

Interaction of the State Authority and Business Structures in the Innovative Development of the State Local Governance and Self-Governing in Kazakhstan

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Abstract

The authors consider, that the effectiveness of the government's activity, the improvement of decisions' quality depends on implementation of modern innovative technologies through activation the direct and feedback connection between public authority system and the business-community, through increasing the level of their collaboration by participating in solving main social problems and discussing innovative projects (initiative) according questions about socio-economic development of the country, improving the system of the state and local government in the Republic of Kazakhstan.

Keywords: Government, Innovative, State and Local Government, Public Policy, Effectiveness, Crowdsourcing.

1. Introduction

Modern world practice of improvement of the state management in the conditions of innovative development of economy is focused on ensuring comfort and high quality of life of the population. The practice of improvement is very broad and includes a set of subjects and the directions of realization, which the governments of the countries choose as priority.

The analysis of foreign experience in such countries as Great Britain, the USA, Australia, Canada, Germany, China, the Southern Korea and a number of other states, allowed to reveal the main approaches which were used in world practice:

- providing the state and municipal services on the basis of the approved administrative regulations (standards) and in an electronic format (providing electronic services);
- widely application of advanced information and communication technologies in the sphere of the state management (including functioning of portals of public discussion and introduction of amendments to laws and bills);
- introduction and improvement of the "one window" principle in work of executive authority (including for simplification of preparation procedures, coordination and issue of various documents to applicants by the above organizations);

- increase of a submission to control (openness and transparency) activity of State and municipal authority;
- increasing the level of satisfied population with the results of the state and municipal authority’s activity, with the quality of providing demanded services by the state and municipal authority, with the quality of the life;
- increasing the efficiency and the productivity of the state and municipal authority’s activity;
- development of public control system of an expenditure of the budgetary means;
- improvement of the state management with using in practice the principle of "feedback" during the long period of time [1].

Active direct communication and feedback of the public authority system with business increases the level of their cooperation and the efficiency of the government activity, improves quality of their decisions. Business community has to participate in the solution of important social problems and suggest (to discuss) important projects (initiatives) according questions of social and economic development of the country, improve the system of the public and local administration by using the modern information and communication technologies. In this context it is necessary to allocate active applying and functioning of crowdsourcing with in the system of public petitions.

In the state management crowdsourcing means initial implementation of the public examination of the decision projects of the executive authority bodies which mentions interests of considerable number of residents of the country (the region, the city) and business - communities, i.e the accounting of public opinion in adoption of administrative decisions, the timely and effective solution of the existing problems, increasing the trust to the authority (Karlygash, 2013).

2. The State Management of Crowdsourcing

Relevance of application in the state management of crowdsourcing is connected with development of modern information and communication technologies, social networks and various dialogue the Internet-sites. Crowdsourcing allows public authority bodies to accept more effective administrative decisions with the taking into account opinions, requirements, offers of the population (from the cities, areas, countries) through attraction to the solution of the tasks mentioning its interests by granting opportunity to state offers, to discuss and estimate these proposals (table 1).

In other words, crowdsourcing –is a technology, that combines a new class of network innovation systems, a new approach in the methodology of solving complex problems using the intellectual potential and knowledge of millions of people with a breakdown of the process components on smaller parts.

The company Threadless from Chicago (USA) is a prime example of crowdsourcing in the business. Company nearly ten years has produced T-shirts, the design of which is developed through the on-line contest. The audience votes for hundreds of drawings that are sent to the portal of the company weekly, the most popular are started in production.

Table 1 - The main objectives of using the crowdsourcing in public administration

Participants of the public administration	The main objectives
The bodies of public authority	Compliance of the state decisions to interests of various groups of the population, increasing the level of trust to the central government, local administration and to the decisions realized by them, receiving optimum results of management at the minimum expenses of resources, the solution of the current questions and definition of tasks on prospect, an objective assessment of the ministries’ and departments’ work, providing increase of quality of life, increasing the level of satisfaction of citizens with the services provided by state.
Population (active civil and business community)	Providingthe increase of life quality, compliance of results from authority’s decisions to the values, purposes, requirements of the population, the formulation of accurate rules of interaction of the authority and society and control of their execution, increase the rate of participationpossibility of the population in process of administrative adoption decisions, the effective public control behind an unreasonable expenditure of the budgetary means, achievement of more open, transparent, responsible, externally accountable work of the

	public authority bodies, availability and a free exchange of information, receiving high-quality state services.
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Source: Keil and Epinina (2013).

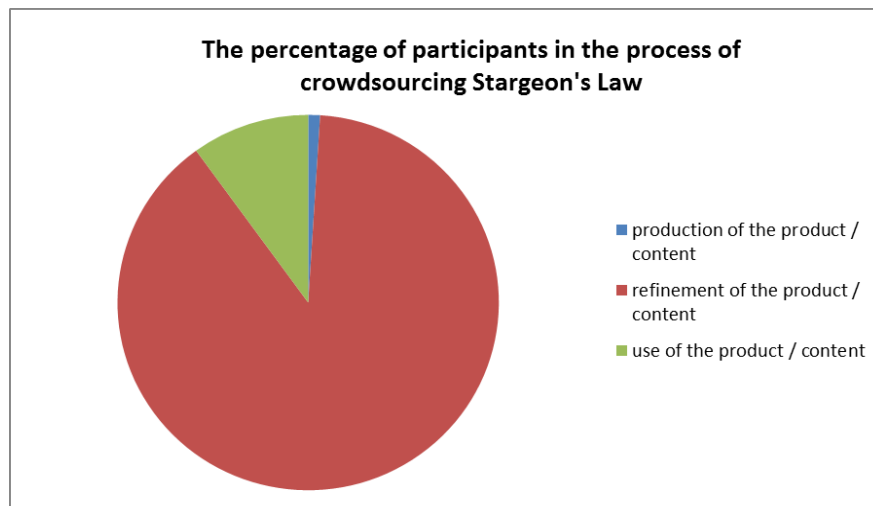
The best artists subsequently formed the expert community, which is completely opened to new talent. Crowdsourcing is also actively used in journalism BBC, Gannet, Reuters to perform such work as investigating malfeasance in government. The Russian example of crowdsourcing - "people's map" Yandex, where any user can add a new object, or an organization, which dramatically increases the relevance of maps provided. These examples demonstrate the successful application of crowdsourcing, but the possibility of applying this innovative mechanism is much more extensive.

In other words, crowdsourcing is rooted in a basic egalitarian principle that every person has the knowledge and talents that can be claimed by others. The man, with all its special skills - a central element of crowdsourcing. Our individual characteristics - a whole bunch of coincidences, this uniqueness, present in large groups, can be called variety, which is a powerful force for the development of new products and a wide range of issues.

The question about the effectiveness of the using "resource of the crowd" has appeared during analyzing the phenomenon of crowdsourcing. The answer can be found in Sturgeon's Law (Sturgeon's Law: Nothing is always absolutely so). According to this law, 90% of the total, including user-generated content is a mere waste. However, Sturgeon's Law also says that the remaining 10% of the total produced by the user, and claims to be excellent quality. From this, we can deduce a rule of interactive media - "1:10:89 rule," which says that out of every 100 people on any site only 1 person. Something really creates 10 votes and modify what he created, and the remaining 89 are prime consumers of the product. The investigation of these laws says that the application of crowdsourcing should not chase the quantity and attract 100% of users in any community the value of quality-produced "crowd" the product does not exceed 10%.

At the same time, this increase is insufficient to solve the problems and meet the needs of 89% of users. Using the crowdsourcing technology for tasks solution, with taking into account the insignificance of financial and material cost, gives quite high effectiveness.

This view of the phenomenon of crowdsourcing helps to understand the specifics of its operation. We propose to consider the possibility of its extension to the scope of public authority and public administration (Figure 1):



Source: Ivanov (2008).

Figure 1 : Sturgeon's Law for crowdsourcing

The crisis of recent years speaks about the decline of the traditional system of hierarchical control. Citizens want greater participation in governance that creates public demand for the development and implementation of innovations in public administration, need to use the most modern information and management technology. It is necessary to introduce fundamentally new schemes of governance, based on a wide involvement of citizens in

decision-making processes as the most important at the central and regional levels. Particularly, in local government, where a particular social active citizen knows how to improve their lives and the lives of the local community.

The potential of social energy and civil intelligence in our country is several times greater than our commodity stocks. The managerial revolution is necessary, which allows involving citizens in decision-making process, the development of programs and strategies in the control of their implementation. The model of governance of the new millennium can be created on the base principles of crowdsourcing.

For implementation the crowdsourcing model in state and local government Four problems below are need to be solved:

- 1) Involvement of active citizens in the development process of solving the tasks or projects,
- 2) The organization and promotion of advancing ideas and proposals,
- 3) Selection of the best proposals by the participants,
- 4) Selection of the best parties and the formation of an open expert community on the basis of the personal contribution of each to the common objective.

The condition for solving these tasks is to create an infrastructure base, which includes:

- 1) Ensuring citizens' ability to connect to high-speed channel to access the Internet.
- 2) Development of integrated software products for the state authority bodies and local self-government based on the principles of free software.

In the case of the effective implementation of crowdsourcing technologies, in our opinion, the country has a unique chance to become a leader in this new field of corporate and public governance. Of course, not all spheres of government will be able to introduce crowdsourcing technology, but we can identify a number of the most suitable for this method:

- 1) Formation of directions, goals and objectives of the state, regional and local policies that will allow taking into account the opinion of citizens on their future.
- 2) Development of optimal ways to achieve the goals, taking into account the interests of the majority of society, that will significantly reduce the so-called "conflict of interest" in the implementation of national, regional and local policies in particular.
- 3) The selection of candidates for vacant posts in the public service. Here, however, it is necessary to provide for a minimum filter to prevent non-professionals (for example, the presence of higher education). The implementation of this item will form effective social lifts, the need for which is acute in our society.
- 4) The development of objective criteria for the effectiveness of the state authorities and local self-government.
- 5) The control over the implementation of adopted at all levels of government decisions that may become a kind of feedback between society and the state.
- 6) The organization of real self-government and self-service of citizens at the local level, the formation of a complex synergistic interaction of the population of the local area.
- 7) Collection, processing and systematization of data on a national scale. The implementation of this direction will allow handling data sets that are comparable to the census, which will save billions of budgetary funds (Figure 2):

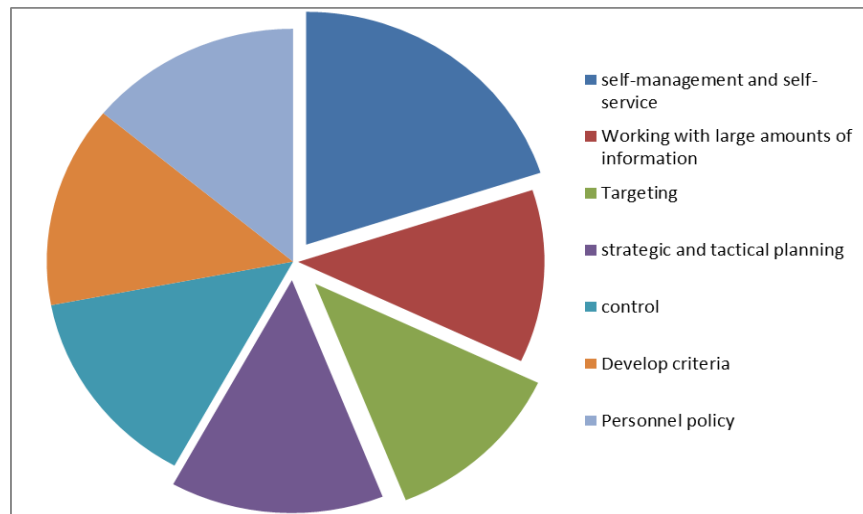
Implementation of crowdsourcing in these areas leads to the formation of civil expertise of the business community. Even, considering the consequences of Sturgeon's Law, creative citizens can be up to 5% of the number of collective organization. On the basis of the economically-active population, the country can get several million people of creative people of all ages. It will certainly be a source of formation as a personnel reserve of administrative staff and an inexhaustible reserve for the ideas of deep modernization of the economy.

Complexity of application and introduction of mechanisms of crowdsourcing is caused along with technical and methodological to which it is possible to include:

- 1) Voluntariness and self-initiative during the work on the solution of a task.
- 2) Efficient and highly effective mechanism of a filtration and selection of decisions of participants, and also selection and formation of national expert community.

The phenomenon of "wise crowd" opens tempting prospects before system of the public and municipal administration, and it is impossible to refuse them. We will emphasize that crowdsourcing as technology is still in the beginning of the formation. Therefore the organization which will be able to effectively use its power, undoubtedly, will be able to take the most competitive position in the sector. At the first stages it is expedient to

make experiment on working off of a technique of its application in the certain region. The existing information base has already allowed to realize similar projects very quickly during several years. However, for their start will be needed political volition at both the state and local level.



Source: OECD (2015).

Figure 2 : Areas of implementation crowdsourcing approach to improve the effectiveness of the state government and self-government mechanism

Under the regional crowdsourcing understood technology to engage consumers of regional management services (population, business, and others.) into the process of social interaction with the state and local government, the transfer of their functions of participation in the process of developing and adopting regional solutions, related to various aspects of their life, on the basis of public offer does not mean the conclusion of the employment contract. Crowdfunding and crowdrecruiting are the most relevant types of regional crowdsourcing. Crowdfunding (crowdfunding, crowd - "crowd" and funding - "financing") implies a collective cooperation of people, who voluntarily pooling their money and other resources together through the Internet, to support the efforts of other people or organizations.

It is believed, that the term crowdfunding appeared simultaneously with crowdsourcing in 2006 and its author is Jeff Howe, but the phenomenon of the national funding, of course, much older. Suffice it to recall the construction of the Statue of Liberty in New York, which collected funds for all the people.

Crowdfunding is a relatively new method of financing projects through the Internet. After successful incarnations in the field of non-profit cultural and social projects, crowdfunding is gaining their strength also in the financing of start-ups. Social media plays an important role in developing and promoting crowdfunding. Facebook, VKontakte, Twitter, specialized sites are important tools for information exchange on crowdfunding projects and contribute to the transformation of social capital into financial capital. Social networks allow you to create content, distribute it and, of course, discuss, thereby by passing the usual chain of intermediaries.

Depending on the purposes in the region, the following types of crowdfunding are stand out:

- For the purposes of the crowdfunding project: business project, creative, political, social project;
- The target for the investor: the donation, not financial reward, financial rewards, the return of the debt.

Key advantages and objectives of the crowdfunding are: the democratization process, the support of art and culture, as well as generating additional revenue for the entertainment industry; support innovation and enable start-ups to traditional intermediaries find successful and talented people; the creation of transparent and efficient mechanism for the national financing of projects.

Crowdrecruiting (crowd recruiting, crowd - "crowd" and recruiting - "hiring") - is a new technology of mass talent search, which allows to achieve a significant reduction in the cost and duration of recruitment. This method is still underdeveloped, but already there are companies thinking proactively and effectively using the so-called smart

technology crowd for the solution of various problems. The uniqueness lies on the fact that crowdrecruiting was used primarily as a tool for search, selection and comprehensive assessment of people. Mass recruitment of employees - a fairly large and complex project that requires careful planning. It consists of the following stages (Table 2):

Table 2 : Crowdrecruiting as an innovative mechanism in the management system

Crowdrecruiting stages	Tasks in the field of state administration and self-government
Attraction	The aim is to inform potential applicants about the project
Primary selection	For participating in the project, all candidates must pass the test to assess the compliance requirements of the organization
Professional Testing	To assess individual and professional capacity of experts preparing the case study reflects the specifics of an organization or activity
Final selection	list of finalists is created as a result of all the stages of the selection
Education and training of personnel	Selected participants get acquainted with the specifics of the work and communicate with management. Conducted specialized training and online seminars

Source: Rogov, A. V. (2013).

3. Implementing crowdsourcing technologies

For implementing crowdsourcing technologies in the sphere of the state and local governments' four objectives are needed to be solved:

- 1) Involvement of active citizens and businesses in the development process of solving the tasks;
- 2) The organization and promotion of the ideas and proposals;
- 3) Selection of the best proposals by the participants;
- 4) Selection of the best participants and the formation of an open expert community on the basis of the personal contribution of each participant to the common objective.

The creation an infrastructure base is the condition for solving these tasks, to which should include:

- Provide citizens with the possibility of broadband access channel to the Internet;
- Formation of integrated software products based on the principles of free software for the state authority bodies and local self-government.

Considering crowdsourcing as a specific technique of socio-economic development of the region, it is necessary to allocate priorities for its use. These include attracting investment in the regional economy, the development of socio-economic development strategies in the region, support and development of small business in the region, the creation of new high-tech jobs.

For the introduction of crowdsourcing technology into the practice of regional government is necessary to take the following decisions and actions:

- 1) Apply common standards to ensure transparency for public authorities at all levels, including transparent procedures for feedback and consideration of the opinions of citizens when taking decisions;
- 2) To work out the basic rules of systems "Public control", "National examination", etc. ;
- 3) To create a portal of open data, a similar state portals in other countries;
- 4) To encourage further creation of civil crowdsourcing projects based on public open data and through the launch in each region of the Internet platform for dialogue between officials and ordinary citizens.

Thus, the implementation of the above measures will effectively and efficiently use innovative crowdsourcing approach, aimed at improving the quality of life of the population. The existing information base has already allowed implementing such projects as quickly as possible, within a few years. However, they run the political will at both the state and local level.

Widespread using of crowdsourcing technology in public management at all levels and stages of decision-making, allows using the advantages of information and communication resources, increasing openness work to ensure transparency of activities of state bodies, uniting people around common goals, creating the conditions for the manifestation of social initiatives, and generating feedback tools from active citizens and the business community who are willing and able to contribute to the development of the region.

The international experience of interaction of bodies of the public authority system and the population at the solution of public, legal and infrastructure problems by means of crowdsourcing, confirms efficiency of new ways of the organization of the state management. So, the first "crowdsourcing" Constitution became as a result of national

discussion in social networks (Facebook and the Twitter) and a referendum in Iceland, the referendum on which acceptance set the new world standard of transparency of the state policy and participation of citizens in it.

In many foreign countries the system of public petitions realized in such way of civil crowdsourcing, as the electronic petitions, promotes productive involvement of civil society in the solution of social state questions. Possibility of the implementation of this innovative format of addresses (online communications) to deputies, firstly, was realized in the state management of Scotland in a framework of the E-Petitioner (www.scottish.parliament.uk) project. Germany, Finland and some other the countries followed the Scottish example in a consequence. By the beginning of 2013 the number of the states which were implemented system of electronic petitions has increased to 42.

It should be noted, that in different states approach of realization of electronic petitions tools differs on the sphere of the considered questions, on ways of identification of the persons, initiating and supporting petitions, on durations of the period of collecting signatures, to the demanded quantity of voices, on procedural terms of response of bodies of the authority to the petition, which collected the demanded quantity of voices, an also has the specific features.

In the USA, any American over 13 years old can be the author of the electronic petition, for obtaining the status of the electronic petition - each new offer has to type not less than 150 signatures for the first 30 days after creation the petition. Except that, all users who supported the electronic initiative, which gathered the demanded number of signatures through post mailing are notified on obtaining the response from the White House.

Distinctive feature of functioning of a portal of electronic petitions in Great Britain is the daily publication of the open data, characterizing its use by citizens.

In Latvia signatures for supporting the petition can be collected on-line through the services allowing to check their authenticity, and can be collected off-line.

In our opinion, realization of the following complex of actions, described below, is necessary for changing the current state of affairs:

- the formation of constantly operating mechanisms of organizational, moral support of active citizens, creation of special platforms for communications of the authority and the public, increase of interest of the population in improvement of quality of life through introduction of technologies of constructive interaction by bodies of the authority of all levels (in the first turn – bodies of local self-government);
- increasing knowledge of the population about region problems, ways of their solving, possible forms of participation of citizens in the solution of socially significant questions;
- increasing the interest of citizens to participate in the solution of local affairs, confidence in rationality of cooperation with bodies of the public authority system;
- bringing to specific participants of interactions with bodies of system of the public power of results of implementation of in common developed decisions (programs), activation of in forming the population on positive results of interactions with bodies of the public authority system;
- design of recommendations for the bodies of the public authority system about creation of conditions for expanded implementation the public initiatives support system, introduction the encouragement system.

The reason of Formation the system of innovative methods and technologies for state and local government is that the public sphere at the present stage represents professional actions of the management in searching the best methods and technologies ahead of the competition. These technologies allow studying, analyzing the reasons for their backwardness and implementation, adopted to the conditions of their own improved version of the best practices in order to improve the social and economic efficiency of state and local government (Kostyuk, 2014).

The technologies and management methods are used in the new system of government and aimed at increasing the effectiveness of the search for the state organization, can be considered as these technologies:

1) Benchmarking (from Eng. Bench - level, marking –to mark) - is a method for studying the activities of other countries, especially, the major competitors in order to use the positive experience in their work. Method includes a set of tools allow to systematically locate, evaluate and organize the use of all positive virtues of others' experiences in socio-economic activities of the state.

Regard to innovation, benchmarking is the studying of management system of other organizations in order to identify the fundamental characteristics for the development of their innovation policy and specific types of innovations that enhance the efficiency of its activities.

2) Benchlearning - work in the organization, including business structures on the understanding that it contributes to its success and motivation for a successful operation. Emphasis is placed on the joint participation of staff to achieve results through learning throughout the organization and through the capabilities to create a system for improving

workers' organizations. The essence of the method is to calculate the relationship between the causal factor and the number of required resources, the selection of the traditional and most viable informal institutions, contributing to the further development of society. Benchlearning includes organizational learning, i.e., activity over the understanding of what contributes to the success of the organization and the motivation for a more successful operation.

3) Benchfutura (from Eng. Bench - a place level, futurum-future) modeling of a successful future for 5-10 years (the construction of the future image of a successful outcome). A variation of benchfutura is benchracing - achieving benchfutura goals. It is the formation of a sequence of increasing strengths and competitive advantages of the product or object, which minimizes expenses and time to start before using the benefits (Dombrovskaya, 2014).

4. Conclusion

Thus, the modern paradigm of administrative reform, based on the postulates of the "new public management", requires the implementation market and, also, innovative management methods and technologies in practice of governance that will lead to the stability of the system of state and local government. This will require a major reform of the existing model of management of state and local agencies, changes in the interaction with the environment. Improvement of governance at the central and regional levels, the transformation of the economy as a highly competitive economic system, developing the innovative scenario and provides a high quality of life - is impossible without these actions, described above.

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