

СВЕДЕНИЯ ОБ АВТОРАХ

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PUBLIC PRIVATE PARTNERSHIP AS A TOOL TO IMPLEMENT THE PRINCIPLES OF SOCIAL RESPONSIBILITY OF BUSINESS

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ABSTRACT

Today, the concepts and ideas of corporate social responsibility have achieved worldwide public recognition. This is largely due to both the noticeably increasing role of business in the development of society, and the increased requirements for openness in the business environment. A growing number of companies come to the understanding that successful business is possible only with constant interaction with the external environment, including government bodies. As the main stimulus for the development of business socialization, the goodwill and personal altruism of entrepreneurs were most often considered, today most of them recognize that social inclusion.

Keywords: public-private partnership, corporate social responsibility, business socialization, business responsibility, partnership, PPP mechanisms, social infrastructure.

INTRODUCTION

Due to development and increase in the level of market relations, and due to this change in the nature of state regulation of the economy, issues related to the interaction of the state and business structures with one of the forms as public-private partnership (hereinafter - PPP), are becoming increasingly relevant. This form of interaction is aimed at combining the resources of the state and business structures. Besides ensures the implementation of socially significant projects with the lowest costs and risks.

LITERATURE REVIEW

Recently, both in developed countries and in developing countries, a public-private partnership has a strategic role in the development of entrepreneurship. This is largely due to the fact that it is mutually beneficial cooperation between the state and the private sector in industries traditionally related to the sphere of responsibility of the state on the basis of a balanced distribution of risks, benefits and costs, rights and obligations defined in the relevant agreements [1].

To date, there is no single definition of “public-private partnership”. Various authors interpret this term in different ways, and these definitions can differ quite significantly from each other.

If we turn to the European Bank for Reconstruction and Development (EBRD), the EBRD understands PPP as a long-term contract with the private sector to provide services to the state, in the interests of the state or on behalf of the state.

Deloitte defines PPP as “an agreement in the form of a contract between a public authority and a private company, which allows the company to participate in the implementation of infrastructure projects to a much greater extent” than standard forms of cooperation. [2].

Understanding of PPP in the international framework is based on the UN Millennium Declaration. The definition embraced by The Canadian Council for Public-Private Partnerships is as follows: "A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards." [3] In Kazakhstan, in the absence of customary and proven mechanisms for protecting private investment, such an interpretation may lead to reluctance of private capital to participate in PPP projects, since it refers exclusively to the interests of the state side.

Russian scientist V.G. Varnavsky defines PPP as follows: “Public-private partnership is a legally fixed form of interaction between the state and the private sector in relation to state and municipal property, as well as services performed and provided by state and municipal bodies, institutions, enterprises in order to implement public significant projects in a wide range of economic activities”. In this definition, the object area of economic relations is correctly formulated, however, there is no specification of PPP from state forms of economic activity, such as lease of state property or state order. [4]

Let’s note that some researchers use a mixed approach to the consideration of public-private partnerships. For example, Kabashkin V.A. suggests considering PPP as:

- a means of interaction between the state and business structures;
- a method of such interaction;
- the principle of such interaction;
- the form of such interaction;
- method of such interaction. [5]

In our opinion, this approach helps to understand the essence of public-private partnership processes.

The Center for Public-Private Partnership of the Republic of Kazakhstan gave the following concept of PPP: “ this is a set of medium-term or long-term relationships between the public and private sectors for the provision of publicly significant works and / or design services; financing; construction; reconstruction; rehabilitation; operation; maintenance of facilities subject to the observance of the basic principles of PPP”.

Moreover, the implementation of the principles of public-private partnership in most cases has a significant impact on the economy, providing the following points:

- participation in projects of business structures increases the efficiency of project implementation, reducing the time for their implementation, allowing you to solve issues of a production and management nature;
- improving the quality of services and end-user services;
- reducing the level of load on the state budget through attracting the private sector and transferring part of the cost to users;
- creation of additional opportunities for business development, contributing to the solution of employment issues in the future [6].

THE MAIN PART OF STUDY

Public-private partnership is based on weakening the direct impact of the state in the economy, transferring functional powers to the private sector and at the same time maintaining and strengthening its regulation. At the same time, its main goal can be called increasing the efficiency of fulfilling state obligations in socially significant sectors in the context of insufficient financial resources 7.

Public-private partnership is not only an investment mechanism, but also a cost-effective management model that allows reducing costs and optimizing some budget items, as well as improving the quality of social services provided through the partnership. Therefore, it is advisable to develop a mechanism for mutually beneficial public-private partnerships aimed at achieving the goals and objectives of both parties, within which the content of public-private partnerships should reflect, first of all, the social responsibility of business. Thus, as world experience shows, this nature of the relationship is possible subject to the principles of social responsibility of business.

Table 1 – Comparative analysis of the concepts of corporate social responsibility (CSR) and public-private partnership (PPP)

Signs	CSR	PPP
Nature	The concept of doing business, the purpose of which is a positive impact on certain social groups and areas. [Specific actions and results of social activities carried out in the interaction of society, government and business.
Aim	Sustainable development of society, providing for the satisfaction of its needs, not a threat to meet the needs of future generations. Business reputation of companies.	Sustainable development and a set of social programs in priority areas.
Tasks	Manufacture of products and provision of services, in sufficient quantities and of appropriate quality, subject to all legislative requirements for doing business. Respect for the right of workers to safe work with certain social guarantees, including the creation of new jobs. Further training and staff skills. Protecting the environment and saving irreplaceable resources. Protection of cultural heritage. Support for the efforts of the authorities in the development of the territory of presence. Assistance to institutions of the social sphere of the territory of presence. Assistance to socially vulnerable groups. Compliance with the legislative and ethical standards of doing business, generally accepted in the business environment..	Creating conditions for effective interaction between the state partner and the private partner in order to ensure sustainable socio-economic development of the Republic of Kazakhstan. Attracting investments in the state economy by combining the resources of the state partner and private partner for the development of infrastructure and life support systems of the population. Improving the availability and quality of goods, works and services, taking into account the interests and needs of the population, as well as other interested parties. Increasing overall innovation activity in the Republic of Kazakhstan, including promoting the development of high-tech and high-tech industries.
Decision Area	Ethical values, compliance with laws, respect for people, communities and the environment.	Doing business aimed at creating added value and increasing national competitiveness in the interests of stakeholders.
Subjects	Business structures (employees of enterprises, partners, investors, creditors, customers, competitors, business community). Government departments. Community (local community, various social groups, public organizations). Environment.	The state partner and private partner, as well as other persons participating in the implementation of the public-private partnership project, provided for by the Law. A state partner is the Republic of Kazakhstan, on behalf of which are state bodies, state institutions, state enterprises and limited liability partnerships, joint-stock companies, fifty or more percent of the shares in the authorized capital or voting shares of which are directly or indirectly owned by the state that concluded the state private partnership. Private partner - an individual entrepreneur, simple partnership, consortium or legal entity, with the exception of persons acting as state partners in accordance with the Law who have concluded a public-private partnership agreement [10]
Basic Principles	Principle of openness - business activities should be public and open. Principle of consistency - companies should regularly provide funding for social programs in various fields, be it personnel, society or the environment. Principle of significance - socially significant programs and measures implemented by companies should be implemented in those areas in which there is a corresponding need. Principle of conflict prevention - the social policy of the company and its individual activities should not infringe on the interests of any groups of stakeholders. The CSR strategy itself should include the tasks of protecting human rights, namely they play a paramount role.	Principle of consistency is the phased construction of relationships between subjects of public-private partnership. Principle of competitiveness is the determination of a private partner on a competitive basis. Principle of balance is a mutually beneficial distribution of responsibilities, guarantees, risks and revenues between a public partner and a private partner in the process of implementing a public-private partnership project. Principle of effectiveness - the establishment of criteria and indicators to assess the achievement of the results of public-private partnership.
Source: provided by author based on the literature review		

Corporate social responsibility as a tool for achieving a socially responsible partnership of business and government acts as a key factor in creating market relations based on intellectual resources and social capital. From which it follows that the social responsibility of business involves the development of such resources necessary to improve the socio-economic development of the regions, and the effective functioning of the mechanism of socially responsible public-private partnership [8].

The analysis of reference on the issues under study allowed us to identify the basic principles of corporate social responsibility, to reveal its essence, nature and found out its differences from social activities in the framework of public-private partnership. In a generalized form, the analysis is presented in Table 1.

In general, based on the foregoing, the following key difference between of PPPs and socially responsible business can be noted. So the first type of relationship between business and government is used mainly in the mechanism for implementing public policy. While the concept of corporate social responsibility is more represented in the mechanism for realizing the economic interests of business. Moreover, as the main goal of PPP, the increase in the effectiveness of the implemented state policy can be considered. At the same time, the goal of social responsibility in most cases is to create a positive image of the company to gain competitive advantages in the market (increasing sales, strengthening the position of brands in the market, increasing investment attractiveness, reducing the cost of production).

It should also be noted that the differences relate to the distribution of roles of government and business and the nature of the resources used to achieve the goals. [11]

In foreign countries, public-private partnerships have been actively developing since the end of the 1980s. While in Kazakhstan the first real calls for the development of public-private partnerships were made in the mid-2000s. In this period the economic situation in the country stabilized and the need arose to create mechanisms for long-term economic development of the country. Hence it was necessary to look for forms of civilized business development, while there was a gradual understanding of this phenomenon of economic and social life.

The use of PPP mechanisms, based on the principles of social responsibility of business, is currently gaining widespread acceptance in the Republic of Kazakhstan. It is carried out in all sectors of the economy. Significant changes are taking place in the models and tools for managing industrial and social infrastructure, which are traditionally owned by the state. The largest number of projects are in the areas of education, health, energy and housing and communal services, culture and sports. So, according to the data of Kazakhstan PPP Center JSC and the data of the Ministry of National Economy of the Republic of Kazakhstan, in recent years the attraction of investments through public-private partnerships has increased. This contributed to a 0.2% GDP growth. Contracts worth 1.5 trillion tenge have already been concluded. At the stage of preparation of 737 projects worth 1.4 trillion tenge. Since 2013, in the field of education, 271 projects have been implemented in the framework of public-private partnerships. The number of private preschool organizations has increased from 1,045 units to 3,640 units, the lion's share falls on preschool institutions. [12]

In general, these changes reflect a decrease in the state's influence on the economy. At the same time, an expansion of state regulation, and as a result, an increase in the scale of partnership between the state and the business sector. Also were passed laws "On public-private partnership" of October 31, 2015, "On Concessions" of July 7, 2006 and relevant by-laws. [13]

In Kazakhstan, a serious legislative framework has been created for implementing various forms PPP, various institutions and mechanisms for implementing such partnerships have been formed. Thus, public-private partnership projects are an effective mechanism for mutually beneficial cooperation between business and the state in order to modernize the existing infrastructure, as well as create new facilities and their subsequent operation. However, as the data in the table below shows, the current situation on the implementation of projects is characterized by unevenness by regions of the Republic of Kazakhstan. [14]

Table 2 – Information on ongoing projects in the regions of the Republic of Kazakhstan as of November 1, 2018

Regions	Registered Contracts	Contracts at the registration stage	At the stage of competition / signing of contracts	Documents Development	TOTAL
Akmola region	31	0	3	4	38
Aktobe region	14	65	91	27	197
Almaty region	13	0	7	28	48
Atyrau region	2	0	2	64	68
East-Kazakhstan region	73	30	3	70	176
Jambyl region	1	0	0	20	21
West-Kazakhstan region	3	0	7	12	22
Karaganda region	32	0	20	48	100
Kostanay region	45	0	4	19	68
Kyzylorda Region	22	0	9	44	75
Mangistau region	8	0	10	28	46
Pavlodar region	11	0	24	37	71
North-Kazakhstan region	14	0	2	30	46
Turkestan region	19	0	15	43	77
Almaty city	40	10	4	4	58
Nur-Sultan city	5	0	2	7	14
Shymkent city	10	0	0	0	10

Source: provided by author based on [14]

It should be noted that in Kazakhstan, the principles of social responsibility are mainly adhered to by large business entities. As a rule they account for the predominant share of ongoing and planned projects in the framework of PPP. Today, according to a number of experts, Kazakhstan is a leader among the Central Asian countries in the field of corporate social responsibility. However, despite this, there are a number of problematic aspects, caused, first of all, by understanding the essence of CSR. This is also confirmed by the results of a survey conducted by the SANJ Research Center. According to which only 63% of respondents from the business environment of the Republic of Kazakhstan are familiar with CSR. At the same time, if large companies are 100% aware, then small businesses - by 47%. The level of knowledge about CSR among government officials also weak (15%). As usual, they viewed it exclusively as charity. Also, respondents as a problematic aspect of the development of interaction between business and government noted a low level of qualification, a low level of public interest in the achievements of business in the social sphere. [15]

Nevertheless, the importance of PPP, which is the most important mechanism for the development of the economy is increasing every year, bringing the necessary socio-economic effect. An example of the successful implementation of the principles of social responsibility is the Eurasian Resources Group (hereinafter – the ERG). ERG represents a third of the mining and metallurgical sector of the Republic of Kazakhstan. Also it is a world leader in the production of high-carbon ferrochrome. [16] In Kazakhstan, the Group is a key supplier of iron ore, as well as an electricity supplier and railway operator. ERG plays a decisive role in the regions of its presence, in the country's mining and metallurgical sector and the economy as a whole. The Group's enterprises are a long-term employer and ensure the well-being of the population.

During the course of its activities in Kazakhstan, the company annually participates and supports the implementation of important socio-economic projects in the regions of its presence - Aktobe, Karaganda, Kostanai and Pavlodar. The priority areas are the development of infrastructure, education, support for the local community, support for sports events.

For 15 years, the Eurasian Group annually concludes memorandums on the implementation of socially significant projects in the Aktobe, Kostanay and Pavlodar regions, where the Group's enterprises are located. So, in 2019, ERG will direct 9.9 billion tenge to implement a number of social projects in the regions of Kazakhstan. The Eurasian Group conducted comprehensive sociological studies in the single-industry towns

where ERG enterprises are located. Funding will be provided through a partnership of business and government, both from the republican and local budgets, as well as from the Eurasian Resources Group. Funding will also be directed to socially significant projects of the Aktobe region, as well as to the socio-economic development of the region and its infrastructure, including through cooperation with state authorities under the Eurasian Resources Group Tugan Jer Hometowns program.

In general, according to the company's Annual report, over the past 5 years from 2014 to 2018, the volume of social investments of the Eurasian Group exceeded 107 billion tenge. In the framework of a partnership between business and government, memoranda of cooperation are annually concluded with akimats (*i.e. local municipal administration*) of the Aktobe, Karaganda, Kostanay, Pavlodar regions. So, for example, the amount allocated by ERG under the Memorandum to socially significant projects of the Aktobe region in 2019 amounted to 3.2 billion tenge. This year, a socially significant project for the construction of a kindergarten in Khromtau for 320 children at a cost of 850 million tenge as part of a PPP was also launched. The amount allocated by ERG under the Memorandum with the Akimat of the Pavlodar region in 2018 became the highest in the last six years and amounted to 3.7 billion tenge, in 2019 - 3 billion tenge. The memorandum includes ERG initiatives aimed at developing regions, as well as socially significant projects of the akimat of Pavlodar region (construction of roads, infrastructure, repair of hospitals, financing of schools, kindergartens and the installation of playgrounds, other sports facilities), which will be implemented at the expense local budget in accordance with the legislation of the Republic of Kazakhstan [17].

The number of such examples of business social responsibility, its humane attitude to issues of socio-economic development is increasing today, which creates confidence that public-private partnerships based on the principles of business social responsibility are becoming increasingly widespread. [18]

CONCLUSION

The analysis of the possibility of using public-private partnerships for the development of corporate social responsibility of Kazakhstan companies allowed us to formulate the following conclusions.

A study of the reference literature allowed us to identify the basic principles of corporate social responsibility, to reveal its essence, to define differences from social activities in the framework of public-private partnership.

The most common domestic and foreign PPP formulations are compared. It is shown that most approaches are considered by public-private partnerships, primarily in the form of mutually beneficial cooperation between the two parties, where the motivation of both the state and the private investor to participate in projects should be determined.

The advantages that a business gains from the practice of corporate social responsibility are described. The main factors hindering the effective implementation of activities by companies within the social responsibility can be considered: insufficient financial resources for medium and small enterprises, gaps in the regulatory framework, low level of public assessments of the companies' contribution to the sustainable development of the regions, and the difficulty in measuring the effect of corporate social responsibility.

For the purpose of further development at the regional level of public-private partnerships the following is proposed:

- developing a strategy based on public-private partnership schemes and taking into account the specifics of the relevant sectors of the economy;
 - improvement and refinement of normative legal acts coordinating PPPs ensuring its effective functioning;;
 - development of procedures for monitoring projects, the implementation of which is based on public-private partnership schemes, and ensuring the protection of the rights of both the state and domestic and foreign investors;
 - ensuring the introduction of an appropriate tariff system for the use of transport and other infrastructure, formed according to public-private partnership schemes;
 - development of models of investment agreements, establishing an algorithm for their conclusion.
- Moreover, in view of the powers of state or local authorities, to develop a mechanism for public presentation of projects by investors;

- creation of an effective subsidy mechanism and related tools aimed at protecting socially disadvantaged groups in the implementation of these projects;
- ensuring control over the environmental consequences of the partnership between business and government.

[19]

It was also revealed that today, among domestic companies, the area of social responsibility is constantly growing, now not only charity, but also environmental, legal, aspects of activity, responsibility to the population in the regions of presence, as well as many other aspects fall into this category.

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ТҮЙІН

Мақалада мемлекеттік-жеке меншік серіктестігі (МЖМС) отандық бизнестің әлеуметтік міндеттерінің деңгейін арттыру механизмі ретінде қарастырылады. Мұнда МЖМС мазмұнды мәні мен бизнестің корпоративті әлеуметтік жауапкершілігі (КӘЖ) кеңінен ашылып, билік пен бизнес арасындағы аталған қарым-қатынас формасының айырмашылығы айқындалған. Мақалада МЖМС дамуының тиімді тұстары зерттелді, мақсаттар мен міндеттерге қол жеткізу үшін КӘЖ-кті шешуге бағытталған бизнес пен билік арасындағы өзара тиімді серіктестіктің қажеттігі дәлелденді. Қазақстан Республикасындағы КӘЖ принципіне негізделген қазақстандық компанияларда МЖМС механизмдерін пайдалану тәжірибесі зерттелді, МЖМС заңнамалық базасы қарастырылды

РЕЗЮМЕ

В статье рассматривается государственно-частное партнерство (ГЧП) как механизм повышения уровня социальных обязательств отечественного бизнеса. Раскрыта содержательная сущность ГЧП и КСО бизнеса, выявлены различия между данными формами взаимоотношений власти и бизнеса. В статье изучены положительные эффекты развития государственно-частного партнерства, доказана необходимость дальнейшей разработки механизмов взаимовыгодного партнерства бизнеса и власти, направленных на достижение социальных целей и задач. Изучена практика казахстанских компаний по использованию механизмов государственно-частного партнерства, базирующегося на принципах социальной ответственности бизнеса, рассмотрена законодательная база государственно-частного партнерства

SUMMARY

The article considers public-private partnership (PPP) as a mechanism to increase the level of social obligations of domestic business. The substantial essence of PPP and CSR business is revealed, the differences between these forms of relations between government and business are revealed. The article examined the positive effects of the development of public-private partnerships, proved the need for further development of mechanisms for mutually beneficial partnerships between business and government aimed at achieving social goals and objectives. The practice of Kazakhstan companies on the use of public-private partnership mechanisms based on the principles of social responsibility of business is studied; the legislative framework of public-private partnerships is considered.

СВЕДЕНИЯ ОБ АВТОРАХ

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