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HISTORY OF NEW PUBLIC MANAGEMENT AND ITS INFLUENCE TO THE DEVELOPMENT OF ENTREPRENEURSHIP IN KAZAKHSTAN

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Nowadays, the elements of NPM implemented in diverse forms in different countries depending on their historical nature of bureaucracy and public sector management and reform objectives. The major donors have agreed that the developing countries must improve public sector management by sweeping away the traditional public administration paradigm that underpins their bureaucracies and introduce the new public management [1, p 230]. In this case Kazakhstan is struggling to make public sector management better and more efficient to bring the NPM, which should give a rise to new opportunities for greater development in both government and private sector. However, it pointed out that the failure of the bureaucratic system of governance, the lack of accountability mechanisms, transparency and the deficit of democracy has affected its development.

After the collapse of the socialist block, radical political and economic changes occurred in most former socialist countries. According to Hesse the former socialist countries have a number of common characteristics, such as: a transition from one party rule to the multi-party, pluralist system with democratic and accountable government; the de-concentration and de-centralisation of political power; the creation of distinct spheres of economics and politics; economic liberalisation [2, p 53]. No socialist country has yet completed the full process of economic liberalisation. This is mainly because the task of transforming a former socialist economy is significantly more complicated than the issues facing a typical developing country. In many cases even rudimentary institutions that can be easily converted to market concepts and terminology. The process can be characterised not simply by a transition to a new economic system but also as a fundamental transformation of the whole society and all of its institutions in line with the market philosophy.

In current situation of Kazakhstan should note that civil service and its political reforms ‘it represents . . . a dilemma faced by most societies today, especially those whose governments claim to be based on democratic principles’ [3, p 137]. Kazakhstan did the choice in favour of building democratic and market relations and accompanied by a restructuring of public administration and economics. In the first step of its independence from the Soviet Union aim was to gradually withdraw from the former administrative-command methods of management, to create a legal basis for the normal functioning of the private sector of the economy, create an adequate market relations, public administration and public service, and to involve the population in the reform process.

The profound political and socio-economical changes, which have taken place in Kazakhstan since 1991, public administration has remained the same until creation of legislation to regulate relations in the civil service in 1995. The organisation and activities of all levels of the former public management institutions were no longer appropriate for attaining the goals of the reforms in all spheres of economic and political life. This finds its expression in the weakening of the prestige of all state institutions, their inefficient and non-operational activities, in effectiveness of Kazakhstan legislation and decisions of public and management institutions.

Schumpeter (1934) visualised the entrepreneur as the key figure in economic development because of his role in introducing innovations. Parson and Smelser (1956) described

entrepreneurship as one of the two necessary conditions for economic development, the other being the increased output of capital. Harbison (1965) includes entrepreneurs among the prime movers of innovations, and Sayigh (1962) simply describes entrepreneurship as a necessary dynamic force. It is also opined that development does not occur spontaneously as a natural consequence when economic conditions are in some sense “right”: a catalyst or agent is always needed, and this requires an entrepreneurial ability. It is ability that he perceives opportunities which either others do not see or care about. Essentially, the entrepreneur searches for change, sees need and then brings together the manpower, material and capital required to respond to the opportunity that he sees [4, pp 4262-4269].

The role of entrepreneurship in economic development varies from one economy to another depending on its material resources, industrial climate and the reaction of the political system to the entrepreneurial function. Entrepreneurs contribute more to favourable conditions for opportunities than to economies with relatively less favourable conditions for opportunities. If we look at this from the point of view of favourable conditions, underdeveloped regions due to lack of funds, lack of skilled workers and minimal social and economic costs are less suitable for the emergence of innovative entrepreneurs. In such areas, entrepreneurship not derived from industrial enterprises, and modern institutions support and encourage it. Therefore, entrepreneurs in such regions may not be an “innovator” but an “imitator” who would copy the innovations introduced by the “innovative” entrepreneurs of the developed regions [5, p 14].

The Government of Kazakhstan is currently engaged in major public sector reforms intended to complement the increasingly market-oriented economy. The First President Nazarbayev, in his address to the Nation presented the Strategy for development of the Republic of Kazakhstan until the year 2050. Its main goal is the establishment of a welfare society based on a strong statehood, developed economy and universal labour opportunities, as well as Kazakhstan's joining the thirty most developed countries of the world. It marked the implementation of administrative reform and modernization of the executive as following: ‘We are creating a qualitatively new model of governance on the principles of corporate governance, efficiency, transparency and accountability to society, taking into account best international practices’. To achieve this goal, the "Kazakhstan-2050" Strategy implies implementation of seven long-term priorities: 1. The economic policy of the new course is a comprehensive economic pragmatism based on profitability, return on investment and competitiveness. 2. Comprehensive support for entrepreneurship - the leading strength of the national economy. 3. New principles of social policy - social guarantees and personal responsibility. 4. Knowledge and professional skills are key points of the modern system of education, training and retraining of personnel. 5. Further strengthening of statehood and development of Kazakhstan's democracy. 6. A consistent and predictable foreign policy is the promotion of national interests and the strengthening of regional and global security. 7. New Kazakhstani patriotism is the basis for the success of our multinational and multi-confessional society. These reforms designed to improve government decision making and accountability, and the cost-effectiveness of service delivery. The intent is to redesign the structure of the public sector, and to remove old institutional arrangements and ‘ingrained habits’ derived from the earlier period of centralised planning that are major obstacles to improving efficiency and accountability.

As stated in Kazakhstan’s strategy comprehensive support for entrepreneurship is most important tool to lead a country economy to success. Due to state support measures from 2010 to 2017 small and medium-sized businesses are actively developing in Kazakhstan. The number of active small and medium-sized businesses has grown from 661598 to 1145994 and this growth observed in all forms of entrepreneurships [6]. Entrepreneurship development, which is the basis of the market economy, is currently a strategic priority of Kazakhstan and the share of small and medium-sized businesses in the country's economy is projected to be 36% in 2030 and 50% by 2050. However, today small and medium-sized businesses in Kazakhstan are experiencing difficulties in their development. The low level of professionalism of entrepreneurs, poor quality study in higher education institutions has led to a lack of strong specialists in this field. In modern globalization, as we can see, developed countries are building a strong economic system by

conquering world markets through innovation in entrepreneurship. The low level of innovation also depends on the poor quality of education. By improving education system, we receive high quality specialists in the field of entrepreneurship. New ideas will create new business opportunities for citizen where they rise their income. In this regard a transparent support from government very important.

On the other hand, as shown by Kazakhstan experience of transformation, only the destruction of the old office of the state apparatus does not automatically lead to the birth of a new system of governance and public service, needs a package of measures aimed at radical staffing update. From all stated above it is clear that a competitive economy could not be competitive without the state apparatus and transparent national companies. Therefore, as international experience shows that any 'administrative reform' usually begins for several reasons. This may be due to financial and economic problems that have been in Kazakhstan and the public awareness of the inefficiency, as the existing management system and interaction between state and society. Often, this awareness comes to the country's leadership, which sees that the bureaucracy did not have time to respond to the objective needs of economic and political development. The result of maturing internal bureaucratic tension, when the lower-level bureaucrats can no longer get richer and the upper does not want to share. Furthermore, the voltage should somehow remove, including through 'administrative reform'. It is going to be worse, if the competing interest groups are considering 'administrative reform' as an additional tool for the redistribution of influence.

Kazakhstan officially announced the main purpose of 'administrative reform' is to improve bureaucracy within which they want to draw a clear boundary between the three functions: development strategies (ministry), monitoring and supervision service (internal controls); implementation. In addition, we can see a tension that exists between the different models of building good governance. The World Bank identifies six main components of such management: civic participation and accountability, political stability and absence of violence, effectiveness of government operations, quality of tools and regulatory institutions, existence of the right of the state, containment of corruption. In this case, economists Kiefer and Shifli have justified a conclusion: 'Better do not develop those countries that rich in natural resources and who carry out sound economic policies, but those where stable and transparent system of rules'.

On the other hand, the World Bank global rating of quality of governance could not be the ultimate truth. The World Bank chief economist Philip Kiefer has mentioned that we should always bear in mind that management - very multi-dimensional concept. Flatten it even to the six parameters is very difficult. The second problem is that it is not so easy to determine the good governance. For some, it is democratic governance, for others stable economic growth. German expert Florian Villerhauzen believes that authoritarian regimes can be successful in economic terms [7]. Therefore political scientists have traditionally argued that economic growth leads to the growth of democracy and vice versa. On the contrast, Aurel Croissant a political science professor from Heidelberg believes that the level of welfare does not a sufficient condition for the transition to democracy. However, it contributes to the fact that the political system remains stable. That is, economic growth strengthens any regime, regardless of whether it is democratic or authoritarian.

In the removal of any crisis there is a difference between systems of different countries. Thus Philip Kiefer surprised that very often any conversation about the quality of governance is perceived by governments much more painful than talking about the quality of health care or education. Although, if you say that in any country has a low level of health - is virtually the same, accusing her government of incompetence, because between these parameters there is a casual relationship.

At the same time in political history has not been the case that the effectiveness of the state apparatus is enhanced by the fact that the administrative reform held by the officials. It is clear that the emergence of a new generation of Kazakh officials, who would regard themselves as managers, hired people to deliver public services, will take much longer than desired. However the current needs of political and economic development make it impossible to wait. Effective implementation of government programs is needed now.

In this case, substantial assistance to the state apparatus can have numerous non-state actors, such as non-governmental organizations and political parties. Fruitful cooperation between NGOs, political parties and government agencies in conjunction with the mechanism of e-government would help solve many existing problems in the functioning of the state apparatus. Transparency, accountability to society, many social elevators for career growth through professional data - all this will help the administrative reform.

Therefore, market economy policy and planning mechanisms have not yet replaced the previous systems. 'It is wrong to presume that a free market will develop overnight if central planning is eliminated and the market freed. Scrapping the central planning system is obviously a necessary step toward the evolution of a market economy, but unless existing institutions can readily be converted to facilitate production and distribution under market conditions, the transition process will be difficult and lengthy'[8, pp 1157-1169].

To sum up, a good government must have a firm belief and stable continuously practised professional staff to achieve great goal, in other words it should be an efficient, effective and non-corrupt [9]. There is a need to shift from 'public administration' to 'public management'; the emphasis should be placed more on the managerial functions, rather than representational. This means more independence and opportunities in the manifestation of initiatives for government agencies, which creates a high level of responsibility of public servants. In addition, it is essential to improve governance, which provides an accurate diagnosis of the political situation in order to identify options for optimizing the control system to meet the requirements and expectations of the current situation.

Therefore, there is no doubt that some reforms never intended to achieve the ideal-typical structure. The Robinson's intuition that politicians often have other goals besides improving the quality of policy makes it clear [11, p 80]. In addition, designing the bureaucratic reform programs, politicians often are interested in building the state they want to govern but not necessarily the state one would want to live in.

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