues in their activities.” It also assumes “the role of companies concerning the impact of their activities on society” (A renewed EU strategy, 2011; Promoting a European framework for corporate social responsibility, 2001). Also, according to the UN Global Compact, business structures bear social responsibility for the observance of human rights, labour standards, the fight against corruption and environmental protection. According to the World Council for Sustainable Development, corporate social responsibility is a state where companies follow the concepts and principles of sustainable development in planning employees' activities, residents and all community members. It is essential to understand that all this is done to improve the quality of life in society (Khovaev et al., 2016; Voyko et al., 2022).

It is essential to know that integrating corporate social responsibility into the company's economic activities is decentralized and voluntary. They develop mainly in multinational companies and aim to create a good image among customers and investors. The image of socially responsible entrepreneurial activity creates certain competitive advantages for the company, forms a good and stable social environment, and strengthens trust in this company among various economic entities (Ledneva, 2012; Lagutin, 2014).

It should also be noted that the assessment of corporate social responsibility in the company's activities is carried out according to indicators' numbers, including the corporate governance code. Such an analysis of corporate social responsibility is extremely important for internal use in the enterprise since its results will allow the company to identify errors in corporate governance and find ways to improve social performance indicators (Tovma, 2009; Bulgakov et al., 2019).

Thus, the relevance of studying the issues of corporate social responsibility development at the enterprise, where corporate social responsibility becomes an integral part of the activities of most large organizations (Khovaev et al., 2016).

So, the main purpose of the study is to assess social responsibility development at the enterprise and its development ways. It is worth noting that the novelty of this study lies in the fact that today the authors have analyzed the current trend in corporate social responsibility development in Kazakhstan, conducted a survey on corporate social responsibility, identified its problems and suggested ways to solve them.

2. LITERATURE REVIEW

Corporate social responsibility was the object of many foreign scientists' studies in the 20th
century: a number of concepts were developed in socio-economic thought, including the concepts of corporate social responsibility, corporate accountability, corporate social activities and corporate volunteering. Subsequently, they did not replace each other but harmoniously complemented each other. By the end of the 20th century, the business ethics concept and stakeholders concept continued to develop. In the 21st century, the concept of sustainable development emerged. The process of forming conceptual models of corporate behavior absorbed new ideas (Kravchenko, 2016).

Currently, the most developed corporate social responsibility system is in the USA, where many mechanisms for business participation in solving social problems of society have been created. There are many corporate funds aimed at solving critical social problems at the expense of business funds. Vocational education in the USA is actively sponsored by the private sector, as businesses are directly interested in investing in education, insurance and pension schemes for enterprise personnel and other socially significant programs. Responsible corporate behavior towards society is actively encouraged by appropriate tax benefits. The USA is known for the traditions of systematic participation of business or its representatives in financing a wide variety of non-profit projects (Nurmukhametov, 2022).

It is also worth noting that the research of the "Spanish Corporate Social Responsibility Fund" notes the following: In Europe as a whole, corporate social responsibility was formalized at the Lisbon European Summit in March 2000 and when the European Commission published the Green Book. According to the research of Gurieva O., who believes that corporate social responsibility is a very specific reaction of the business community to changes taking place in the labor collectives of enterprises, the surrounding society, trends in national and international development (Gurieva, 2015). The founder of the theory of corporate social responsibility can be attributed to G. Bowen, who in 1953 published the book "The Social responsibility of a businessman". In turn, Carroll A. and Bachholtz A. The book "Business and Society" gives a more in-depth definition of corporate social responsibility - it is a legal, economic and ethical voluntary action of organizations that society expects at specific points in time. In their works, Moon J. and Vogel D. write that due to the increasing importance of corporate social responsibility, public activity remains the most important means by which it is possible to combine private business interests and broad social tasks (Nurmukhametov, 2022).

The main goal of social responsibility is to reduce social tension, improve the population life quality, improve the environment, and attract business representatives to solve social problems of society. In his works, G. Bowen believes that the social responsibility of an entrepreneur is to "promote such a policy, make a decision or follow a certain line of behavior that is aimed at helping to realize the goals and values in the country." Bowen G. emphasizes the importance of business’ corporate social responsibility as an orientation towards the goals and values of the state, including the corporation itself (Bowen, 1953).

As part of the study corporate social responsibility issues, the following number of unresolved issues can be identified: the lack of activity on state bodies part in promoting corporate social responsibility, there is no interest on enterprises’ part of in social investments, the weak position of civil society institutions in corporate social responsibility development and promotion, in the Independent States Commonwealth, the established paternalistic type of relations between the state, business and society is not effective in social responsibility development (Nurmukhametov, 2022).

As a result, the analysis of foreign and domestic literature showed that considerable attention is paid to general theoretical issues: as approaches and models, description of the overall benefits of the study to corporate social responsibility principles of, etc. A significant contribution to the corporate social responsibility concept was made by concepts associated with corporate social activity, corporate social sensitivity, and shared values (Tatenko, 2018).
3. METHODOLOGY

This study has been compiled taking into account scientific results and conclusions made and conducted by scientists from Kazakhstan and foreign countries in the framework of activities related to corporate social responsibility development. When writing this study, scientific reports, publications of international organizations and relevant studies were used, which form the theoretical and methodological basis in the field of social and corporate research. In this study, a wide range of sources was used, such as: monographs, scientific articles and case studies on topical issues of corporate social responsibility, which were developed by scientific circles and organizations (Harfoush et al., 2020).

When writing the article, the information of modern authors research on corporate social responsibility development, information from international organizations and their reports on this research topic, publications of authoritative scientific publications and journals, professional publications were analyzed. The article examined corporate social responsibility development levels, analyzed legislative acts that also affect this issue, etc.

When writing the article, the classical general scientific methodology was used to assess the development of corporate social responsibility in the country's economy, namely general and special methods of scientific analysis, such as induction and deduction, analysis and synthesis, a systematic approach, a graphical method - visualization of the image of the results.

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In the course of writing this article, the analytical research methodology was applied, which is based on a systematic approach and assesses the development of corporate social responsibility in Kazakhstan. Well-known concepts and concepts, models and comparative analyses of the development of corporate social responsibility are also applied. The scientific and methodological apparatus of the study included a causal relationship, and an ongoing analysis of the ongoing changes in corporate social responsibility.

When writing the study, a survey of the population regarding corporate social responsibility survey. The questionnaire method was used through Google questionnaire. This survey method helped to solve the issue of compiling static representations of public opinion to understand the essence and predict the development of corporate social responsibility and the problem of its development. During the survey, 102 people were interviewed in Almaty and Astana, Akmola and Almaty regions. The analysis of corporate social responsibility allows us to identify several businesses, in addition to complying with laws and producing a quality product and service, voluntarily assume additional obligations to society and how it affects the country's economy. The empirical database of the work was the author's online questionnaire results on corporate social responsibility, enterprises data, foreign and domestic researchers' works and monographs.

When conducting the study, the limiting factor was the need for more statistical information on corporate social responsibility and its impact on the country's economy. Also, based on the survey, significant problems in the development of corporate social responsibility in Kazakhstan were identified.

4. FINDINGS AND DISCUSSION

Today the role of business in social development has increased significantly, and in the business world, the requirements for transportability in the business sphere have increased. Most business structures have realized that building a successful business in one environment is impossible. Therefore, integrating corporate social responsibility principles into the process and business development strategy becomes necessary in the domestic market (Kravchenko, 2016).

In practice, in enterprises activities, under social responsibility, which is presented to society, it is customary to understand activities that can and should be divided into three kinds of responsibility components:
- economic - the quality of the goods and services provided, their safety, physical and price availability for potential consumers;
- environmental - implies the reduction of various harmful emissions during production activities and other environmental pressures;
- social - is aimed at the development of the workforce, as well as the development of external social projects, which is most often manifested in charitable activities (Pryazhnikova, 2016).

It is also worth noting that the levels of corporate social responsibility have several stages: voluntary and mandatory components, which are presented in Figure 1 (Leshchenko, 2012).

It is worth considering the models of corporate social responsibility separately. At the present stage, it is customary to distinguish three models of corporate social responsibility:
- American,
- European,

![Figure 1. Levels of corporate social responsibility.](image)

**Note:** Compiled by authors

It is also worth highlighting the Latin American, African and BRICS model: Brazil, Russia, India, China and South Africa. The state actively supports the European model and is divided into submodels. For example, the Scandinavian countries use their "business–state" partnership model, in which the business sector pays relatively high taxes, and the state distributes them efficiently. The British model of corporate social responsibility includes several elements: American and European models, but with the involvement of state and public institutions to coordinate public interests. The USA model has the following features: minimal state intervention in the business environment, systematic financing of various non-profit organizations and foundations, and corporate volunteering. In the Japanese model, the state and traditions play a significant role: the principle of "lifetime employment" and employees treat the company as their
"production family". The main feature of the African model of corporate social responsibility is the provision of financial assistance by organizations for anti-poverty projects or other projects. High public awareness about corporate social responsibility activities characterizes the Latin American model. The countries of the Independent States Commonwealth are characterized by: a slight influence of governments on the creation of a national agenda on corporate social responsibility, a low role of public and expert institutions, a vital role of international organizations, donors and the media in corporate social responsibility formation (Saprykina, 2011).

Today, the transition to the corporate social responsibility of entrepreneurship is becoming widespread, including development projects and considering the local community's interests. For example, the Shell Foundation (Shell Foundation is an initiative of the Royal Dutch Shell oil company) participates in developing the Flower Valley in South Africa. An Early Learning Centre has also been established to help educate local children and adults with new competencies. Annual social investments in America are estimated at $10.6 billion per year. According to forecasts, by 2027, they will reach $37.2 billion, corresponding to an average annual growth rate of 19.5% for 2020-2027. Over the same period of time, an annual investment growth of 18.3% is projected in Europe. In turn, in Asia by 2027 year, these statistics will be about $11.1 billion.

According to research by Stobierski, a marketing specialist and contributing writer for Harvard Business School Online. The data presented in Figure 2 were obtained on corporate social responsibility (Stobierski, 2021).

The modern development of corporate social responsibility in Kazakhstan meets international standards, but progress could be faster. According to the Doing business 2020 report, Kazakhstan ranked 25th - The ease of doing business ranking (Doing business 2020, 2020). It should be noted that in Kazakhstan, there are no separate laws regulating corporate social responsibility. At the same time, each of the corporate social responsibility areas is covered by certain regulatory legal acts. For example, fundamental human rights, including free and safe work, rest and labour disputes, are enshrined in the Universal Declaration of Human Rights, the Constitution of Kazakhstan and the Labor Code (The Constitution of the Republic of Kazakhstan, 2011). The Tax Code establishes economic incentives for business participation in social development, assistance and employment of people with disabilities (The Code of the Republic of Kazakhstan "On Taxes and other mandatory payments to the Budget", 2017). The Environmental Code regulates the use of natural resources and business impact on the environment.

As for the legal instruments regulating the activities of corporate social responsibility in business, the Law of the Republic of Kazakhstan "On Private Entrepreneurship" defines social responsibility, which is interpreted as "the voluntary contribution of private entrepreneurs to society development in the social, economic and environmental spheres" (About private entrepreneurship, 2016) and gives private business organizations the right to apply in measures of social responsibility in business through the implementation or participation in the implementation of projects in the social, economic and environmental spheres".

LLP "ENEGRYPROM.KZ" annually signs memorandums of cooperation with Aktobe, Karaganda, Kostanay and Pavlodar regions’ akimats. The amount of the concluded memoranda amounted to: in 2017 - 7 billion tenge; in 2018 - more than 8.6 billion tenge, in 2019 - about 9 billion tenge, in 2020 - more than 10 billion tenge. LLP "ENEGRYPROM.KZ" in 2021 as part of cooperation memoranda in the corporate social responsibility and sponsorship field. The support included investments in the amount of 9.2 billion tenge, as well as direct social investments - 15.5 billion tenge.

In 2021, Trustees Board of JSC "Samruk-Kazyna" and Samruk-Kazyna Trust approved 32 projects worth 7.1 billion tenge aimed at the development of the following sectors:
FIGURE 2. Statistics of corporate social responsibility.

Note: Compiled by source Stobierski (2022)
assistance to the population in the social and medical sectors - 12 projects worth 2.8 billion tenge;
- development of the media cultural community and human potential - 16 projects worth 2.6 billion tenge;
- implementation of the regional social investment program in the regions - 4 projects worth 1.7 billion tenge.

The social responsibility of KAZ Minerals is aimed at supporting the local population who live near the areas of activity. In 2020, the organization's social investments amounted to $27 million. It is worth noting that the social policy of the foundation is focused on development in the medical sector. For example, a new hospital department was opened in Petropavlovsk, and a hospital was equipped with hypoxia treatment equipment in Karaganda.

For a complete analysis, the authors conducted a survey to assess the prospects for corporate social responsibility development in Kazakhstan; respondents, according to the number of responses, demonstrated a cautious assessment regarding the understanding of the essence, structure and development of corporate social responsibility in Kazakhstan.

The majority of respondents – 52% - answered that corporate social responsibility in the country can receive positive development in the future, provided:
- the state to support and stimulate entrepreneurial activities that promote corporate social responsibility – 39%;
- corporate and social responsibility will be part of a long-term business, that is, on the world stage – 13%.

In addition to optimistic forecasts, there are prospects for the development of corporate and social responsibility in the country by compulsory procedure - 48% respondents:
- according to the requirements of the state. Companies implementing short-term corporate social responsibility projects will have to develop social programs within the company - 26%, where the majority of responses fall on large companies (32%), financial and industrial companies (30%), subsidiaries and foreign companies (30%).
- a necessity for business. Organizations will have to establish mutually beneficial relationships with all groups of people in order to survive in the long term - 22%: of these, the largest percentage falls on large companies - 32% respondents, foreign - 40%.

Another part of the respondents – 21% - gave a pessimistic forecast about the prospects for developing corporate and social responsibility in the country. Of these, 16% believe that several obstacles, particularly the financial situation, prevent companies from considering social relations as an urgent event, and 5% believe that corporate social responsibility will gradually decrease until it is completely discontinued. The majority of pessimistic respondents were identified as small companies - 20%, and foreign companies - 20%. Respondents believe that barriers may hinder the promotion of corporate social responsibility.

It is worth noting that 9% of respondents said that corporate social responsibility is developing in some companies; 5% said that corporate social responsibility is widespread in international companies; 4% of respondents said that corporate social responsibility is implemented by companies that are easiest to implement this policy (for example, companies that do not harm the environment).

Thus, it is possible to identify significant problems in the development of corporate social responsibility in Kazakhstan:
- a haphazard approach to the formation of corporate social responsibility development policy, since there is no structure or separate body in the government that consciously deals with corporate social responsibility issues in all areas of the economy, also developing an action plan
and stages for the systematic implementation of corporate social responsibility based on the analysis of the regional situation in the country and world experience (Kabatova, 2016).

- the processes of interaction between the state and business are not fully open since it is "behind closed doors" that the cooperation process between government and business takes place, that is, the activities of local authorities and companies in the social investment process. The population and the general public need to learn and have no idea where and how the company's social funds come from and how much and for what they are spent or spent in the social sphere to prioritize the population's needs. The opacity of this process means that other companies need to set a better example of responsible business conduct.

- the unreasonableness of existing economic measures to stimulate corporate social responsibility, while companies adopting corporate relations management strategies have no benefit other than moral satisfaction. Experts agree that more than the existing tax relief of 3% is needed to encourage companies to implement corporate social responsibility.

- the low level of the civil sector involvement in corporate social responsibility is such that the civil sector plays a vital role in developing corporate social responsibility. As for non-governmental organizations whose primary goal is to solve social problems by helping and interacting with the state," the civil sector can solve and implement many essential tasks.

Now let's look at ways to solve the problems of corporate social responsibility development, which are presented in Figure 3.

**FIGURE 3.** Ways to solve the problems of corporate social responsibility development in Kazakhstan

![Ways to solve the problems of corporate social responsibility development in Kazakhstan](image)

The state's refusal to provide economic incentives for corporate social responsibility

Development of a systematic approach to corporate social responsibility development

Save status quo

*Note: Compiled by authors*

According to Figure 2, the following solution was proposed:

- maintaining the status quo. Currently, the policy of developing corporate social responsibility cannot be called a failure, but it has yet to be achieved. The main feature of the policy is the lack of a system of measures taken, as a result of which officials, representatives of local businesses and the civil sector often do not understand the essence of corporate responsibility, its benefits to society and economic practice, how to implement and develop it. Under the current policy, Kazakhstan's business practices need to adapt more slowly to
international standards, which means it is becoming increasingly more challenging for Kazakhstan to become one of the world's leading economies.

- the complete rejection by the state of economic incentives for corporate social responsibility. A full-fledged discussion on granting preferential conditions to certain companies will mean less state influence on the business sector. Consequently, enterprises will consciously understand the importance and necessity of developing corporate social responsibility. These processes will take place more efficiently because the main initiative will come from the enterprise itself. At the same time, it will take longer to achieve a long-lasting positive effect. Although many experts note that economic incentives do not justify the costs of corporate social responsibility activities and, in particular, do not stimulate support for corporate social responsibility. The elimination of benefits can give companies a moral right to reduce costs.
- a systematic approach to implementing and developing corporate social responsibility in Kazakhstan. In order to ensure the systematic corporate social responsibility development, this policy option assumes mandatory compliance with three conditions: the involvement of the civil sector in the sphere of corporate social responsibility, open interaction of three parties: the state, the economy and the civil sector; the presence of a structure whose main task will be to develop strategies and measures to popularize and implement corporate social responsibility.

An essential aspect of the proposed policy-making option is that through the civil sector, the population can express their interests, participate in the decision-making process and evaluate the quality and effectiveness of social projects.

5. CONCLUSIONS

For many years, Kazakhstan has been calling on businesses to participate more in solving the social problems of the republic, introduce corporate social responsibility at enterprises and implement social projects. For the Kazakhstan model of corporate social responsibility to work, there is a need to form a systematic approach to developing a corporate social responsibility policy. Therefore, this paper recommends correcting the current model.

Thus, the article considered the main provisions of corporate and social responsibility considered in the works of foreign and domestic scientists. It is worth noting that the modern development of corporate social responsibility in Kazakhstan is carried out following global trends, but the process could be faster. The authors also identified the most significant problems of corporate social responsibility development in Kazakhstan, such as a haphazard approach to the formation of corporate social responsibility development policy, incomplete openness of interaction processes between the state and business, the unreasongableness of existing economic measures to stimulate corporate social responsibility, weak involvement of the civil sector in the practice of corporate social responsibility.

Thus, recognizing the need to modernize the current corporate social responsibility policy, this study proposes to form a systematic approach to developing corporate social responsibility, developing a version of the policy in the previous work section. A systematic approach will allow not only to involve businesses more actively in solving social problems and thereby contribute to reducing social tension in Kazakhstan but also to instil in the population the skill to take responsibility for their well-being. Citizenship development of the Kazakh society is one of the conditions for sustainable development.

References


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