Chapter 2

Evolution of Business–Government Interaction Models: Their Use and Management

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ABSTRACT

In this article public-private partnership issues are considered. The purpose is to offer a partnership trio model for the Republic of Kazakhstan. This is possible taking into account international experience, as well as by exploring the possibilities of partnership among government agencies, business entities and scientific organizations within the national economic system. A model of forming a trio partnership, which is one of the most developed forms of public-private partnership, has been proposed. This is important from the point of view of the development of the state as a whole. The article also discusses the forms of contribution of each of the participants of the partnership to achieve the goal of improving efficiency. The research methodology is based on the developments of scientists in the field of partnership between science and business, institutional economics, the use of an integrated approach and the principles of dialectics to identify the essential characteristics of partnerships, as well as the conditions for their successful application in the national economy.

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INTRODUCTION

Recently, proactive management approaches have been used in partnerships that change the innovative and industrial level of the national economy. The mechanism operates through a public-private partnership, which is widely used in various sectors of the economy, in the areas of economic and social infrastructure in industrialized, and in developing countries. The framework of the Nation’s Plan “One Hundred Concrete Steps”, the Law of the Republic of Kazakhstan “On Public-Private Partnership” has recently been adopted in Kazakhstan.

In this context, the overwhelming majority of the principles and forms of the economic interaction of business, scientific community and government are not yet adequately covered in domestic economic literature. It is rather a consideration not of two, but of three partners, because there are goals to achieve a high level of innovative industrialization in the country. Without scientific institutions as a part of partnership this goal cannot be achieved. Such a direction of increasing certain innovativeness level can be considered as a multistage program of industrial-innovative development of Kazakhstan. The issue is discussed in a Draft programme of industrial-innovative development of Kazakhstan for 2020-2025 presented in Nur-Sultan (2019). First of all it is required to create relationships between the state and business as a basis for trio partnership. This can be achieved by: government contracting, establishing a mixed public-private entrepreneurship, what is mainly viewed from the position of state regulation of a market economy; rent, concession, state property trust – from the point of view of market forms of state property management; leasing – as a form of small business support; investment - a component of the government’s economic policy. In the context of this chapter, they are considered as forms and methods of economic interaction between business and government structures. This chapter considers an obtaining of new knowledge in the area of improving the management of partnerships among business, science and the state. The dynamic formation and development of the social economy in the republic depends on the efficiency and effectiveness of the improving process.

In general, the global and domestic experience of creating and operating a public-private partnership model deserves great attention and application in the republic. This should take into account not only the positive results achieved in the world practice, but also the negative consequences, possible risks, as well as the specifics of the national economy so as not to worsen the current situation, but to build own model leading the state to achieve high goals of economic growth and improving the welfare of citizens (Zhaleleva, 2016). Nowadays there is one-directed interaction in Kazakhstan: government creates conditions for business entities, infrastructure of entrepreneurship, guarantees implementation of legal and tax regulation. One of the examples can be found in analyzing of Doing Business ranking. According to the ranking Kazakhstan is working in direction to make better conditions for entrepreneurship. In recent years the position of the country has significantly increased from 77th in 2015 to 25th in 2019 (Ease of Doing Business rankings, 2019; Doing Business 2015. Going Beyond Efficiency, 2014). But the main problem is not in doing business easier even if great results are achieved. It is more important to find qualitative changes in the structure of Kazakhstani economy that is hard to do without increasing its innovative level. Also, it is assumed to realize principles of digitalization of economy, overall use of informational technologies.

The peculiarities of partnership relations between business community and state structures with the inclusion of the scientific environment into this process are very important and effective for Kazakhstan, when major changes are taking place in the national economy. The latter is aimed at significant