Conceptual Approaches to the Development of the Mechanism of Effective Interaction between Business and Government in Russia

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Abstract
This article develops recommendations for identifying the system of models and tools of interaction implemented in the region and testing it on the example of one of the Russian regions – the North Caucasus Federal District. The importance of effective interaction between authorities and business structures to achieve the goals of socio-economic development of the region is substantiated. The expediency of a new format of cooperation and application of a holistic approach providing optimal results of interaction between government and business structures is shown. The content of the formation process of the mechanism of interaction between government and business in the region is revealed from the standpoint of considering the main factors that ensure its effective functioning and development in the future. A multi-criteria procedure is proposed for evaluating the system of models of interaction between government and business implemented in the regions of the North Caucasus Federal District according to two key parameters: the impact of government institutions on the development of entrepreneurship and the impact of business on society. Within the framework of each of the parameters under consideration, the impact is detailed according to a number of criteria and expert assessments are given to each of them. It is concluded that the mechanism of interaction between government and business in the region should consider the specifics of the sectoral orientation of its national economic complex. Measures for the development of the mechanism of interaction between government and business in the agrarian region are proposed.

Disciplinary: Business Management & Public Administration.

Cite This Article:
1 Introduction

From the point of view of achieving the goals of socio-economic development of the region, it is difficult to overestimate the effectiveness of interaction between government authorities and business structures. In modern conditions, its achievement is conditioned by the understanding of the need for a new format of cooperation and the application of a holistic approach.

Trends and directions of socio-economic development of regions depend on the degree of activity and cooperation of all subjects (Schneider, 2013). The implementation of regional development strategies is impossible without the interaction of its government and business structures on the principles of partnership and respect for mutual interests. In many ways, the process and results of strategic planning in the regions now represent a "niche" of partnership between regional authorities and business community. Effective cooperation between government and business in the regions is based, in our opinion, on a new format of their interaction, in which:

- collective actions of entrepreneurs carried out to consistently express and defend the interests of the business community are recognized as a way of establishing interaction, not an obstacle to economic growth;
- strengthening the role of voluntary associations of representatives of business structures, both within individual sectors of the economy and intersectoral, the development of various business associations is interpreted as a tool for adapting business to the conditions of modern market conditions, developing a collective policy to protect the interests of small and medium-sized businesses that create conditions for regional development;
- an important tool for establishing optimal interaction is a public dialogue involving not only representatives of the interests of regional business communities, but also representatives of civil society, including scientists and researchers (Kvitka et al., 2019).

In our opinion, the new format of interaction necessitates the use of a holistic approach, which provides for a constant assessment of the effectiveness of the forms, models and tools of interaction between government and business, improving methodological approaches to the design and evaluation of the effectiveness of joint projects, identifying trends and promising areas of cooperation, searching for directions for their development.

2 Methodology

The study is an analysis of existing approaches to the design and provision of a mechanism of interaction between authorities and business structures in modern conditions based on an understanding of the need for a new format of cooperation and the application of a holistic approach.

The conduct of this research is based on the methodological basis of general scientific, organizational, and managerial research.

The methodological basis of the research is the methods of comparative, structural-logical, and system analysis. Expert survey methods were used to ensure greater relevance of the obtained
research results. These methods will allow obtaining the most accurate results of the study and the possibility of checking them for compliance with the stated research goals and objectives.

Thus, the scientific work contains a theoretical justification of the analyzed problem; the main provisions and characteristics of the object under study, namely, the characteristics of the stages of designing the mechanism of interaction between government and business in the region and the necessary support for its formation. The study includes an analytical part containing the substantiation of a multi-criteria procedure for evaluating the system of models of interaction between government and business implemented in the regions of the North Caucasus Federal District according to two parameters: the strength of the impact of government institutions on the entrepreneurship development and the strength of business impact on society. The main attention is paid to the critical analysis of the problems of interaction between government and business in the North Caucasus Federal District; factors affecting the strength of mutual influence of government and business on each other; the establishment of cause-and-effect relationships and dependencies between various criteria of such influence. The conclusion contains a summary of recommendations and the results obtained on the identification of a system of models of interaction between government and business, substantiation of recommendations and proposals for considering the specifics of the mechanism of cooperation between government and business structures of the agrarian region.

The results of the study have theoretical and practical significance, since the problems raised by the author's team are in the focus of attention of many domestic and foreign researchers.

3 Result

The result of the holistic approach is the formation of a well-established purposeful mechanism that allows for optimal interaction between regional authorities and the business community in terms of the use of resources and the goals of the socio-economic development of the region.

Based on the study of existing approaches to identifying the main stages of the process of forming the mechanism of interaction between government and business in the region, we consider it appropriate to focus on the most significant of them (Nikitaeva, 2007; Zubaydullina, 2017):

- formation of a mechanism as a target setting is to increase the budgetary, commercial, and social efficiency of interaction between regional authorities and business on the basis of achieving sustainable development goals (Sakharov & Kolmar, 2019; Guttman, et al, 2018);
- identification of the key interests of the subjects of interaction, identification of the circle of key stakeholders and ensuring coordination of their interests using various forms and tools of public dialogue;
- identification of the system of interaction models and tools implemented in the region (including the characteristics of individual models in various territories included in the region);
- monitoring the strengths and weaknesses of interaction, evaluating its effectiveness, determining private and integral performance indicators, assessing the contribution of individual interaction
subjects to achieving the resulting indicators (Angelina & Roslavtseva, 2016); development of proposals to improve the system of models and tools of interaction used in practice (changes in the normative and legal foundations and methodological approaches to cooperation between government and business, ensuring a full transition to a partnership model of interaction, increasing the effectiveness of interaction for government, business, society (Figure 1).

Figure 1: Designing and ensuring the mechanism of interaction between government and business

When designing the mechanism of interaction between authorities and business in the region it is important to define clearly points to ensure its efficient functioning and development in the future: principles; tools; possible risks and risk management practices; regulatory support; financial support; economic administration; organizational and infrastructural support; information and communication platform of interaction, used forms of social dialogue (Mikhailov et al., 2018; Aspal & Ali, 2020).

The main approaches to determining the goals and objectives of the mechanism of interaction between government and business, the interests of its main subjects are defined in previous studies of the author’s team (Vorontsova et al, 2020; Boris et al, 2021).
We consider the identification of the implemented system of interaction models to be an integral stage in the process of forming a regional mechanism of interaction between government and business, which should be supplemented later by an assessment of cooperation level that has developed in the region. In such an assessment, it is advisable to include a description of the qualitative and quantitative dynamics of joint projects, their sectoral orientation and compliance with the trends in the regional economy development.

Only based on such a comprehensive feedback it seems reasonable to proceed to the development of proposals for improving the system of models and tools of interaction used in practice in the region. The basis of this stage of designing and ensuring the mechanism of interaction between government and business is the development of recommendations to eliminate the gap between the implemented and desired model, which ensures an increase in the efficiency of interaction between government and business structures (Khlebnikov, 2011).

In this study, the object is the mechanism of interaction between the government and the business community in the North Caucasus Federal District, which includes 7 regions. The first stage of the study involves the development of the multi-criteria procedure for evaluating the system of models of interaction between government and business implemented in the regions of the North Caucasus Federal District according to two parameters: the impact of power institutions on the development of entrepreneurship and the impact of business on society. Each of the parameters under consideration provides for a detailed impact according to ten criteria (Figure 2).

<table>
<thead>
<tr>
<th>Criterion 1. Assessment of the impact of government institutions on the entrepreneurship development</th>
<th>Criterion 2. Parameters for assessing the impact of business on society</th>
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<tbody>
<tr>
<td>1.1 Development and implementation of a system for encouraging socially responsible business by the authorities</td>
<td>2.1 Social and environmental responsibility of business</td>
</tr>
<tr>
<td>1.2 Existence of a regulatory framework that ensures interaction between government and business structures</td>
<td>2.2 Creation of associations and other non-profit organizations representing the interests of business in relations with the authorities</td>
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<td>1.3 Availability of developed infrastructure</td>
<td>2.3 Development of social and technical infrastructure</td>
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<td>1.4 Creation of conditions for dialogue between regional authorities and business, availability of strategic mechanisms for coordinating their interests</td>
<td>2.4 Participation of business in strategic mechanisms of coordination of interests with the authorities</td>
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<tr>
<td>1.5 Quality of business climate</td>
<td>2.5 Development level of the market of goods and services</td>
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<td>1.6 Development of public-private partnership</td>
<td>2.6 Development of social entrepreneurship</td>
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<tr>
<td>1.7 Financial support for business</td>
<td>2.7 Creation of jobs and improvement of social security of the population</td>
</tr>
<tr>
<td>1.8 Training of human resources for the business sector</td>
<td>2.8 Creation of favorable conditions for personnel development</td>
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Figure 2: Criteria indicators for assessing the interaction of government and business structures in the regions of the North Caucasus Federal District

Recognizing the fact that in a significant number of regions of Russia the partner model of interaction is dominant, we consider it necessary to note that in several regions, especially lagging
behind the rest in terms of socio-economic development, other models of interaction between government and business structures are being implemented.

In this regard, we consider it expedient to form an information field of research by including expert assessments of entrepreneurs developing their business in the region, representatives of regional authorities and researchers dealing with the problems of interaction between government and business in the NCFD. To ensure the relevance of the research results, a survey of 228 (at least 30 from each region of the North Caucasus Federal District) experts was conducted. The experts included representatives of regional authorities - 45%, heads and representatives of top management of regional business structures - 30%, representatives of business associations - 5%, public councils under the authorities - 5%, scientific community - 15%.

The obtained expert estimations allow, in our opinion, to identify the model of interaction between government and business structures in a particular region (Table 1).

Table 1: Evaluation of criteria indicators of interaction between government and business structures in the regions of the North Caucasus Federal District

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Average amount of points</th>
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<td>1</td>
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<tr>
<td>1. Assessment of the impact of government institutions on the entrepreneurship development:</td>
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<tr>
<td>1.1 Development and implementation of a system for encouraging socially responsible business by the authorities</td>
<td>2.1</td>
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<td>1.2 Existence of a regulatory framework that ensures interaction between government and business structures</td>
<td>4.2</td>
</tr>
<tr>
<td>1.3 Availability of developed infrastructure</td>
<td>4.3</td>
</tr>
<tr>
<td>1.4 Creation of conditions for dialogue between regional authorities and business, availability of strategic mechanisms for coordinating their interests</td>
<td>4.1</td>
</tr>
<tr>
<td>1.5 Quality of business climate</td>
<td>3.5</td>
</tr>
<tr>
<td>1.6 Development of public-private partnership</td>
<td>3.1</td>
</tr>
<tr>
<td>1.7 Financial support for business</td>
<td>3.7</td>
</tr>
<tr>
<td>1.8 Training of human resources for the business sector</td>
<td>4.3</td>
</tr>
<tr>
<td>Arithmetic mean for the 1st subgroup of criteria</td>
<td>3.66</td>
</tr>
<tr>
<td>2.1 Social and environmental responsibility of business</td>
<td>2.1</td>
</tr>
<tr>
<td>2.2 Creation of associations and other non-profit organizations representing the interests of business in relations with the authorities</td>
<td>2.4</td>
</tr>
<tr>
<td>2.3 Development of social and technical infrastructure</td>
<td>3.0</td>
</tr>
<tr>
<td>2.4 Participation of business in strategic mechanisms of coordination of interests with the authorities</td>
<td>2.0</td>
</tr>
<tr>
<td>2.5 Development level of regional market of goods and services</td>
<td>3.1</td>
</tr>
<tr>
<td>2.6 Development of social entrepreneurship</td>
<td>2.1</td>
</tr>
<tr>
<td>2.7 Creation of jobs and improvement of social security of the population</td>
<td>2.9</td>
</tr>
<tr>
<td>2.8 Creation of favorable conditions for personnel development</td>
<td>3.5</td>
</tr>
<tr>
<td>Arithmetic mean for the 2nd subgroup of criteria</td>
<td>2.63</td>
</tr>
</tbody>
</table>

Note:
1 - Stavropol Territory;
2 - Republic of Dagestan;
3 - Republic of Ingushetia;
4 - Kabardino-Balkarian Republic;
5 - Karachay-Cherkess Republic;
6 - Republic of North Ossetia - Alania;
7 - Chechen Republic.
The conducted expert survey allowed to obtain more accurate, in our opinion, results of identifying the models actually used in the region (Figure 3).

![Diagram showing the models of interaction between government and business in the North Caucasus Federal District](http://TuEngr.com/figure3.png)

**Figure 3**: Results of identification of the used models of interaction between government and business in the NCFD

The updated assessment shows that in most regions of the North Caucasus Federal District (four out of seven) a Partnership model of interaction is being implemented, in three - a Business Suppression model: in Ingushetia, Chechnya, North Ossetia. Thus, now, the most popular forms of interaction between government agencies and representatives of the business community in the Stavropol Territory are considered to be:

- public-private partnership (an effective method of solving economic issues with a budget deficit);
- participation of entrepreneurs in tenders and competitions.

The following measures are most often used in the Stavropol Territory to enhance the interaction of government and business:

- organization and holding of forums with discussion platforms with the participation of business and government representatives;
- associations of entrepreneurs, for example, the union "Chamber of Commerce and Industry of the Stavropol Territory", which promotes an active dialogue between business and government, and can also act as a platform for experience exchange, assistance to young entrepreneurs and provides an opportunity to convey local problems in the regions to public authorities.

The dynamics of the analysis of the volume of investments in fixed assets in the context of municipalities indicates the uneven economic development of municipalities of the Stavropol Territory, because of which problems may arise or worsen in various spheres of life of the region, for example, the standard of living of region population may decrease, etc. These consequences, in turn, may pose a threat in the form of a personnel shortage, as highly qualified specialists will leave to more developed regions.
Among other problems of interaction between the business community and authorities in the NC, the following should be noted:

- difficulties of participation of small and medium-sized entrepreneurs in electronic auctions on the sites of the Stavropol Territory;
- weak use of small and medium-sized businesses to solve social problems;
- small amount of funds raised for the modernization of equipment of existing small and medium-sized enterprises;
- high tax rates for non-residents of Priority Social and Economic Development Area (Bikeeva, 2019).

The mechanism of interaction between government and business in the region, of course, should consider the specifics of the sectoral orientation of its national economic complex. Thus, in the North Caucasus Federal District, the largest economic clusters are agriculture and tourism. The most economically developed subject of the district, the Stavropol Territory, is also characterized by the predominance of these industries. Let’s consider the features of interaction between government and business in the agrarian region using the example of Stavropol Territory. The program bases for the development of the agricultural sector of the region are defined by the regional authorities in the state program of the Stavropol Territory "Development of Agriculture" (period of validity 2016-2021). To finance this program, significant financial resources have been allocated 57,724.4 million rubles for all major branches of agriculture: crop production, animal husbandry and land reclamation for agricultural purposes.

Within the framework of the program activities, it is planned to implement joint projects of the authorities with representatives of the agricultural business. Most of the joint projects in the region aimed at the development of its agricultural sector are implemented in the form of PPP. As a comparative analysis shows, a similar situation is typical for other agricultural regions of Russia (Baycherova, et al., 2017).

One of the reasons for the low competitiveness of several the agricultural sector branches of Russian regions, in our opinion, is the low level of application of innovative management and production technologies, low investment attractiveness of the agricultural sector of the economy for large businesses, which brings to the fore for regional authorities such a task as stimulating innovation in agricultural industries. The technological base of a significant part of the agrarian regions is morally and technologically outdated, there is a constant underfunding of scientific research in the industry. The reengineering of agricultural production, which will ensure the necessary increase in labor productivity to the level achieved by economically developed countries, simultaneously with the greening of the production process provided for by the UN Sustainable Development Goals, requires serious private investment, since budgetary resources are currently limited, including due to the ongoing pandemic of coronavirus infection (Zakirova & Akhmedina, 2017).
At the same time, the relative low profitability of agricultural production and the high risks inherent in it limit the possibilities of attracting investments to overcome crisis phenomena at the expense of private capital of agricultural business representatives.

In our opinion, the formation of an innovative and investment trend in the development of an agricultural region is possible due to effective interaction between the state and business, the implementation of large joint projects, including infrastructure ones, allowing to optimize costs and risks during their implementation to meet the existing need for innovative products and technologies of the agro-industrial complex, which, of course, should be considered in the process of designing and improving the regional mechanism of interaction between government and business proposed by the authors of this study within the framework of the first and second stages, by reflecting in the target setting of the mechanism and determining the key interests of the subjects of interaction (Yemelyanova, 2016).

In the Stavropol Territory, the most appropriate solution to the problem seems to be a set of measures to identify the circle of key stakeholders and ensuring coordination of their interests, stimulation of innovation and investment activity of large integrated business structures of the agricultural sector of the economy and targeted work with medium and small agricultural enterprises that form the basis of Stavropol agriculture (Kozlova, et al., 2019). It is also necessary to provide comprehensive support and interaction with the main executive body of state power - the Ministry of Agriculture of the Russian Federation - industry unions and associations of the agro-industrial complex of the Stavropol Territory, such as regional branches of the Association "Agrarian Education and Science", the AEP of the agro-industrial complex of the Stavropol Territory, other organizations which activities are aimed at developing innovative activities in the regional agro-industrial complex; stimulating import substitution and increasing the export potential of the region.

4 Conclusion

The successful functioning of the country depends on the partnership between the state, business structures, and society since each of these subsystems has internal forces of own development. Nevertheless, the socio-economic development of the country as a whole can be effective only when a balance is maintained between these forces and the interests of each of the parties are considered. Based on the identified problems, we will determine ways to improve the efficiency of interaction between business and authorities to solve the problems of regional business structures.

Due to the fact that about half of the subjects of the NCFD have an average and below average level of development of interaction between government and business, a significant task at the present stage is to increase the indicator under consideration to the average level in the Russian Federation, and then the transition of the regions to a higher level of cooperation between government and business structures. To overcome the differentiation of the subjects of the North Caucasus Federal District in terms of the level of development of interaction between government
and business, we consider it appropriate to make greater use of information and communication platforms using the latest digital technologies for public dialogue. Within the framework of which the exchange of experience in the development and implementation of joint projects will be carried out, the parties interested in cooperation will be able to find each other, representatives of the regional business community will receive the necessary information in the field of information and advisory support of joint projects.

In all regions of the North Caucasus Federal District, there is a problem of synchronization of strategic documents for the development of the territory and business, due to insufficient coordination of the interests of business structures and authorities with respect to the main object of their interests – regional resources. The mechanism of coordination of the most important strategic documents defining the future of the territory and business structures carrying out the necessary investments in the economy of the region for their practical implementation has been violated. We consider it rational to synchronize regional development strategies with investment programs and strategies of the main regional business structures. For business structures to coordinate their strategic plans with the development plans of the territory, it is necessary to ensure the satisfaction of their interests through an iterative process of applying the mechanism of coordinating the interests of government and business (Dyachkov, Surnina & Shishkina, 2016).

To improve the mechanism of interaction between government and business in the North Caucasus Federal District, the following actions can be proposed: 1) formation of special economic zones to increase investments, including on special conditions, and increase production and infrastructure development; 2) formation of financial and credit interaction in the organization and implementation of financial programs, including subsidies, preferential and tax credits, tax benefits; 3) wider involvement of public-private partnership in solving problems of social infrastructure, improvement of forms and methods of development of PPP projects, allowing to increase private investment in the creation of infrastructure facilities; 4) development and optimization of the public procurement system in the maximum possible areas for goods and services for the public sector; 5) optimization of the functions of the subjects of joint projects, including outsourcing of non-core and redundant functions previously performed by the state partner to business representatives; 6) increasing the synchronization of strategic documents for the territory and business development.

These measures will allow us to adjust the situation in the North Caucasus Federal District to the level of economically developed regions of Russia and move on to further improve the mechanism of interaction between government and business in the region under study.

5 Availability of Data and Material

Data can be made available by contacting the corresponding author.
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7 References


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