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# Some Problems of Anti-recessionary Public Management in Russia at Present

Vera P. Samarina<sup>1\*</sup>, Tatiana P. Skufina<sup>2</sup>, Aleksandr V. Samarin<sup>3</sup>, Sergey V. Baranov<sup>4</sup>

<sup>1</sup>Staryy Oskol Technological Institute, branch of National Research Technological University "MISIS," Staryy Oskol, Russia, <sup>2</sup>Institute of Economic Problems of the Kola Science Centre of the Russian Academy of Sciences, Apatity, Russia, <sup>3</sup>Belgorod State National Research University (Staryy Oskol Branch), Belgorod, Russia, <sup>4</sup>Institute of Economic Problems of the Kola Science Centre of the Russian Academy of Sciences, Apatity, Russia. \*Email: [samarina\\_vp@mail.ru](mailto:samarina_vp@mail.ru)

## ABSTRACT

The most significant, in the author's opinion, problems of anti-recessionary public management in Russia have been brought out in the article. The genesis of these problems having formed at present has been revealed. It has been shown that the whole complex of problems was generated with the change of the territorial approach to the public management. Some problems of public management of economic and political genesis have been formulated. A whole number of features of the system approach and its application to achievement of practical purposes of the anti-recessionary public management have been revealed. The feature of the system approach to the public management is that it is directed at the synthesis of the knowledge which is available in various fields of science. The approach purpose is seen in revealing of all complex of separately taken interrelations of elements of state-management system with a society and development of complex anti-recessionary measures subject to the revealed interrelations. For the detection of economic efficiency of the Russian Federation activity the analysis of dynamics of a total gross domestic product of the country from 1991 up to date has been carried out in the article. This period included some economic crises. The analysis has shown the inability of public authorities of Russia to react operatively to changing of environmental conditions. In reply to crisis calls public authorities of Russia more often implemented so-called "passive" anti-recessionary policy in which basis there was an expectation of crisis cessation on an international or state scales. Or it was. So-called "half-hearted" anti-recessionary policy directed on some softening of crisis actions. In the article it is offered to reconsider basic approaches to the anti-recessionary public management. The author upholds the position that for successful development of the state only "active" anti-recessionary state policy based on maximum use of clearing and mobilizing features of crisis is possible. Only such anti-recessionary policy will promote a way out of the crisis not only with the minimum losses, but also with an acquired potential of development. It will reduce crisis vulnerability of the country in the period ahead.

**Keywords:** Anti-recessionary State Policy, Public Management, System Approach to the Public Management, Genesis of Problems, Administrative-territorial System, Russian Federation

**JEL Classifications:** D78, E01, H12, O47

## 1. INTRODUCTION

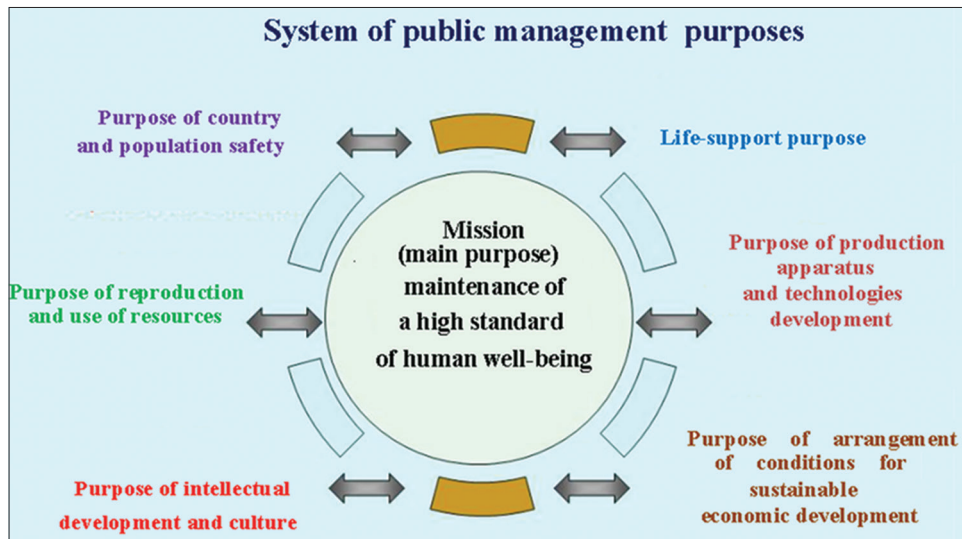
Nowadays in the Russian Federation questions connected with increase of public management efficiency gain special currency and take on social importance. Public management mission is guaranteeing of a high standard of well-being of the people (Figure 1).

System of public management purposes includes:

- Purpose of a country and population safety;
- Life-support purpose;

- Purpose of reproduction and use of resources;
- Purpose of production apparatus and technologies development;
- Purpose of intellectual development and culture;
- Purpose of arrangement of conditions for sustainable economic development.

Bodies of state power activity should be considered in context of modern civil society development. At the same time a quantitative assessment of quality of services rendered by the state and an

**Figure 1:** System of public management purposes

efficiency of public management is an achievement of certain economic results.

## 2. LITERATURE REVIEW

Mutual relations and interference of a person and society, a citizen and state, their place and role in political processes have been received serious study since there were concepts of community, power and statehood. In the course of different historical periods of mankind many scientists such as Solon and Aristotle, St. Augustine Aurelius and St. Thomas Aquinas, Antoine de Montchrestien and Thomas Mann, Quesnay and Turgot, Smith and Ricardo, Marx and Engels, Keynes, Marshall and Schumpeter, Friedman, Hayek, etc., devoted their papers to this problem.

The recent period of development of the state administration theory is characterized first of all by the development of system approach and its application to the achievement of state administration practical purposes.

For the first time the system theory and the system approach to processes and phenomena studying was defined by Ludwig von Bertalanffy (Bertalanffy, 1950). From the second half of last century the system approach became the basic and for public management. Public management began to develop as rather independent school closely associated with state theory, social management theory, management of socio-economic systems, administrative law.

Within the scope of system approach state administration is an integrated complex structured system each element of which performs certain functions. At present papers of all society, state and politics researchers are based on these positions.

According to the system approach, state administration represents the interaction of several complex systems:

1. Administrative system - state as determinative agent of management.

2. Operated system - society in whole and its components liable to the influence by government as control objects.
3. Interaction system - various state and social institutions and societies realizing direct communications and feedbacks, vertical and horizontal communications, superordinate and maintaining relations.

Making a start from an outline of fundamental process of state (as a system) activity ("input," "conversion," "output,") Easton referred requirements and support to "incoming" factors of state administration, and decisions and actions to "outgoing" ones (Easton, 1990).

The behaviourist point of view is based on research and an explanation of behavioral aspect of state-administrative relations. The behavior of administrative and operated components of system and their motivation is considered. From this position Gelen believed state administration to be the fundamental anthropological institution whose basic activity should be directed to maintenance of society system stability (Gehlen, 1978).

It does not raise the doubts the fact of correlation of state administration of a separate country with surrounding external world. The concept of World-system is an extreme display of such point of view. In Wallerstein's opinion, by the beginning of 20<sup>th</sup> century modern World-system had united all the countries (Wallerstein, 1987). Therefore, modern state administration especially depends on external environment.

At the same time, objective conditions of countries development are different. For example, such American economists as Sachs, Woo, Fischer and Hughes affirmed that just those structure factors had led to post-soviet reforms of China, Eastern Europe and Russia had taken place absolutely in different ways (Sachs et al., 1994).

The distinctive feature of the system approach is that it is directed on synthesis of knowledge which is available in various fields of

science. The approach purpose is seen in revealing of all complex of separately taken interrelations of elements of state-management system with society.

The applied relevance of state administration science consists in application of theoretical evidence to the analysis of concrete state-management systems activity. Thereupon, we will note the papers of Rosefield (Rosefield, 2002); Emery and Flora (Emery and Flora, 2006), Yuill (Yuill, 1999), etc.

The following logical stage of researches is the perfection of concrete state administration systems and development of the stimuli applied in certain conditions. Here we will note the papers of Alien and Yuill (Alien and Yuill, 2007), Pinder (Pinder, 2010), etc., These researchers examined questions of European public management improvement at present. The attention is focused upon the factors which promoted or hampered state administration system stability.

In Russia in the 21<sup>st</sup> century such researchers as Adamesku, Granberg, Kistanov, Semenov, Tihomirov, Shtulberg (Adamesku et al., 2003), Gaydar (Gaydar, 2009), Suspitsin (Suspitsin, 2015), etc. examined questions of functioning of state-management systems and their management as well. Similar questions were also examined in our researches (Samarina et al., 2015; Samarina et al., 2016; Skufina et al., 2015; Skufina et al., 2015).

The question relative to modern state administration in the Russian Federation is one of the most difficult and debatable. This is because modern state administration used a heritage of Soviet Union governmental planning. At the start-up period of formation of a post-soviet policy of social and economic development of Russia theories concerning incompatibility of market economy with state administration (Yakunin et al., 2008) were used quite often. However, managing practice shows that in all developed countries the state (as represented by federal and regional authorities) initiates and supervises adoption of economic and social reforms. The state function as single control and management centre in the period of way out of the crisis is especially important.

### 3. METHODOLOGY

Some statistical materials such as foreign and Russian analytical review published in public press; statistical data of Russian State Committee on Statistics; information and analytical materials of Russian Federation authorities; statistical materials received by the author's inquiry etc. have served as information base of the research.

Universal indicator of state administration efficiency is quality of life of population. This complex indicator also includes life span, health status, a happy family, comfortable housing habitation, a level of real income, working hours and length of the holiday, pension provision, securing of human rights, corruption level, a crime rate et cetera. There isn't any single technique of determination of quality of life of the population.

In the article it is offered to use a value of gross domestic product (GDP) as criterion of public management success. A value of GDP is a size of aggregate market value cost of made production, performed work and services rendered for a year in all branches of national economy.

GDP indicator is significant for economy in whole. It is used for the characteristic of manufacture results, economic level, rates of economic growth, activity analysis in economy and so on. Public management provides conditions of these results achievement. Therefore, studying of a GDP value and its structure in dynamics can serve as one of the criteria of public management efficiency.

Some problems of public management in Russia in modern history from 1991 up to date have been considered in the article. The choice of such period of time is caused by several subjective and objective factors. One of the objective factors is the length of time interval. According to experts, for revealing the results of state regulation of the country on the basis of the dynamics of economic indicators of its development, the minimum length of the retrospection should be not <6-8 years (Logunov, 2014; Pinder, 2010). The other objective factor is an insignificant time remoteness of the investigated period from the present time. It allows to restore events exactly and somewhat to interpolate the received conclusions at present.

The subjective reasons of a time interval choice consist in the following: The research period was characterized by some significant political, social and economic events which had exerted influence on all Russian society including public management.

## 4. GENESIS OF PUBLIC MANAGEMENT PROBLEMS IN RUSSIA AT PRESENT

Let's bring out some public management problems in modern Russia. A whole complex of problem was the cause of changing of the territorial approach to public management.

Modern economic zoning of Russia includes three levels (taxonomic units). Local areas represent urban districts and other municipal units. These local areas are considered not from the point of view of state run public authorities, but from the point of view of municipal division and bodies of local self-government formation.

Local self-government in Russia is not included in state run public authorities system. An average level of management is subjects of the Russian Federation. According to the constitution of Russia of 1993 Russia is a federative state and consists of 85 equitable subjects. Each subject of the federation, besides federal bodies, has executive, legislative and judicial branches of power. The top level of economic zoning is represented by territorial formations including some subjects. The most significant projects of national economy are top-level carried out.

The basis of territorial administration of a national economy management of Soviet Union was economic areas. In the territory

of modern Russia there are 10 economic areas, and in the territory of the USSR - 18 ones (Morozova, 2012). Economic zoning was scientifically substantiated in the USSR. Principles of territorial division of labour and national composition of the population besides an administrative principle were based on the idea of economic areas separation. State administration of economic areas carried out on the basis of planning management and social ownership of means of production. Economic areas were in existence successfully from 1963 till 1991.

After disintegration of the USSR and liquidation of system of governmental planning of economy the system of the territorial approach to the public management underwent basic changes. Former national republics which had been parts of the USSR became sovereign states. Essential economic independence was given to the regions of the Russian Federation. On the one hand, it gave regional authorities a chance to realize their own economic projects, without thinking about the federal centre. On the other hand, it deprived regions of possibility to use inter-regional economic relations which had been developed in the USSR. Whereupon, nobody cancelled economic regions as taxon units. The management has just been stopped.

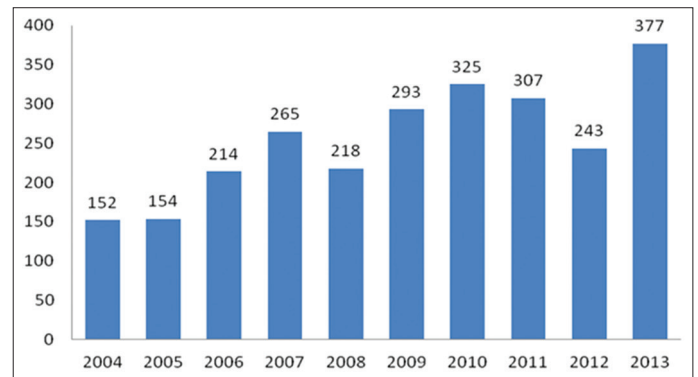
At this conjuncture regions of Russia began to search for possibility of cooperation for joint implementation of economic activities. Inter-regional associations of economic interaction came to replace economic areas had existed in the USSR. Such associations on a voluntary basis united some regions of the Russian Federation connected with territorial proximity, common functional flows and economic interests. In many respects the structure of inter-regional associations of economic interaction repeated economic areas structure (Grishin et al., 2007). But the principle of such associations creation was different. The creation was initiated "from the grass roots," not by federal authorities, but regional ones. And the economic feasibility was the basis of creation.

The chain of command consolidation initiated by the President of the Russian Federation V. Putin in 2000, led to actual reduction of economic independence of Russian regions. Federal districts came to replace economic areas and inter-regional associations of economic interaction. Not the principle of economic feasibility, but the principle of chain of command consolidation underlay of creation of federal districts. And, first of all, federal centre authorities.

Begun in 2004 intensive "administrative reform," raised the complexity and uncertainty of legal framework (Lepeshkin, 2016). As a result, the amount of federal laws of the Russian Federation with the formulation "about rectification." increased step-by-step from 152 in 2004 to 377 in 2013 (Figure 2).

The following group of state administration problems has an economic genesis. World oil prices fall-off, and as consequence fall in exchange of national currency of Russia turn up the economic negative pressure. Extensive economic crises in Russia in 2008-2009 and in 2014-2015 worsened an economic situation in financial, industrial and other branches and provoked social tension in a society (Samarina et al., 2015).

**Figure 2:** The amount of federal laws of the Russian Federation with the formulation "About rectification..."



The following group of state administration problems has a political genesis. The inability of state administration to anti-recessionary management, in some part of Russia's population's judgment led to the confidence reduction to the governmental authorities (Nikiforov, 2009; Lepeshkin, 2016). In the upshot the results of the All-Russian parliamentary elections (2011) and presidential elections (2012) were ambiguously perceived in a society and caused certain political fluctuations.

Since 2014 there has been constant complication of the geopolitical situation associated with Russia's participation in political crises in Middle East and the Ukraine. Economic "sanctions" in respect of the Russian Federation on the part of European countries and retaliatory measures of Russia considerably worsened credit and financial, investment and other situations.

Thus, during this period of time some considerable worldwide political, economic and other events which had changed business processes in the world took place. It has led to the occurrence of new geopolitical connections and financial flows and the destruction of old ones between Russia and other countries. The fact that Russia is included in worldwide global economic space is beyond any doubt. Therefore, change of business processes in the world has inevitably influence on the condition and prospects of Russian economy development in whole. The whole thing put bodies of state administration before the necessity to react to changing external conditions efficiently. Under the circumstances the possibility to estimate the ability of Russian state power structures to cope with this problem has been presented.

## 5. RESULTS RECEIVED AND THEIR INTERPRETATION

In the article the public management efficiency by way of an economic indicator of the development of the country will be estimated. GDP as such indicator will be considered.

### 5.1. The Dynamics of GDP of Russia in Comparable Prices

The dynamics of GDP of Russia in comparable prices of 1990 is shown in Figure 3.



The analysis has shown that after Soviet Union breakdown in 1991 GDP began to decline sharply. According to experts, during this period Russia has been overtaken on GDP not only economically developed countries, but also some developing ones such as Republic of South Africa, Thailand, Mexico and others. In the early nineties according to the results of the first years of economic reforms about 30 countries left behind Russia on GDP size (Kalabekov, 2016).

By 2000 the economy of Russia had definitively gone over to the market way of management. The external and internal economic ties providing the development of the country had been built. Accordingly, GDP growth had been outlined as well. However, only in 2008 the value of GDP of Russia in comparable prices exceeded the value of 1990.

The world financial crisis of 2007-2009 showed in Russia with some lateness. Only in the second half of 2008 the economic indicators of development of the country started to decrease. The most essential falling of the economy was mentioned in 2009. Only in 2011 the indicators of GDP reached a pre-crisis point and continued to grow up till 2014. In 2014 only 9 countries - USA, China, Japan, Germany, France, Great

Britain, Italy, India and Brazil overtook Russia in the size of GDP (Kalabekov, 2016).

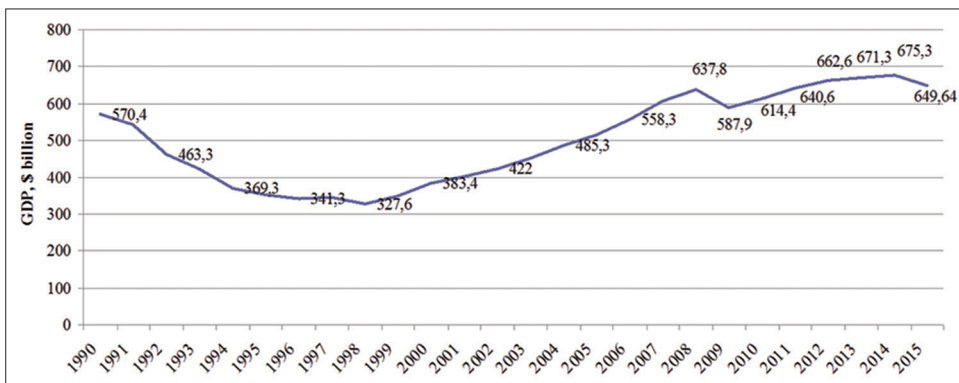
The breach of foreign economic relations caused by the Ukrainian and Middle Eastern political conflicts and sharp reduction of oil price led to the crisis in 2015 again. It is natural that GDP of Russia decreased again. However, the fall was not so essential as compared with the crisis in 2009.

Economic crises are also clearly visible from the data analysis of GDP of Russia per capita (Figure 4).

The GDP indicator of Russia per capita in 2015 prove to be lower the indicator of 2009. It is predicted that the indicator of 2016 will be lower even more (GDP of Russia per Capita in Years: 1993-2016, InvestorSchool.Ru).

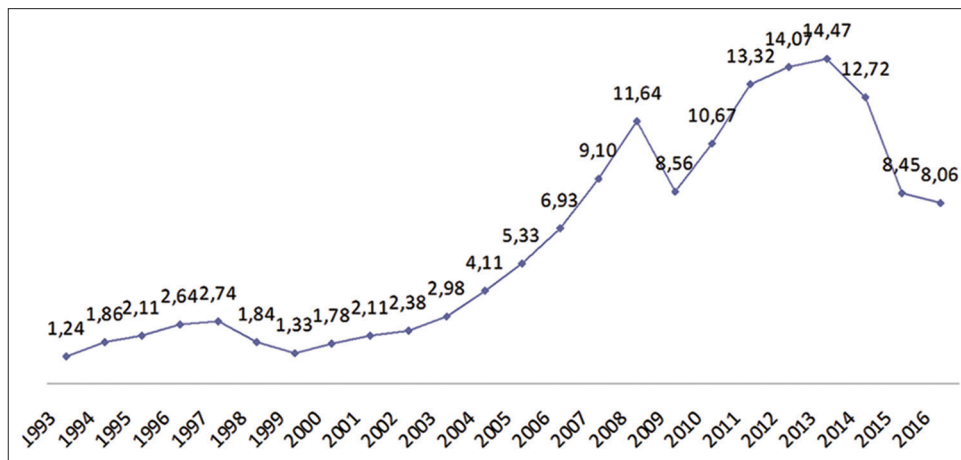
Thus, the analysis of the indicator of economic efficiency of the country development has shown the inability of governmental authorities of Russia to react operatively to changing external conditions. In this connection basic approaches to the state anti-recessionary management should be revised.

**Figure 3:** Gross domestic product of Russia in years in stable prices of 1990 in the period 1990-2015



Source: The official statistics of Russia (Russian Statistical Year-Book, 2015)

**Figure 4:** Gross domestic product of Russia per capita in 1993-2016, \$ thousand/head/ (forecast in 2016)



Source: International monetary fund (Gross Domestic Product of Russia, 2016)

## 6. CONCLUSION

The most widespread concept of anti-recessionary state regulation, fixed in most managerial documents and programs lately, is either management in a crisis situation, or management directed at withdrawal of a region from this state. In this case anti-recessionary measures, as a rule, have character of operation intervention directed at the prevention of further deterioration in regional activity (Glazyev, 2010; Grishin et al., 2007; Logunov, 2014). Long-term strategy of development of the country practically is not considered.

In our opinion, according to these types of crisis opposition measures administrative logic in the process of development of anti-recessionary activities in state policy may be based on three essentially different positions:

1. "Passive." Such approach is based on the expectation of crisis termination on international and state scales. State authorities are actually removed from active management. Backward regions, being content with grants in the shorter volume, count on the situation improvement in the country and subsequent inflow of the finance. New "depressed" subjects of the Russian Federation count on the stabilization of economic processes at the international standard which should generate a new phase of demand and prices for basic products of regional export.
2. State intervention in the process of this anti-recessionary regional policy model choice adds up to development of mechanisms of "geo-fair" grants providing social living wage; appeals to reduction of expenses and budget cutting; monitoring of a social and economic situation and political stability in regions.
3. "Half-hearted." In this case anti-recessionary measures are directed at crisis lightening and in the long term at overcoming of its consequences. The crisis causes are not analyzed properly. Hence, a new state policy that cardinally change structure and functions of managing is not developed either. In this situation the state fairly actively develops and realizes stabilization efforts of the situation at the state level, which provide integrity of the country and its economic space. However, all these efforts are directed at problems lightening that have already been well-established as a result of crisis distribution. Thus, anti-recessionary measures have "catching up" character. Firstly, halfness of such measures, does not touch on crisis principal causes and secondly, does not forewarn of crisis production hereafter.
4. "Active." It is the most labor-intensive and cost-based policy. In the network of this position it is necessary to use cleaning and mobilizing crisis characteristics as much as possible. The development and realization of this tendency demands the fullest state retaliatory anti-recessionary measures. The crisis causes are carefully analyzed and removed; the new model of development is developed.

Anti-recessionary management of administrative-territorial system from the point of "active" position includes some basic stages:

- Diagnosis of long-term and operative cause of crisis situations outbreak in a society and the economy of the country;
- Analysis of character and depth of crisis penetration in various scopes of the country's activity;

- Detection of internal and external control problems which have led to changing of properties of administrative and territorial system and lowered (or strengthened) its anti-recessionary resistibility;
- Determination of targeted guidelines of socio-economic development regulation;
- Allocation of the priorities providing administrative-territorial system development;
- Development of mechanisms, ascertainment of methods and "improvement" procedures;
- Control of carrying out of anti-recessionary actions at regional and state levels.

Only "active" position of public management promotes its way out of the crisis not only with minimum losses, but with acquired development potential as well and reduces its crisis vulnerability in the future. Financial administrative-territorial system stability raises. At the same time economic, social and political sovereignty of the country improves as well.

## 7. ACKNOWLEDGMENT

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