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INTEGRATED FRAMEWORK FOR THE NATIONAL ECONOMY MANAGEMENT IN THE CONTEXT OF GLOBALISATION

The article explores the complex of mechanisms directed at harmonious development of the national economy in the post-crisis period. Based on the analysis of the theoretical materials on the given issue, a methodical background has been specified and extended, assessment of the economic environment in the Republic of Kazakhstan is given, and alternative development scenarios in the context of globalisation are offered.

Keywords: economy, management, development, integration, globalisation.

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ЗАГАЛЬНА КОНЦЕПЦІЯ УПРАВЛІННЯ НАЦІОНАЛЬНОЮ ЕКОНОМІКОЮ В КОНТЕКСТІ ГЛОБАЛІЗАЦІЇ

У статті розглянуто комплекс механізмів, спрямованих на гармонійний розвиток національної економіки Казахстану в посткризовий період. На основі аналізу теоретичного матеріалу з даного питання визначено і доповнено методологію дослідження, оцінено поточну економічну ситуацію в Республіці Казахстан, запропоновано альтернативні сценарії розвитку в контексті глобалізації.

Ключові слова: економіка, управління, розвиток, інтеграція, глобалізація.

Таб. 1. Літ. 10.

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ОБЩАЯ КОНЦЕПЦИЯ УПРАВЛЕНИЯ НАЦИОНАЛЬНОЙ ЭКОНОМИКОЙ В КОНТЕКСТЕ ГЛОБАЛИЗАЦИИ

В статье рассматривается комплекс механизмов, направленных на гармоничное развитие национальной экономики Казахстана в посткризисный период. На основе анализа теоретического материала по данному вопросу определена и дополнена методология исследования, оценена текущая экономическая ситуация в Республике Казахстан, предложены альтернативные сценарии развития в контексте глобализации.

Ключевые слова: экономика, управление, развитие, интеграция, глобализация.

Problem setting. The process of effective integration into the world economic relationships is among the top priorities of post-crisis development of the national economy of Kazakhstan. This process is significantly affected by the general globalisation trends in economic interactions. The paper reveals the issues related to the adjustment and update of the mechanisms set in the framework of implementing the strategy of industrial and innovation development under conditions of globalisation.

Latest publications' analysis on globalisation issues demonstrates wide range of scientific perspectives, opinions and viewpoints on the problem of adaptation of sovereign states to the globalisation processes. Unfortunately, most publications offer generalised and diffused overviews of globalisation trends, covering political, social, environmental and even cultural aspects of global integration, mixed with the issues

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of economic integration, migration of population, impact of world economy on climate change etc. In particular, the work of J. Forester provides an attempt to link together heterogeneous processes of global integration, ranging from setting up big regional economic unions up to the impact of globalisation on functioning of individual households. According to J. Forester, there are major disparities in the adjustment of individual countries, corporations and business entities to the processes of economic globalisation. He writes: "The processes of contemporary globalisation occur so rapidly that many government officials, managers of companies and small manufacturers fail to adequately respond to both emerging opportunities and real threats of losing their competitiveness" [1].

The idea of delay in adapting to globalisation underpins most of academic literature, although the explained reasons for lagging behind or inadequate responses vary significantly: from a fatal denial of the capability of the real sector of economy entities to accumulate and effectively process huge amounts of economic, social, political and other kinds of information up to imperfect control systems used at various levels of economy, from the world regulations of economic processes to management within individual companies.

Analysis of different methodological approaches to systemic adjustment to globalisation processes evidences that authors apply totally different meanings to the term "adjustment". There are at least 4 fundamentally different interpretations of the above concept. Most researchers provide narrow definitions to the term treating it as an exclusively passive adaptation to globalisation by small and medium-sized manufacturers. Actually, this approach focuses merely on the activity of small businesses which have no real leverage to influence the processes of change in the socio-economic environment, even within local markets. For example, K. Stone's research on the globalisation impact on the competitiveness of small manufacturers in the EU countries indicates that "the growing flow of cheap goods from the third world countries results in degradation of small business in the EU, only a few manage to reduce production costs to the level of basic business survival, pinning hopes on protectionist measures by the government" [2]. This quote illustrates the narrow interpretation of adjustment as passive actions of small businesses, as opposed to the possibility of government regulation authorities to undertake effective measures against unwanted globalisation processes.

The second approach to the interpretation of the adjustment to globalisation processes is quite narrow, too, although it suggests both the actions of management of small and medium-sized companies, as of well as government authorities, but merely within the adjustment to the external economic environment. In particular, R. Coren adds to the adaptation methods of government regulation mechanisms a wide range of, as he puts it, "friendly steps" towards foreign economic parameters. He argues that "in many cases, making a trade-off with outside competitors might bring more favourable outcomes than entering into an involving excessive costs fight to the finish" [3]. Among the methods to adjust to global processes offered by R. Coren, the following ones should be emphasised, i.e. tax incentives to foreign investors, tax holidays for setting up joint ventures, full tax exemption to high-tech production in special economic zones. Any protectionist methods for national producers' advocacy R. Coren does not define as the type of adaptation to economic globalisation.

The third approach is related to the broad interpretation of adjustment to globalisation processes. The proponents of this approach use an extended definition of the term, including a full range of forms and methods varying from passive adaptation to aggressive counteraction to the negative factors of globalisation. P. Healey, for example, argues that "in the struggle against the dominance of global competitors the whole arsenal of economic, legal and political instruments must be positively applied" [4]. At the same time, P. Healey puts a special emphasis on the important role of government control in regulating foreign economic activity, including accumulation of confidential information on global competitors. Other authors adhering to a broader interpretation of adjustment to globalisation processes, emphasise the methods of economic expansion through a variety of forms and instruments of government support for export operations, in particular, export of capital to create business ventures in other countries, especially in free economic zones [5-7]. For the development of global markets the proponents of this approach propose the active use of government funding and insurance of export operations, and in particular cases, direct government financing when setting up foreign economic organisations. Moreover, to the methods of adjustment to globalisation some authors add government funding of infrastructure for the development of international trade, and the training of skilled personnel in the areas related to foreign economic activity [8-10].

Identification of *the fourth approach* to the interpretation of the concept of adjustment to globalisation processes, in our opinion, makes sense with respect to revealing an integral and ambiguous nature of adjustment as a multi-vector activity implying the combination of various forms and methods (from passive to proactive) to anticipate the negative effects of globalisation and, at the same time, foster the background and conditions for the full use of emerging positive factors of globalisation. Unfortunately, publications on the globalisation issues virtually lack a holistic (integral) approach. At best, some researchers mention a holistic approach as an alternative to traditional forms and methods of adaptation. However, they do not reveal the nature and the content of the holistic approach, in fact, this approach is often being simplified, represented by the sum of individual forms and methods of adjustment. While the value of the holistic approach is associated directly with attainment of a synergistic effect, which occurs through simultaneous, carefully coordinated application of discrete forms and methods of adaptation, subject to the globalisation processes dynamics.

Unresolved issues. The globalisation process is an important and a highly controversial phenomenon in the development of various socioeconomic systems ranging from microeconomic business entities operating at local markets up to big regional unions encompassing national economies of dozens of countries. It is evident that globalisation issues virtually underpin most of economic studies, regardless their specialisation or specific subject, as well as theoretical and methodological concepts of certain groups of economists.

On the one hand, globalisation enhances blurring the territorial boundaries between national manufacturing business complexes and eliminates the differences in the organisation of government regulation of socioeconomic development in individual countries. On the other hand, every sovereign state seeks to maximize its profits from the participation in the global distribution of economic activity and make use of

specific discrete advantages. However, the objective process of establishing an integrated world economy makes all countries without exception, more dependent on world markets competition. Consequently, the issues of adjustment of the national economy regulation system to globalisation process acquire particularly crucial attention.

Research objective. According to the objectives set, implementation of macro-economic challenges faced by the national economy of Kazakhstan exhibits the need to build up a scientific methodological background for effective adjustment of the economic system to globalisation processes, which should be carried out on the basis of the dialectical principle of the unity of the universal, individual and single.

Key research findings. With reference to our research object, the given dialectical principle determines the concentric approach, that is:

- identification of general, universal forms and methods of adjustment of the government regulation system to the globalisation processes (for such forms and methods reflect the most essential characteristics of socioeconomic interaction between each of sovereign states and the world economy);
- justification of specific forms and methods of adjustment to globalisation processes which adequately reflect the role and place of individual groups of countries in the system of international division of labour;
- identification and detailed argumentation of the forms and methods of adjustment to globalisation processes with regard to a particular sovereign state, subject to the inherent features of geopolitical, economic and geographical situation, national socioeconomic potential, as well as the long-term strategy for socioeconomic development.

For specific parameters of the national economy of Kazakhstan, the issues of governance adjustment to globalisation processes are predetermined by the concept of accelerated industrial and innovative modernisation of the economy until 2020 alongside with the simultaneous improvement of governance and public administration, including the implementation of the idea of "e-government" to enhance the quality of public management. At present, Kazakhstan is positioned in the global economy as a sovereign state, a member of a group of the key suppliers of hydrocarbons at the global energy market. In the international division of labour, Kazakhstan is referred to a group of countries with primary economy, assuming the predominance of primary agriculture and extractive industry products in the country's export structure. In the context of high world crude oil prices, positioning of Kazakhstan has been shifted towards a group of countries with a predominance of a single product export. Evidence demonstrates that a mono-product export increases the dependence on a single world market dramatically, and, therefore, reinforces the strategic risk of the national economy destabilisation in the case when significant deterioration of economic situation at this global market occurs.

Obviously, under the choice of forms and methods of adjustment to the contemporary globalisation processes by Kazakhstani governance system, the key priority is gradual overcoming of the mono-product export model based on increasing volumes of crude oil export. However, the favourable situation at the world oil market is a vigorous factor to attract large foreign investors, as well as to enhance the activity of domestic manufacturers, in particular in the sectors of transport infrastructure,

machine-building (oil and gas equipment production), industrial construction etc. Thus, overcoming the predominance of the mono-product export model should not be linked to any artificial export restrictions on crude oil. The strategic objective is to maximize the efficient use of export revenues from oil sales to facilitate the long-term goals of accelerated modernisation of the national economy. The issues of effective implementation of transformation methods of the primary, mostly extensive economy, are quite complicated. There exists a great number of examples of ineffective development of countries rich in natural resources. A striking example is Venezuela. This country has huge reserves of oil and natural gas, large deposits of nonferrous metal ores, as well as an exceptionally favourable environment for intensive agriculture development. However, the huge economic potential of Venezuela has been used for decades utterly irrationally. Consequently, Venezuela, despite a significant surplus in foreign trade, has a multi-billion dollar foreign debt, and the standards of living in the country, rich in natural resources, still remain relatively low. However, there are positive examples worth considering carefully and implementing creatively to enhance the efficiency of public administration to foster economic development of Kazakhstan. One of the most striking examples is the system of governance in Norway. After large deposits of oil and natural gas had been discovered in the North Sea, a good chance emerged for transforming Norway into a major hydrocarbons exporting country. However, Norway chose a more complex but, as it turned out later, highly efficient way of strategic development. Norway is leading in the human development index ratings, having a highly effective environmental infrastructure. Methodology for the diversification of the national economy of Norway is of particular interest to Kazakhstan, since both countries own large reserves of oil and natural gas, as well as are rich in nonferrous and rare earth metals.

Among various country groupings options to justify the similar or close enough forms and methods of adjustment to globalisation it seems relevant to classify the country groups on the basis of the ratio of territory and population. By this criterion Kazakhstan belongs to the group of countries with a vast territory and low population density. The similar prototypes might refer to the countries with different levels of socioeconomic development, from Australia and Canada to Argentina and Mongolia. The key interest is obviously the experience gained by highly developed countries like Australia and Canada in their adjustment to globalisation. Moreover, apart from large territory and low population density, these 2 countries have a number of other additional similar parameters to be compared with the economy of Kazakhstan. Australia has the world biggest reserves of uranium ore, and Kazakhstan is in the fourth position. In general, classification by the proportion of territory and population can be reasonable enough to identify the most efficient forms and methods of adaptation of Kazakhstan's economy to globalisation processes. However, the importance of revealing specific forms, methods and tools of adjustment to the complex and contradictory globalisation processes by individual countries and groups of countries with similar objective characteristics should not diminish the undoubted priority to identify general and universal adaptation practices that reflect the nature of the contemporary stage of speeding up the world economy, as the highest level of integration of business and economic activities on global reproduction.

In our opinion, the most promising approach to the adaptation of government regulation system to the globalisation processes is the creative one. The creative approach is a logical continuation of a holistic method, although having additional benefits through the combination of traditional adjustment forms and instruments and new non-traditional adaptation mechanisms which reflect the latest achievements of economic theory and management.

Table 1 illustrates the comparative analysis of the key approaches to the adjustment of the national economic governance system to globalisation.

Table 1. A framework for integrated adjustment of economic governance regulation system of Kazakhstan to globalisation processes

| Adjustment types | Advantages | Shortcomings | Effectiveness |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| 1. PASSIVE | Requires minimum costs for implementation, use and further development. Based on traditional forms and methods available to low-skilled performers | Direct transfer or copying experience of countries with developed market economy could not ensure real adjustment but leads to imbalances in government regulation mechanisms | LOW OR NEGATIVE |
| 2. REACTIVE | Requires only small additional costs for accumulation and processing of economic information, improvement of administrative staff qualifications | Lagging behind the dynamic processes of globalisation, impact on the outcome but not the sources | FROM MINOR TO MEDIUM |
| 3. SITUATIONAL | Enables a relevant response to the changing world markets challenges at reasonable costs of global processes monitoring | Focuses on short-term objectives | UNSTABLE (FROM MEDIUM TO HIGH) |
| 4. APPERCEPTIVE | Ensures advanced reduction of the negative impact of globalisation factors and timely use of positive trends at the world markets | Additional costs for information systems development, training and retraining of staff are needed | SUSTAINABLY HIGH |
| 5. CREATIVE | Allows predicting globalisation threats and actively combat negative effects. Facilitates the full use of positive effects of globalisation | Requires significant costs for information systems development, training and retraining of staff | HIGH WITH ADDITIONAL SYNERGY EFFECT |

Source: Designed by the author.

Apart from the above approaches, this framework reflects a crucial trend in proactive adaptation which enables to identify a special type of adjustment that might be termed as “apperceptive”, emphasising its ability to predict globalisation processes even by the so-called weak signals indicating significant changes in the medium-

and long-term perspective at the world markets and in the international division of labour. Practical application of the apperceptive and particularly the creative type of adjustment to globalisation processes obviously requires significantly more government regulation efforts. However, under certain circumstances the effectiveness of the passive adjustment type proved to be much higher than the use of situational and reactive ones. Thus, it should be emphasised that in practice it is not always possible to accurately predict the development of particular globalisation processes. Hence, there is an objective need to make use of all 5 types of adjustment, although it seems appropriate to implement the passive adaptation pattern only under exceptional circumstances. To minimise the use of less efficient adjustment types, a thorough study of globalisation processes and identification of the most possible future trends in the world economy development are needed.

Conclusions. The strategy to build up an open market economy model implies profound adaptation of the national economy of Kazakhstan to globalisation. In turn, the development of effective adjustment forms and methods is impossible without undertaking a comprehensive study of the diverse and contradictory phenomenon of modern globalisation. Like any complex and dialectically contradictory phenomenon, globalisation reveals a variety of inherent aspects, facets and elements, and therefore, the research process assumes application of diverse theoretical and methodological approaches, providing insights into the priorities and targets set by the representatives of various academic schools and trends, covering specific perspectives and viewpoints of particular researchers. Obviously, economists, political scientists, sociologists, philosophers and proponents of other sciences consider the contemporary globalisation processes from their particular perspectives subject to specific research, as well as application of appropriate methodological tool sets. However, the peculiarity of the studies related to the adjustment of the system of national economic governance mechanisms to globalisation processes, in our deepest belief, is the need to give up a narrow economic approach, focused on the analysis of macroeconomic indices against the external economic environment dynamics in the process of globalisation.

We argue that the holistic approach is more efficient, since it facilitates linking global socioeconomic processes to sustainable, crisis-free development of Kazakhstan as a sovereign state. This approach enables to avoid artificial delimitation of economic growth through greater integration into the world economic relations system and reduces the effect of globalisation on the socioeconomic parameters of the development of Kazakhstan. For sustainable development of the national economy it seems appropriate to make use of each of the above types of adjustment of the system of national economic governance mechanisms to globalisation, however the preference should be given to a creative type as the most effective one.

In general, this article might make certain theoretical and methodological contribution into the existing fundamental and applied academic studies devoted to the issues of globalisation and regional integration in different countries. The problems set which has been analysed in the article reveals the most topical issues in the contemporary post-crisis development, and the degree of their effective resolution to a great extent would impact the successful implementation of the high goals of macroeconomic policy.

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