

Conference Title: International Conference on “Global Issues in Multidisciplinary Academic Research” (GIMAR- 2015)”. 5th to 6th January 2015 Dubai, United Arab Emirates

Study title: Influence of Logistic Factors on the Development of Innovation Processes in Kazakhstan

Author 1. Karlygash Mukhtarova

Author 2. Ernur Mukhtar

Presenter – Karlygash Mukhtarova

ABSTRACT

This paper studies the factors influencing technological innovation in Kazakhstan’s logistics industry. Based on the results of reviews of related literatures and interviews to some experts, a questionnaire is developed to survey the technological innovation for logistics industry in Kazakhstan. System-wide measures are aimed at improving the overall investment attractiveness of manufacturing industries. The Paper of system-wide measures are grouped into nine major destinations.

Keywords—Logistics, Kazakhstan, Innovation.

1. INTRODUCTION

To accelerate the industrial development of sector it is necessary to provide world-class regulations. Technical regulations need to be developed and implement aimed at upgrading production assets and restricting the use of outdated technologies. In agreeing regulations within integration structures the primarily interests should of consumers and producers of Kazakhstan (Almeida, A., Figueiredo, A. and Silva M.R., 2008).

It is necessary to harmonize existing and adopt new national standards at the highest standards (API, ASTM, GMP, EN, ISO, etc.). This will reduce technical barriers to trade and to create conditions for free circulation of Kazakhstani goods on the world market, increase the competitiveness of domestic products, and ensure the safety of products and services. Mechanisms of funding and reimbursement of expenses of experts, related to standards development in priority sectors, as well as to analyzing and systematizing standards in sectors must be in place.

It is necessary to be stimulated by the creation of test databases and system certification centers for competitive and quality products; a mechanism for the recognition of certificates of conformity and test reports issued in the Republic of Kazakhstan. To do this, use the mechanisms of funding and reimbursement of expenses for the creation, expansion and accreditation of testing laboratories in the priority sectors of the industry to develop infrastructure and provide metrological traceability to the international system and to participate in international organizations and accreditation ILAC IAF.

In the western and central regions of the planned creation of verification, calibration laboratories in the priority sectors of the industry. Need to improve existing skills and develop new cadres in the field of technical regulations, metrology and management

systems to ensure the production of competitive and high quality products (Antonovic, B. and Hisrich, R.D., 2001).

Customs regulation, control and supervision should protect the domestic market from unfair competition from unscrupulous suppliers of products and provide the domestic market the products and raw materials. (Arvis, J-F., Mustra, M.A., Panzer, J., Ojala, L. and Naula, T., 2007)

To create favorable conditions for the production and marketing, should infrastructure to provide (Bagozzi, R. P. & Phillips, L. W., 1991) information on regulatory technical documents, codes, registers, classifiers, technical barriers, testing and certification bodies develop, as well as domestic products produced (Baker, W.E. and Sinkula, J.M., 1999).

There is a need to reduce technical barriers to trade and production of low-quality and non-competitive products for new projects (Brislin, R.W., 1970). For this pre-approval of the project should be assessed planned products for compliance with the system of technical regulation and metrology (technical regulations, standards, security testing laboratory, etc.) (Celuch, K.G., Kasouf, C.J. and Peruvemba, V., 2002).

2. MAIN PART

For industrial development must be focused and active steps to attract foreign investment, improve the performance of FTZ, expansion of export potential of Kazakhstan companies and their integration into global value chains (Chang, S.-C., Lin, N.-P., Yang, C.-L. and Sheu, C., 2003).

Necessary to conduct systematic work and deeper involvement of specialized government agencies, holding companies and national companies to attract companies from the list ForbesGlobal 2000 priority sectors for embedding non-oil products produced in Kazakhstan in global value chains.

You need to create the most favorable conditions to attract investors from OECD countries and Russia for production in Kazakhstan, as well as an international network of national operator to attract investment in priority countries. Will be enhanced efforts to promote climate investment Kazakhstan abroad.

Need to improve Kazakhstan's position in international rankings on the attractiveness of investment and business. Should be improved indicator of Kazakhstan in the Global Competitiveness Index of the World Economic Forum in such indicators as: “the influence of the rules governing foreign direct investment on the business”; “Foreign direct investment and technology”.

Need to achieve to make Kazakhstan Index of investment trust (FDI Confidence Index by ATKearney).

To attract foreign investment in the priority sectors of industry will be implemented through the provision of financial services and foreign investors. For investment projects in priority sectors of the economy in order to stimulate additional investment inflow rate will be used to ensure the stability of the legislation for investors (10 years). For large investment projects will be formed “package of new incentives for investors” through the conclusion of investment agreements , which will be provided :

- reimbursement of expenses , taking into account the implementation of high-tech projects;

- order to provide guaranteed long-term contracts;
- implementation of transparent and predictable policy on tariff for investors;
- providing priority access to raw materials;
- ensuring access to infrastructure.

Will be strengthened by work on the formation and promotion of investment image of Kazakhstan abroad using the tools of promotion.

Should be changed visa regime on entry and stay in Kazakhstan citizens from OECD countries. Permit is required visa-free regime and cancellation of registration in migration services for investors countries - members of the OECD.

For investors from countries outside the OECD, measures should be taken to increase the number of hotels, which will be implemented through the registration of passports of foreigners and stateless persons; should also optimize the business processes of the public service for the registration of citizens and stateless persons.

Assumed a deeper involvement of specialized government agencies, holding companies and national companies in efforts to attract major investors in the face of transnational corporations. On the most important and priority investment projects with the participation of TNCs will be individual investment agreements providing for special measures to support and guaranteed investment protection.

Step up the post-investment support from investors on the basis of a network of service investors (COMI). COMI in the regions will be split into separate legal entities with appropriate funding and participation in the activities of the PIC national operator to attract investment.

Particular attention should be paid to work to protect the rights and interests of foreign investors on the basis of the investment of the Ombudsman. Necessary to continue the activity of the current Commission to consider appeals of foreign investors led by Deputy Prime Minister - Minister of Industry and New Technologies of the Republic of Kazakhstan . At the same time, efforts will be made to establish a legislative framework for the implementation of activities of the Institute and Investment Ombudsman in Kazakhstan.

In order to improve the efficiency of the FTZ and bring to international standards is necessary to introduce institutional governance, in which the assumed association of FTZ development functions in a single corporate center - a single operator .

In order to ensure efficient operation of the FTZ is necessary to provide the capitalization of infrastructure management companies, providing tax incentives for management companies, providing tax incentives for infrastructure investors and related industries and related priority activities, provision of utilities, logistics and services to participants of FTZ in accordance with approved tariff policy, financing of FTZ, EO and management companies at the expense of the state budget, by increasing the share capital and targeted transfers in the initial stages, as well as borrowing for the construction of infrastructure and funding under the public- private partnership. In the following comprehensive measures will allow to withdraw funding from the state budget, which will reduce the burden on the budget.

To further develop the FTZ legislation to ensure stability, as well as the introduction of these measures should be amended accordingly to the legislation.

You must apply a national approach to system development and export promotion, including the service and financial instruments to support exports.

For this it is necessary to continue to support service exports and reimbursement of costs of industrial innovation and implement new support measures for exporters, in particular, the mechanism to ensure traffic volumes in the export direction to reduce transportation costs.

To promote domestic exports and protect the interests of Kazakhstan's business abroad should be a network of promotional support in the target markets.

You must create a National Export Council under the President to prioritize export development and coordination of key stakeholders support infrastructure exports.

Will also form a parliamentary committee for international trade, which will be the main focus, monitoring of foreign trade, the assessment of potential damage due to unfair trade practices of foreign countries .

Export orientation for the formation of the ideology of Kazakh business on an annual basis must be established a special prize in the export “Best Exporter of the Year”.

Need to expand the range of financial and insurance instruments to support exporters .

Tools should be implemented pre- export finance and insurance support through funding and insurance of second tier banks for loans to exporting enterprises for working capital financing under export contracts for the purchase of raw materials for export production, including transport, storage and other expenses . Necessary to insure credit risks from BWI net losses on pre-export loans and implement export- credit agencies of foreign countries reinsurance to transfer insurance risks “KazExportGarant” JSC in the outgoing reinsurance on an optional basis. Should be given preferential funding sources to export leasing, with the aim of creating a competitive leasing rates for overseas buyers of Kazakh products.

For effective implementation of the new financial and insurance products to support exporters must:

1. Changes to insurance legislation regarding prudential regulation of insurance of export transactions as well as to expand the insurance risk of the exporter and the exporter's bank by insurance premiums paid by the importer;
- 2 . Recognition of an insurance contract “KazExportGarant” JSC as 100% coverage under the loan for exporters through changes in banking legislation.

For the period 2015-2019 years, the main export destination should be macro-region consisting of five levels:

- 1) border regions of Russia;
- 2) Countries TC;
- 3) The countries of Central Asia;
- 4) Afghanistan, Iran and the Caucasus;
- 5) Western regions of China.

3. CONCLUSION

Our results indicate a significant relationship between process innovations, logistics capabilities and business performance. Our findings also reveal that process innovations are more important for the relationship between logistics capabilities and qualitative

performance.

REFERENCES

- Almeida, A., Figueiredo, A. and Silva M.R. (2008) From Concept to Policy: Building Regional Innovation Systems in Follower Regions FEP Working Papers.
- Antonicic, B. and Hisrich, R.D. (2001) "Intrapreneurship: Construct Refinement and Cross-Cultural Validation", *Journal of Business Venturing* , Vol.16, pp 495-527.
- Arvis, J-F., Mustra, M.A., Panzer, J., Ojala, L. and Naula, T. (2007) "Connecting to Compete: Trade Logistics in the Global Economy, The Logistics Performance Index and Its Indicators", International Trade Department, The World Bank, <http://siteresources.worldbank.org/INTTLF/Resources/lpireport.pdf>
- Bagozzi, R. P. & Phillips, L. W. (1991) "Assessing Construct Validity in Organizational Research", *Administrative Science Quarterly* , Vol.36, pp 421-458.
- Baker, W.E. and Sinkula, J.M. (1999) "The Synergistic Effects of Market Orientation and Learning Orientation on Organizational Performance", *Journal of Academy of Marketing Science* , Vol.27, No.4, pp 411-427.
- Baron, R.M. and Kenny, D.A. (1986) "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic and Statistical Considerations", *Journal of Personality and Social Psychology* , Vol. 51, pp 1173-1182.
- Brislin, R.W. (1970). "Back-Translation for Cross-Cultural Research", *Journal of Cross-Cultural Psychology* , Vol.1, pp 185-216.
- Celuch, K.G., Kasouf, C.J. and Peruvemba, V. (2002) "The Effects of Perceived Market and Learning Orientation on Assessed Organizational Capabilities", *Industrial Marketing Management* , Vol.31, pp545-54.
- Chang, S.-C., Lin, N.-P., Yang, C.-L. and Sheu, C. (2003) "Quality Dimensions, Capabilities and Business Strategy: An Empirical Study in High-Tech Industry", *Total Quality Management* , Vol.14, No.4, pp 407-421.

