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Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía,
Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, diciembre 2019 N°

24

Revista de Ciencias Humanas y Sociales
ISSN 1012.1587/ ISSNc: 2477-9385
Depósito Legal pp 198402ZU45



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Studying the Kazakhstan and Bulgaria global competitiveness by WEF, IMD, WB indicators

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Abstract

In this article we will take a detailed look and do a comparative analysis, identifying the weaknesses and competitive advantages of Kazakhstan and Bulgaria in terms of the World Economic Forum, the International Institute for Management Development and the World Bank. As a result, Bulgaria's high competitiveness is associated, firstly, with the good development and implementation of information and communication technologies and a good innovative level. In conclusion, it is important to constantly monitor and track trends in the world and the country in terms of competitiveness, which allow identifying strengths and weaknesses, threats and opportunities, and take appropriate response measures.

Keywords: Global competitiveness, Economic, International, Bank.

Estudio de la competitividad global de Kazajstán y Bulgaria mediante indicadores WEF, IMD, WB

Resumen

En este artículo, analizaremos detalladamente y realizaremos un análisis comparativo, identificando las debilidades y ventajas competitivas de Kazajstán y Bulgaria en términos del Foro Económico Mundial, el Instituto Internacional para el Desarrollo de la Gestión y el Banco Mundial. Como resultado, la alta competitividad de Bulgaria está asociada, en primer lugar, con el buen desarrollo e implementación de tecnologías de información y comunicación y un buen nivel innovador. En conclusión, es importante monitorear y rastrear constantemente las tendencias en el mundo y el país en términos de competitividad, lo que permite identificar fortalezas y debilidades, amenazas y oportunidades, y tomar las medidas de respuesta adecuadas.

Palabras clave: competitividad global, económica, internacional, bancaria.

1. INTRODUCTION

Competitiveness is determined by the fact that the country's economy occupies a prestigious place in the international system, the world market and reaches a high level of globalization. At a high level, this concept reflects the place of the country's national economy in the international division of labor. By definition of the Russian scientist N.S. Mironenko, a competitive country can be called a country that can increase economic growth, employment and the size of real

incomes. The competitiveness of the state is a fundamental issue for the development of any country, as this is the only objective criterion for the quality of life and the level of well-being of the population (SABDEN, 2007).

The solution to this problem is to achieve world standards in a wide range of areas of society, and not by assigning a certain degree to the competitiveness rating on paper. The indicators of international organizations evaluating global competitiveness are useful in socio-economic assessment, comparison and analysis of the development level of the world countries and allow creating a unified methodological base using data from the World Economic Forum, the Institute for Management Development, and the World Bank (PORTER, 1993).

2. METHODOLOGY

The Global Competitiveness Index is a global study and the accompanying ranking of countries around the world in terms of economic competitiveness. It is calculated according to the World Economic Forum methodology, based on a combination of publicly available statistics and the results of a global survey of company executives - an extensive annual study conducted by the World Economic Forum in conjunction with a network of partner organizations - leading research institutions and organizations in countries analyzed in the report. The study has been conducted since 2004 and currently represents the most comprehensive set of

competitiveness indicators for various countries of the world.

The Global Competitiveness Index is composed of variables that describe in detail the competitiveness of the world countries at different levels of economic development. The totality of the variables by two-thirds consists of the results of company executives' global survey (to cover a wide range of factors affecting the business climate in the countries studied), and one-third of publicly available sources (statistics and research results carried out on a regular basis by international organizations). All variables are combined into 12 benchmarks that measure national competitiveness. The choice of these variables is due to theoretical and empirical studies, and not a single factor is able to ensure the competitiveness of the economy alone (URMANCHE, 2006).

According to the conclusions of the World Economic Forum, the most competitive are the economies of those countries that are able to conduct comprehensive policies, take into account the whole range of factors and the relationship between them. We will make a comparative analysis of the global competitiveness of Kazakhstan and Bulgaria by WEF (World Economic Forum) indicators.

Table 1: Rating of Kazakhstan and Bulgaria by WEF indicators 2018-2019

Rating of sub-indices and factors	Kazakhstan	Bulgaria
Overall rating	59 (61,8)	51 (63,6)

	points)	points)
Favorable environment	56	49
1. Institutions	61	70
2. Infrastructure	69	58
3. ICT implementation	44	30
4. Macroeconomic stability	62	52
Human capital	82	68
5. Health	97	70
6. Skills	57	60
Markets	50	60
7. Commodity market	57	62
8. The labor market	30	50
9. The financial system	100	71
10. Market size	45	64
Innovative ecosystem	64	51
11. The dynamism of the business	37	61
12. Innovative features	87	48

The IMD World Competitiveness Ranking is a global study and the accompanying ranking of countries around the world in terms of economic competitiveness according to the Institute for Management Development. The Institute understands the country's competitiveness as the ability of the national economy to create and maintain an environment in which a competitive business emerges. Each state in the ranking is evaluated on the basis of an analysis of 333 criteria for four key indicators of key aspects of the country's economic life. Each

indicator has equal weight (OSHCHEPKOVA & VINOKUROVA, 2006). The calculation uses data from international organizations, including the United Nations, the Organization for Economic Cooperation and Development, the World Trade Organization, the World Bank, the International Monetary Fund and other institutions, as well as 57 partner institutions around the world Let us make a comparative analysis of the level of global competitiveness of Kazakhstan and Bulgaria by IMD indicators (International Institute for Management Development).

Table 2: Kazakhstan rating by IMD indicators

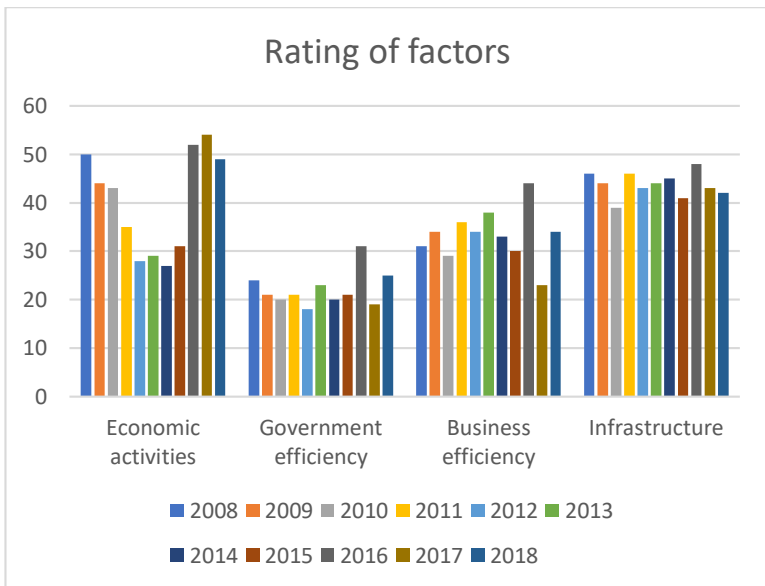
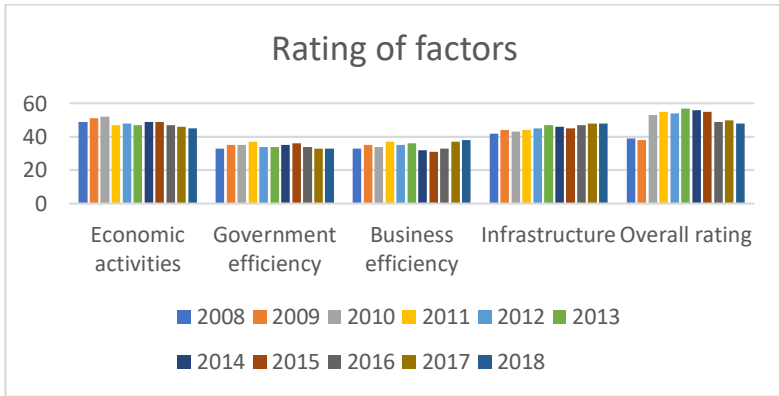


Table 3: Bulgaria rating by IMD indicators



For the analyzed period from 2015 to 2019, Kazakhstan was in 34th place in 2015 and remained in 2019. The worst result was in the 2016 - 47th line in the rating, but by 2017 economy, government efficiency, the state of the business environment and the state of infrastructure have improved significantly, which led Kazakhstan to the 32 lines of the rating. But it was not possible to stay with such a result and in 2018 Kazakhstan took 38th place in the rating, which is 4 positions below 2019. In Bulgaria, for the analyzed period, there is a positive trend (TROSHKOVA, ZOLOTOVA, EFIMOVA & PLOTNIKOVA, 2006). The worst indicator was in 2015. It was the 55th place. Further, the state of the economy and infrastructure improved, which led Bulgaria to 50th place in 2016, and 49th place in 2017. The effectiveness of the government and the state of the business environment also improved, which contributed to the fact that Bulgaria was on the 48th line of the rating and was able to gain a foothold there in 2019 (KASKABASOV, 2018).

The World Bank is a specialized agency of the United Nations (UN), created for the purpose of international economic development. The main objective of the World Bank is to support comprehensive and sustainable development on a global scale. The World Bank also seeks to bridge the economic gap between rich and poor countries, reduce global poverty, improve the quality of people's life by strengthening the economies of member countries and fostering sustainable economic growth. The World Bank is currently one of the most important sources of financial and technical assistance for developing countries in the world. The World Bank pays special attention to the following strategic areas:

1. Assistance to the poorest countries and fragile states.
2. Support for rehabilitation and development programs in middle-income countries.
3. Addressing global public goods.
4. Dissemination of knowledge that helps people around the world to find solutions to development problems.

Let us make a comparative analysis of the level of global competitiveness of Kazakhstan and Bulgaria by WB (World Bank) indicators.

Table 4: Ease of Doing Business rating in Kazakhstan and Bulgaria by WB 2019 indicators

Rating of indicators	Kazakhstan		Bulgaria	
	Rating	Index	Rating	Index
Overall rating	28	77,89	59	71,24

1. Registration of enterprises	36	92,96	99	85,38
2. Obtaining building permits	35	75,77	37	75,46
3. Connection to the power supply system	76	76,79	147	54,93
4. Registration of property	18	84,62	67	69,32
5. Getting loans	60	65,00	60	65,00
6. Protection of minority investors	1	85,00	33	68,33
7. Taxation	56	79,28	92	72,00
8. International trade	102	70,36	21	97,41
9. Enforcing Contracts	4	81,25	42	67,04
10. Resolving insolvency	37	67,83	56	57,52

3. RESULTS

In the ranking of the global competitiveness index 2018-2019 which is published every year, Bulgaria ranked 51st in the ranking of global competitiveness. This year Bulgaria collected 63.6 points out of 100 possible, improve the result by 1.2% compared to last year. The best result of the country in the section Implementation of both information and communication technologies is 30th place among 140

countries. Then comes 48th in the section Ability to innovate, 50th in the section Labor market, 52nd in the section Macroeconomic stability, 70th in the sections Institutions and Public health. In the sections Education and Skills and Size of the Internal Market, Bulgaria remain in the last place, and in the section Protection of property rights and intellectual property, the country has taken 118th place.

According to the Organized Crime indicators, Bulgaria took 116th place. The report noted low ratings of the judiciary and the police effectiveness. According to the Report, serious difficulties and problems remain in the Bulgarian labor market. The country ranked 122nd in terms of simplicity of access to qualified workers, 118th in personnel training, and 101st in skills of those who received an education. Bulgaria ranked 58th in terms of Infrastructure, and 90th in terms of road quality. In the ranking of the global competitiveness index 2018-2019, which is published every year, the Republic of Kazakhstan took 59th position with a score of 61.8. among 140 states. In other words, it remained at the same level as in 2017, but in some points, it improved several of its own indicators. The highest position of Kazakhstan in the ranking was the position of 2015-2016 - 42nd place.

It can also be noted that the positions in the CIS countries turned out to be as follows: the Russian Federation ranks 43rd (+2), the Republic of Kazakhstan is 59th unchanged, Georgia is 66th (+1), Azerbaijan is 69th (-4th)), Armenia occupies 70th position (+2), Ukraine is only 83rd (+6), overtaking only Kyrgyzstan (97th place, +3) and Tajikistan (103rd place, -5), which occupy the lowest ranks of the

CIS countries rating. The Republic of Kazakhstan out of twelve studied aspects of countries' competitiveness on five factors showed growth and positive development dynamics.

The first factor in the competitiveness of countries is the Labor market of the state. Here, the Republic of Kazakhstan takes 30th place, showing growth by three points due to accelerated growth rates for such markers as Flexibility of setting salaries to employees (+26), Rights of workers (+11) and Ease of hiring foreigners as a workforce (+6). The second factor is the Institution factor. The Republic of Kazakhstan has taken 61 positions here, increasing this indicator by as much as 12 points in the ranking. You can also note the growth in 14 indicators, such as the Electronic Participation Index (+24), Costs of business due to organized crime (+4), Social capital (+19 positions), The effectiveness of state legislation in contesting the regulation (+7), Cases of terrorism (+9), Perception of corruption (+7). According to such an indicator as Shareholder Rights, the Republic of Kazakhstan takes the highest 1st place among all states in the ranking, increasing its indicators by two points.

The third factor is the Infrastructure. Here, the Republic of Kazakhstan took 69th place, increasing the rating by three points. One can also note the growth in the ranking according to seven indicators, for example – Losses in the transmission of electricity (+22), Efficiency of shipping (+8), Quality of roads in the country (+8). The fourth factor is the Financial system of the state. Here, the Republic of Kazakhstan is at 100th position, and one can also note a rise in two positions. This happened due to four of the following indicators: Availability of venture capital (+11), Non-performing loans (+14),

Market capitalization (+5) and Credit gap (+6).

Factor number five is the Market of goods and services, where the Republic of Kazakhstan occupied 57th place, increasing its position in the rating by ten points. The indicators improved according to the rating according to seven indicators, such as: Competition in the service sector (+4), Trade tariffs (+10), Customs clearance efficiency (+17), Market dominance (+7), Tariff Complexity (+1), Non-tariff Barriers (+12). The Republic of Kazakhstan has been participating in the Global Competitiveness Index ranking since 2006. Currently, the Republic of Kazakhstan is ahead of some countries by such factors as: Implementation of ICT, Institutions, Market Size and Business Dynamics, Infrastructure, Health of the Nation, Macroeconomic Stability in the Country, Labor skills, Labor market in the country, Financial system.

4. DISCUSSION

Comparing the obtained analysis of the global competitiveness ratings of Kazakhstan and Bulgaria in points, we can draw the following conclusions:

- Resolution of insolvency in Kazakhstan is 37 points, in Bulgaria is 56 points;
- Enforcement of contracts in Kazakhstan is 44 points, in Bulgaria is 42 points;
- International trade in Kazakhstan is 102 points, in Bulgaria is

21 points;

- Taxation in Kazakhstan is 56 points, in Bulgaria is 92 points;
- Protection of minority investors in Kazakhstan is 44 points, in Bulgaria is 33 points;
- Obtaining loans in Kazakhstan is 60 points, in Bulgaria is 60 points;
- Property registration in Kazakhstan is 48 points, in Bulgaria is 67 points;
- Connection to electric networks in Kazakhstan is 76 points, in Bulgaria is 147 points;
- Obtaining building permits in Kazakhstan is 37 points, in Bulgaria is 35 points;
- Registration of enterprises in Kazakhstan is 36 points, in Bulgaria is 99 points;
- Ease of doing business in Kazakhstan is 28 points; in Bulgaria is 59 points.

5. CONCLUSIONS

Taking into account the analysis of the current and forecast state of external and internal factors that affect and influence the country's competitiveness, it can be stated that Kazakhstan's competitiveness is at an average level. Currently, such a foundation has been laid that forms the basis of Kazakhstan in decades. Current institutional reforms, investments in human and technological development create

an image of the country's future. According to many forecasts, in the next twenty years, developed countries will move to a new stage of development - the formation of new economic and social structures. Globalization and intense competition in the global economy will be constantly on top of the country's competitiveness and restrain its development.

This will increase the risks of inefficient implementation of long-term development plans. Rapid adaptation to all innovations and changes will determine Kazakhstan's competitiveness for markets, investments, knowledge, human capital. Therefore, it is important to constantly monitor and track trends in the world and the country in terms of competitiveness, which allow identifying strengths and weaknesses, threats and opportunities, and take appropriate response measures. At the same time, the solution to this problem does not consist of the official obtaining by Kazakhstan of a certain degree in the competitiveness rating, but of the achievement of world standards in a wide range of areas of Kazakhstan's life.

But Bulgaria's high competitiveness is associated, firstly, with the good development and implementation of information and communication technologies and a good innovative level. Good competitiveness points to the fact that the economy in the country is not only growing but that it is a qualitative growth and it fully meets modern requirements - innovation, high technology, digitalization, high added value. Ultimately, all this is reflected in the import of Bulgarian goods and services in international markets. And according to official statistics, it is at a good level and is one of the main engines

that drive the gross domestic product forward.

Another factor in the good competitiveness of the Bulgarian economy is human resources. They are being reduced for natural and economic reasons, but there are still high-quality and well-skilled workers and employees in the country. At the same time, their remuneration, which constitutes labor costs for employers, remains acceptable. Do not forget that taxes also greatly affect the competitiveness of the economy, increasing the cost of the marginal product to some extent. In Bulgaria, in this regard, things are not bad - a general moderate tax of 10% is applied.

The fact that the experts of the World Economic Forum do not appreciate the administration, health, and financial system is to some extent clear. The health status is disappointing, but reforms are being prepared to improve the situation. The low rating received by the Bulgarian financial system sounds somewhat strange, there are problems, of course, most of all in the field of bad loans. But in general, both experts and bankers believe that the banking and financial system in the country is stable and does not hide unpleasant surprises.

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DEL ZULIA

opción

Revista de Ciencias Humanas y Sociales
Año 35, N° 24, (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.

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