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MODERN MODELS OF INTERACTION BETWEEN BUSINESS AND GOVERNMENT IN RUSSIA: CORPORATISM OR PLURALISM?

This work focuses on studying and defining the modern models of interaction between business and government. The fact that Russia is in a new stage of development and a course of modernization, for better interaction between business and government there is a need for institutionalized cooperation, daily dialogue, and a system of a joint goal-setting and decision-making. This work identifies the characteristic features of the interaction model between business and government through business associations. In this working paper we analyze different approaches to the problem of interaction between business and government. According to Russian realities we suggested the typologization of models of interaction between business and government. This typology is based on an analysis of the institutional practices in leading foreign states. The empirical base of research is a series of interviews with representatives of the business community, the heads and staff of business structures, business associations and public authorities.

This paper shows that a model of interaction between business and government through business associations is the most effective for the Russian Federation. In this study several different tasks are solved: to examine existing approaches to business and government interaction; to compare existing models of interaction between business and government; to characterize institutional practices in foreign countries.

Keywords: business, government, interaction, GR, policy making, interest groups, lobbying, business associations

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Introduction

The formation of specific interaction models between business and government in Russia is one of the success factors in reforming the economical and political systems. As a consequence, better interaction leads to increasing economic growth, and also affects the efficiency of the political system. However, the formation of various models of interaction depends on the previous experience of the country. The existing political culture, social, economic and political institutions have an influence on this process.

In Russia this cooperation faces serious problems: a weak legal framework; imperfect forms and methods of partnerships; the absence of competitive conditions for effective cooperation; an undeveloped investment and innovation environment etc. In this situation, business associations may be an effective institutional form of interaction in Russia. Their place and role in socio-political and socio-economic life in Russia is constantly increasing. Because this institution is developing dynamically, there is a need for new empirical research and analysis of the effectiveness of the interaction between business and government through business associations. Also, through empirical research the necessary conditions for developing this mechanism can be found.

Research into foreign practices of interaction between business and government allows us to analyze the mechanisms of interaction, which can be effective only in certain legal-political and socio-economic environments. Studying overseas examples helps the understanding of whether it is possible to use this experience in Russia.

This paper shows that a model of interaction between business and government through business associations is the most effective for the Russian Federation. In this study several different tasks are solved: to examine existing approaches to business and government interaction; to compare existing models of interaction between business and government; to characterize institutional practices in foreign countries.

There is a need to institutionalize the cooperation between business and government. The construction of an effective model of cooperation requires the development of an appropriate institutional framework for such cooperation. According to this statement it can be hypothesized that business associations as institutional form of interaction between business and government are effective.

This working paper proceeds as follows: literature review summarizes the literature on different approaches to interaction between business and government, in methodology, methods

and data part we show that neo institutional approach helps us to consider formal norms and informal rules of the game, than we make a short description of international models, showing that the interaction of business structures and government is largely dependent on the economic system of the country. According to an in-depth interview method for collecting empirical data we analyze interaction between business and government in the Russian Federation, find out characteristics of role and place of business associations in the current Russian economy and trying to evaluate the level and efficiency of it.

Literature review

In the context of an analysis of the modern models of interaction between business and government most studies look at the impact of business groups on the political process in the USA, Great Britain, Italy and France. For this study and for understanding the development of such interaction we used different conceptions and ideas of Bentley, Truman, Dahl, Schmitter and Olson.³

Bentley studied the political process through the conception of interest groups. He suggested that the interaction of groups in society which put pressure on each other and on the state, are a defining factor of state policy. He developed the standard justification for lobbying from interested groups. He claimed that any benefit leads to the creation of an interest group, and the interaction of these groups is a distinctive feature of democracy.

Truman separated “political groups of interests” from all associations in a society, these groups interact with state institutes. He believed that in the process of the complication of public processes the number of groups will grow. The concept of “pluralistic democracy” by Dahl assumes that modern dynamic pluralistic societies in the West create favorable conditions for free competition of interest groups. According to Dahl, different associations are participants of the process of making state decisions. All participants of an interaction are independent and act in their own interest.

Olson, in his work “The Logic of Collective Action: Public Goods and the Theory of Groups”, analyzed the main theories of interest groups. He claims that the big economic groups which work for economic benefit are the basis of the political process. But, he also claims that

³ Bentley A. The process of Government. A study of social pressures. Cambridge, 1967. ; Truman D., The Governmental Process. Public interests and public opinion. NY; Knopf, 1951; Dahl R., Polyarchy: Participation and Opposition. New Haven: Yale University Press, 1971.; Schmitter Ph. Still the Century of Corporatism. // Review of Politics. 1974. № 36 (1).; Olson M. The Logic of Collective Action. Public goods and the theory of groups. Cambridge, 1965.

sometimes there are groups organized not only for economic interest, eg, missionary and philanthropic organizations.

Neocorporatists Schmitter and Lehmbruch believe that the interaction of the state with interest groups leads to the incorporation of “organized interests” in management. Often interest groups appropriate the right to the exclusive representation of inquiries of society. Sometimes the ways of aggregation of interests are reduced to bargaining with the state bureaucracy. According to Schmitter, corporatism is a “system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, uncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (when not created) by the State, which ensures them a certain representative monopoly within their respective categories in exchange for tolerating the practice of certain controls in the selection of leaders and the articulation of some demands and supports”⁴. Thereby, Schmitter characterizes corporatism in pure form and comprehends the experience of the authoritarian regimes of Latin America. This statement is important for research into Russian regional corporatism which differs from liberal or social corporatism of Western countries. In the Russian regions models of the interaction of business and government can be adequately comprehended within neo-corporatism. This does not mean the absence of network structures and practices, but that they are incorporated in a strong system of patron-client relationship.

In Schmitter's traditional description, pluralism is characterized by the free and competitive formation of groups, subject to minimal external control⁵. The methodologically pluralistic model comes from the fact that a social system and its parts are in coordinating dependence. The diversity of political ideas and organizational forms exclude the dominant role of one part of a whole system.

The basic elements of the pluralistic model of interaction between business and government are the following:

- multiple competing pressure groups;
- competition for representation in governmental authorities;
- leadership in pressure groups, which takes into account the reaction of its members;
- the state, which remains independent of pressure groups.

Corporatism theory has been developing in Western political thought for many decades. In particular, Hegel was first to introduce the term "corporation". The corporation acts, in his

⁴ Schmitter P. Still the Century of Corporatism? – P. 96

⁵ Schmitter P. Still the Century of Corporatism? – P. 96

opinion, as the link between society and the state, and should not only express personal interests, but is designed to serve the cause of state and society.⁶ However, corporatism theory developed in the 20th century.

The concept of a corporatist state is based on closely interwoven corporatist and state structures with the decisive role of the latter. The corporatist model is characterised by Schmitter as a “system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports”.⁷ Cawson defines corporatism as a “specific socio-political process in which organisations representing monopolistic functional interests engage in political exchange with state agencies over public policy outputs.”⁸ Lehmbruch⁹ divided countries in terms of the development of corporatism. The group of countries with strong corporatism includes Austria, Sweden and the Netherlands. Denmark, West Germany and the United Kingdom have average corporatism. France has weak corporatism.

The following are based on the foregoing, basic elements of the corporatist model of interaction between business and the government:

- the existence of interest groups, organised in a hierarchical system with a certain dominant organisation representing the group as a whole;
- the privileged position of some associations and their ability to influence decision-making;
- government providing working-out and compliance with the general rules of the game, as well as government being considered as a force carrying huge social commitments as a whole, and has, therefore, the right to put forward relevant requirements for the groups.

Nureev, Yasin, and Radayev studied the problems of organization in the relationship between business and government in Russia in the 1990s-2000s. In "Post-Soviet Institutionalism" Nureev¹⁰, pays attention to the theoretical and practical aspects of the

⁶ Hegel G. Encyclopedia of the Philosophical Sciences. Part 3, Vol. 3. The Philosophy of Spirit. - M. : Mysl', 1977. -Pages 343-350.

⁷ Schmitter, Philippe C., 1974, 'Still the Century of Corporatism?', The Review of Politics, 36, 1, January pp 85-129

⁸ Cawson A., Corporatism and Political Theory. - M., 2004.

⁹ Lehmbruch G., Schmitter P., Trends Towards Corporativist Intermediation. Beverly Hills and L., 1979.

¹⁰ Nureev R. Post soviet institutionalism. The power and business / Rostov D, 2006.

interaction between business and government. This work also includes questions about forming a model of interaction in modern Russia.

Yasin¹¹ characterizes the model of interaction in three separate zones: white, black and gray. This concept was stated in the beginning of 2000s, but in our opinion it does not lose its relevance, especially in a context of the deformalization of rules in modern Russia. This concept was introduced by Radaev. He wrote that under the deformalization of rules we should understand the “transformation of institutes, during which formal rules are replaced by informal and are built in the informal relations”¹².

Igoshin and Rybakov's¹³ approach to the functioning of "the institutional market" assumes competition between formal and informal institutes when the business community chooses rules of the game.

During the research of business associations as the mechanism of interaction between business and government we used the ideas of Peregudov and Yakovlev. For example, Yakovlev's¹⁴ research is devoted to the role and place of business associations in modern Russia. He assumed that the direct interaction of business structures with public authorities became inefficient. In his opinion, today we are looking for adequate and effective instruments of interaction which can promote the post-crisis development of the economy. By using Peregudov's¹⁵ ideas, the author continues to develop the idea of corporatism, emphasising the role of sectorial and national business associations.

In the context of the description the current state of interaction between business and government at various levels in Russia, it is necessary to look at the works on the theory and practice of interaction written by Shokhin¹⁶, in which various methods and practices of the

¹¹ Yasin E., Burden states and economic policy// Economy questions. - 2002 . - No. 11. – P. 7

¹² Radaev V., Sociology of markets: Formation of the new direction. – M.: HSE, 2003. – P. 135.

¹³ Igoshin I. The institutional system and their distortions // Vestnik of the Moscow University. - Ser. 12, Political science. - 2003. - № 5. - P. 39-5; Rybakov A.V. Transformation of political institutions // Power. - 2003. - № 5. - P. 49-54; Rybakov A.V. Social effects of institutionalization of political power relations // Social and humanitarian knowledge: scientific-educational edition. - 03/2004 - № 2. - P.146-156

¹⁴ Yakovlev A., Business Associations in Russia: internal structure and evolution of the relations with the state role in economy modernization / ed/ A.A. Yakovlev. Ser. "Scientific reports: independent economic analysis"/ № 219. M.: Moscow public science Foundation; Autonomous non-commercial organization "Projects for the future: science and education technologies, 2010, 190 S.; Yakovlev A. Government, business and the driving forces of economic development of Russia: before and after the "Yukos case" // Public Sciences and modernity. - 2005. - № 1.

¹⁵ Peregudov S., Semenenko I. Corporate citizenship as a new form of relations between business, society and government. M: IMEMO, 2006; Peregudov S. Corporation, society, state: evolution of relations. M: Nauka, 2003; Peregudov S., and other interest Groups and the Russian state.- M., 1999; Peregudov S. Political representation: the Western experience and problems of Russia // Political studies. 1993. № 4. P. 118-119; Peregudov S. Business and government in Russia: to a new model of relations. // Business press URL: http://www.businesspress.ru/newspaper/article_mId_40_aId_297056.html; Peregudov S. Tripartite institutions in the West and in Russia: problems updating // Polis. 2007. № 3.

¹⁶ Shokhin A., RSPP and civilized lobbyism a Collection of the speeches and reports of the President of group Alexander Shokhin of RSPP M: Izd. the house of the RUIE, 2012 - 292 P.; Shokhin A. Monograph / scientific editor and leader of authors

formation of the mechanisms of interaction between business and government are considered. Strategy and instruments at local, regional and federal levels are analyzed.

Petrov¹⁷ allocates two main trends in the Russian political process. The first is connected with a question of reformatting the interaction between the society and government and the second is lying in the Center – Regions interaction. As a result of pursued policy of the 2000th, Russia appeared in a number of the "deadlocks". According to our research the main deadlock is deinstitutionalization. The author's assumption is that new models of interaction of business and government may help find an exit from this deadlock. And business associations can be the main institutional core of interaction.

Relying on Lapina, Chirikova and Turovsky's researches the author offers the classification of existing models of interaction between business and government. Researchers of the Russian regional elite Lapina and Chirikova offered the original typology of models, such as: model of patronage, partnership, suppression ("all against all") and "power privatization". This classification is based on understanding of the role of business as subject of social policy.

From Turovsky's¹⁸ research we used the reasons and factors that defining interest of business groups in their aspiration to influence on regional and local government. It is also important that management models of regional economy differ from region to region. This fact has considerable impact on model of interaction between business and government. This approach defined five main models of interaction between business and elite in the Russian regions determined by their merging and level of a conflictness.

Gaman-Golutvina¹⁹ and Zudin's²⁰ works helps us to find theoretical conceptualization of interaction between business and government and developing the forms of business communication according to specific Russia parameters, role and place of political elite. The author marks out that an important factor of formation of business associations is the personal

group Shokhin A. Business and government in Russia: theory and practice of interaction M: Higher school of Economics, 2011 - 349 S.; Shokhin A., Dialogue with the fourth power. Moscow. 1999 - 640 p.

¹⁷ Petrov N. From the Federation of corporations to the Federation of regions // PRO ET CONTRA. 2012. So 16. № 4-5

¹⁸ Turovsky R., Regional model of interaction between business and the power elites: modern processes and their social and political consequences. The final analytical report. [Online] URL: <http://www.politcom.ru/8474.html>

¹⁹ Gaman-Golutvina O. Interest Groups in Russian historical retrospective // Politija. - 2000. - № 4; Gaman-Golutvina O., The Most influential people of Russia. Political and economic elite of the Russian regions. M: IANT, 2004; Gaman-Golutvina O.V. Political and financial clans and political parties as selectorate in the processes of parliamentary representation of modern Russia // the Power elite of modern Russia is in the process of political transformation. - Rostov n/D, 2004

²⁰ Zudin, A. State and leading business structures: the search for a model of relations (instead of conclusion) // Financial-industrial groups and conglomerates in the economy and politics of modern Russia. M: CCM-CIPE, 1997; A. Zudin State and business in Russia: the evolution of the model of relations // zapas" 2006/ number 6 (50); A. Zudin ASSOCIATION - BUSINESS STATE. Classic and modern forms of relations in Western countries. CEP/ - "Institutional problems of the Russian economy" // M: : State University - Higher school of Economics, 2009. - 68 P.; A. Zudin, Neocorporatism in Russia? (The state and business under Vladimir Putin) // Pro et Contra. 2001. T. 6. № 4.

factor, and political elite. Political elites possess the economic capital, the political weight and a social resource so they can play a great role in formation of institutional framework.

Investigating the process of evolution of interaction between business and government, the author relied on Zudin's works that connected with path dependence and feature of economic systems.

However, despite the existence of considerable number of publications and researches in this area, problems of an institutionalization of interaction between business and government, finding the criteria of efficiency of this interaction, there is a demand for further development of this theme.

Methodology, methods and data

This research is based on the Schmitter's²¹ concept of liberal or social corporatism. This concept mostly corresponds with the modern system of interaction between business and government in Russia through business associations. In this context, business associations or head associations represent the interests of a concrete group. They have a centralized structure and often participate in the legislative process and the development of political decisions.

In this research we used the neoinstitutional approach²², allowing us to consider the interaction of business and government through business associations. The neoinstitutional approach to studying a political institutes helps us to consider formal norms and informal rules of the game.

The structural-functional approach was applied to study the functions of business associations and their role in decision-making process. For understanding the essence of activity of business associations it was necessitated to study their functions which they carry in interaction between business and government.

The sociological approach to studying the interaction between business and government allows us to use an in-depth interview method for collecting empirical data. This paper is based on 15 interviews with representatives from the business community, business associations, CEO's and officials. The respondents, according to their status, may influence the decision

²¹ Schmitter Ph. Still the Century of Corporatism. // Review of Politics. 1974. № 36 (1).

²² Schmidt, Vivien A. Taking ideas and discourse seriously: explaining change through discursive institutionalism as the fourth 'new institutionalism' // European Political Science Review. 2010, 2(1): 1-25

making in the political and economic sphere. Also they are the leading experts in the business and government interaction. We can divide the respondents to five groups:

- 1) Representatives from large companies, such as Aeroflot, Russian Railways, Enel, Uralsib Bank;
- 2) Experts from consulting agencies, such as Deloitte and Touche, Psychology and business consulting group;
- 3) Members of business associations, such as the Russian Union of Industrialists and Entrepreneurs, Association of European Business;
- 4) Government bodies, such as the Moscow Region Government;
- 5) Experts from the Institute of Economics (Russian Academy of Sciences) and Institute of Contemporary Development.

The questionnaire was divided into three groups. The first group of questions was devoted to the conditions and perspectives of business in Russia. Also in this group we tried to estimate state intervention in the economy. The second group of questions characterized the role and place of business associations in the interaction between business and government. The third group was devoted to the effectiveness of interaction between business and government. Also we asked respondents about the best international practices in that sphere. To make the results of interviews less biased we used statistical information from open sources, such as: materials of the Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce and Industry of the Russian Federation, NGOs "Delovaya Rossia" and "OPORA Rossii". The research was done from November 2012 to April 2013.

In the study of interaction between business and government, the majority of authors, both foreign and Russian, handle general concepts of business and government. Description of the interaction occurs within specific socio-political and socio-economic processes. In this paper concepts of "business structure" and "government" are used as separate parties in charge of an activity.

In this study, a business association is a union of commercial organisations in the form of associations and unions, as well as chambers of commerce for the purpose of representing the interests of business structures in cooperation with state authorities. Business structures should be understood as business organisations of different forms of ownership. In relation to the Russian Federation forms of ownership shall be governed by the Civil Code, Chapter 4, Section 2.

The paper also uses the concept of "model". In our case the models are understood as existing interaction practices among business and government abroad, and in the Russian Federation. Models can be classified according to different criteria: by the time factor, the subject area, the form of presentation, the implementation basis.²³ By the time factor concerned models under are static, that is, they describe the state of the interaction from time to time. A certain moment is the period from 2010 to 2013, the period of study. Outlined models refer to social and humanitarian knowledge, since they describe the socio-political processes and the interaction between interest groups. According to the form of presentation, specified models are abstract or intangible, as they have no real implementation; the basis consists of the information. According to the implementation basis, models can be attributed to informational ones, as the information collected in relation to the object reflects the most essential its properties.

Typology of interaction models between business structures and government.

There are many ways to classify models of interaction between business and government. Analysis of existing approaches in the process of empirical research allowed identifying and suggesting the author's classification of models of interaction between business structures and government.

We took into account the approach of Iwasaki²⁴, who identified three types of models: order state, punish state, rescue state. The basis of this classification is the role that the state plays in the interaction between business and government. Hereinafter this allowed evaluating the role of government in the Russian Federation.

On the basis of understanding the role of business as a subject of social policy in modern Russia, Russian researchers Chirikova and Lapina proposed the extended typology of models²⁵: "suppression" and "coercion", "patronage", "non-interference" of authorities, "partnership", "domination", "ignorance", "competition", "confrontation". The analysis of this classification in the process of empirical research has allowed the author to evaluate the changes that have occurred in the interaction between business structures and government and to take into account these changes in the construction of the author's classification.

²³ N.P. Buslenko Modeling of complex systems. M.: Physical and mathematical literature chief editorial board of the publishing house "Nauka", 1968.

²⁴ Iwasaki, I., An Institutional Analysis of Transition Economies in Central Asia: Evolution of the Government-Business Relationship and Economic Performance (in Japanese), Tokyo University Press, Tokyo, November 2004, xviii + 352 pp. (The Sixth NIRA Okita Award for Policy Research, The National Institute of Research Advancement, Government of Japan)

²⁵ Chirikova A. Business as a subject of social policy in modern Russia // Society and Economy. - 2006. - No. 9. - Pages 116-117.

Analysing the degree of matching and the level of conflict, Turovskiy identified five basic models of interaction between business and government in the regions of the Russian Federation²⁶: functional, partnership, model of state patronage, symbiotic and conflict one. In the context of author's analysis of the results of empirical research, one of the grounds for allocation of certain models was conflict of interest passing through the corporation/industry and system/private interest.

Following the logic of building interactions between business and government from different combinations of two parameters: "strong /weak authority" and "strong/weak business", Gelman and Bychkova²⁷ suggested typology of relations of economic and political actors in the local regimes of Russian cities: "predator" state, policy of non-interference, mutual hostages, rent seeking and state capture.

In actual practice, there is a combination of several kinds of models, so not the predominance of one or another model of interaction between business and government shall be discussed, but an interweaving of different types.

Institutional practices of interaction between business and government in foreign countries.

In the study we try to analyse interaction between business and government taking into account national economic systems and concepts of pluralism and corporatism. It is shown in particular that the interaction of business structures and government is largely dependent on the economic system of the country²⁸.

Pluralistic model of interaction between business associations and public authorities in the UK and USA in a liberal market economy.

There is no institutionalised cooperation between employers' organisations, trade unions and government in the UK, with its pluralistic model of interaction between business and government. Pluralistic model of relations between the state and business is based on an expanded understanding of the private sphere with a clear functional differentiation of state and the economy and high autonomy of participants. In employers' organisations are formed interest groups or propaganda groups that seek to influence the government through lobbying policy. In

²⁶ Quote according to R.F. Turovskiy. Regional models of interaction between business and commanding elite. URL: <http://www.politcom.ru/8474.html>

²⁷ Bychkova O., Gelman V., Economic actors and local regimes in the major Russian cities. URL: <http://www.nlobooks.ru/sites/default/files/old/nlobooks.ru/rus/nz-online/619/1760/1767/index.html>

²⁸ North C. Douglass. Institutions, Institutional Change and Economic Performance. Cambridge University Press, 1990; Williamson O. E. The Economic Institutions of Capitalism. NY: Free Press, 1985.; Hall P.A. & Soskice D. (eds.) Varieties of capitalism: the institutional foundations of comparative advantage. Oxford University Press, 2001.

the UK, employers' organisations are generally weak, many of their functions were passed to commercial and industrial unions. Leading business association is

CBI (Confederation of British Industry) - an independent, non-profit organisation that was established by Royal Charter in 1965, as a result of the merger of the National Association of British Manufacturers, the Confederation of British Manufacturers and the Federation of British Industries to encourage the development of British industry and protect the interests of British manufacturers to the government.

Another example of pluralistic model of interaction between business and government is USA. In USA, "the structure of the state" made a significant impact on the relationship with the business. The American political system is unique in many ways: it is characterised by relatively weakness of the state and interest groups configurations' mobility. "Architecture" of the US party system stimulated fragmentation of business interest groups: competition within the two-party system in conjunction with the early spread of universal right of suffrage and significant sectoral differences in political parties increased susceptibility of parties and candidates to a wide range of diverse interests.²⁹

At the present time, there are many associations in the U.S., acting as associations of interest groups representing the business community. The most important among them are: United States Chamber of Commerce (USCC); National Association of Manufacturers (NAM), which includes 75% of all industrial companies in the U.S.; The National Federation of Independent Business (NFIB), which represents the interests of small business (600 thousand companies).

Neo-corporatist model of interaction between business and government in Germany, Austria and the Netherlands in a coordinated market economy

In Germany, Austria and the Netherlands is represented neo-corporatist model of interaction between business and government, in which employers' organisations are a part of a system of institutionalised cooperation with the government and trade unions. High centralisation level of group interests' representation allows parent associations to act as main mediators in the interaction between business and government. Agreements on such issues as the level of prices, higher wages, taxes and pensions, are concluded through tripartite negotiating of

²⁹ Zudin A., Associations in the system of relations between business and the state: "classics" and modernity. "Classical" forms of relations between the state and business in Western countries // Magazine about the future. 2009. No. 2 (18). Page 245.

social partners. Collective bargaining tends to occur at the national level and not between one corporation and one union, through the intermediary of the national employers' organisation.

In Germany, businessmen created 4 associations on the top (federal) level for specific tasks: Bundesvereinigung der Deutschen Arbeitgeberverbände - BDA (Federal Association of German Businessmen Unions), Bundesverband der Deutschen Industrie e.V. - BDI (Federal Association of German Industry), Deutscher Industrie- und Handelstag – DIHT (Congress of Chambers of Commerce), Zentralverband des Deutschen Handwerks - ZDH (Central Union of German Craft Chambers).

A system of cooperation between government and four main chambers was developed in Austria: Federal Chamber of Labour (Bundesarbeitskammer, AK), Austrian Chamber of Agriculture (Landwirtschaftskammern Österreich, LK), Austrian Federal Economic Chamber (Wirtschaftskammer Österreich, WKÖ) and the Austrian Trade Union Federation (ÖGB). This system became known as the "social partnership". It is not mentioned in the Constitution and is not regulated by a separate law, and is organised on a voluntary and informal basis.

Currently, there are three employers' confederations in the Netherlands. As for the membership, they can be divided as follows:

- a) The Confederation of Employers and Industrialists of the Netherlands VNO-NCW³⁰ (association of big employers in the industry, trade and services);
- b) MAC-Nederland (Association of small and medium-sized enterprises, small firms of retail sector and small enterprises courts);
- c) LTO-Nederland (agriculture and horticulture).

Summing up the results of analysis it can be concluded that the role and place of business structures differ from country to country, depending on the economic system of the state and its current model.

An important difference between the two models is the institutionalisation of cooperation between employers' organisations, trade unions and government. For more effective interaction with public authorities in the corporatist model, corporation merge into enterprise unions, which are divided into four types:

- National general business combinations (for example, the Confederation of British Industry);

³⁰ Official website of the Confederation // <http://www.vno-ncw.nl>

- Unions of employers (for example, the Federal Association of German Employers' Unions);
- Public chambers (for example, Chambers of Commerce, Chambers on a professional basis);
- Industry associations (for example, the Union of German chemical industry).

Today there is a model of interaction between business and government in Russia similar to the corporatist one. There is a so-called "Big Four" business association established to represent the interests of small, medium and large business at the highest federal level. The most representative are the Russian Union of Industrialists and Entrepreneurs (RSPP), All-Russia public organisation "Delovaya Rossiya" (Business Russia), the All-Russian Public Organisation of Small and Medium-Sized Enterprises "Opora Rossii" (Backbone of Russia) and the Chamber of Commerce of the Russian Federation.

Interaction between business and government in the Russian Federation

The last stage of initial capital accumulation has started in the Russian Federation. The state of interaction, which could be characterised as a "bellum omnium contra omnes", as a result required the inevitable decisions on the creation of an institute of interaction between business and government. The game rules are established, interaction between business and government is legalised, and business structures are included in the advisory system at public authorities, which contributes to formation of a civilised dialogue between business and government.

Today, there are all the signs of so-called intuitive business in the Russian Federation: there is an extensive character of development, active search and creation of new rules and procedures for business; very unstable internal and external business environment entails asymmetric and unstable relations based on personal relationships.

Modern Russian business is in the process of lean entrepreneurship creation, which is characterised by: intensive character of development, standard formal procedures and rules forming the decision making basis, stable internal and external business environment, which consequently creates a stable and balanced relationship between partners in return for a consideration. Elements of such a business in the Russian Federation are only beginning to form.

A lot of so-called "bad" laws appeared in the process of transition of the Russian Federation in the market economy, the execution of such laws leads to corruption. Execution of certain laws due to their inconsistency, and desire of officials not to be subjected to administrative or criminal liability while fighting corruption, creates criminal and administrative rules that could lead to a stop of production processes and retard the development of business.

Analysing the answers of the respondents, we confirm that there are two main forms of state intervention in the economy: direct and indirect. Direct intervention is characterised by an expansion of state ownership and material resources; the state as a market participant may own companies. Factor that minimises the impact of direct intervention is the presence of a competitive environment.

Indirect intervention is carried out by means of fiscal policy and monetary policy. Indirect intervention can serve as a tool to improve the competitive opportunities of domestic corporations, as well as limiting the risks of monopoly abuse.

From the respondents' perspective, the intervention shall not be so great, but more appropriate and effective; it must be systematic and based on existing business associations. Government intervention in the economy involves establishing relevant frameworks for a particular type of business activity, as well as for regulating, monitoring, supervisory functions. Provided that it shall occur within the legal field: *"The drawback of intervention is not that the state intervenes too actively, but that still remains the scope for intervention of bad faith representatives of the state in the affairs of business. The state has its functions and they should be implemented (control, monitoring, supervision) ... exclusively within the legal institutions."* (From the interview R-7).

On the one hand, today there is a positive dynamics in relation to general control providing a legislative framework for regulations; restrictions on inspections can serve as an example. But on the other hand, there is a legal illiteracy, both by officials and by business: *"... most persons do not know about it"* (from the interview P -8).

It is noted that Russian business is extremely dependent on the federal and regional authorities. This natural dependence exists due to the fact that the state serves as a regulator of companies. A different matter is that this dependence is excessive and is not always under the regulatory statutes and manifests itself in the form of "corruption interest", including "combatting competitors" with the support of some officials.

Respondents' opinions on profitableness / adverse conditions for business in Russia divided as follows: profitable - 27 %, adverse - 46 %, can not determine - 27 %. If we talk about adverse conditions, their essence lies in the fact that public authorities today represent a very high degree of uncertainty. Business *"is in fear"*, it can not perform long-term planning, as there is no clear framework, clear conditions and laws that would allow to carry out such long-term planning.

Characteristics of role and place of business associations in the current Russian economy.

Solving problems and issues that have arisen as a result of the analysis provided, and described in the previous section, is possible taking into account business associations, as an important element of interaction between business entities and government.

Analysis of the information provided in the published analysis findings and obtained during interviews with representatives of organisations, revealed that there were unfavourable conditions for business development in Russia during recent years. This fact stimulates the desire of businessmen to unite for the protection of their rights and legitimate interests in governmental bodies.

Business associations are actively involved in the discussion of legal acts affecting business structures, which was reflected in the assessment of discussed bills regulatory impact. The success of such activities depends largely on the functional and expert, and analytical level, influence of business association and the professionalism of their leaders.

Business associations are an effective form of business community self-organisation and can successfully represent the interests of its members, acting as intermediaries between business organisations and government. Business associations solve a variety of tasks. According to our respondents, business associations represent a platform where they communicate and resolve problems of interest. Business associations are also an important tool of dialogue between business and government in a manner of leading not only narrowly corporate problems to public authorities, but the consolidated position of the business community.

Business associations help forming appropriate institutional basis for interaction between business and government. The gradual replacement of state regulation methods with the methods of self-regulation of business activity, based on common standards of doing business, with the gradual transfer of control over compliance with these standards.

On the one hand, vital aim of business community in the Russian Federation is the desire of business structures to produce standards of behaviour, unite and express common interests. Complementary process occurs: first, business members realise that they need to unite, developing common standards of behaviour for the expression of common interests, and secondly, the state encourages and promotes the process of businessmen association. Provided that, forming of business associations is often carried out from the top-down.

On the other hand, experience has proven that there is a certain contradiction: businessmen are concerned with their individual problems and are not too eager to join any

association. The main motive for businessman for joining the association is the authority of this organisation and the set of services that it can provide him. In the context of studying the issue of mandatory or optional membership in business associations, common position of the respondents was that there should not be any mandatory membership. Business associations should prove themselves and provide a range of services for businessmen to look toward it. Only in this case it will be possible to say that associations are functional and necessary.

Assessment of condition, level and efficiency of interaction between business and government in the Russian Federation

Speaking about cooperation of business structures and government, it would be wrong to assume that business generally wants to get privileges from the state, and the state, on the contrary, wants to subdue the business completely. The problem is the way in which an effective communication and interaction should be built for the further development and socio-economic modernisation of society. Clear, constant and transparent rules of the game have still not been set, as well as the conditions for a favourable investment climate have not been created, and existing legal framework does not guarantee inviolability of private property.

Analysis of the results shows that by the condition, level and effectiveness, the interaction between business and government in the Russian Federation is not very different from the Russian relations model, which E.G. Yasin described in 2002 as a three-zone model of interaction between government and business. It includes a relatively isolated area of interaction: white, black, and gray. With the "gray" zone quasi-legal relationship or semi-formal relations are usually designated, i.e. hidden, drawn out of the control of the authorities (tax, supervisory, judiciary, etc.)³¹

Currently, the defining factor in forming models of interaction between business and government is the presence of cooperation goals, subject to availability of business structures and government to implement the goals that they declare. However, they are still not clearly defined and guaranteed. Basis for the cooperation partners should be equality and mutual trust, which can be achieved in the presence of social benefits and economic feasibility. According to the author, the infrastructure development can be represented by such common interest: "*... roads, energy sources, skilled personnel, commodity market...*" (From the interview P-6).

Analysis suggests that today there is a demand for "bad" laws, regulations and standards. Participants of the interaction need to follow legal rules. In some cases the mandatory public

³¹ E.G. Yasin Burden of the state and economic policy // Economic issues. - 2002. - No. 11. - Page 7.

discussion of draft documents and institutional mechanisms is not needed, and there are no platforms for such a discussion. Even formally binding commitments to hold a public discussion on the draft strategic document at a public council of the ministry (for example, the state program) are ignored.

However, in some cases, the ministries initially invite to the working body only those business representatives and experts who support the point of view of authority. There is no procedure by which the authority should clearly explain the reason for the refusal of business' position on the issues discussed on the expert body meeting.

To date, there is an unresolved (at the legislative level) issue of mandatory consultations with business on all matters affecting the business activities, as well as mandatory justification of the refusal of business association's position.

Analysis of responses leads to the conclusion that today there is no completely integrated model of interaction between business and government in Russia. But these relations nevertheless have some distinctive characteristics. The author, on the basis on respondents' answers revealed the following interaction model:

Partners model - cooperative partnership, with the predominant influence of the state.

Coercion model - provides administrative pressure. Authority requires the business to make certain investments in the implementation of its social programs and projects. It is described in more detail by A.E.Chirikova.

Engaged (symbiotic) model - involves merging business and government.

Civilised model - certain foreign companies entering the Russian market acknowledge foreign principles of operation;

System model - institutionalised relations primarily on issues common for the business community, through participation in Regulatory Impact Assessment and other forms of examination of draft strategic and regulatory provisions, membership in advisory, expert and working bodies of the President of Russia, the Government of the Russian Federation and other governmental authorities, the development of mechanisms of arbitration courts and mediation, etc.

Pocket model - interaction through the "pocket" business associations, designed to protect a company.

Dialogue model - interaction through forums, seminars, conferences, or when there are any entities (business association, business structure or industry), and representatives of federal and regional authorities, and they arrange a dialogue on the issue, as a part of an open public discussion.

Conflict model - interaction with opposition business structures being in conflict with the authorities.

Point-to-point model - when a particular business association, business structure or industry comes at a particular ministry lobbying for its interests.

The above models may be present both at the federal and regional levels. Analysis of the interviews showed that there are differences in the interaction at these levels. At the federal level more centralised issues are solved, the issues of the interaction are more related to rules of the game and *"... the federal government is usually more inclined to interact with business associations"* (from the interview P-7).

At the regional level, the interaction between government and business is escalated by the uneven development of regions: *"Volgograd region significantly differs from Novosibirsk and Sverdlovsk regions. The weaker is the region from the economic point of view, the simpler are people there, and the access to them is much more free. The richer the region, respectively, the more pompous and inaccessible are the officials"* (from the interview P-8) and it is characterised by difference in time of formation of business groups within the social structure, the difference in kind of entrepreneurship and its weak institutionalisation. This defines the different roles and interoperability of regional business establishments and regional authorities: *"At the regional level, the officer is such a star, and if you're not a childhood friend, there is nothing to do. It is impossible even to give a knock to the business"* (from the interview P-12).

System of informal mechanisms of interaction is recognised by the author as more effective means of achieving management objectives than formal institutions. Provided that, these informal interaction mechanisms can be divided into those operating within the legal framework and those outside such limits. Informal mechanisms have the right to exist, if they are within the legal framework and do not carry a destructive impact on the system of interaction between business and government: *"Officials and businessmen can be friends... Sometimes the officials arrange informal meetings with businessmen to obtain "first hand" information"* (from the interview P-3).

Alternative mechanisms of interaction may be represented by occasional or permanent personal contacts, various forums, conferences, business clubs, which represent one of the alternative forms of interaction between members of the business community and government. Business associations and the above mentioned forms of interaction complement each other. Most often, the associations are partners in or facilitate the organisation of forums.

Conclusion

We summarised the results of work carried out, basic conclusions, suggestions and practical recommendations aimed at ensuring the effective interaction between business entities and government are formulated. Interaction between business structures and government may reach a new and effective level due to mediating role of business associations.

Thus far the most significant problems for the successful interaction between business and government are the following:

- insufficient level of industry and managerial competencies;
- unreadiness of public authorities to the position of the business community;
- the difficulty of communication, lack of understanding of colliding interests;
- the opacity of decision-making procedures;
- corruption.

Currently, the determining factors in the formation of interaction between business entities and government should be:

1. Goals for interaction. They are still not clearly formulated, and are not fixed at the level of the mutual agreement logic.
2. Willingness to implement them.
3. Free and open dialogue between the parties.
4. Legally performed rules of the "game".
5. Social benefits and, as a consequence, economic feasibility.
6. Common interest.
7. Equality of partners and mutual trust should be the determining factors in the formation of interaction.

Resulting from the research, author ends up with confirmation that there are many models of interaction between business and government. There is an interweaving of these models in the Russian Federation, but the most effective and promising model is an interaction through business associations.

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