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ECONOMIC APPROACHES IN THE CIVIL SERVICE'S NEW MODEL OF THE REPUBLIC OF KAZAKHSTAN

Within modernization of public administration in developing countries one of the main issues is the extent of economic approaches' usage (tools, technologies etc.) in the system of state management. The article considers the practice of economic approaches implementation within the new model of public service in Kazakhstan and defines the framework and conditions under which economic approaches can be successfully applied in public administration.

Keywords: economic approach; economic imperialism; public administration; civil service; career planning; administrative reform.

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ЕКОНОМІЧНІ ПІДХОДИ У НОВІЙ МОДЕЛІ ДЕРЖАВНОЇ СЛУЖБИ У РЕСПУБЛІЦІ КАЗАХСТАН

У статті показано, що одним з актуальних питань модернізації державного управління в країнах, що розвиваються, є ступінь використання економічних підходів (інструментів, технологій тощо) у системі державного менеджменту. Розглянуто практику впровадження економічних підходів в рамках нової моделі державної служби Казахстану і визначено рамки та умови, за яких економічні підходи можуть бути успішно застосовані в державному управлінні.

Ключові слова: економічний підхід; економічний імперіалізм; державне управління; державна служба; кар'єрне планування; адміністративна реформа.

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ЭКОНОМИЧЕСКИЕ ПОДХОДЫ В НОВОЙ МОДЕЛИ ГОСУДАРСТВЕННОЙ СЛУЖБЫ В РЕСПУБЛИКЕ КАЗАХСТАН

В статье показано, что одним из актуальных вопросов модернизации государственного управления в развивающихся странах является степень использования экономических подходов (инструментов, технологий и т.п.) в системе государственного менеджмента. Рассмотрена практика внедрения экономических подходов в новой модели государственной службы Казахстана и определены рамки и условия, при которых экономические подходы могут быть успешно применены в государственном управлении.

Ключевые слова: экономический подход; экономический империализм; государственное управление; государственная служба; карьерное планирование; административная реформа.

Problem statement. Successful economic development of any country depends on effective modernization of public administration. Within the above process in developing countries the extent of economic approaches' usage (tools, technologies etc.) in the system of state management has become a key issue. Some states, having economic approaches implanted in civil service reforms, meet various problems and receive the inverse results. In this regard, there is a need for research on "economic

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imperialism" and for a new public service model which would suggest specified approaches oriented to public interests.

Literature review. Considerable attention to the problem of "economic imperialism" and economic approaches usage is paid in economics and public administration. Researches in this area finds reflection in the works of such scientists as G. Becker (1964), Ya. Clark and G. Swain (2006), J. Hirshleifer (1985), G. Ivleva (2012), K. Kenig (2002), Sh. Yessimova (2010), W. Yongping (2014) and others.

Definition of the target problem for the analysis. Nowadays there is no unified on the "new state management" implementation and its influence on public administration in international practice. The academic literature lacks an integrated system and the general concept in transferring the economic principles to public administration. Meanwhile, it is obvious that the shortage of methods of the correct employment of economic approaches in public administration negatively affects the development of civil service and mainly on country population as consumers of state services. In this regard it is necessary to define a framework and conditions under which economic approaches can be fully implemented and practiced in public administration.

Presentation of the research material, methodology description and key research findings. In December, 2012 the President of the Republic of Kazakhstan presented the new Strategic Program "Kazakhstan-2050" where the key directions of the country's development in the next 38 years were designated.

The new strategic document of the country embodies ambitions of Kazakhstan on formation as the regional power. In the "Kazakhstan-2050" strategy 7 major directions of development are defined (Address by the President..., 2012). From the viewpoint of economic policy Kazakhstan, according to the mentioned strategic document will search for the new drivers of economy growth to keep the development of small and medium-sized businesses and assisting the industrialization of the country, promoting the development of new power branches, and also developing agriculture on a substantial scale.

Experience of Kazakhstan in realization of the long-term and medium-term state programs has showed that the objectives designated in these programs are not to be, achieved completely without effective system of public administration including professional practice-oriented civil servants.

In this regard, the state has started an advanced preparation on carrying out an administrative reform and the second stage of reforms in civil service. At this stage the issues of efficiency determination in civil service are addressed. One of them is how the new model of civil service which is expected to be relied on the principles of "new state management", can be adequate to Kazakhstan's realities and whether the usage of economic approach for non-economic problems' solution will be justified.

The application of economic approach or the so-called "economic imperialism" in public service is more effective or more practically utilized in public administration where the system of "new state management" is built. This system had been making attempts in the 1980–90s to overcome those crisis phenomena in public administration which as a whole was kept on the principles of bureaucracy, hierarchical organization, centralization, stability of civil service organization, unity of management and administration.

Practical implementation of the "new state management" principles has started after the speech of the President of the Republic of Kazakhstan at opening of the Third Session of Kazakhstan Parliament where particular measures on reforming the system of executive power were offered. The basic instrument of these measures is public administration modernization on the principles of corporate governance, transparency and accountability to society (Speech by President..., 2006). The tasks included also concerned increasing professionalism of civil servants, introduction of the principles and management procedures by results, streamlining and increasing public administration effectiveness.

In September, 2006 the President announced the need to create a highly effective, compact, transparent and debureaucratized government. The President formulated the key elements of state management including three key parameters: orientation to consumers of state services, structural changes, productivity and assessment of state authorities activity's quality.

The offered measures identify the directions with an economic approach. Within the specified directions we can mention the following:

- Improvement of state authorities structure (reduction of positions hierarchy and quantity of political positions).
- Increase of salaries of civil servants.
- Introduction of activity rating in state authorities.
- Introduction of new approaches in budgetary processes.

These directions pursue the aim of civil service efficiency in Kazakhstan.

According to some authors, effective civil service is defined as the basic element of modern systems in public administration that is caused by toughening budgetary restrictions in authorities' functioning and the need in increasing this functioning productivity which becomes the significant factor of socioeconomic development of the country and ensures its competitiveness (Ivleva, 2012). Thus, the efficiency of state authorities' activity consists of achieving the objectives, tasks, results and target indicators of socioeconomic development of the country, established by the above-named program documents within decreasing state expenditures, preservation of favorable investment climate in the republic, improvement of state services quality for population, building confidence of the society, attracting highly qualified personnel to civil service (Yessimova, 2010).

The direction of public administration modernization is aimed at state authorities structure's improvement. One of the ways taken was the reduction of positions' hierarchy and number of political civil servants positions, and also elimination of duplication in state authorities' functioning, and also budgetary funds economy.

One of large-scale reductions of state apparatus in Kazakhstan occurred in 2010 when 15% of regular staff was reduced according to the decree of the President. As a result of this project realization the volume of regular staff of the above-named authorities as a whole in the republic was reduced by more than 26 ths (Decree of the President..., 2010).

The sum of budgetary funds economy as a result of government reduction for only one year was 18.6 bln KZT, 14.3 bln of them belonged to the republican budget, 4.3 bln – to local budgets (Decree of the President..., 2010).

Realization of this direction in reforms faced the dilemma of achieving two conflict targets: "cheap" government has to be also of good quality. Certainly, possibility of this combination is not excluded, there are successful experiences in other countries (the world experience shows that it is possible to reduce negative influence of such situation through carrying out the functional analysis of each position in state agencies (Omarov, 2013)), but there was an understanding that the given interrelation is difficult, especially without economic tools. Understanding of the need to increase public service efficiency as a classical economic task (the maximum result at limited resources), generated other need: the appeal to economic methods of analysis that in turn provoked the expansion of this subject field in economic science and the science of public administration. So, a Kazakhstani scientist S. Yessimova (2010) in her work defines the role and the place of the program-targeted management of economy as an instrument of economic efficiency increase of public administration system. It is noted that one of the important sections of management efficiency in public administration is the program-targeted management assessment which is considered as the most important part in the mechanism of effective resources placement in the majority of developing countries, including Kazakhstan.

The author proves that state programs assessment can serve as a means to increase their efficiency and planning of social services' development. Assessment, unfortunately, is carried out by each ministry regarding its interests and the questions being supervised by them in the system of public administration. For example, today not a single ministry does complex assessment of programs, so there is no complete picture in the assessment at development stages and realization of programs (Yessimova, 2010).

Not all of the specified directions of administrative reform were quickly realized due to certain problems. In particular, the platforms (the system) which would allow realizing measures to achieve the purposes of reform was necessary for practical implementation of specified measures with economic approaches. For example, the task of salary increase for civil servants and if to be more exact, its increase to the level comparable to large Kazakhstan private companies, with its binding to particular results of work, faced the problem of not only an assessment system absence, but also of no approach to assessment technique.

It was clear that this assessment needs to be connected with powers of a civil servant, but since the activity of each employee is diversified and not always can be a quantitatively evaluated in most cases the performance of civil servants is not only expressed by profit, but also is not shown directly and, besides, can act in such forms which are very difficult to assess in relation to spent resources (for example, the result can be not only economic, but also social, political, psychological etc.).

There was also a question of the need to classify the performance of civil servants by types, first of which could be called conditionally direct outcome which would give a quantitative assessment. For example, it could be providing any state service (licensing to legal entity etc.) or implementation of other kind of activities (quantity of collected taxes, executed judgments, preparation of reports, number of carried-out inspections etc.), giving in to quantitative measurement. The most convenient way to make an assessment of direct outcomes is on the basis of economic efficiency criteria which represents quantitative indices. Economic efficiency of civil servants' activity is

connected with the use of resources, with how to receive maximum possible resources at minimum expenses, and usually is defined as the ratio of volumes' cost of provided state services (other quantitative characteristics of activity) to the cost of the attracted material, organizational and other resources for this purpose. Thus, in Kazakhstan one of the most important problems of economic efficiency's assessment is the complexity of assessment and accounting resources of organizations which are directly spent on receiving socially useful results, reflecting expenses and result (especially measured quantitatively, instead of quality indicators) can have not direct, but indirect character.

Speaking about salary increase, it should be borne in mind that this economic incentive does not define high efficiency of public service, here other factors can influence as developed internal responsibility for results, probability in promotion, recognition of personal merits. According to the survey by Agency for Civil Service Affairs of the Republic of Kazakhstan only 34% of the respondents define monetary forms of motivation as the most important in civil service (Agency website..., 2014).

Here it is important to note that there are certain risks in the use of economic tools and technologies in public administration. So, in a pursuit for quantitative results the importance of private interest will amplify that in turn can be an obstacle for achievement of public interest. These risks can entail problems in interdepartmental interaction, including inconsistency at joint projects execution, "pulling" of resources in own favor without state interest. Also, dishonest officials will be able formally to gather necessary quantitative results and by that to substitute a real picture and to force out worthy persons in government system.

Certainly, in short-term prospect separate elements of public administration system can win from such economic approaches, but globally there will be a high probability of destructive imbalances and disproportions that can arise in the system.

What is necessary for the avoidance of such risks? In our opinion, firstly there must be an accurate institutional system in public administration and secondly, it is very important to have the filter in order that one institutional sector (the sector of economic laws) does not get in pure form and by that does not break the rule of other institutional sector (in our case, the system of public administration). Thus, if public service has an effective institutional basis with rather effective filter that internal system will keep the specifics, the norms and values (a priority of public interests, providing long-term goals of development etc.) which provide management quality of society.

In Kazakhstan the institutional basis of public administration was constructed at the first stage of reforms. Then, in 1999 the Law of the Republic of Kazakhstan "On Public Administration" was adopted. It was the first such law on the former Soviet Union territories. It defined the following innovations: division of positions of civil servants on political and administrative ones, protection of administrative employees at change of political leader of state authorities (minister, mayor); introduction of compulsory competitive selection at applying to civil service.

Moreover, there was a necessity in creation of filters as certain problems in the system of civil service appeared: team movements, weakness on work of the principle of a meritocracy, disinterest of civil officers in efficiency increase and quality of their work etc. In this connection, it was high time to carry out the second stage of reforms.

The main objectives of the second stage of the civil service reforming were specified in "the Concept of the Public Administration New Model" approved by the Decree of the President in July, 2011. The specified stage of administrative reform was directed at rising government efficiency, carrying out social and economic modernization and quality improvement of rendering state services.

The main target indicators of the reforms were:

- the level of population trust in the system of competitive selection of civil service candidates;
- the level of trust of civil servants and citizens to observance of meritocracy principles in civil service;
- population's satisfaction in quality and availability of state services.

For the realization of these purposes in December, 2012 the President signed the Law by which changes and additions were made to some civil service acts. These changes were focused on improvement of the selection mechanisms' transparency in civil service, creating of the administrative corps "A", ensuring observance of the meritocracy principle at staff movement, establishing the responsibility of officials and contest committees of state agencies for the improvement of institutes and human resource management mechanisms, strengthening disciplinary and ethical control, corporate culture enhancement etc.

Considering that one of the key problems, complicating civil service professionalizing, is the so-called "team movement" of staff at change of the first head of government body – minister or mayor, at legislative level – the minimization of opportunities for out-of-competition appointments to positions as the transference was provided. Besides, measures introduction of the assessment system and improvement of certification of civil servants were provided. Such concept as career planning is introduced.

It should be noted that today, at the second stage of reforms, there is an attempt to create an effective system of career trajectory planning for civil servants. Thus, there is a search of various economic tools (mostly for determination of activity efficiency) to build further the specified system of planning effectively.

In this context the experience of China is of interest. Professor W. Yongping argues, the economic efficiency of the unified purpose of civil service is the growth of economy, and that made the country face big problems in the sphere of ecology and social service. Many state departments have started to perform the functions which were not peculiar to their profile to achieve economic indicators. In this regard, today China tries to reorient the purposes of civil service, having economic criteria balanced with other indicators (Yongping, 2014).

Rather critical remarks on economic criteria and technologies application in the system of public administration can be heard in the Anglo-Saxon world where the application of "new state management" spreads quite actively. For example, Canadian experts in public administration Y. Clark and G. Swain (2006) critically treat the idea of transferring corporate management principles to the area of public administration.

Their main argument is the dissimilarity of the contents of administrative process in private and state sectors. Referring to the experience, the authors assume that the majority of bureaucratic and, especially, political tasks, in principle cannot have

quantitative measurement and such assessment significantly limits the application of management by results in public sector.

According to German professor K. Kenig (2012), "the new state management" reached the peak and does not possess any more of those qualities which can increase public administration efficiency. In his opinion, the principles of this model can be demanded in the tactical plan, but it has disintegrated an effect for achievement of public purposes, it complicates coordination and interaction of various state departments that does it of little use.

Subject to different views on economic approaches in public administration, it is useful to remember the works of such known authors in the sphere of "economic imperialism" as G. Becker (1993) and J. Hirshleifer (1985). The first author interprets "economic approach" as a general behavioral paradigm (Becker, 1993), while according to the second author, "occupation" by economists of the next areas of knowledge passes always through two stages. The first is the stage of fast progress when supervision and regularities revealed by this or that discipline, are translated into the language of economic science. On the second "economic approach" starts facing the problems resisting to such translation and demanding deepening and reconsideration of economic theory bases (Hirshleifer, 1985).

J. Hirshleifer's (1985) conclusions are fully revealed in Kazakhstan practice where today in the process of public service reforms there is a careful selection of various economic tools and technologies for public administration system's assessment (at selection of civil officers, their career trajectory, assessment of their activity efficiency, a set of the administrative case "A" etc.), taking into account the best foreign practices. Thus, during forecasting of future effects within these approaches some risks are defined, in this connection there is a question about the equilibrium of the specified approaches with non-economic methods.

Conclusions and further studies prospectives. As the result of the conducted research the following conclusions are received:

1. Economic approaches in public administration are expected to be balanced with non-economic criteria, as in the case of its exclusive application there will be a high probability of destructive imbalances and disproportions in the system of public administration.

2. To avoid negative tendencies from economic approaches' usage in public administration it is necessary not only to build an accurate institutional system of civil service, but also to construct the filter in this system for no penetration and no breach of the world of economic laws, rules and values of public administration system.

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КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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Управління інноваційною діяльністю в економіці України: Колективна наукова монографія / За наук. ред. д.е.н., проф. С.А. Єрохіна. — К.: Національна академія управління, 2008. — 116 с. Ціна без доставки — 18 грн.

Монографія присвячена управлінню інноваційною діяльністю в економіці України. В основу викладу матеріалу монографії покладені багаторічні дослідження науковців в галузі економічної теорії, фінансів та банківської справи, які були апробовані на сторінках авторитетного журналу «Актуальні проблеми економіки» в 2004–2007 роках. В монографії обґрунтовано основні інноваційно-інвестиційні напрямки та проблеми розвитку економіки України та управління даними процесами.