

**INCOMPLETE DRAFT  
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**Local Drive for Optimization of Public Services in Post-Soviet transition settings: Evidence  
from Kazakhstan.**

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## Abstract

In the recent years optimization of public services as the New Public Management (NPM) reform has been actively promoted in the Post-Soviet region both by governments and international donors. In the post-Soviet region, the optimization of public services was perceived as the major way to reduce red-tape and to increase quality of public services. Some post-soviet countries such as Kazakhstan, Georgia, Azerbaijan decided to adopt Western best practices and to introduce one-stop-shops. Janenova & Kim (2013) stressed that one-stop-shops in Kazakhstan were introduced as the tool to reduce corruption and to introduce a more business-like environment in delivery of public services. The Kazakh Government introduced a law on public services in 2013-14 and aimed at streamlining all public services with its delivery through local state bodies, one-stop-shops and e-government portal. Most of such public service optimization initiatives were implemented through top-down approach where a centralized government agency would impose reform without much consideration of local authorities.

Although the one-stop-shops in Kazakhstan and e-government development in Kazakhstan have been praised by academics and practitioners, the issue of public service delivery innovation at local level in transition authoritarian settings has been rather obscure. What factors drive optimization of public services at local level when the process of its design is highly centralized? How can local officials seek to customize public services in low accountability settings? These and other questions will be raised in this paper and investigated further based on the experience of optimization of public services in Kazakhstan. The Regional Development in Kazakhstan project, which was carried out by the European Union in cooperation with the United Nations Development Programme, trained public servants of oblast' level executive bodies to reengineer and optimize public service business processes between 2015 and 2017. The project contributed to bottom-up initiatives of local authorities to streamline public services. This paper will use the qualitative methods (interviews of public officials who underwent that training working at departments for delivery of public services) to uncover the reasons behind optimization of public services at the local level in Kazakhstan. This exploratory study will identify key motivation factors behind local optimization initiatives in a highly centralized settings of transition country. This paper will contribute to the NPM theory and generate new lessons for optimization of public services in the Post-Soviet countries.

### **Points for Practitioners**

This paper will generate lessons for practitioners involved in the optimization of public services in transition countries. Important factors of motivation for local driver for public service optimization in Kazakhstan will be identified in this exploratory paper. This in turn will provide critical insights into the working of local officials in dealing with public services in highly rigid and bureaucratic settings. This paper will be particularly useful for the development experts and officials from international organizations involved in the design of public sector reforms and capacity building programs for public officials.

### Introduction

Kazakhstan, a post-communist transition country that has gained independence in 1991, has always been considered as a pioneer of public administration reforms not only in Central Asia, but also in CIS region (Knox 2008, Ibrayeva & Nezhnina 2013). The introduction of the New Public Management ideology promoted by international donors and consultants has been endorsed by the country's leadership. Amagoh (2011) asserted that Kazakhstan drastically adopted the NPM approach in healthcare that showed the focus of Kazakhstani leadership on client focus, quality and results-orientation. However, some pundits argued that the adoption of the NPM in developing and transition countries presented the institutional mimicry and it has not brought real institutional change (Brinkerhoff & Brinkerhoff 2015, Krause 2013).

Although the one-stop-shops in Kazakhstan and e-government development in Kazakhstan have been praised by academics and practitioners, the issue of public service delivery innovation at local level in transition authoritarian settings has been rather obscure. What factors drive optimization of public services at local level when the process of its design is highly centralized? Why local officials seek to customize public services in non-democratic settings? These and other questions will be raised in this paper and investigated further based on the experience of optimization of public services in Kazakhstan. The Regional Development in Kazakhstan project, which was carried out by the European Union in cooperation with the United Nations Development Programme, trained public servants of oblast' level executive bodies to reengineer and optimize public service business processes between 2015 and 2017. The literature review will focus at the Business Process Reengineering of public services. The theoretical frameworks of the New Public Management and Institutionalism with a focus on mimicry will be applied and discussed with the regards to that reform. This paper will explore the main factors behind the local optimization of public services.

### Literature Review: New Public Management and Business Process Reengineering of Public Service

In 1990s with the rise of neoliberalism and of active criticism of the traditional public administration, the new public management (NPM) was crafted. The NPM was conceived as a revolution against ineffective and inefficient bureaucracy with its key tools such as performance measurement, greater accountability and focus on results and greater market discipline. Hood (1991) stressed that the doctrinal component of the NPM was a shift towards "Hands-on-professional management" in public service with the clear focus on the measure of performance. Hughes (2003) insisted that the traditional model of administration (Weberian hierarchical bureaucracy) had been replaced by a NPM model. He noted that the new paradigm of NPM consists of five key components: focus on results, decentralization, a greater client focus, flexibility and accountability. Despite the initial activism and optimism among scholars for the NPM ideology, a new wave of scholars started to scrutinize the concept. They noted that the NPM has failed across countries and that a massive introduction of performance measurement has not

achieved its goals. Salamon (2002) noted that “the new public management and the reinventing government that it helped spawn have failed to improve much on this record”. Thiel and Leeuw (2002) argued that the shift towards performance measurement led to the negative effect on public sector and to its counterproductive behaviour. Thus, the NPM ideology was adopted around the world, but there are still doubts with regards to its achievement. Overall, Hood (2000) drew a conclusion that, though the general trend towards the adoption of managerialism might be observed, most countries adopted the new model of public administration in very diverse ways due to their critical differences in public service bargains and entrenchment of bureaucracy.

In transition countries, the NPM has faced significant obstacles including the problems of isomorphism and mimicry (Knox 2012). Countries in Eastern Europe and Central Asia adopted some “bits” of the NPM but they have failed to bring the “whole” of the NPM. This phenomenon is best explained by the lens of intuitionism that became increasingly widespread in recent years and focuses on informal roles, rules and norms (Frederickson, Smith, Larimer & Licari 2016). Brinkerhoff & Brinkerhoff (2015) stated that “the epistemic bubble surrounding NPM that led reformers to prescribe more of the same Washington consensus medicine in the face of growing evidence that the treatment was not a cure-all has burst”. The NPM ideology was driven in transitional countries through the menu of one-size-fits all solutions promoted by various international organizations and donors. Another important point is that the donor driven reforms create institutional “decoupling” (ibid). Decoupling inherently implies that the limited political will or limited capacity and gap between reform and the country’s settings lead eventually to the reform mimicry (Meyer & Rowan 1997, Krause 2013). Di Maggio and Powell (1983) noted that organizations adopt the required form and legitimation with the need to ensure the flow of resources. Thus, numerous NPM reforms faced the challenges of decoupling and mimicry especially in the developing countries.

Business process reengineering (BPR) of public services has originated from the practice of the private sector. Business process reengineering is based on the concept of lean management that came from the Toyota Motor Corporation for the manufacture of cars as a radical alternative to traditional method of mass production and combining various principles for optimal efficiency, quality, speed and cost (Holweg, 2007). The optimization of public services through the BPR through the lean technique was based on the analysis of the ‘value streams’ or those processes that will ultimately add value to the product or service (Womack & Jones, 1996). The BPR process is achieved through forms of problem-solving and change management, often through re-drawing activities that add value, whilst eliminating those that do not (Womack & Jones, 1996; Radnor & Osbourne, 2013). Thus, the major goal of the BPR is to eliminate activities or processes that do not generate value, while preserving the ones that are most meaningful.

With the adoption of the NPM and focuses on clients, the BPR technique was the critical tool in transforming public services to serve the needs of clients. It has been implemented across various public services and numerous countries (Radnor & Osbourne, 2013). However, the scholars identify various challenges and barriers for the realization of that technique. First, public services are not manufactured goods and the focus of public sector organization is internal rather than external. Radnor et al (2012) noted that the contextual differences are important in

differentiation between public services and private sector outputs. First, there is a problem in determining customer value because customers cannot directly alter the provision of services. Second, public services are created based on assessing capacity and goals of the state; they are usually not driven by demand (Osborne and Kinder, 2011). Third, public services are driven by social and public value considerations while the private sector goods are profit driven. Hence, the BPR faced numerous changes when applied to public services.

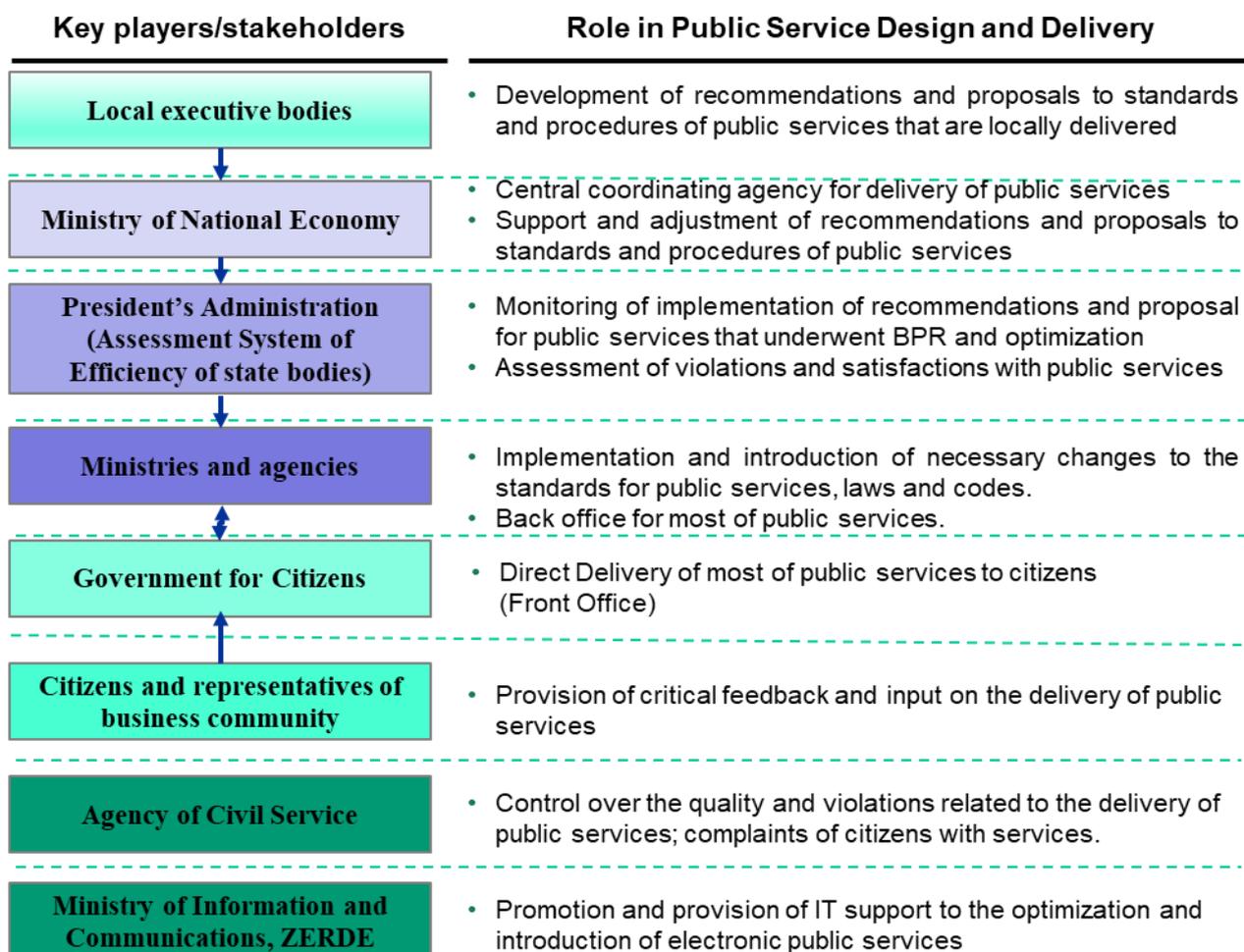
#### The Optimization of Public Services in Kazakhstan: Analysis of Documents and Secondary sources

All activities of state bodies in Kazakhstan are defined by the functions that are described in various laws and sub-laws. The legislation identifies the functions of state bodies that are delivered directly to population as public services. The design and delivery of public services are determined by its standards and regulations which are developed and approved by state bodies. Almost 75% of all public services are determined by the Central state bodies (ministries) while only 25% of public services is designed by local bodies. The recent wave of bureaucratization caused by the Law on Public Services led to the increase in the number of fragmentary public services. Another problem is the discrepancy between reality and standards of public service delivery. Sergey Pizikov (2017), a notable expert in the field of public services, stressed that during his work on the optimization of public services he observed mismatch between the real delivery of public services and its standards and regulations. Therefore, due to the Soviet bureaucratic legacy, the state bodies have divided public services into numerous separate activities that cannot encompass the true essence of delivered services.

In Kazakhstan, the improvement of public services is perceived as the process of bringing changes to the standards and regulations and introducing new legislation. “Hence, the delivery of public services should be propelled by the decrease of red tape and reduced bureaucratization. As a result, the public services are not formulated and delivered as the integral components that define the quality of life for the population in such areas as healthcare, education, public safety etc. This in turn causes the low quality of public service delivery in Kazakhstan.

The delivery and design of public services has become increasingly complex in recent years (figure 1). The creation of Government for Citizens has caused some confusion with regards to the responsibilities for public service delivery between various state bodies. Ministry of National Economy is responsible for the overall coordination in terms of standards and regulations of public services, whereas the Agency for Civil Service is mainly responsible for the control and dealing with the complaints of public services. The Government for Citizens is a major front office but most of its public services are delivered in back offices (various stated bodies). This complex management and the lack of unified state bodies have exacerbated the coordination problem of various public services. It is confusing and cumbersome to integrate and improve the quality of public services within such complex structure. This dissolves responsibility and it does not allow a single state body to have a clear understanding of the public service delivery. Furthermore, this creates a situation of shifting blame among public officials and especially between the Ministry of National Economy and Agency for Civil Services who are both central bodies for public service delivery.

Figure 1. Key Stakeholders in the Delivery of Public Services in Kazakhstan.



#### Theoretical Model: Driving Factors and Reasons for Business Process Reengineering of Public Service at local level

Although BPR can be initiated at the bottom of the organization, BPR has a top-down approach requiring top-management support (Hammer & Champy, 1993; Weerakkody & Hinton, 1999). In essence, many of the advocates of BPR have agreed that in order to maintain breakthroughs or transformational type change, organizations require taking a radical approach when tackling change (e.g. Champy, 2002; Hammer & Champy, 1993). Public sector agencies epitomize these sentiments given their hierarchical and bureaucratic nature.

Applying the neo-institutionalism lens, this paper will analyse the BPR of public services through the “mimicry”. One can argue that considering the authoritarian and centralized nature of Kazakhstani state, the policy makers introduced the assessment system with the purpose of strengthening its power and improving the bureaucratic machine. The adoption of the NPM in developing and transition countries presented the institutional mimicry and it has not brought real institutional change (Brinkerhoff & Brinkerhoff 2015, Krause 2013). Therefore, the initial reform

of the assessment system that was disguised under the NPM flavour was driven by the policy makers who wanted to institute discipline and bureaucratization and to limit freedom of public servants especially in the regions.

Hence, this research will analyse the impact of two major factors that could affect the BPR of public services at local level. The first factor is internally driven. This factor is based on the perceived concern of local state bodies about concern about citizens, client orientation, demands from private sector. This factor is theoretically connected to the frameworks of the New Public Management. The second factor is externally driven. In Kazakhstan most of the public services are centralized so the central state bodies can enforce and control the local state bodies to conduct BPR. This factor explores the issue of control and the BPR of public services as the institutional mimicry by local state bodies.

Figure 2. Key Internal and External Factors in the BPR of Public Services at local level in Kazakhstan.

<b>Internally Driven</b>	<b>Externally driven</b>
(concern about citizens, client orientation, NPM, Pressure and demand from private sector)	(control from the centre, discipline, mimicry and integration to directives and orders from the central state bodies)
Bottom-Up with Top-Down support. Radical change.	Top-down approach. Incremental change. Little engagement with citizens and contextual difference.

### Methodology, Research Methods & Case Selection

This article following Webster and Watson (2002) and Bhuiyan (2010) focuses on literature review and in-depth expert interviews. This research attempts to synthesize and reflect on policy documentations and previous policy and academic research, so as to craft solid foundation for the advancement of knowledge. Openly contesting or rejecting state narratives in a state like Kazakhstan with a controlled public sphere could lead to undesirable outcomes including fines, arrest and/or detention, hence, ethnographic techniques like interviews allow scholars to identify and to uncover political phenomenon. Therefore, discovering a complex and sensitive political issue such as optimization in Kazakhstan is best achieved using the in-depth interviews of experts.

This study employed in-depth email interviewing technique to collect data. There are a number of advantages of the email interviewing identified in the literature. First, it is convenient. Researches are not bounded in terms location. Thus, sample diversity could be easily achieved. For example, experts from different regions could be approached. Respondents answering the questions would be focused to the point and ‘there is less superfluous data such as “well, uhm” and “pause” (Fritz and Vandermause, 2018: 1642). Second, email interviewing is cost effective, since there is no need to travel and spend time for it. Third, participants could respond in comfortable environment such as home. As a result, interviewers influence on a respondent would be minimised. However, one should be aware of limitations of the email interviewing technique

of data collection. Typing a response to questions could be time consuming resulting in partial response. Some people might be uncomfortable using computer, which could affect the quality of typed answers. Nonverbal expressions, which are important to interpret answers of interviewees, could not be observed (Fritz and Vandermause, 2018).

To address limitations of the data collection method and benefit from the advantages, questionnaire was systematised and structured in blocks of questions closely related to particular sub topics. Questionnaire consisted of 3 blocks. The block A focuses at the general question. The block B inquires about the internally and externally driven factors that led to the BPR of public service. In the final block experts are asked to provide their assessment of the future progress of decentralization in the country.

The analysis draws from 5-7 interviews that were conducted with Kazakhstani experts during April and June of 2019. The snowball sample based on recommendations was used where we identified key experts in the field of business process re-engineering. This was a deliberate strategy to acquire the thickest descriptions. Furthermore, by working based on recommendations the interviewers managed to build rapport and trust to acquire frank responses. The target population was a heterogenous group of experts and public servants who worked in various think tanks, non-governmental organizations and international agencies to study the BPR process of public services at local level as widely as possible. The major focus was at the BPR and optimization of public services at the local level. One important aspect was to increase geographic diversity of our sample. Only 2 of our interviewees were based in Astana while other experts were living and working in various regions of Kazakhstan, including Oskemen, Akmola region and others.

## Discussions & Findings

TBD

## Conclusion

TBD

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