Article

Conceptual platform and applied aspects of interaction between government and business agencies in the Republic of Kazakhstan

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Abstract: The focus of the article is the evaluation of the interaction between regional state bodies and business structures in Kazakhstan, specifically in terms of the development of public-private partnerships. The purpose of the research is to enhance the understanding of the theoretical and practical aspects of the mechanism of interaction between the state and business structures. Through an examination of the various structural components of the partnership development strategy, the study aims to identify the elements of the mechanism for the implementation of the state and business development strategy. Additionally, the research seeks to establish the correlation between the outcomes of the joint entrepreneurship mechanism and the criteria used to evaluate the performance of regional state bodies. To assess the effectiveness of the interaction between business and government at the regional level in Kazakhstan, a survey-based evaluation was conducted to measure the satisfaction levels of public utilities, entrepreneurs, and businesses with the activities of local authorities. The survey also evaluated the degree of corruption among local authorities. A matrix of interaction between business and government was created, and various models and algorithms for the interaction between government representatives and business structures were studied. The research findings highlight the importance of enhancing the collaboration between the state and the business sector, promoting the implementation of public-private partnerships, and establishing social partnerships to cultivate mutually beneficial relationships.

Keywords: interaction of state bodies and business structures; entrepreneurship; systematization of the mechanism of interaction; state regulation; economic concerns of government and business; directions of the interaction of business entities; models of interaction of government representatives and business structures

1. Introduction

The dissolution of the USSR led to the emergence of newly independent states, including Kazakhstan, and marked a period of significant institutional transformation towards a market economy and democratic governance (Dabrowski, 2023). This transformation was accompanied by a revolution of institutions, resulting in the development of an enclave structure that has a dual nature in non-Western modernizing societies (Batsaikhan and Dabrowski, 2017).

The current economic crisis in Kazakhstan has highlighted the need to enhance the mechanisms of collaboration between the state and business (Beisov et al., 2013). The state plays a crucial role as a guarantor, organizer, regulator, and customer of territorial development initiatives (Borodina et al., 2013; Stepanova et al., 2023), in
line with the established model of economic relations. Plenty of issues related to the collaboration between the state and business remain a subject of debate (Kulanov et al., 2020). However, international experience has shown that such cooperation can be highly effective in achieving socio-economic goals (Bekezhanov et al., 2021; Sergeeva et al., 2023). In Kazakhstan, the emphasis is placed on establishing the institutional basis for the relations between the state and business, which involves creating effective forms of interaction that enable the achievement of strategic goals. However, various issues hinder practical cooperation between the state and business in Kazakhstan, including inadequacies in the legal framework that define the rights and responsibilities of the parties, the imperfection of forms and methods of implementing partnerships, the absence of competitive conditions for practical cooperation, and the insufficient development of the investment and innovation environment (Bokayev et al., 2023).

This statement emphasizes the importance of aligning Kazakhstan’s social policy priorities with state social reform and identifying specific methods for implementing it. It suggests that improving the interaction between entrepreneurship and the state (Khamzin and Moldabayev, 2013), promoting public-private partnerships, and developing social partnerships can foster mutually beneficial relations.

However, it is fundamental to comprehend the dual nature of social policy in Kazakhstan. On one hand, it plays a crucial role in reducing social inequalities (Rybakov et al., 2022), promoting social cohesion, and mitigating potential risks in the social and political system. On the other hand, social policies can sometimes create a culture of dependency and disincentivize work among certain segments of the population (Bayazitova et al., 2023). It is imperative to acknowledge that the social policy of contemporary Kazakhstan should not be limited to its mere guidelines. Conversely, the key areas of emphasis should be meticulously executed and integrated into the state’s strategic programs in a comprehensive and organized pattern. Inherent in the nature of the social State, medium- and long-term development programs consider factors such as:

- Selection of strategic social tasks and goals, setting social and economic priorities.
- Regulatory and legal provision of a single social space for all members of society.
- Support and protection of the state in financing social events.
- The creation of a unified social infrastructure, provision of qualified personnel, and reliable information necessary for the institutional environment of a social-type state.

The interaction processes between authorities and business structures are always based on several principles reflecting the essence of the existing economic system, political and legal structure, and moral norms corresponding to a particular stage (Figure 1).

It is worth noting that in contemporary realities, multiple strategic goals of the state require significant resources, which are not able to provide to optimize the implementation of national and local projects. States are gradually moving to new administrative mechanisms of interaction between government and business, which entails a transformation of understanding of some state functions and responsibilities.
Figure 1. Algorithm of interaction between authorities and business structures.

These trends reflect that the reality of world economic life over the past two decades has been the active spread and development of public-private partnerships as a mechanism for the correct interaction of government and business to solve government problems. As a result, this interaction led to the development of two primary models of relationships between the private sector and the state. The two models that have emerged from this interaction are the pluralistic model and the neo-corporatist model, which are recognized for their different perspectives on the organizational structure and the roles of the actors involved in the interaction process.

Considering all the models, the business sector should be aware of the commonality of its interests with the interests of the state and the country’s citizens since it represents the most active part of society. Businesses ought to understand that the results of their entrepreneurial activity depend on social and political stability in a steadily developing economy.

At the present stage of Kazakhstan’s development, the systematization of the mechanism of interaction between government and business represents a promising direction for the development of partnership relations between government and private business, which is implemented through a combination of the advantages of forms and methods of state and market regulation of the economy. The development of private businesses is the main task here, and the basis of their formation should be ensuring the totality of public interests.

Undoubtedly, a business should be motivated in constant communication with the state authorities to implement collaborative actions. It is indispensable to establish clear and specific guidelines that outline the rights, duties, and levels of responsibility of both public authorities and entrepreneurs during times of reform.

Currently, Kazakhstan is characterized by a high territorial differentiation of the population in terms of qualitative and quantitative indicators determining its well-
being. In this context, the involvement of business structures in solving social problems can be one of the main tools for developing the economy of the regions, along with resolving contradictions between the state and its regions.

The problem’s relevance also stems from the fact that there are ongoing efforts to regulate the interaction between the state and business through legislation at all levels, and some forms of cooperation between the state and business, such as concessions, have already been institutionalized in the Republic of Kazakhstan.

Herewith, the formation of a relatively holistic view of the public-private partnership institution has not been completed at the level of legal doctrines, such as essence, definitions, principles, legal nature, and forms of implementation. Many contradictory concepts and views on public-private partnerships are evidence of increasing interest in the phenomenon. However, it does not yield the legislator a precise doctrinal toolkit for effective normative-legal regulation. In this regard, the spread of public-private partnership practice in Kazakhstan is not as intensive and effective as we expect.

Scientific research has revealed several factors that the escalating influence of gigantic companies on the country’s economic development requires businesses to be involved in the formation of the State’s innovation policy and implement coordinated actions aimed at modernizing production and expanding the introduction of innovative technologies in recent years. Thus, one of the distinctive features of investigating this pressing challenge is the obligatoriness to scrutinize the existing experience of relations between the state agencies and business structures. Assessment of the organizational and socio-economic components of these relations and meticulous analysis of the mechanisms ensure state provision of appropriate conditions that encourage entrepreneurs to participate in partnerships and increased activity of business structures in the frame of innovative development of the country.

So far, this paper has focused on the peculiarities of Kazakhstan’s economy that determine the range of issues related to the creation of favorable conditions for the development of entrepreneurship and its integration in the unified processes of solving socio-economic problems of the national economy. As international experience represents, increasing entrepreneurial activity and creating institutional conditions for the growth of social responsibility of business contribute to improving the population’s welfare directly and create prerequisites for the sustainable development of regions and the national economy.

Thus, investigating contradictions in the interaction “state-region-business” system and exploring approaches to resolve them in the context of ensuring conditions for improving the population’s welfare is an acute and vital problem.

2. Literature review

Several studies suggest that the analysis of the accumulated experience of business structures unveils that their strategic behavioral choice ranges from maximum distancing from the authorities to the direct arrival of businesspersons to power. The amplitude limited by the marked frames includes many options for the demeanor of companies.

At the same time, the strategic goals of interaction on the part of business entities
can be divided into institutional, organizational, and personal segments, involving the receipt of information, financial, organizational and managerial, resource, technological, and other preferences and benefits to meet the economic interests of specific commercial companies or their groups as well.

Another significant aspect is that the factor determining the relationship between business and the state is the structure of the state framework, which outlines the configuration of the centers for making the most pivotal decisions. Centralization provokes an increased fragmentation of business interests as long as businesspersons try to influence decision-making centers and do this until they find those places where they and their requests can be treated with understanding. The political centralization of the State encourages the consolidation of business interests and limits access to places where government policy is formed (Lapteva, 2004).

Identifying the dominant model of interaction between the state and business is mainly conditional since such relations can be represented as a differentiated system at each level of which one can notice the predominance of various stable forms of interaction (Table 1).

Table 1. Matrix of interaction between business and government at the regional level.

<table>
<thead>
<tr>
<th>Power</th>
<th>Business</th>
<th>Weak business</th>
<th>Strong business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong power</td>
<td>Suppression or patronage</td>
<td>Partnership or conflicts</td>
<td></td>
</tr>
<tr>
<td>Weak power</td>
<td>Non-interference</td>
<td>Seizure of power</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the authors based on Kisel (2013); Nitsevich (2013); Chirikova and Ledyaev (2015).

In today’s reality, state has sufficiently large but limited resources to implement its goals and interests and aims to increase them by attracting additional resources. The State also aspires to support the effectiveness of entrepreneurship by creating an effective motivational mechanism, stimulating entrepreneurial activity, and through legally regulated means for the implementation of social functions, which entrepreneurship treats indifferently (Kostusenko, 2009).

In Kazakhstan, the strategic development and improvement of human capital, along with expanding the interaction and cooperation between the state, entrepreneurs, and individuals, have become essential principles for effective socio-economic policy. Given the focus on public-private partnerships (PPPs) within Kazakhstan, we will concentrate on two primary models of state-business interaction that offer the greatest insights and applicability to the Kazakhstani context:

1) The partnership model emphasizes the head of the region’s role in building partnerships with businesses. This model is pivotal for its emphasis on mutual goals, shared responsibilities, and equitable benefits, thereby facilitating projects that aim to enhance public services and infrastructure development. In Kazakhstan, where regional development is uneven and the need for efficient public service delivery is pronounced, the partnership model offers a framework for leveraging the strengths of both the public and private sectors. By emphasizing the head of the region’s proactive engagement in building
partnerships, this model aligns with Kazakhstan’s strategic objectives of socio-economic development through inclusive and sustainable PPP projects. It reflects the country’s ambition to create a more integrated approach to development, where government and businesses collaborate closely, yet maintain distinct roles and responsibilities, ensuring projects are implemented effectively and benefit the wider community.

2) The symbiotic model is the fusion of power and business, typically in the presence of a dominant player. This model, characterized by intertwined relationships between political power and business interests, is examined for its implications on the transparency, efficiency, and equity of PPPs. In the context of Kazakhstan’s PPPs, the symbiotic model raises pertinent questions regarding transparency, efficiency, and equity. While such close integration can expedite decision-making and project implementation, it also poses risks to the fairness of the PPP process, potentially sidelining the broader public interest in favor of select business or political agendas.

It is crucial to focus on creating favorable conditions for the development of small and medium-sized enterprises, which can significantly contribute to economic growth (Gayduk et al., 2023). In today’s markets, the emergence of new and profitable businesses is dependent on genuinely fair and accessible competition. Achieving healthy competitive conditions requires ethical corporate responsibility, culture, and effective self-regulation mechanisms within businesses. Small and medium-sized businesses employ around 3.3 million people in Kazakhstan, and the production volume in this sector has increased 2.3 times between 2015 and 2020, amounting to over 13.0 trillion. National report on the state of entrepreneurial activity in the Republic of Kazakhstan during the pandemic for 2020–2021 (2020), the strategic goal is to increase the share of SMEs to 50% of GDP by 2050, with a target of 35% in GDP and 4 million employed by 2025.

Given the foregoing, the primary aim of our study is to explore the intricacies of public-private partnerships (PPPs) in Kazakhstan, particularly examining how these collaborations can be optimized to enhance socio-economic development.

3. Research methodology

The methodology of this study is carefully designed to provide an in-depth analysis of public-private partnerships (PPPs) within Kazakhstan, focusing on the interaction between government bodies and business entities.

The research primarily utilizes an analytical approach, which involves the examination of current PPP frameworks, policies, and practices within Kazakhstan. The analysis is guided by a review of relevant literature, including academic articles, government reports, and publications by international organizations related to PPPs. This comprehensive review serves to identify key themes, challenges, and success factors associated with PPP implementation in Kazakhstan.

Also, the article includes a concise overview of Kazakhstan’s transition post-USSR dissolution, setting the stage for understanding the evolution of its economic policies and institutional reforms impacting PPP development.

Secondary data collection forms the backbone of this study, utilizing a wide array
of sources to gather comprehensive information on PPPs in Kazakhstan. The analysis of this data is twofold: first, identifying patterns, trends, and outcomes of PPPs across various sectors; and second, evaluating these findings against the backdrop of Kazakhstan’s economic and regulatory environment to ascertain the effectiveness and impact of PPPs.

Taking into account the various economic interests of government and business, the wide variability of forms and technologies of intersectoral cooperation, and the high differentiation of regional conditions for interaction between public authorities and business factors, authors have carried out the survey that aimed at gathering empirical data from a diverse set of stakeholders involved in PPPs within Kazakhstan. The survey targets business executives, government officials, and entrepreneurs who have direct experience with PPPs, aiming to assess their perspectives on the effectiveness, challenges, and outcomes of these partnerships. The survey is conducted using a specially designed questionnaire. Evaluation questions have an advantage in the questionnaire. All questions are formulated according to the satisfaction with PPP-related municipal activities. One 198 people took part in the online voting. They represent urban districts, districts, and most of the municipalities of the Turkestan region.

The gender and age composition of respondents was formed as follows: out of 198 people who took part in the online voting, 30.8% were men, and 69.2% were women (Table 2).

<table>
<thead>
<tr>
<th>Age of respondents</th>
<th>Number of respondents</th>
<th>% of the total number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30</td>
<td>72</td>
<td>36.4</td>
</tr>
<tr>
<td>30–39</td>
<td>45</td>
<td>22.7</td>
</tr>
<tr>
<td>40–49</td>
<td>42</td>
<td>21.2</td>
</tr>
<tr>
<td>50 and over</td>
<td>39</td>
<td>19.7</td>
</tr>
<tr>
<td>Total</td>
<td>198</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The survey’s design, focusing on evaluating satisfaction with PPP-related activities and identifying perceived effectiveness and challenges, allows for the collection of empirical data that is vital for corroborating findings from the literature review and secondary data analysis.

4. Results

4.1. Strategic framework for enhancing PPPs in Kazakhstan

Based on the comprehensive literature review, we have implemented a range of structural components that are necessary for the development of a partnership between the state and the business sectors. The composition and features of these components are outlined in Table 3.
Table 3. Composition and characteristics of the structural components of the state-business partnership development strategy.

<table>
<thead>
<tr>
<th>No</th>
<th>The structural component of the strategy</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic analysis of the current state of partnership</td>
<td>— Establishing the strengths and weaknesses of the modern practice of partnership between the state and business. — Diagnosing fundamental problems of partnership development.</td>
</tr>
<tr>
<td>2</td>
<td>Strategic priorities and goals of partnership development</td>
<td>— Identifying strategic priorities for the development of the partnership. — Setting strategic partnership development goals.</td>
</tr>
<tr>
<td>3</td>
<td>Expected results of partnership development</td>
<td>— Characterization of the actual (achieved) state of the partnership using quantitative and qualitative indicators.</td>
</tr>
<tr>
<td>4</td>
<td>Key objectives of partnership development</td>
<td>— Establishment of interrelated activities, the implementation of which ensures the achievement of the set goals.</td>
</tr>
<tr>
<td>5</td>
<td>The mechanism for implementing the strategy</td>
<td>— Determining the elemental composition of the tools for managing the partnership development processes.</td>
</tr>
</tbody>
</table>

The contents of these components can be disclosed, taking into account that the strategic partnership between the State and the business sector takes place in a variety of forms, which include:

- public-private partnerships available for the production of public and private goods and services in a wide range of economic activities;
- partnership associated with the clustering of the socio-economic space of the regions;
- partnership in the strategic planning of the country’s socio-economic development and its regions.

Stimulation is an essential component of the relationship between the state and business, and it is worth noting that the main areas of incentives include:

- Establishing a robust information infrastructure that facilitates equitable access to information on both domestic and international market participants and investment projects is critical. Furthermore, such an infrastructure would enable the utilization of analytical data about national and global market conditions.
- Development and improvement of the institute for the protection of private property, especially in matters of land ownership.
- Improvement of the financial, credit, and insurance mechanisms concerning the business sector.
- Implementing the policy of direct public investment and encouraging entrepreneurs who have the opportunity and are ready to introduce innovations. At the same time, it is necessary to reduce taxes on reinvested profits and increase the depreciation rate, thus stimulating the demand of entrepreneurs for high-tech products.

Upon scrutinizing the features of public-private partnership in our republic, we can draw some preliminary conclusions:

- In the process of implementing a specific project, depending on changes in its characteristics or external conditions, it is necessary to revise and introduce various innovations in the terms and form of partnership.
- Trust between the participants of partnership agreements will be possible only in...
conditions of transparency of the partner selection procedure, and minimal manifestations of corruption during the state competition.

- In the present-day context, it is imperative to create contracts of a specific nature that incorporate two crucial elements. Firstly, these contracts should enable the application of diverse legislative principles. Secondly, they must consider the necessity for flexibility in contractual relations to mitigate the potential for increased transaction costs.

- The utilization of mechanisms for interaction between the state and business carries significant positive and negative implications with socio-political consequences, underscoring the public importance of this issue. Thus, active informational and political backing for each public-private partnership project is essential.

Previous research has underscored the importance of considering the potential of public-private entrepreneurship projects. It has been observed that public entrepreneurship operates in areas that do not typically attract private businesses or require significant investments and risk. State entrepreneurship, on the other hand, is instrumental in promoting vital knowledge-intensive and capital-intensive industries, thereby bolstering the country’s standing in the global arena while also expediting scientific and technological advancements and economic growth, which in turn benefits citizens across various social domains. The state will facilitate legal assistance, establish additional incentives for businesses, and promote socially responsible behavior by engaging the private sector in collaborative social projects. Simultaneously, businesses aim to generate profits and employ practical methods and schemes to expedite the process. Therefore, this interaction between the state and business can be an effective means of resolving socioeconomic issues confronting society.

There is a prevailing assumption that the significance of the effectiveness of the methods of interaction between the state and entrepreneurship is escalating amid the prevailing conditions of globalization and internationalization of society. Hence, the agreement ratified on the formation of the Eurasian Economic Union serves as an indicator of the extension of Kazakhstan’s geo-economic and political prospects in the Eurasian region. Simultaneously, it highlights the necessity for enhanced collaboration and interaction among state officials, business representatives, and civil society within the country. Experts suggest that the establishment of the Eurasian Economic Union will have a considerable impact on the progress of small and medium-sized enterprises. By joining the Eurasian Economic Union, Kazakhstan is anticipated to gain a 25% increase in GDP by 2030, creating new employment opportunities and enhancing the investment climate. The growth of foreign trade will improve the quality of goods through stricter standards, and there will be significant developments in the non-resource sector, human capital, and the services market.

Hence, it can be inferred that the successful implementation of the current welfare model in Kazakhstan is contingent on the presence of a well-established, productive, and socially conscious economy, accompanied by a robust system of state governance and institutions of civil society. Additionally, the establishment of civilized and mutually beneficial relations between the state and businesses is crucial and indispensable for the formation of an efficient socio-economic policy, fostering
innovation, and advancing political, industrial, and social infrastructure.

The strategic objectives and goals of the state-business partnership highlight the key components that are essential for managing the partnership development process effectively (as shown in Table 4).

Table 4. Components of the mechanism for implementing the strategy for the development of partnership between the state and business.

<table>
<thead>
<tr>
<th>“Blocks” of the strategy implementation mechanism</th>
<th>Partnership development management tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational and administrative</td>
<td>— state programs for the development of clustering processes, public-private partnership (PPP); — monitoring the results of the implementation of cluster projects and PPP projects; — retraining and advanced training programs for personnel of state executive authorities involved in the development and implementation of strategic planning program documents, projects for the formation and development of clusters, PPPs</td>
</tr>
<tr>
<td>Socio-political</td>
<td>— an interactive website that provides dissemination of information about the progress and results of the implementation of the strategy; — thematic discussions of representatives of public authorities and businesses online; — public presentations of the results of the strategy implementation; — electronic discussion platforms on the Internet to discuss and develop proposals for improving the practice of strategic partnership between the state and business</td>
</tr>
<tr>
<td>Legal and regulatory</td>
<td>— regulatory and legal support for the implementation of the strategy, regulating the distribution of powers between executive authorities and their consistency with each other; — regulatory and legal support for the implementation of the strategy, regulating the interaction of public authorities and business</td>
</tr>
<tr>
<td>Information-technological</td>
<td>— annual reports on the implementation of the strategy on the official website of the Government of the Republic of Kazakhstan in open data format; — sociological surveys dedicated to identifying business satisfaction with the implementation of strategies, programs, and projects online</td>
</tr>
<tr>
<td>Financial and economic</td>
<td>— government grants for the implementation of cluster projects; — subsidies to cluster participants for compensation of expenses in the field of R&amp;D and retraining (advanced training) of managers for innovative production; — subsidies to cover the costs of enterprises that are members of clusters for the purchase of land, buildings, and technological equipment, the creation of high-performance jobs; — subsidies to business structures that are participants in public-private partnership projects to compensate for part of the costs of risk insurance; — tax benefits for enterprises participating in clusters engaged in export and (or) import substitution activities; — particular investment contract; — life cycle contracts</td>
</tr>
</tbody>
</table>

The suggested strategy for the partnership development between the state and businesses in Kazakhstan needs further clarification and expansion at the regional level. This would guarantee that the state’s accomplishments, potential, and resource base for partnerships in each region of Kazakhstan are thoroughly considered. It is important to ensure that the strategy is tailored to the specific needs and opportunities of each region. This will ensure the effectiveness of the strategy and the promotion of sustainable economic growth throughout Kazakhstan. Overall, further detailed work
is necessary to refine and optimize the proposed strategy for partnership development. The main advantages of public-private entrepreneurship mechanisms for public authorities of Kazakhstan are:

- accelerating the implementation of new socially significant projects;
- attracting additional resources from the private sector;
- the possibility of using an established mechanism for managing complex programs;
- the possibility of using innovative technologies developed by private enterprises;
- attracting highly qualified business experts.

The main advantages of using the mechanisms of public-private entrepreneurship for private entrepreneurship entities can be the following elements:

- the opportunity to profit from participation in projects attributed to the jurisdiction of the authorities;
- placement of capital under state guarantees on a medium- and long-term basis;
- potential opportunity to implement innovative ideas;
- obtaining tax benefits and other preferences in some cases.

At first glance, public-private entrepreneurship does not imply practical benefits from the point of view of effective public administration at the regional level. However, a more detailed analysis reveals significant consequences for the subject of the Republic of Kazakhstan and the responsible executive authorities.

Let us consider the main aspects of the influence of the mechanism of public-private partnership on the quality of public administration at the regional level.

Firstly, the level of development of the public-private partnership mechanism reflects the effectiveness of the work of relevant authorities and their departments in attracting investment. Capital comes only to those areas where it can grow on conditions comfortable for investors. Consequently, a significant amount of project financing within the framework of government and business cooperation indicates the high qualification of the personnel of republican and local authorities involved in these projects.

Secondly, the growth of capital investments significantly improves the fiscal component of the region’s profitability, attracts specialists from outside, and contributes to an increase in funding from Republican funds for the implementation of various projects. The ability to attract and increase capital is the key to long–term cooperation with state and non-state investors.

Thirdly, in Kazakhstan, the success of implementing the public-private partnership mechanism is closely related to the criteria for evaluating the work of local authorities (Figure 2). Therefore, regional leaders have a direct professional and reputational interest in strengthening public-private symbiosis.

There is a growing tendency in Kazakhstan to intensify relations between the state and private business toward solving joint economic problems. Nonetheless, in Kazakhstan functions and tasks of the state associated with denationalizing certain spheres of the economy along with the proliferation and expansion of the private sector impact on the global economy is changing. In this regard, constructive interaction between business and government institutions is essential for the dynamic development of civil society as a whole.
4.2. Survey results

To assess the awareness of the population about the forms and possibilities of implementation and the level of satisfaction of the local population with the work of local self-government bodies and based on which state bodies decide to allocate additional budget funding for municipalities (Table 5).

Table 5. Assessment of the degree of satisfaction with the activities of public authorities on a 5-point scale (5—maximum, 1—minimum satisfaction).

<table>
<thead>
<tr>
<th>Age of respondents</th>
<th>Number of respondents</th>
<th>Assessment of the degree of satisfaction with the activities of public authorities, in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Up to 30</td>
<td>72</td>
<td>4.0</td>
</tr>
<tr>
<td>30–39</td>
<td>45</td>
<td>3.5</td>
</tr>
<tr>
<td>40–49</td>
<td>42</td>
<td>3.0</td>
</tr>
<tr>
<td>50 and over</td>
<td>39</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>198</td>
<td>10.5</td>
</tr>
</tbody>
</table>

The analysis of the table shows that 20.6% are not satisfied with the work of local authorities, or every fifth resident of the region is not satisfied with the activities of services to which funds are allocated from the state budget. Nevertheless, 45.1% of the population of the region assess the work of local authorities as “good and excellent,” which is one of the goals of regional policy in the field of social development. The survey indicates that a significant portion of the population rates the effectiveness of local authorities’ work positively, suggesting that when the principles of the partnership model are effectively applied, public satisfaction with municipal services and governance can be achieved.

Municipalities’ disproportionality of socio-economic development is one of the main factors slowing down the development of the subject. To ensure a balanced development of municipalities, representatives of regional authorities need complete
and accurate information that reliably reflects the state of affairs, opportunities, and prospects of each municipality (Table 6).

Table 6. Assessment of the degree of satisfaction with the activities of public utilities.

<table>
<thead>
<tr>
<th>Branches of public utilities</th>
<th>The degree of satisfaction of the population with services, in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
</tr>
<tr>
<td>1 Heat supply</td>
<td>47.5</td>
</tr>
<tr>
<td>2 Water supply</td>
<td>43.9</td>
</tr>
<tr>
<td>3 Power supply</td>
<td>47.5</td>
</tr>
<tr>
<td>4 Gas supply</td>
<td>49.0</td>
</tr>
<tr>
<td>On average</td>
<td>47.0</td>
</tr>
</tbody>
</table>

To determine the degree of satisfaction of business representatives with the activities of public authorities, we surveyed local entrepreneurs (Table 7). To the question: “Are you satisfied with the actions of local authorities to stimulate your business?” the answers of business representatives were generally negative.

Table 7. The degree of business satisfaction with the activities of local authorities.

<table>
<thead>
<tr>
<th>Respondents’ age</th>
<th>Degree of business satisfaction, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
</tr>
<tr>
<td>Up to 30</td>
<td>10.3</td>
</tr>
<tr>
<td>30–39</td>
<td>7.0</td>
</tr>
<tr>
<td>40–49</td>
<td>5.2</td>
</tr>
<tr>
<td>50 and over</td>
<td>3.4</td>
</tr>
<tr>
<td>Total</td>
<td>25.9</td>
</tr>
</tbody>
</table>

For instance, the degree of satisfaction among business representatives with the activities of local authorities was low, only 25.9%. At the same time, 36.2 percent of respondents assessed the influence of the administration of the region where they operate negatively, noting that the administration does not help them develop. At the same time, 37.9 percent assessed the impact of the administration not positively (partially satisfied). It should be noted here that representatives of the productive age for business (30–39 years) were dissatisfied with the work of local public authorities (17.2%).

These studies show that the socio-economic development of a municipality depends not only on the professionalism of local self-government bodies but also on the efficiency of the functioning of economic entities on its territory. The successful activity of such entities has a positive effect on the employment of the population, the tax potential of the territory and, the collection of taxes to the local budget, the formation of income of the population. The actions of local authorities can both restrain business activity in a municipality and stimulate it. Therefore, it is vital to establish relationships with business partners and interact effectively with them.

The mechanisms of interaction between the state and business may differ fundamentally in nature, objectives, and elements. This state of affairs requires active
steps from the state regarding the establishment of a dialogue and the formation of effective mechanisms of interaction. Implementing such steps requires the formulation of a clear position of the state and business regarding the directions of economic and technological development.

Based on the above, the entrepreneurs answered the question, “How do the heads of local authorities influence the development of the business activity of your business?” as follows (Table 8):

**Table 8.** The degree of satisfaction of entrepreneurs with the activities of local authorities for business development.

<table>
<thead>
<tr>
<th>Respondents’ ages</th>
<th>Degree of business satisfaction, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
</tr>
<tr>
<td>Up to 30</td>
<td>6.9</td>
</tr>
<tr>
<td>30–39</td>
<td>5.2</td>
</tr>
<tr>
<td>40–49</td>
<td>5.2</td>
</tr>
<tr>
<td>50 and over</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19.0</strong></td>
</tr>
</tbody>
</table>

The table analysis shows that more than 80 percent of local entrepreneurs are not fully or partially satisfied with the activities of local authorities for business development. It is difficult for local authorities to build active interaction with business structures if more than a third of respondents—representatives of small and medium-sized businesses—believe that the region’s administration does not affect their companies’ activities in any way. Such business entities do not see points of joint interest. Building a dialogue, in this case, is possible only after the information promotion of the local government to business structures.

Conversely, the lower satisfaction rates among business representatives concerning local authorities’ support for business development reflect challenges in fully realizing the partnership model’s potential. This discrepancy highlights the need for enhanced dialogue, transparency, and mutual goal-setting between public authorities and the private sector to improve the business climate and foster more effective PPPs.

The issues of safe business conduct have an increasing impact on the assessment of the attractiveness of the domestic jurisdiction from the point of view of entrepreneurial and investment activities.

It is equally essential to prevent corruption, which creates insurmountable obstacles to protecting the rights of entrepreneurs to minimize undue pressure on the business.

Currently, there is a problem of corruption in the relationship between the government and businesses in Kazakhstan. Therefore, we have asked business representatives in the social survey the following question: “Are there corrupt actions on the part of managers and specialists of local authorities in solving problems in your business?” Unfortunately, they confirmed the presence of corruption (Table 9).
Table 9. The extent of corruption by local authorities.

<table>
<thead>
<tr>
<th>Respondents’ ages</th>
<th>The extent of corruption by authorities, %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes, constantly</td>
</tr>
<tr>
<td>Up to 30</td>
<td>6.9</td>
</tr>
<tr>
<td>30–39</td>
<td>1.7</td>
</tr>
<tr>
<td>40–49</td>
<td>-</td>
</tr>
<tr>
<td>50 and over</td>
<td>3.4</td>
</tr>
<tr>
<td>Total</td>
<td>12.0</td>
</tr>
</tbody>
</table>

The table analysis shows that 12.0 percent of entrepreneurs constantly encounter corruption on the part of government representatives, then 41.4% answered that there are some facts of mercenary bribery; that is, more than half of the business is associated with potential corruption risks. The survey’s findings on corruption touch directly on the risks associated with the symbiotic model, where overly intertwined relationships between political power and business interests can lead to governance challenges. A significant number of businesses report encountering corruption, illustrating the critical need for mechanisms to safeguard the integrity and transparency of PPP processes.

5. Discussion

Therefore, as a tool for attracting representatives of the business community, it is necessary to provide periodic surveys, one of the tasks of which is to determine the areas of activity of state bodies with corruption risks, identify the causes and conditions that contribute to corruption manifestations, and assess the implementation of anti-corruption measures. From our perspective, all the existing feedback mechanisms with public institutions through the main channels of interaction in anti-corruption issues are non-specific.

The business sector should take an active part in reforming and improving the education sector because it is business and its orientation to various economic sectors that influence the state of the domestic labor market (Borodina and Telysheva, 2023). The state is faced with apparent inconsistencies in the quantity and quality of training of labor resources. The joint efforts of business and the state education system should eliminate such imbalances between supply and demand in the labor market (Syzdykova et al., 2022). The business sector and the state should become active participants in implementing the State Youth Policy of the Republic of Kazakhstan until 2020. The full participation of young people in political and socio-economic processes will be possible only if there is broad interaction between the State, business, and civil society institutions. This approach mirrors initiatives seen in countries like Germany and Singapore, where strong PPPs in vocational training and education have significantly contributed to aligning the workforce’s skills with industry needs. Singapore’s SkillsFuture initiative, a national movement to provide Singaporeans with the opportunities to develop their fullest potential throughout life, irrespective of their starting points, actively involves businesses in its execution (Sung et al., 2022; Tan, 2016). Through partnerships with various sectors, the initiative aims to integrate
industry-relevant skills into the education and training of young people, ensuring that the future workforce is equipped for the evolving economic landscape.

It is necessary to develop relations with representatives of large businesses in the extractive raw materials industries to achieve sustainable economic growth (Bagratuni et al., 2023). In addition, the manufacturing, processing, infrastructure, and especially agricultural industries, contributing to an increase in the share of the middle class in the state are equally important.

In general, the transfer of enterprises of the agro-industrial complex of the traditional industry of Kazakhstan to innovative rails is a particular priority and joint task of the state and business. On the one hand, growing food needs will contribute to an increase in investment. However, on the other hand, it increased competition in global agricultural production. Therefore, the current peasant and farm enterprises must take care of the growth of agricultural production, introducing new technologies and constantly increasing labor productivity by world standards. The State and agribusiness representatives should work together to create an efficient land market in Kazakhstan. This strategy is not unique to Kazakhstan and shares similarities with successful models implemented in countries like Norway and Brazil, where PPPs have played a pivotal role in driving innovation and efficiency within these sectors.

Norway, for instance, has successfully managed its oil and gas resources through strategic partnerships between the government and private sector entities, ensuring not only the sustainable extraction of these resources but also significant contributions to the country’s wealth and economic stability (Øvald et al., 2023; Schrecker et al., 2018). The Norwegian model demonstrates how structured PPPs in extractive industries can lead to responsible resource management and long-term economic benefits, offering lessons on ensuring mutual benefits for the state, businesses, and the wider society.

The area of mutual interaction between the State and entrepreneurship should be the solution to the problem of income differentiation. It can be solved by improving social security and increasing the level of wages, both in the public sector and in the private sector (Bagratuni et al., 2023). The tools can be the introduction of new technologies and innovations, the conduct of new forms of business, new corporate management schemes, the withdrawal of production and remuneration from the shadow segment, and the creation of a favorable investment climate not only for foreign but also domestic investors.

The priority area of interaction should be the relations between the state and business and between business structures of various industries and scales. It seems appropriate to use outsourcing when some of the functions of some companies are transferred to the management of others. Such an exchange helps to optimize the costs of all parties involved in this process. In our country, outsourcing is not yet sufficiently developed, and there is a certain distrust of outsourcing service providers. However, it is also wrong to talk about the absence of outsourcing. Outsourcing in the field of computer technologies, in the field of human resource management, management of personnel, and accounting documentation is becoming the most widespread in Kazakhstan. Countries like Denmark present exemplary models of how state and business collaboration, alongside innovative practices such as outsourcing, can contribute significantly to addressing these issues (Kraus et al., 2022). Denmark is often cited for its successful implementation of the “flexicurity” model, which
combines labor market flexibility with social security. The Danish model facilitates easy hiring and firing processes for businesses, encouraging them to adapt swiftly to economic changes while ensuring robust state-provided social security for employees (Kimpimäki et al., 2022). This balance is achieved through a tripartite cooperation involving the state, employers, and employees, leading to a dynamic labor market characterized by high mobility, innovation, and a strong safety net. Such a model underscores the importance of collaborative approaches to reforming social security systems and managing wage levels, ensuring that economic growth does not come at the cost of social welfare.

Kazakhstan has been able to provide legislative support for decent labor since gaining independence. A new direction of social and labor relations regulation is being implemented in the country, which aims to ensure an optimal combination of methods of social and labor protection and economic expediency. The legal and organizational basis for developing and improving social partnerships has been formed.

Once again, we note that guarantees of property rights will help businesses gain greater confidence, that is why in conditions of stability and protection of property rights, businesses are more actively building long-term plans for the development of their activities and are more willing to invest.

A significant incentive for socioeconomic development is an effective tax system (Khasanova et al., 2023). As a rule, additions, and amendments are made annually to the Tax Code of the Republic of Kazakhstan. Therefore, the country’s Government must involve business representatives in discussing the process of regulating tax procedures. Additionally, involving business representatives in the process of regulating tax procedures, as practiced in New Zealand, can lead to a more effective and business-friendly tax system. These measures can create a more attractive environment for PPPs by ensuring a stable, predictable, and fair business landscape (Bibri et al., 2024).

The basic form of social partnership is the social responsibility of business (Dyadik et al., 2023). Being a manifestation of private initiative, the social responsibility of business is a necessary condition for Kazakhstan’s socio-economic modernization. Obviously, for Kazakhstan, the social responsibility of entrepreneurs is an essential condition for harmonizing the interests of a person, business, and the state. It is necessary to support and develop the emerging level of social and labor guarantees. Social responsibility can solve many vital tasks that industrial and innovative system faces today. For instance, to take an active part in the financing of socially significant facilities, thereby supplementing and reducing the social costs of the state.

Considering the main directions of increasing efficiency in such relations between the business sector and the state as a public-private partnership, we note that, despite the existing experience in implementing these relations, several problems hinder their development in Kazakhstan. Despite the advantages and relevance of concessions, the most common form of PPP in our country, there is a shortage of qualified specialists in this field, especially at the regional level, as well as the inconsistency of legislation in the full implementation of various PPP models in practice. Countries such as the United Kingdom and Australia have long embraced PPPs, overcoming challenges similar to those faced by Kazakhstan through adaptive
strategies and continuous improvement of their PPP frameworks. These countries emphasize the importance of robust, clear legislation, comprehensive stakeholder engagement, and the development of specialized expertise to support PPP projects across various sectors (Castelblanco and Guevara, 2022; Liu et al., 2024).

It is necessary to gradually expand the scope of public-private partnerships (Vaslavskaya et al., 2022), starting with more straightforward and accessible forms of it and developing the institutional system to move to more complex financing schemes and coordination of joint projects. It should be noted that work in this direction is already underway in our country. Thus, the Kazakhstan Center for public-private partnership is preparing recommendations on improving the methodological and legislative framework in the field of state support for business and conducting educational and informational events on this issue in Kazakhstan. The United Kingdom, for instance, has developed a sophisticated approach to PPPs, characterized by a strong legal framework and an institutional support system that includes entities like partnerships UK and the infrastructure and projects authority. These bodies provide expertise, support, and guidance to both public and private sector partners involved in PPP projects (Liu et al., 2022). The UK’s experience highlights the significance of having dedicated institutions that not only oversee the implementation of PPPs but also work on capacity building, ensuring that both government officials and private sector participants are well-equipped with the necessary knowledge and skills (Sheppard and Beck, 2023).

Public-private partnership mechanisms are being implemented for socially significant but difficult-to-pay-off projects, such as the construction and operation of educational and medical institutions, kindergartens, and highways.

Thus far, the article has argued that the development of effective institutions of interaction between the state and businesses around the world is one of the most critical conditions for the formation of an effective economic policy, increasing investment and innovation activity, increasing the competitiveness of the country, as well as the development of industrial and social infrastructure. In conclusion, PPPs represent a pivotal mechanism for Kazakhstan to accelerate its socio-economic development, improve public services and infrastructure, and enhance the overall quality of life for its citizens. By addressing existing challenges, drawing on international best practices, and fostering a collaboration between the state, business sector, and civil society, Kazakhstan can achieve the full potential of PPPs.

6. Conclusion

In the contemporary sense, the partnership between the state and business is an institutional and organizational alliance between the state and private companies, banks, international financial organizations, and other institutions to implement socially significant projects. At the same time, there is a certain dualism: the state is never free from performing its social functions related to national interests, and business, in turn, always remains a source of increment of public wealth. A developing partnership, unlike traditional relationships, creates its basic models of financing, ownership relations, and management methods. It is possible to use the advantages of both forms of ownership without profound social changes and upheavals within the
framework of various forms and methods of public-private partnership.

The country’s progressive development largely depends on the effective interaction of the state apparatus and the population, which also contributes to reducing conflicts between society and the authorities and increasing civic solidarity. This activity is possible only with the help of regular feedback, which allows for solving conflict situations early in their occurrence and making timely decisions.

As a result, the primary objective of public-private partnerships is to advance socially beneficial infrastructure development by pooling resources and expertise, carrying out socially significant projects at the lowest possible cost and risk, and providing high-quality services to economic entities. Public-private partnership is a qualitatively new and effective way to attract investment since partnerships of this type can contribute to economic growth and develop socially critical infrastructure. In this regard, we have proposed a management system for the interaction of state and business institutions in the strategic planning of regional development.

Future directions continue to be improvements in resolving contradictions in the state-region-business system through the prism of determining their impact on the population’s welfare. It involves the formation of institutional conditions for business development in the regions and increasing its social responsibility that can improve the mechanisms for interaction between regions and the center, aimed at ensuring the alignment of regions in terms of socio-economic development.

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