

Strategies and Standards of Management in a Changing Economic Environment

D. Turekulova

Esil University, Astana, Kazakhstan

Abstract. This research examines the management strategies of a national fund portfolio company in a changing economic environment, focusing on the implementation of an executive leadership succession system and leadership competency model. The study aims to develop a systematic approach to asset management to improve operational efficiency and investment attractiveness. In this context, national funds apply three management approaches—monitoring, strategic management, and operational management—according to the maturity level of the company, to optimise engagement and minimise risk. The results showed that the application of the proposed management model improved the productivity and sustainability of portfolio companies. Strengthening governance standards, streamlining business processes, and proactively integrating risk management were shown to improve transparency and accountability. Nonetheless, challenges such as the lack of supporting infrastructure in the implementation of sustainability (ESG) principles remain a major obstacle. The implications of this research include recommendations for practitioners and academics in asset management strategies that are adaptive to economic dynamics. With a systematic approach and technology integration, portfolio companies can accelerate business transformation and support national economic diversification.

Keywords: Sustainable Development, Corporate Governance, Investment Strategy

1 Introduction

The modern economy is characterized by dynamic changes that require organizations to be able to quickly adapt and implement effective management strategies [1]. In this context, national wealth funds play a key role in the management of state assets, ensuring stability and sustainable economic development. In the context of globalization and fluctuations in financial markets, national funds face challenges that require a revision of traditional management methods and the introduction of new approaches that contribute not only to short-term profitability, but also to long-term economic sustainability.

In recent years, there has been a noticeable increase in attention to the integration of the principles of sustainable development (ESG) into the strategies of national funds and their portfolio companies [2]. Environmental, social and managerial factors are becoming the main

¹ Corresponding author: Dametken.t@gmail.com

criteria for evaluating the success of asset management strategies. However, their implementation is fraught with difficulties, including the need to create an appropriate infrastructure and an individual approach to each company. It is important to note that the application of the principles of sustainable development not only increases transparency and trust on the part of investors, but also contributes to the creation of long-term economic value, which is relevant in the context of changes in the global arena [3].

The purpose of this article is to explore the key areas of transformation of national funds and their portfolio companies in a changing geo—economic environment. The main focus is on analyzing the implementation of ESG principles, assessing their impact on corporate governance and sustainable development [4]. The article also examines the management strategy of portfolio companies, focusing on the need to create a system of succession of executive management and the development of models of leadership competencies, which is especially important in an ever-changing business environment [5].

An important aspect of fund management is their ability to adapt strategic approaches depending on the maturity stage of portfolio companies. The study identifies three key approaches: monitoring, strategic management and operational management. Each of these approaches makes it possible to optimize the level of the fund's involvement, minimizing risks and strengthening control over the implementation of strategic goals [6]. In particular, for mature companies, monitoring with limited participation in operational activities is mainly meant, whereas for companies in the early stages of development, more active participation in their management is required.

2 Methods

In December 2015, the Board of Directors of one of the national funds of Kazakhstan approved an updated strategy for the period 2012-2022. However, drastic changes in the macroeconomic environment and global financial trends required adjustments to this strategy. The main factors of such changes were the accession to international organizations and trade unions, the introduction of economic sanctions, fluctuations in prices for key resources and a slowdown in the economic growth of large economies. These events had a significant impact on the region's economy and set the foundation the task of revising long-term goals and approaches to resource management [7].

Against the background of such changes, the funds faced the need to adapt their internal structures and reallocate resources in accordance with the new conditions. The national asset management strategy has begun to focus on the need for sustainable development and more efficient use of national resources, which in turn ensures long-term growth and competitiveness at the global level. The Principles of Sustainable Development (ESG), which cover environmental, social and managerial aspects, have become one of the most important areas of transformation [8]. However, the implementation of these principles was accompanied by a number of challenges, such as the lack of developed infrastructure and the need for individual solutions for each portfolio company. In this regard, the funds and their subsidiaries have committed themselves to publishing sustainability reports in accordance with international reporting standards, which greatly contributes to increasing transparency and strengthening investor confidence.

The new strategy is aimed at improving the efficiency of corporate governance, creating value for shareholders and the company, as well as preparing assets for partial or complete privatization. The standardization of processes and the active participation of funds in corporate governance help to improve management processes and increase the efficiency of companies, which contributes to their role in modernizing national economies and integrating into global markets [9].

In recent years, national wealth funds and holding structures have begun to attach greater importance to sustainable development and the creation of long-term economic value within their portfolio companies. The introduction of new management principles and reporting standards, such as the Global Reporting Initiative (GRI), led to increased transparency and responsibility in corporate governance, which in turn helped strengthen companies' market positions and attract additional investments. One of the key areas was the increased emphasis on long-term value creation and socially responsible investments.

These goals are implemented through a system of performance indicators that reflect the performance of the fund and its portfolio companies. In particular, economic value added (EVA) and the funds available for reinvestment have become key indicators of financial stability and operational efficiency [10]. It is important to note that these indicators not only demonstrate the current state of companies, but also serve as the basis for further strategic planning aimed at improving their market positions.

One of the most important aspects of the updated strategy is the reorientation towards sustainable development. This includes the introduction of practices that contribute to improving the environmental situation, social justice and quality management. However, the transformation process requires companies to be ready for change and the ability to adapt to new conditions. This can be achieved through employee training, investments in technology and the development of new management approaches that will meet modern requirements.

One of the key areas was the increased emphasis on long-term value creation and socially responsible investments. These goals are implemented through a system of performance indicators (Table 1) reflecting the performance of the fund and its portfolio companies. For example, economic value added (EVA) and the funds available for reinvestment have become key indicators of financial stability and operational efficiency [11].

Table 1. Key Performance Indicators of the Fund, 2015-2022

Strategic Goal	The Key Indicator	2015	2018	2022
Increasing the long-term value of companies	Economic Value Added (EVA)	-679,4	-268,1	100
	Funds for reinvestment, billion tenge	-40,7	550,1	905,7
Participation in the modernization of the national economy	The volume of investments in new companies	>0	≥25%	≥25%
Sustainable development	Publishing GRI reports	Not applicable	Start of publication	Integrated reporting

It should be noted that changes in the management strategy also affected the performance assessment system (Table 2). Now the focus is not only on financial performance, but also on the social impact of companies on society and the environment. This means that funds should not only generate profits, but also actively participate in solving social and environmental problems. In this context, it is important to establish a dialogue with stakeholders, including local communities, government agencies and non-governmental organizations.

As part of the implementation of the new strategy, the funds also develop and implement innovative projects that can significantly change their approaches to doing business. This may include the use of new technologies that will help improve production efficiency and reduce negative environmental impacts. An important step in this direction is the creation of

partnerships with other organizations and companies, which will allow sharing experiences and using best practices [12].

The funds strive to provide a synergistic effect in the group of companies by actively participating in corporate governance and the development of new companies. The principle of "natural ownership" plays an important role, which involves investing only in those projects where the fund is the most effective investor.

Table 2. Basic Principles Of Investment Portfolio Management

Principle/Approach	Characteristic
Active portfolio management	Asset management to achieve balance and synergy
Corporate governance system	Effective asset and project management
The principle of "natural ownership"	Investing only in assets with the highest economic return
Sources of financing	Own funds, borrowed resources, IPO, partnerships
Reinvestment of funds	Funds from the sale of assets are directed to new investments of the fund

In general, changes in fund management and the transition to new reporting standards contribute to the creation of long-term economic value and sustainable development, which strengthens the trust of investors and society.

The creation of a succession system for executive management in the Fund's group has become an important strategic step aimed at improving the effectiveness of human resource management. As part of this strategy, a leadership competence model has been developed that covers key aspects of human resources management: recruiting, motivation and retention of employees. This contributed to a decrease in staff turnover and an increase in employee engagement in the implementation of the fund's strategic goals (Table 3).

Table 3. The Main Aspects of the Fund's Development Strategy and Their Impact on the Organization

The Main Aspects	Characteristic
An important strategic point	Creation of a system of succession of executive management in the Fund group
The model of leadership competencies	It covers human resource management, including recruitment, motivation and retention of employees
Corporate University	A tool for self-training of employees provided by the Foundation
Methodological Center	Methodological Center for Human Resource Management
The role of Boards of Directors	Strengthening the role of boards of directors in the appointment of executive heads
Selection and development system	The system of selection, evaluation and development of senior management, including mentoring
Corporate culture	Focus on employee engagement. Core values: striving for excellence, responsibility, openness
Employee participation	Employees have the right to vote in decision-making, which contributes to the development of a democratic corporate culture
Meritocratic values	Support the pursuit of leadership, responsibility and professional development
The role of leadership	Management serves as an example by participating in the development of corporate culture
Responsibilities of the Foundation	A clear definition of the Fund's responsibilities in relation to portfolio companies

An important part of the new strategy is the role of the corporate university, which provides employees with opportunities for self-development and professional growth. This is also due to the increased involvement of boards of directors in the appointment of executive

managers and the introduction of a mentoring system for leadership development. As a result, the quality of management and support for a corporate culture based on high standards and openness have improved.

These changes helped to improve employee engagement, develop a democratic corporate culture and support the values of meritocracy in the organization, which strengthened the long-term sustainability and effectiveness of the Foundation group.

The Fund applies three models of portfolio company management depending on their maturity: monitoring, strategic and operational management.

Monitoring: The Fund limits its participation in the company's operational activities, focusing on establishing a corporate governance system and monitoring key indicators. He is only involved in strategic decisions such as mergers and acquisitions (M&A) or the appointment of the Board of Directors. This approach is applied to the most mature companies [13].

Strategic management: In this case, the Fund participates in making decisions that affect the long-term goals of companies, such as approving strategic plans and large investments. However, the operational decisions remain with the company itself.

Operational management: Applies to companies at an early stage of development. The Fund is actively involved in operational processes and manages the company at the Board of Directors level, controlling the actions of the CEO and top management.

Common management principles are applied for all the Fund's companies to ensure their effectiveness and compliance with international standards (Table 4).

Table 4. Principles and Characteristics of Business Processes in the Fund and Its Portfolio Companies

Principle	Characteristic
The principle of uniform standards	All processes are carried out according to uniform standards using methodological approaches, criteria and regulations.
Minimizing management levels	For efficiency and transparency, it is necessary to minimize the number of management levels.
Compliance with the Corporate Governance Code	Compliance with corporate governance principles, including accountability, openness, ethical behavior, risk management and transparency.
Proactive risk management	Focus on risk management, taking into account economic feasibility and the introduction of appropriate control procedures.
Compliance with legislation	All processes of the Foundation and companies must strictly comply with legislation and international standards.
Effective project management	Projects should bring maximum social, economic and image benefits with a clear system of control points at different stages.
Continuous improvement	Continuous development of processes and automation to increase efficiency, compliance with the best international practices.
Efficient use of resources	Optimal allocation of resources (time, labor, material resources) for the implementation of processes.
Integration and responsibility	Risk management is integrated into all processes and management levels, with the consolidation of responsibility for employees.
Interaction between departments	Active cooperation between departments to improve efficiency.
Increasing long-term value	The companies' activities are aimed at maximizing operational efficiency, sustainable value growth and asset diversification.
Economic diversification and modernization	The Fund's activities are aimed at creating new and modernizing existing assets, as well as developing the value chain.
The primacy of strategy	The Fund's strategy serves as the main document defining the goals and results of its activities.
Focus on the internal customer	Support for internal clients (employees) through effective corporate services.

These principles ensure the coordinated work of the Fund and its subsidiaries, maintaining high management standards and contributing to long-term growth.

Thus, the updated strategy for managing Kazakhstan's national funds for the period 2012-2022 represents a significant step towards increasing their sustainability and competitiveness. The transition to the principles of sustainable development, the focus on long-term goals and the creation of a system of performance indicators are becoming the main factors contributing to the successful adaptation of funds to changing environmental conditions. As a result, all this should lead to the creation of a more stable and favorable economic situation in the country, which, of course, will have a positive impact on the development of Kazakhstan as a whole.

3 Result and Discussion

The conducted research made it possible to identify several key aspects that affect the strategic management and development of portfolio companies within the framework of the Fund's activities. Firstly, it has been established that a differentiated approach to managing companies depending on their maturity level (monitoring, strategic and operational management) provides flexibility in decision-making and increases the overall efficiency of asset management. This allows the Fund to minimize risks and focus on strategic issues in mature companies, while more active participation in operational decisions at the early stages of company development contributes to their rapid growth and stability.

Secondly, the system of uniform business principles and standards implemented in the Fund and its portfolio companies creates the basis for coordinated and effective business processes. Special attention is paid to minimizing management levels and proactive risk management, which contributes to increased transparency and mobility in decision-making. In addition, mandatory compliance with the Corporate Governance Code strengthens the accountability and openness of companies, which has a positive impact on their long-term value and sustainability.

The third important result was the identification of the need for continuous process improvement and efficiency improvement through automation and the use of world best practices. The introduction of a system of evaluation control points at all stages of project implementation allows not only timely adjustment of their direction, but also the most efficient use of resources, which ultimately leads to the achievement of maximum economic and social results.

An important element was also the fact that the introduction of the principle of effective interaction between structural divisions and orientation to the internal client creates conditions for more coordinated work of employees and improves corporate culture, which positively affects the productivity and innovative potential of companies.

Thus, the results of the study confirm that the proposed strategic approaches and business principles ensure sustainable growth and development of the Fund's portfolio companies, contributing to achieving long-term goals and increasing their competitiveness in the national and international economy.

4 Conclusions

As a result of the conducted research, several important conclusions can be drawn regarding the strategy of managing portfolio companies within the framework of the Fund's activities. Firstly, a differentiated approach to managing companies depending on their stage of maturity (monitoring, strategic and operational management) has proven its effectiveness. It allows the Fund to flexibly adapt to the conditions of the external and internal environment,

minimize risks by focusing on strategic issues, and at the same time support companies at the initial stage of their development through active operational management.

Secondly, the introduction of a system of uniform business principles, standards and management approaches in the Fund and its portfolio companies creates a solid foundation for improving the efficiency of their activities. The principles of minimizing management levels, compliance with the Corporate Governance Code, proactive risk management and internal control allow us to maintain transparency and accountability, as well as increase the operational and financial stability of companies. These measures not only strengthen asset management, but also increase their investment attractiveness.

The third important conclusion is the need for continuous improvement of business processes through automation, the introduction of the latest technologies and compliance with the best international practices. This approach contributes to the optimal use of resources and increases the effectiveness of ongoing projects, which ultimately leads to an increase in the value of portfolio companies and an improvement in their position in the market.

Finally, the results of the study emphasize the importance of effective interaction between departments and focus on the internal customer. This contributes to the development of corporate culture, stimulates innovation activity and improves production performance, which makes companies more competitive.

Thus, the proposed strategies and business principles for managing the Fund's portfolio companies not only contribute to their sustainable development, but also create prerequisites for achieving long-term goals, diversifying the economy and improving the efficiency of public asset management in the context of global changes.

References

1. P. Kotler and K. L. Keller, "Marketing Management," 12th ed., S. Zhiltzova, M. Zhiltzova, and D. Raevskaya, Trans., A. M. Nemchin and V. A. Dubolozov, Eds. St. Petersburg: Piter, 2012, p. 814.
2. M. Porter, "Competitive Strategy: Techniques for Analyzing Industries and Competitors," 4th ed., Trans. from English. Moscow: Alpina Publisher, 2011, p. 453.
3. A. V. Baranov, "Strategic Management: Theories and Practices," *Management and Economics*, vol. 3, no. 1, pp. 45–56, 2019.
4. N. P. Fedorova, "Models of Corporate Governance: Contemporary Approaches and Trends," *Economics and Management*, vol. 5, pp. 73–81, 2020.
5. I. Stepanov, "Application of Corporate Governance Principles in Investment Funds," *Financial Analysis*, vol. 11, no. 4, pp. 112–119, 2018.
6. S. I. Dodonov, "The Effectiveness of Corporate Governance and Its Impact on Company Performance," *Current Issues in Economics*, vol. 10, pp. 67–75, 2021.
7. B. Beisengaliyev, S. Svyatov, S. Abdyumanapov, D. Turekulova, A. Omarova, A. Taubayev, L. Mukhametova, and N. Malelov, "Organizational Behavior." ASERS Publishing, 2021, p. 267.
8. U. Shukeiev, "Strategic Management of State Corporations: Kazakhstan's Experience and Global Trends," Monograph. Astana: Publishing and Printing Center "Esil University," 2021, p. 374.
9. A. S. Khamin and L. V. Sizova, "Innovations and Investments: Impact on Sustainable Development," *Scientific Bulletin of MGIMO*, vol. 19, no. 1, pp. 34–40, 2022.
10. B. Beisengaliyev, A. Turekulova, and Y. Beisengaliyev, "Development of Investment in Kazakhstan," *E3S Web of Conferences*, vol. 402, p. 08040, 2023. DOI: 10.1051/e3sconf/202340208040.
11. World Bank, "World Development Report 2020: Global Value Chains." Washington, DC: World Bank Publications, 2020, p. 400.

12. OECD, "Corporate Governance in the Digital Age." Paris: OECD Publishing, 2021, p. 250.
13. A. V. Martynov, "Application of Diversification Principles in Investment Management," *Investments: Theory and Practice*, vol. 2, no. 3, pp. 22–30, 2017.