

Some Aspects of the Effective Relations between Government and Business

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Abstract: The advancement of new relation forms between government and business suggests that in a market economy the success of social development in virtually all of its parameters depends on the quality and coherence of the main forces: the state, business, and public institutions. The relations system between government and business in the Russia is a relatively new concept, while similar activity abroad has developed for decades. The relations system between business and government must ensure the optimal risk allocation between the partners, taking into account the risk management capabilities of each party. Today the business is a driving factor of social bondings and relations. It creates demand for manufactured goods and services, producing at the same time products needed by society, and generating directly the very need for them. Business is transformed into an independent socio-political layer of civil society, into its institution, which plays a special role in the social cohesion of the population, limiting social risks and conflicts through the formation of the material conditions for the growth of the nation's welfare in the framework of corporate social responsibility. When considering the interrelation between government agencies and business, it is important to emphasize that they should be developed in an atmosphere of confidence, effective partnerships, law-abidance, responsibility, and fulfillment of obligations.

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1. Introduction

In the recent decades of the last century, the economic role and function of the state have undergone a fundamental change in all countries of the world and particularly in Russia. Considering the issues of the growing influence of the governmental authorities, related primarily to the expansion of variety of the state tasks and functions, due to the changes that are caused by the global economic crisis, globalization, technological advances, the transformation of the productive forces, the increasing complexity of geopolitical processes, etc., it can be concluded that at present the sustainable development of countries is directly related to the processes of formation and improvement of the effective government institutions. In this regard, it should be noted that the market changes, taking place in our country, raised the system of relations between government agencies and business to the next level.

It makes sense to assess the effectiveness of the public sector in the economy in terms of quality satisfaction of needs in the provided services. It seems appropriate to rely not on conventional quantitative parameters of economic growth, but on the concept of socio-economic performance, in which the crucial role is played by evaluation of innovation, competitiveness, improvement of the living standards of the population, and a strategic focus on achieving long-term goals and results, expressed not only in quantities, but also in the qualitative characteristics.

The level of implementation of the country's social goals is of fundamental importance when evaluating the effectiveness of the state activity. This especially concerns to those social goals that are not reflected immediately in economic indicators, though provide the basis for a sustainable and effective growth in the future.

Previous methods of public administration usually disagree with changing objectives and functions of the state. According to British experts, "the public sector should strive not to direct provision of services, but to purchase of services from the private sector and to provision of opportunities for the private sector to deliver such services", because "the role of the state is to pursue the policy, rather than provide service" [1]. In these circumstances, the state is on the way to search for new opportunities in order to combine the two traditional regulatory mechanisms - market and non-market, as well as is looking for the mechanisms and forms of cooperation with the private sector at all levels.

2. The main part

Research, being carried out by the Chamber of Commerce of the Russian Federation, shows that greater number of company chief executives (about 82%) believes that the main achievement in improving the national governance system is enabling large business-structures to cooperate with the regulatory bodies on equal terms.

The development of new relation forms between business and government allows one to assert that the success of social development in a market economy virtually depends, in terms of all parameters, on the quality and concurrence of activities of the main forces: the state, business, and public institutions. The mechanism of such relations is a communication process, which includes not only the system of direct links (one-way, from the state to business structures), but also the feedback system, through which the business community is engaged in direct dialogue with the authorities.

As international experience shows, the relationship system between government and business structures was built in terms of lobbying. Today, lobbying is considered as a reasoning system of proposed solution options, preparation mechanisms, consulting, promoting to the adoption of relevant laws, participation in other socio-structural activities, etc. In this context the formation of a civilized lobbying in Russia is especially important. It represents the process of defending by political and corporate structures their own interests in government circles. This process is based on the recognition of the both parties' interests, one of the forms of social dialogue [2].

Assessing the prospects of further cooperation between the government and big business, it can be concluded that at the moment these relations in Russia are beneficial and have a long term prospects. The analysis shows that the business has constructive suggestions, moreover, quite reasonable; for example, in the area of tax policy and general economic policy of the state. Certain ways are suggested to improve the economic area. It is important to evaluate them correctly and to take into account, where applicable, in the work of regulatory bodies. Practice shows that effective managerial decisions result from in-depth discussion of various aspects of the problem, taking into account the views of all parties concerned, without exception; this provides the best results for society.

The problems associated with the organization of cooperation between government and business, as well as pooling the private sector interests and the interests of the state in the context of a unified national economic policy, is today the most relevant in Russian society. Business structures, public authorities, and civil society institutions work toward the dialogue in order to develop a common relations strategy and tactics to identify the opportunities for improving the performance of each of the structures, and to achieve synergies.

The relevance of such a dialogue is associated with the global financial crisis, which has covered almost all countries. In this situation, the

mobilization of the existing capacity of different economy sectors and their interaction will contribute to the stability of the economic system; at that, the state has to provide legal guarantees for the property protection and judicial defense of the entrepreneurs' interests.

In Russia the system of relations between government and business is a relatively new concept, while similar activity abroad has developed for decades. It represents the historically developed character of mutual relations between all levels of government and the business organizations to address the issues of mutual concern, conditioned by national, economic, social, political, and other factors. It is important to note that the nature of the relations between government and business has an impact on the internal and external image of the state.

The benefits that can be obtained from the coordination of the interests in the interaction system are as follows:

- *Restriction of the deviations from the total cost of the implemented common projects that generally arise when it comes to budget investment;*

- *Attraction of private businesses to the projects on modernization of the public infrastructure allows one to use highly qualified specialists in the field, including those with extensive international experience. Modernization of the technologies used and the transfer of best practices have a positive impact on the performance of state-owned enterprises involved in the project, and contributes to the development of their staff;*

- *The applicability of effective control forms, making it possible to comply with the common projects cost, their quality and completion period;*

- *The partnership mechanism makes it possible to attract private management and private investors, while not alienating the public infrastructure into private ownership.*

By virtue of a properly structured relations system between government agencies and business organizations, the transparency of performance of both the authorities and the economic elite increases. This is achieved through the use of "feedback", which, as already mentioned, is very important, as well as the "special system of social control", the Internet, and etc.

The agreement between the authorized regulatory body and a private company is another significant element in the development of cooperation between government and business. At the conclusion of such an agreement, the authorities are able to maximize the socio-economic impacts of the project, minimizing the budget investments. In turn, private business pursues the aim of improving the profitability of capital investments.

Considering the issues of relations between government and business, it is necessary to note the possibility of risk allocation in consequence of building partnerships. Considering the partnership agreement, it is important to pay attention to the following risks, which include the elements of both commercial and political risks: first, the infrastructure system's management and performance risk; second, the risk of non-payment for the services received by consumers; and third, the investment risk (risk of tariff regulation and fiscal policy).

We should agree with Professor V.P. Shmelev, the Member of the Presidium of Free Economic Society of Russia, who believes that theoretically the system of relations between government and business should ensure the optimal allocation of risks between the partners, taking into account the risk management capabilities of each of the parties [3]. As a result of risk allocation between partners, optimization of a particular project is achieved in terms of both the technical parameters and quality aspects, and the cost and protection of emerging risks.

Today the business is a driving factor of social bondings and relations. It creates demand for manufactured goods and services, producing at the same time products needed by society, and generating directly the very need for them. Entrepreneurship itself does not guarantee success. People, who are engaged in such activities, the entrepreneurs, represent the particular social and professional community of individuals, who seek on their own initiative to be engaged in economic activities. They are united in the entrepreneurial communities and associations that promote the regulation of labor-management relations and carry out lobbying activities [4]. Business is transformed into an independent socio-political layer of civil society, into its institution, which plays a special role in the social cohesion of the population, limiting social risks and conflicts through the formation of the material conditions for the growth of the nation's welfare in the framework of corporate social responsibility.

Business, as socio-political public institution, serves a stable structure for social actions of entrepreneurs of all property categories, which provides within the established legal framework the key needs of people in socially important and affordable goods and services. In the market economy, this structure contributes to the consolidation of both the business community, and all the major classes, individual groups, and other social categories on the basis of corporate social responsibility [5].

Considering the socio-political activities of the business, one should note that it affects not only the social cohesion of the population, or minimizes the risks when producing goods and services, or creates conditions for improving the well-being of both people and the nation as a whole, but, first of all, it allows us to achieve a positive change in society through the use of different mechanisms of relations with government based on corporate social responsibility [6].

The purpose of business associations, as business structural elements, is to protect the economic interests of its members [7]. On the one hand, these associations are established as non-political organizations, and on the other hand, their individual functions are directly related to politics. The members of these organizations, represented by businessmen and shareholders, are actually struggling for power in order to guarantee favorable environment for their business activities.

Entrepreneurship, which currently is being formed in Russia, ever more is focused on the model that considers the state as a key element, consolidating the relationship between the major interest groups in politics. The role of the state is shown in actual political governance both of the state corporations and non-state enterprises and companies. This kind of practice may have negative effects that are associated in particular with the soaring of corruption.

In today's world, the most productive are pluralistic and corporatist business relations models as the civil society and state institution. These models have developed in different countries in specific cultural, social, and economic conditions. Within the framework of these models, business achieves the most favorable political and legal environment for the development and implementation of its socio-economic mission through intentional and unintentional institutional entities [8].

3. Conclusion

It can be concluded from the above that the search for cooperation forms between government and business is still continuing. This issue is extremely urgent and important both for business, state, and society as a whole [9]. Scientific conferences and debates are held systematically; centers of expertise are established to find new mechanisms of relations between the state and privately owned capital. But in most cases it is a question of how the state should help the business, rather than the problem, whether a business should help the state. The state's efforts as to how to make charity and philanthropy an attractive process, as well as investments that the state calls for, is not very

successful. Business wants its interests to be taken into account to the full extent [10]. That is why the encouragement of co-foundation process is so urgent and complex.

Consultations and debates on topical issues of social and economic policy may serve the initial stage of cooperation between business and government. Within the municipal unit, this consultation process may result, for example, in definition of strategic objectives and development priorities [10]. At this stage, the commissions serve the main mechanism of the relations between government and business. These associations are monitoring, developing, implementing, and adjusting strategic directions of the local community development.

When considering the relationship between government agencies and business, it is important to emphasize that they should be developed in an atmosphere of confidence, effective partnerships, law-abidance, responsibility, and fulfillment of obligations. Establishing trust between the private and public sectors of the economy is a major concern not only for Russia. The goals, providing mutually beneficial cooperation between private capital and government in resolving social and economic problems, should be solved on the basis of multi-aspect analysis of the existing commercial, industrial, and financial institutions, as well as determination of their motives and incentives, complementing the efforts towards the social development of individual municipalities, regions, and the nation as a whole.

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