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PRIORITY DIRECTIONS OF FINANCE MANAGEMENT SYSTEM DEVELOPMENT IN STATE BUSINESS AREA OF KAZAKHSTAN

The theoretical foundations of financial management in the public sector of economy in the transition to budgeting focused on the result are considered. It is established that in the context of deepening market reforms, efficiency of public sector depends not on the size of the state property, but on the efficiency of public finance management.

Keywords: financial management in the public sector, public enterprise in Kazakhstan, the functions of public finance.

Statement of the problem. International and domestic experience of companies work in a competitive market conditions has shown that the most effective measure for overcoming the crisis and for improvement the efficiency of the work is to unite the efforts of Kazakhstan enterprises through diversification of capital and education on this basis various diversified corporate structures. Current situation in the economy of Kazakhstan is characterized by a dynamic transformation of the structure of business entities both at the state level and in the enterprise corporation sector in finding the most effective organizational forms of diversification of industrial and financial capital. All operating businesses in various industries, developing entrepreneurial business, cleverly seeking, forming and investing the financial resources, must aspire to an effective entrepreneurial result and minimize the risks. Formed theory of minimization of business risks forcing national companies to diversify type of activities, acquire or create non-core businesses, which generally led to the formation of diversified corporate associations, possessing a fairly large amounts of financial resources, which are designed to best meet the requirements of the rapidly growing national economy of Kazakhstan.

Analysis of recent research and publications. Theoretical and practical aspects of finance management system development in the public sector, and in particular in the field of public business in some foreign countries, as well as in Russia and Kazakhstan considered in the following scientific publications of foreign and Russian scientists Feigenbaum N.V. [1], Laffont J. [2] S. Holland [3] Ya. Kornai [4] Dikushin A. M. [5] Papava V. [6], Kazakhstan scientists Koshanov A. K. [7, 8], Z. D. Iskakova [9], but direct recommendations for improvement finance management system in public enterprises area of Kazakhstan with the current priorities of the development of the national economy, has not been proposed.

In the studies notes that, as the public sector develops and its concentration in its framework large and growing amounts of public resources are growing urgency of the problem of the economic efficiency of the state. The functioning of the public sector does not always lead to the achievement of the desired results. In this context, the concept failures (defects) of the State emerged, that is, the circumstances, objectively impede the achievement of effective results through the actions of the state. A number of shortcomings of the state arises from the same causes as the market failures, and in the causes of occurrence of the last significant role plays imperfection of information. State failures linked with imperfection of political process, and limited control over the voters for the state apparatus. This problem also exists in corporations where top managers are endowed with a fairly broad powers and can, in principle, to act in their own interests to the detriment of the owners.. However, the latest available indicators of quality

of management related to income, sales, etc., and changes their values are closely monitored by the owners of large blocks of shares, in which there are incentives and the possibility of intervention.

Selection earlier of the unsolved aspects of the common problem. Today, more than half of Kazakhstan's GDP is produced by large public and private diversified holding companies that have the legal form as a national superholdings, bank holding companies and conglomerates, joint stock companies. A multidisciplinary corporate organization of business in Kazakhstan is aimed at implementing large-scale and expensive projects by the Strategy of forced industrial-innovative development of the country, as well as the diversification of capital in the industries. And this requires concentration of required amount of financial and investment resources. It is very important problem remains many of the provisions of the financial management in enterprises, primarily in the national companies of Kazakhstan.

Finance management system of national companies and their businesses, primarily rests on the ability of managers at various levels to take optimally effective management decisions. To do this, priority must be given not only to the restructuring of the national economy, the development of production on a new technological base, enhance innovation activity, and the questions of efficient use of available financial resources. Should be created appropriate conditions for provision a steady stream of effective innovations and their financial security. Despite the development of the foundations of financial management in enterprises of Kazakhstan in a short past period of market economy, we can not yet fully approve about the general methodological issues for improvement the finance management system of the Kazakhstan National Companies.

The purpose of the study is to propose recommendations for improvement finance management system in public enterprises of Kazakhstan with the current priorities of development of national economy.

The main results of the study. For Kazakhstan, the direction of state business predetermined by objectives of creation the most favorable conditions of the functioning of the market economy and the provision of an optimal structure of the national economy, meeting the requirements of sustainable development. Preferred areas for state business are: energy and transport, as a capital-intensive, with large investments, all new industries (nuclear power plants, chemical plants), the social and industrial infrastructure, the military-industrial complex.

It is quite logical arguments that no matter how imperfect it may have been the actions taken by the state, and however limited it may have been its capabilities, since the need for government involvement in the economy is not in doubt, the question naturally arises about suitable use the

resources that it has. It is noted that in this respect the important role played by the analysis of costs and benefits, that is tools of formalized assessment of rationality of public programs and projects. Clear formalized procedure of comparing costs and benefits can serve as an alternative, on the one hand, voluntarism in decision-making, and on the other – planning for future expenses of achieved level

(Figure 1). First, in the long run, the development of the public sector dominates the interests of the bureaucracy, the second turns the inertia and loss of connection with the real needs of society. First, eventually dominates the development of the public sector to interests of the bureaucracy, the second turns the inertia and loss of connection with the real needs of society.

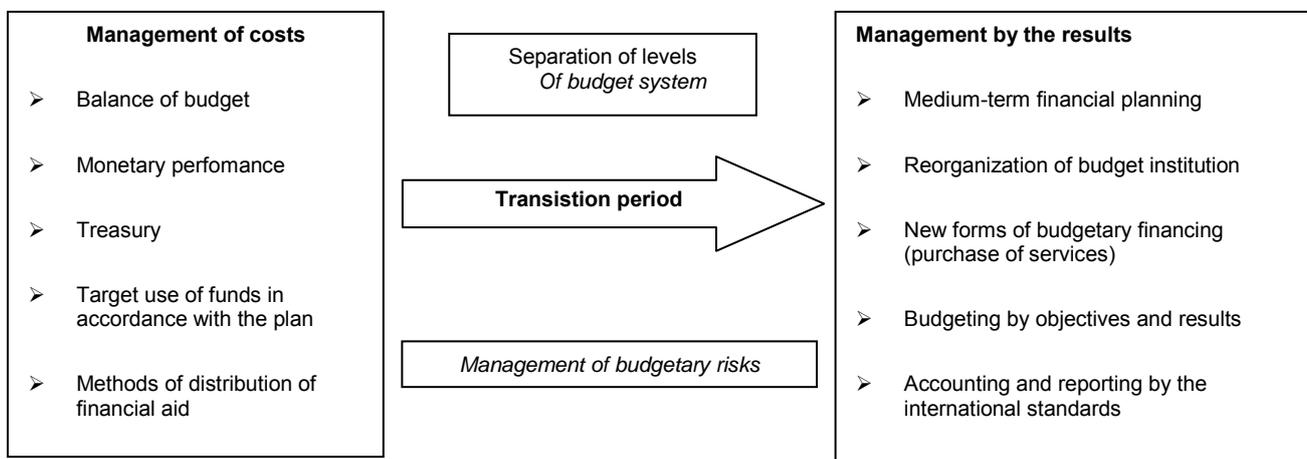


Figure 1. The logic of development of public finance management

In conditions of to the deepening of market reforms in Kazakhstan strategic and tactical goals of management of enterprises finance of various industries must be supplied to meet the requirements of modern financial management. As you know, the main purpose of financial management – is to build an effective system of management of finance, to achieved the set goals and outcomes of the activity. And today, it is obvious that the organization of finance management in specific enterprises depends on complex factors: the forms of ownership and legal status, industry and technological features, size of the enterprise, forms of financial security, efficient management system.

As you know, financial management – the art of managing of the finance of enterprises and corporations, ie monetary relations connected with the formation and use of their capital, earnings and cash flows. It can be said that financial management is mastered in the domestic business practice, involves the use of a wide range of methods inherent in a market economy (diagnosis of the financial condition, investment analysis, budgeting of income and expenses, etc.).

At the same time, the domestic financial management (unlike to Western) develops in the conditions of still unstable economy, which is characterized by instability, relatively high inflation, non-payments crisis, a large tax burden on producers, as well as the significant business risks, that allowing us to display it in the system of economic model of the functioning and management of the National companies, where, in one form or another state is involved. With rapid changes in the external and internal conditions of economic management current management solutions, which previously ensured the financial success of the en-

terprise, today may lead to the opposite result. Therefore the art of finance management of enterprise requires a timely adjustment of its financial strategy and tactics, the search for new methodological approaches of verification of management decisions (methods of depreciation of fixed assets and intangible assets, revaluation of fixed assets, capital financing, etc.). [9]. It is recognized that the objects of financial management are: the structure of the monetary capital, investment in fixed assets, investments in working capital, costs, profit (margin), cash flow (liquidity).

It should be said about the main tasks of the financial management of National companies, which are as follows:

- the formation of financial resources in the amount sufficient for achievement of implementation of the objectives of the enterprise;
- ensuring the effective use of amount of financial resources, generated by the key areas of the business entity activity;
- optimization of cash flows in the current, investing and financing activities;
- to minimization of the level of financial risk in the envisaged amount of profit;
- ensuring financial stability and solvency of the company in the process of its development.

In addition to this, the system of financial management of the National Company has its own characteristics in terms of the advantages and limitations, unlike from the system of finance management in private corporations (Figure 2).

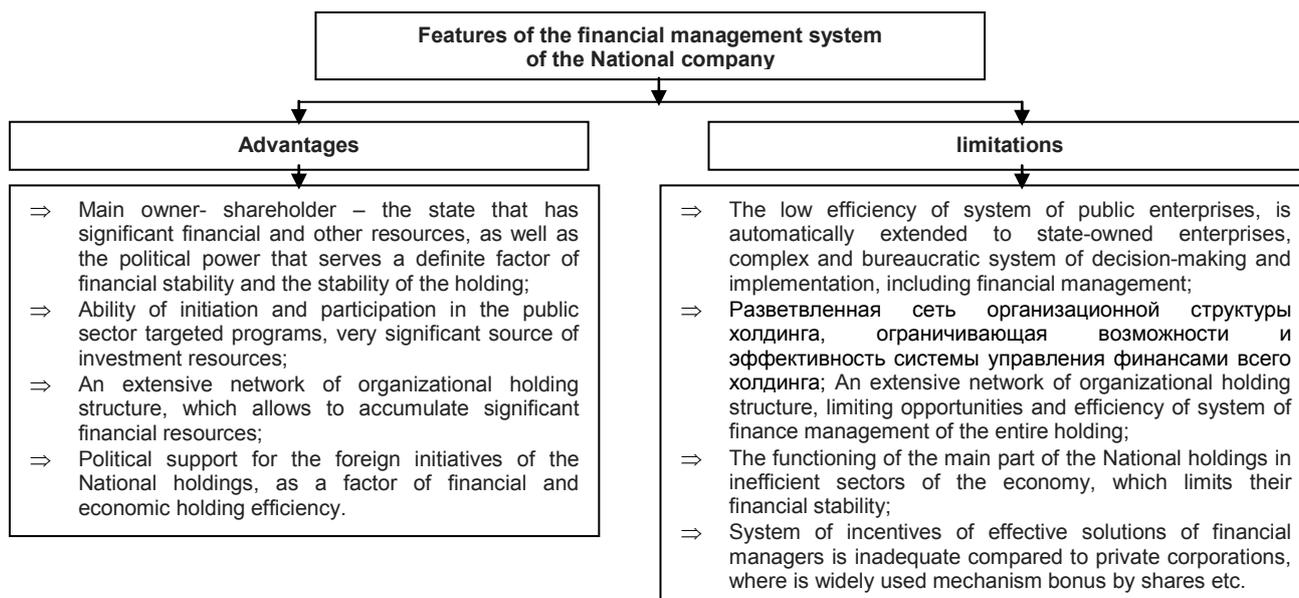


Figure 2. Features of the financial management system of the National Companies

Learning and using these features will allow better effectively manage the process of recruitment and utilization of financial resources of the National Company, to optimize the financial and cash flow and the relationship with the principal owner – the state, strengthen the financial and investment activities – as a factor of providing sustainable development of the company. As can be seen from the scheme, the advantages and limitations of the system of financial management of the National interrelated and contradictory.

In accordance with the current state economic policy the main task of the state in relation to national companies – to bring domestic national companies operating in key sectors of the economy with the organization of professional management and advanced technology, to world markets.

At the current stage of the state policy in the field of state property management aims to increase of the incomes of the republican and local budgets at the expense of non-tax revenue from the use of state property, the improvement of the financial and economic indicators of public enterprises and entities with state participation in the share capital, the implementation of the privatization of state assets, depending on the interests of the state in relation to specific sectors and specific companies.

For the successful implementation of the state policy in the field of management of state assets it is necessary:

- involve state-owned assets in the country's capital turnover and increase the efficiency of their management [10];
- further develop the sector of national companies and state-owned enterprises with the direct participation of the state;
- consider the possibility of creating of the inspecting agency with the aim conduct audits and to identify the true financial condition of the national companies and state-owned enterprises [11];
- inject mobility to public capital and direct it primarily to address public goals rather than for own needs of national companies and state-owned enterprises;
- an inventory, assessment and prepare an inventory of items, which are necessary to transfer to municipal ownership.

Connected capital strength and power of the government create conditions for effective development of corporations and the protection of national and group economic security. And it is logical that the government is supporting large corporations in crisis, force-majeure circumstances for them at the expense of the state budget. Search for an optimum between social and corporate-economic development of the

state – the most important imperative, which should be developed by each state, taking into account international experience and the ongoing socio-economic policy. State Strategy of socio-economic development and corporate strategy have forward and backward linkages. In this case, the priority of the state strategy is not attached. Optimizing the development of the national economy, corporations and state economic system should be guided by the highest state order: through thriving economy achievement a wealthy state with the highest standards of life the population.

From the standpoint of the prospects of socio-economic development, development of society working of long-term national strategy needed in strengthening the corporatization should be calculated the social and economic efficiency that justify the radical changes of the economic system of society, the mechanisms of its transformation.

Corporate sector in these conditions interact with the public sector of the economy, particularly in the areas of providing of national security, development of strategic industries, the solution of important and large-scale social and infrastructure problems. In this regard, in practice a number of developing countries are state-corporate business practices in ways not effective for capital, but necessary for the state and society. In this regard, as practice of number of developing countries shows state-corporate forms of activities are created in ways insufficiently effective for capital, but necessary for the state and society. One of the fundamental objectives of the government is to providing the balance of the interests of all legal entities of economic activity. Establishment of a national corporate system in Kazakhstan is put forward in priority of economic policy and objectives of strategic importance.

In the world of science and social practice there was such a thing as economic sovereignty, which naturally includes national corporations of strategic importance, especially carefully guarded by the state from bankruptcy, artificial disintegration or absorption by foreign competitors. So, at the end of September 2005, President of France Jacques Chirac spoke publicly expressed against the idea of separation and sale of largest French corporations by foreign investors, "Slash and unstability of the capital of some large French corporations is a risk factor for industrial power and unemployment". After him, the prime minister of France spoke about the need of development a special program of economic patriotism. And two decades earlier

president of the same country Francois Mitterrand insisted on the nationalization of several large companies, under which threatened of a foreign takeover. After carrying out the necessary reorganization and refocusing on priority areas of activity they have been returned to the bosom of the national market economy. Is it always, even large corporations, for whatever reasons, can fund in the necessary amounts in capital-intensive projects in their segments? If not always, then the condition for the effective growth of appropriate sector of the economy may or direct replacement of this function of the corporation by the state (to the extent and as long as this is necessary), or targeted funding by state investments programs, implemented by corporations. A similar strategy was typical and widely used by the majority of the newly industrialized countries. As part of this strategy, China is actively developing. More than half of the total investment in China has on the public sector, and especially it finance all large and capital-intensive projects (in energy, space industry, aviation, electronics, etc.).

At the current stage of construction of the corporate system without an active, consistent and proactive participation of the state can not do. The rate of displacement of the state from Kazakhstan's economy in the 1990s. and at this stage it is necessary to recognize the excessive and not always justified from the standpoint of national economic feasibility and efficiency.

Among the major national companies are allocated NC "KazMunaiGas" NC "Kazakhstanemirzholy" NC "Kazakhtelecom", "KazakhstanInzhiniring", "KEGOC" and NAC "Kazatomprom". These companies was part of a group holding "Samruk", and in 2007 and 2010. total revenue share holding in Kazakhstan's GDP amounted to an average of 18%. Revenues for the four largest companies in the holding – "KazMunaiGas", "Kazakhtelecom", "Kazpochta" "KEGOC" amounted to 2.2 trillion. KZT or 128.6 billion dollars.

These qualitatively new processes in the corporatization of the economy, primarily associated with the implementation of the program "30 corporate leaders", which aims to help in raising capital, the introduction of advanced forms and methods of corporate governance in line with international standards, which should be the result of competitive innovation economy. Today it is very important to create all conditions for the operation of large enterprises, only they are able to bring products of domestic production to world markets. In financing of breakthrough projects the state's share on the first phase will not exceed 25%, business (corporate), respectively – 75%. 30 corporate leaders, implementing adequate national projects focused primarily on technological breakthrough and overcome the raw nature of the economy of Kazakhstan.

The program "30 corporate leaders" aims to support large projects, the so-called "engines of the new economy" (worth over \$ 100 million), and beginning from 2008 and further manifest objective strengthening the positions of the state in the economy, governance and participation in business. The state participates in strategic important industries and fields, providing a technological breakthrough and innovative level of the economy, where it intends to work closely with the private sector. Namely on the level of "30 Corporate Leaders" it allows private businesses to prove themselves in a national scale, to attract investments, including foreign ones, for introduction of innovations and modern technologies. In turn, "the Fund of National Welfare "Samruk-Kazyna" intends to propose an optimum package of state support "breakthrough projects",

that during implementation of the latest present the most complexity and challenge, because due to the government guarantees of reality and ensure the competitiveness of the projects. Through the program "30 corporate leaders" will be supported by fairly large business projects that will provide a multiplier effect throughout the entire not primary sector of the economy. This is both the development of related industries, and improving of the business environment for all enterprises in the country.

Strengthening of the state's presence in strategic (primary) sectors of developing and transition countries appears worldwide trend beginning of the XXI century. Development of the state of entrepreneurship in this attractive and promising segment of the economy provides a real budget revenues and control over important strategic area. Legal basis of concentration of capital national companies is strengthened. Thus, for leading corporations are typical processes of concentration and centralization of capital, assets, shares, expansion of international relations, especially exchange through IPO.

The findings of this study and the prospects for future developments in this area. In general, the further improvement of the system of finance management of National companies must be realized in the following priority areas, which can be grouped by five main areas:

- Further modernization of the public sector of economy, based on the improvement and development of the regulatory framework;
- Development of system of public-private partnerships, including the activation of the financial and investment projects;
- The full implementation of the principles and elements of corporate governance;
- Improving the financial mechanism of the functioning of the National companies;
- The full introduction of a modern system of financial control based on the audit of efficiency.

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