

Partnership of government and business for ensuring the social stability of a region

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Abstract. Historically, the presence of the commercial sector in the social sphere was reflected at any stage of the development of society (pre-industrial, industrial, and post-industrial). The article highlights the main conceptual forms of business participation in social processes, and it also describes the behavioral features inherent in business because of the purpose of its operation and the volume of contribution to social processes. The article reveals that each subsequent pattern of behavior does not preclude the previous one, and as the forms of participation of business in the social life of society develop, its inevitable integration can be observed.

Keywords: partnership, public-private partnership, business, participation

1. Introduction

To improve the efficiency of the public-private partnership mechanism in the domestic economy, the actions of the management partners that are part of it are extremely important. However, the Russian realities are such that most of the leaders of firms participating in the partnership are not interested in him. They rightly assume that there is a situation of domination by one of the parties, namely, the state which retains its authority even in the conditions of entering into civil-law relations based on partnership. Despite this, the modern practice of partnership between the state and business is actively shifting into a socially significant sphere, actualizing the contradictions and problems of their interaction.

On the one hand, the sector of socially significant services, which for decades has been the object of state control, still lacks modern advanced management methods that effectively solve socially significant tasks through the use of both management and budgetary potential. In addition, the specifics of the partnership object reinforce the need and diversity of government regulation, predetermining the low level of business interest in implementing socially important public-private project.

On the other hand, business has the opportunity to develop previously inaccessible markets, create conditions for stable long-term development with the active participation of government bodies. Thus, increasing its impact on the socially significant sphere, new forms of business appear (for example, social entrepreneurship) as the methods of economic activity, providing a pre-planned social effect and socially significant result. They implement entrepreneurial innovation through using new ideas,

introducing effective business technologies, and providing optimal combinations of resources in order to solve specific social problems of the region.

2. Materials and Methods

The evolution of relations between the state and economic entities in the sphere of socially significant services was considered by the authors in two planes: (1) “power-business” – the space which narrows as the government and business structures get closer and closer; (2) “business-to-business” – eventually forming an area for the formation of a production alliance in this area, which determines the future relationship with the state. Based on the author’s approach, the behavioral scenarios are explored in the regional practice of public administration and management in the period from the 90s of the 20th century to the present. The used methods of comparative and retrospective analysis allowed the authors to identify the main trends of transformation processes that were used as the basis for the evolution of interaction between government and business from the particular to the associated, based on the agreement of the goals and motives of each of the participants.

3. Results

When studying the interaction of the state and business structures, the authors focus on the fact that, at present, the transition takes place from bilateral private and associated to tripartite interaction on the principles of social partnership, which is characterized by the interdependence of the actions of the participants in the interaction. Based on the study and generalization of domestic and international experience in solving socially significant problems [1, 2], the authors identified the following main forms of interaction between government and business, manifested in the process of becoming a socially oriented economy in Russia:

1. *Private (bilateral) interaction* is such an organization of economic relations between government and business, in which separate business structures operate under the influence of, on the one hand, the prevalence of their own private interest over public ones, in order to maximize their economic benefits or minimize costs. On the other hand, isolated business structures operate in the context of strict government directives, administrative barriers and a lack of budgetary resources.
2. *Associated (two-way) interaction* is characterized by the fact that business understands the need to integrate not into a corporation for profit or to seize the market, but into alliances and associations to consolidate efforts to more formally promote its economic interests into power structures. In turn, government bodies, realizing the need to involve entrepreneurship in solving social problems of society, enter into a constructive dialogue with it. The dialogue is in conditions of a high degree of business expectation of compensation from the state, which is an economic motive for carrying out socially important activities. It should be noted that if several decades ago the Russian realities showed an interweaving of the interests of the private sector and the state mainly in the economic and political spheres, then at present, the role of their interaction as subjects of social relations increased significantly. Consequently, the social naturally becomes the area of “cross” responsibility of the state, business, and the population interested in the results of their activities [3]. Thus, the socially oriented market economy is characterized by the transfer to the business, and more precisely to the business community, of a part of the powers of the state in order to fully develop society.
3. The interaction of the state and business on the basis of strategic social partnership is achieved by coordinating the interests and trust of the main participants of socio-economic relations: the state, business communities in terms of their mutual responsibility to the public, as well as the public. A particular case of a strategic social partnership is a public-private partnership (PPP).

In the “power-business” coordinates, the relationship between the public and private sector evolves from antagonism to partnership, going through a stage that the authors call “solidarity.”

First, the type of relations “Antagonism – Rivalry” are characteristic for the period of active privatization processes in a transitive economy. The free market model of services used by individual regions led to excessive commercialization of the service sector, namely, the emergence of a large number of individual private entrepreneurs operating economically and independently from each other as a result of competition for more favorable production conditions and personal economic well-being. The indifference of business in solving socially significant problems becomes a factor in the emergence of antagonism in the relationship between government and business structures, manifested in the impossibility or difficulty in achieving the goals of some business entities as a result of the actions of other entities.

Second, the type of relations “Solidarity – Competition” are inherent in the stage of structural, personnel, intersectoral, and institutional transformations of the last decades. During this period, at all levels (federal, regional and local), there was an active creation of legal and organizational-management mechanisms for a model of a regulated social services market that meets the requirements of a market economy based on licensing mechanisms, certification, combining administrative and economic controls. The real factor stimulating the development of the service sector in the regions is the competition between economic actors both within the industry and with enterprises of other fields. A new, institutionally organized and fixed form of rivalry generates the unity of market actors in achieving the following goal: the provision of quality services, and it is aimed at understanding the need for interactions between the government and business in solving socially significant problems facing society. Despite the common interests and the unity of goal setting, the actions of economic actors in the implementation of their tasks are scattered. The state, guided by the motive of the most effective performance of its social functions in the context of increasing budgetary resource limitations, creates an additional restrictive framework. This framework not only disorganizes the effective interaction of economic actors with each other but also does not allow to fully overcome the amorphism of relations between the subjects of the regional social services market.

The type of relations “Synergy – Integration” as a result of effective interaction between the authorities and the business community in the service sector based on partnerships. Integrated economic actors form a regional business network, the effect of joint activities in which exceeds the individual success of each of them [4]. In addition, the possibility of influencing not only the socio-economic but also political decisions in the region opens up to the combined forms of business. In turn, the authorities are interested in expanding the scope of the entrepreneurial approach and building well-functioning business alliances in the region. The high quality of interactions between business structures and the state inevitably leads to the emergence of a synergistic effect, manifested not only in additional economic benefits, but also in the presence of social results from the implementation of PPP projects. Thus, a system is being built that allows to justify the population’s “hopes” for quality and affordable services, business for public confidence and long-term development, and authorities for further partnership in order to increase the sustainability of the region’s economic development and social stability in the context of existing budget constraints, creating prerequisites for investing in socially significant areas.

The constructed system of relationships allows the authors to form a field of interaction between economic entities based on the principles of public-private partnership and aimed not only at increasing the number of financially independent actors and their associations, but also at transforming state institutions. Public-private institutions become active participants in market relations, interacting and sometimes competing with the business community, transferring to it more and more functions even in those sectors for which they had previously traditionally carried sole responsibility.

Interactions will bring some success only if it is formed on the principles of economic equality and responsibility, when all participants of the partnership have equal rights in determining options for effectively achieving goals and solving problems [5].

In turn, modern society influences contractual relations in the following way: it forces potential partners to observe basic rules and undertaken obligations, forcing them to comply with the principles established by the society.

Thus, a tripartite interaction of the state, business and the public (society) arises on the basis of strategic partnership, which is achieved by coordinating the interests of the main participants of socio-economic relations in the context of their mutual responsibility to civil society. The actual practical and research problem is the weak and implicitly expressed in this communication position of Russian civil society, which often transforms social partnership into a bilateral dialogue between government and business. At the same time, today, the causes, motives and factors of “silence” and self-alienation of the population from participation in partnerships are not clearly defined, which is the subject of further research in this topic.

4. Discussion

In Russian practice, one of the contemporary features of the implementation of the concept of social responsibility, of which PPP is a developed form, is not the pressure of local communities but the position of the authorities and local administrations. Communication of local administrations with local communities is nominal, declarative. Relations between government and business often have the character of predominantly informal contacts. Thus, according to a study conducted by A. E. Zorina and A. V. Mozgovaya, 87% of the population do not believe in the seriousness of the declarations of companies in this area; 85% note that there is no real opportunity to get reliable information about whether or not a company is socially responsible and how socially responsible it is [6].

According to other researchers, the problem is that the partnership of business, government, and population, as the most effective form of realization of social responsibility, is not in demand by social practice. Communication between these subjects is predominantly virtual [7]. Moreover, if communication between businesses and the government can be identified on one basis or another, then between business and the population, and between the population and the government, real connections about responsible interaction are episodic, if not absent.

The authorities decide on the implementation of the PPP project. A business receives certain attitudes from the authorities about the obligations and responsibilities that it accepts and fulfills. As a rule, civil society (population of the placement territory) is excluded from the decision-making process. Nevertheless, the population assumes the role of a social “controller”, without institutionalizing it or bringing it into the realm of real social relations. The market is indifferent to social problems, and the state may show undue interference in solving them. That is why, civic associations and various social movements must take up the solution of these problems [8]. Thus, civil activity can be understood as a manifestation of responsibility for what is happening in a society or social group.

5. Conclusion

In conclusion, we need to note the importance and relevance of the PPP mechanisms, models, and techniques described in contemporary scientific literature. Despite the widespread coverage of this topic, potential participants of interaction based on PPP principles face a number of problems and constraints in practice. Among these problems, the following should be highlighted: a lack of a common understanding of the term “public-private partnership”, a “deficit” of local legislative acts regulating public-private partnership; the heterogeneity of the nature of public-private projects, which suggests a fragmented approach to analyzing the effectiveness of such interaction mechanisms.

From a scientific point of view, these contradictions do not allow to fully assess the effectiveness of public-private interaction in the regions, to develop directions for its improvement, to identify the criteria and indicators characteristic of any territory of presence. In many ways, building an effective mechanism for implementing public-private projects lies in the range of interest of potential partners. This is explained not only by economic interest but also purely social ones.

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