

## Control System of Investment Activity in the Republic Kazakhstan: Institutional Approach

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**Abstract:** In article importance of research of a market conjuncture in the market of investments is emphasized. Now one of priority problems of a state policy of the Republic of Kazakhstan is maintenance of favorable investment climate and further stimulation of inflow of direct investments in national economy. Attraction of investments is one of the most important factors determining economic growth and increase of competitiveness of national economy and also promoting its integration into world productions. Speeding up of industrial innovative development of the Republic of Kazakhstan causes activation of investment activity of managing subjects. Thereupon formation of the institutional environment of the investment market is an objective condition of achievement of strategic targets. The state management of the investment processes is carried out on the basis of the institutes of the public power and the management functioning of which creates conditions for interaction of subjects of investment activity among themselves and the environment.

**Key words:** Institutional economy • Institutes of the public power and management • The state institutes of management • Development institutes

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### INTRODUCTION

Now the scientific economic community has a set of theories of management of investments and concepts of functioning of the investment market. Complication of theories happened in process of development of various schools and the directions, since antique (Platon and Aristotle) and finishing modern synthesis of theoretical conclusions and investment practice (The Nobel winners P. Samuelson, G. Markowitz, M. Miller, Modigliani, Sharp, D. Tobin, R. Solow, etc.).

The special importance in the conditions of globalization of world economy, increase in number of market subjects is gained by institutional methodology of the analysis of investment processes which is beyond purely economic problems and methods and is based on use of approaches of various scientific disciplines: political, social, economic, technological, legal, etc.

The economic direction of institutionalism-new institutional economy is based on the neoclassical principles of research: methodological individualism, maximizing usefulness, limited rationality of economic agents, their opportunistic behavior. Thus objects of the

analysis change also: the analysis of goods is replaced by the analysis of set of the relations of property; profits-the rights to the residual income; way of production as interactions of productive forces and production relations analyses of institute; contradictions-the conflict.

The new institutional economy arose in the USA in the 1960th as the direction within which it was carried out the critic of Keynesian regulation of economy who is based on sufficiency of establishment of market rules of the game and their fixing in acts for effective managing. Formed a methodological basis of development of new institutional economy: theory of the property rights (R. Kouz, R. Pozner, S. Peyovich), theory of transactional expenses (R. Kouz, O. Uilyamson), optimum contract (J. Stiglitz, Y.McNeal), state responsible for establishment and effective protection of the property rights, theory of a public choice (J. Buchanan, G. Tallok), constitutional economy (V. Vanberg). The new institutional economy has further development in D. Nort's works (the theory of emergence and change of institutes), G. Simon (the theory of limited rationality), L.Teveno (economy of agreements), the Lake. Favro (teoriyakonvention), R. Buaye (regulation theory), etc.

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Uniqueness of a condition of the institutional theory in modern Russia is defined by that its certain currents didn't develop evolutionarily in the course of the gnoseological (ideological) competition and [1] were implanted actually in finished form borders in connection with opening of domestic information space in the early nineties. Results of the most significant basic researches on institutional economy are reflected in works of her leading Russian representatives-A. Auzana, V. Grebennikova, B. Erznkyan, V. Zotova, O. Inshakova, R. Kapelyushnikova, S. Kirdina, G. Kleynera, Y. Kuzminova, of Lviv, V. Maevsky, V. Makarov, A. Moskovskogo, A. Nekipelov, A. Nesterenko, R. Nureev, A. Oleynik, V. Presnyakov, V. Polterovich, E. Popov, O. Sukharev, V. Tambovtsev, A. Shastitko, D. Frolov, etc. to which main achievements it is necessary to carry [1]:

- Deepening of the general theory of institutes and evolutionary concept genesis institute;
- Endogenization of an institutional factor of production in the generalized model.
- Production function, differentiation of concepts of an institution and institute;
- Implementation of the institutional analysis of process of social and market transformation with formation of bases of the theory of institutional reforms;
- Development of the institutional theory of the enterprise and intercompany integration;
- Diversification of researches of the negative institutional phenomena, including shadow economy, dysfunctions and "traps";
- Institutionalism introduction in a paradigm of state regulation.

As basic elements in the institutional theory concepts of institute and the institutions which intrinsic characteristics are a subject of numerous discussions as well as their subordination (see V.L. Tambovtsev, O.V. Inshakova, N. N. Lebedeva, R.I. Kapelyushnikova, O.S. Sukharev, A.E. Shastitko, D.P. Frolov, K. Besse, O. Favro's works, etc.) act. We will be guided by the point of view of professors of O. Inshakov and D. Frolov to whom the institute seems "a standard organizational form of a complex of the uniform institutions, providing their reproduction and homeostasis as complete system of socially recognized and necessary activity" [2] and institutions-as "the isolated kinds of activity which are socially fixed in quality of status functions of agents of

economy during public division of labor" [2], being shown in the form of norms and rules, routines and procedures, values and sanctions, conventions and contracts, models of behavior and stereotypes of thinking, bodies and institutes.

Therefore, institutions are the functional content of economic activity and the organizations act as its structural forms or a social form of structure of subjects and objects of the economic relations. Thus if the organizations are systems of collective action, institutes corresponding to them-special forms over collective subjectivity [2].

Thus, institutes are created for permission of specific problems of economic activity by means of generating of necessary rules. Norms and rules personify results and factors of reproduction of institutes, tools of the mechanism of their functioning. According to the Law of the Republic of Kazakhstan (RK) of January 8, 2003 No. 373 "About investments" (in edition of 13.02.2009) investment activity is determined as activities of physical and legal entities for participation in authorized capital of the commercial organizations or by creation or increase in the fixed assets used for business activity and also by the made and received fixed assets within the contract of concession by the concessionaire (assignee). Without subjecting to the detailed critical analysis the given treatment, we will note some unilaterality of the formulation which is expressing in restriction with the act of investment activity by the sphere of business, than possibility of implementation of investment activity in the social sphere is ignored. Besides, instead of the general and broad concept of objects of the business activity, earlier used in existing acts, only two types of objects are entered: authorized capital and the fixed assets that has to stimulate really development of the production sphere and recover domestic market of Kazakhstan.

Thus, this law is the rule of law setting limits of the public relations between subjects of investment activity in RK, actions of physical and legal entities in the status of investors, i.e. as borders of the relations between subjects of investment activity according to the Law in RK act commercial and business activity.

Investors are the physical and legal entities who are carrying out investments into RK.

Investments are understood as all types of property (except the goods intended for personal consumption), including subjects of financial leasing from the moment of the conclusion of the contract of leasing and also the right to them put by the investor in authorized capital of the legal entity or increase in fixed assets, used for

business activity and also the made and received fixed assets within the contract of concession by the concessionaire (assignee).

The investment of investments assumes an exchange of the rights of possession, the order and using invested property, as property relations, on a certain benefit for the investor. Transfer of the specified rights (in whole or in part)-transaction-is carried out on the basis of contracts (contracts) which fix, what competences and on what conditions are subject to transfer, i.e. at the heart of investment activity norms and the rules regulating actions of subjects of investment activity lie.

According to methodology of new institutional economy emergence of norm, the rule grows out of institute reproduction since they are entered as a result of repeated repetition and typification of actions regulated by them that allows us to mark out the special importance of a place and a role of institutes in the course of investment activity.

The subjects of investment activity forming an investment demand and realizing the offer, enter interaction with each other in the investment market which mechanism of functioning is characterized by a certain ratio of supply and demand, price level, the competition and realization volumes. By means of the investment market the circulation of investments, transformation of investment resources (investment demand) to the investments providing a gain of the capital is carried out. Thus functioning of the investment market happens by the certain rules established by market institutes from which distinguish legislatively fixed organizational structures-investment institutes-the legal entities of any organizational and legal form who are carrying out intermediary or consulting activity exclusively with securities. The investment institute can carry out the activity on securities market in quality: intermediary (the financial broker); investment consultant; investment company; investment fund; stock exchange.

Now investment institutes represent the standard organizational forms of a complex of institutions most studied in economic science (dealership, a brokerstvo, a broking, an investorstvo etc.). However interaction of subjects of investment activity isn't limited to activity of the specified investment institutes. to. assumes formation of system of the steady relations concerning streamlining of investment activity not only on securities market, but also real investment [2].

In this regard investment activity appears as a stream of the actions directed on creation, functioning and development of the investment market by establishment

of rules, the organization and information support of transformation of investment resources in the investments providing a gain of the capital. Rules define as the conventional and protected instructions which resolve or forbid certain types of actions of one individual or their group at their interaction with other people or groups [3].

From the point of view of level of implementation of rules allocate: the global-constitutional (political) and economic-form the institutional environment; the local-the contracts providing functioning of individuals. We use this approach for allocation of the institutional structures realizing in the investment market specified rules.

The constitutional rules are intended for definition of an order of adoption of the state decisions in the sphere of management by investment activity, control of formation and placement of investments, i.e. create decision-making conditions at the level of federal, regional subjects and also firms, the enterprises, establishments.

Therefore, the system of institutes of the public power and the management is necessary for generating of the constitutional (political) rules, created from above, providing direct and indirect impact of the state on the processes proceeding in the economic sphere and in particular-investment. Formation, functioning and development of system of institutes of the public power and management are caused by influence of the objective and universal factors having impact on economic life of society, such as: distinctions in starting conditions of development of the countries and regions; existing political system; negative manifestations of a human nature etc.

Idea of a place and role of institutes in management of economy went deep in process of considerable expansion of their set and strengthening of influence on economic processes and the relations. From the general category "institutes" generally treated as "set relatively the general and steady, legislatively consolidated or informal, historically developed norms, the rules forming the public, economic relations and interactions between people, the organizations and the countries" [4], was allocated the concept "economic institutes" reproducing formal and informal rules of economic behavior of subjects of managing, to which carry (according to opinion of representatives of the Volgograd economic school) institutes of bank, the exchanges, firms, insurance company, investment institutes-institute of venture fund etc. Need of management is connected by investment activity with that the exchange of the property rights organized by means of contracts of this or that type, significantly is various. In this regard minimization of

transaction expenses demands selection for each transaction of the structure of management most suitable for it which can be identified with this or that type of the contract, way of management or a compromise choice between the market and hierarchy.

Management institutes as set of the organizational forms of government by economic objects, processes, the relations and also the developed customs of business behavior which are based on standards of public ethics and morals are as a result created. Thus allocate the institutes of public administration presented, on the one hand, in the form of standard state bodies and with another-in the form of legislative and standard, welfare and moral and ethical base.

The highest social form of fixing of general functions of members of society is the Constitution. The constitutions adopted in much modern states directly fix the property right and also the status of heads of state, the governments, chambers of parliament, a number of governmental departments, vessels of the general and special jurisdiction in the economic sphere, i.e. norms of a constitutional law regulate economic and political activity of the state on the basis of system of institutes of the public power: the presidential power and parliament and management institutes-the government and its bodies [5].

According to RK Constitution regulation by institute of the presidential power of the economic sphere is shown in definition of domestic and foreign policy of the state; Government structures; appointment of the President of National bank; adoption of laws and state programs [6].

The parliament in separate meeting of Chambers by consecutive consideration of questions, in the beginning in Mazhilis and then in the Senate, adopts the constitutional laws and laws, including:

- Approves the republican budget, makes to it changes and additions;
- Establishes and cancels the state taxes and fees;
- Establishes an order of the solution of questions of the administrative-territorial device of Kazakhstan;
- Resolves issues of the state loans and rendering by the republic of economic and other help.

The special status in management of economic processes belongs to the RK National bank which has a two-level banking system. The national bank is the RK central bank and represents the top (first) level of a banking system of RK. All other banks represent the bottom (second) level of a banking system except for

Development bank of Kazakhstan having special legal status. Main objective of National bank is ensuring stability of the prices in the Republic of Kazakhstan. For realization of a main objective the following tasks are assigned to National bank: development and carrying out monetary policy of the state; ensuring functioning of payment systems; implementation of currency regulation and currency control; assistance to ensuring stability of a financial system.

Not less significant role in management of economic processes belongs to the Government of RK which has essential powers in this sphere: develops the main directions of social and economic policy of the state by means of formation of the republican budget and ensuring its execution; entering into Mazhilis of drafts of laws; organizations of management of state ownership; development of measures for carrying out foreign policy of the republic; managements of activity of the ministries, state committees, other central and local executive bodies.

Thus, each of the listed institutes "has, characteristic for it structure of institutions... causing possibility of the organization human-economic, investment-(an insert of the author) activity" [7] in certain conditions of the environment. Emergence of the above institutes was a consequence of need to reach an optimum combination of economic feasibility of activity of the enterprises and the organizations as target groups of agents of the interconnected institutions with the reached level of the constitutional development.

For realization of above-mentioned functions by RK Government the President of RK defines its structure, i.e. system of economic institutes on the basis of the organized institutions in the course of public division and labor co-operation. It is necessary to carry to them created in RK: Ministry of the industry and new technologies (MINT), Ministry of economic development and trade (MEDT), Ministry of Finance (Ministry of Finance). Besides, as institutes of the investment market in RK the National Bank (NB) forming and realizing a credit policy, the Ministry of Foreign Affairs (MFA) and the branch ministries are defined.

So, for example, MINT-the central executive body presiding in the sphere of the industry and industrial and innovative, scientific and technical development of the country and in particular-the state support of investments, creation, functioning and abolition of special economic zones; export control etc. For isolation of functions of management by investment activity within this ministry such body, as Committee on investments MINT RK being department, carrying out

within competence MINT, according to the legislation, special executive and control and supervising functions and also intersectoral coordination in the sphere of the state support of investments in the Republic of Kazakhstan is created.

As the main functions of Committee on investments act: assistance to attraction of investments into economy of the Republic of Kazakhstan; development and realization of measures for improvement of investment climate in the country, creation of the legal and other conditions promoting attraction of investments; coordination of activity of government bodies on work with investors; ensuring activity of Council of foreign investors at the President of RK; assistance to attraction of financial resources for realization of state programs, priority projects, including at the expense of loans and the grants provided by the international economic and financial organizations and the donor countries; creation of effective system of interaction with investors, assistance in ensuring observance of the guarantees established by the legislation of RK and also in protection of legitimate rights and interests of investors etc.

The Ministry of economic development and trade-the central executive body which is carrying out intersectoral and interregional coordination of development of the main directions of the state social and economic policy and carrying out, in particular, the following functions: strategic planning and formation of the main priorities of social and economic development of RK and regional development; international economic and financial relations, including regulations of the international economic integration; regulations and developments of the foreign trade activity and domestic trade; developments and supports of private business; investments and state-private partnership; managements of the state assets in economy sectors; developments of system of public administration etc.

As the main functions of the Ministry of Finance of RK in the field of investment activity act: formation and realization of the state budgetary and tax policy; state regulation in the sphere of customs affairs; management of state ownership, budgetary crediting; management of system of government procurements; issue of the state issue securities of the Government of RK; definition of an order of transfer to possession and using to the concessionaire of objects of the concession being in state ownership; definition of conditions, form and type of privatization; formation of system of banking institutions of the second level etc.

At the international level the organization of investment activity is carried out by Committee of the

international economic cooperation RK Ministry of Foreign Affairs which most significant tasks are: assistance to attraction of foreign investments and technologies in RK; development of offers in the field of the international cooperation, improvement of mechanisms of interaction with the foreign states and the international organizations; search of partners and adjustment of long-term business contacts, ensuring preparation of the conclusion of international treaties concerning investment and economic activity; participation in attraction of financial resources, including at the expense of loans and the grants provided by the international economic and financial organizations; organization.

Actions with potential foreign investors in foreign countries concerning attraction of investments and investment appeal of RK; the analysis of the international economic cooperation with the purpose of attraction of innovative technologies, potential investors and also sales markets of the goods made in RK; cooperation with the international economic organizations and financial institutions; assistance to the intergovernmental commissions on trade and economic cooperation of RK. [7].

The specified ministries and the Government as institutes generate economic rules, i.e. create conditions for emergence, implementation and change of the property rights, being thus the organizations or structural forms of economic and investment activity. Institutions realized by these organizations, in turn, are structured that conducts to formation of bodies as institutionally specialized divisions of the organizations, i.e. the internal structures rather isolated in their framework which are carrying out separate system functions [8], for example, of Committee on investments as a part of MINT, Committee of the international economic cooperation at the Ministry of Foreign Affairs, etc.

Investment activity in RK it is necessary to carry to the state institutes of management and the institutes of development presented in the form of the specialized state organizations, created from the 100th % state participation for effective management of investment resources through systems of development and business support. Control of such structures is exercised by joint-stock company "National welfare fund [9].

"Samruk-Kazyna" as which only shareholder the state acts. Main objective of activity of Fund is management belonging to it on a pravesobstvennost equity stakes (shares) of national institutes of development (JSC Development Bank of Kazakhstan, JSC Investment Fund of Kazakhstan, JSC Fund of

Development of Business Damu, JSC Kazyna Capital Management, "National innovative fund", JSC Kazakhstan Fund of Guaranteeing Mortgage Loans, etc.), the national companies (JSC KazMunaiGas, United Chemical Company LLP, JSC Samruk-Energo, the National mining company "Tau-Ken Samruk" etc.) and other legal entities for maximizing their long-term value and competitiveness increase in the world markets.

Creation of institutes of development in RK is directed on elimination or mitigation of "market failures"-situations at which market mechanisms aren't capable to provide the most effective solution of economic and investment problems [10].

On the basis of the above we systematize a place and a role of institutes of the public power and management in regulation of processes of investment activity.

Within institute of the presidential power and institute of parliament the legislative regulatory base of regulation of investment activity is formed, priorities and the main directions of investment policy in the internal and external markets by means of the statement of state programs (for example, the State program are determined by the development forced industrial innovatively for 2010-2014), development strategy (Strategy of development of Kazakhstan till 2030); basic structures of management are created, i.e. the institutional environment of the market of investments is formed.

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The state institutes of management presented in the form of the standard, steady organizations (bodies), differentiate functions and the structures of the investment activity being integrated systems, using specific tools and methods of control over investment activity of managing subjects. Main functions the state institutes of management act:

- The information-provides subjects of the investment market with necessary information (rules), increasing their competence and creating conditions for more rational behavior;
- Agreements-within which there is a coordination of interests of subjects of the investment market on the basis of coordination of actions according to stereotypes of the economic behavior accepted within concrete institute;
- Subordinations-conditionality of development of one state institutes of management from others: change of structure of functions of one institute leads to their transfer to another [11].

So, for example, management of trade was a part of functions of the Ministry of the industry and trade. As a result of correction of strategic objectives of development of Kazakhstan-speeding up of industrial and innovative development-the complex of administrative influences on activity regulation was transferred to this ministry in the sphere of industrial and innovative and scientific and technical development of the country and certain spheres

of economy. Management of trade as the isolated kind of activity became function of the Ministry of economic development [12].

- Developments-the state institutes of management generate economic rules (laws, norms, requirements) to which subjects of the "legal" investment market have to follow. If the conclusion of investment transactions on condition of implementation of the established rules is interfaced to high transaction expenses, subjects of the investment market conclude other agreements providing other models of behavior which, in turn, lead to emergence of new institutes.

Studying of tasks and functions of the state institutes of management by investment processes in RK allows to draw the following conclusions:

- External management of investment processes which includes also state regulation on the basis of legislative and rules of law, represents institutional regulation of the investment market, thereby institutes form conditions of course of investment processes in the form of interaction of subjects of the investment market among themselves and with environment; [13]
- Institutes predetermine a place and a role of subjects of investment activity as legal entities, property, the contractual relations, as participants of the market, producers and consumers of investment goods, owners of investment resources.

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