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Hands-on Management: Theoretical and Methodological Approaches and Russian Practice of State and Municipal Management

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Abstract:

The work considers basic scientific and theoretical, and applied aspects of state and municipal management in Russia, and “hands-on” management as a separate method of management impact used by all levels of state and local authorities.

The authors analyze reasons, legal basis, legitimacy, forms and methods of applying “hands-on procedures” in the management process, and estimate the level of their impact on social and economic life of the contemporary Russian society. The article defines the notion hands-on management and predicts possible consequences of expanding the practice of “hands-on procedures” both in the medium and long-term perspective.

Key Words: *hands-on management, management subject, management object, direct and indirect relations, management hierarchy, direct instructions, direct interrelation of structures.*

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1. Introduction

Over the recent years Russian researchers have published a lot of monographs and scientific articles devoted to the problems of state and municipal management. Scientific definitions were developed, and serious researches of the applied management mechanisms were made. However, in spite of the considerable scope of works made by the scientific community, some aspects of the practice of state and municipal management were not duly interpreted in terms of research and theory (Shekhovtsov *et al.*, 2017; Medvedeva *et al.*, 2016; Irizepova, 2015). They are still in the zone of “white spots” and weakly researched by the contemporary science. We can refer the hands-on management method to the category of such problems insufficiently studied by national researchers. Over the recent years this method has been rather widely used by all bodies of state and local authorities in Russia. In recent years the word-combination hands-on management itself has become rather popular and is from time to time used in public speeches of Russian state and public persons, officers, experts and representatives of mass media. Herewith, the scientific community has not yet formed general approaches to defining this notion and has not developed a general acknowledged system of criteria related to the results of its practical use and determination of the level of impact on political and social and economic life of the Russian state.

Without claiming about the completeness of the scientific research of this problem, we will let ourselves share the results of our consideration about the practice and legitimacy of hands-on management and impact of this method on social and economic development of the contemporary Russia with the readers within the limited framework of this work.

2. Methodology

The methodological framework of the conducted research was based on the provision of the entity of logical and historical approaches. The authors used methods widely used in the research activity – descriptive method, analysis and synthesis, deduction and induction, generalization, observation, forecasting, scientific abstraction, statistical analysis, system analysis as well as techniques of grouping, classifying, comparative historical and inter-industry analysis, expert judgements. The combination of these methods enabled the authors to provide the veracity of the conducted research and stipulation of its conclusions. The informational basis of the research included Russian and foreign works in state and municipal management, philosophy, sociology, economics, etc., materials of scientific conferences and seminars, scientific reports of institutions of the Russian Academy of Sciences.

The experience of state and municipal management was fixed in official documents: the Constitution of the Russian Federation, current legislation, orders of the

President of the country, decrees of the Government of the Russian Federation, programs of various parties and trade unions, materials of Russian legislative bodies, speeches of officials, experts, etc.

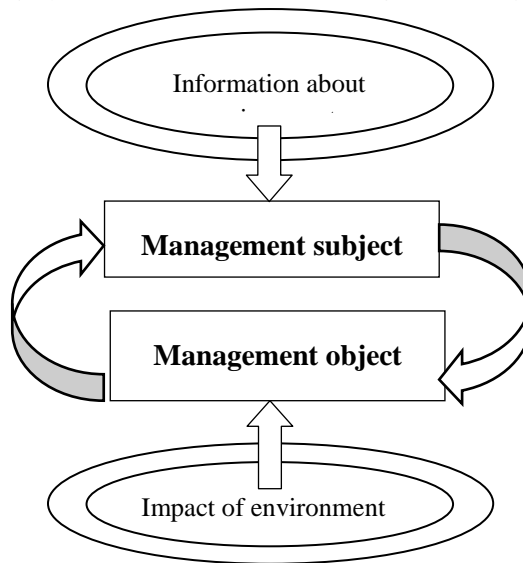
3. Results of Research

3.1. Basic Notions and Principal Categories of General Theory of Management

Having studied a lot of sources, the authors of this work have not managed to find in scientific literature the definition of the notion hands-on management as one of the methods of state regulation of political and social and economic processes that take place in the contemporary Russian community accurately formulated and, what is the main, accepted by the majority of the scientific community. Without interfering scientific and theoretical disputes of researchers who deeply study this problematics, we will let ourselves remind the readers about the most general definition of the notion “management”. In the future it will allow us to transfer to the analysis of the hands-on management practice considering it as an individual method of the management influence. So, “Unabridged Economic Dictionary” defines “management” as 1) management, direction of someone’s activity, 2) process of planning, organizing, motivating, and controlling required for formulating and achieving goals of the organization (Abdrasulov *et al.*, 2015; Azrailian, 2010; Stroeva, *et al.*, 2015; Theriou, 2015; Theriou and Aggelidis, 2014; Theriou *et al.*, 2014; Robertie, 2016; Giannarakis, 2016).

Theory of management uses a lot of scientific categories. Taking into account the chosen format of this work, we are interested in some of them – “management subject” and “management object” as well as “direct and indirect relations” formed between them. We consider “management subject” as a specific person or formalized structure that possess the required authoritative powers and initiate the interrelation with the “management object” and individually defines ways and techniques of the purposeful impact on it for the purpose of maintaining, normalizing and further transforming in the areas planned by the “subject”. Herewith, “management subject” possesses not only powers to take various management decisions but also has an opportunity to guarantee their implementation through a relevant mechanism that also includes enforcement measures. In its turn, “management object” is something the management impact of the “subject” focuses on. Its tangible embodiment can include both a separate person and formalized structure (organization, industry, state, etc.).

Entering management relations, the subject and the object establish the system interrelation and are adjacent by direct and indirect relations (see Figure 1) (Shlychkov, 2015, p. 145).

Figure 1. Structure of System Interrelation bt Management Subject and Object

Taking into account that management is a result of purposeful intellectual impact on the object aiming at its qualitative and quantitative change, we will let ourselves formulate the notion “management” as organizing and regulating impact on the object for the purpose of its maintaining, adjusting and further transforming in the areas defined by the subject. The process of management has the system nature and as any system is a definite combination of interrelated parts each of which influences the characteristics of the whole. That’s why the system of management can be also regarded both as the combination of actions required for the coordination of joint activity of individuals and as the combination of branches that manage, as well as relations between them. If the management takes place in rather large scale, the management activity is distributed between officials or specialized subdivisions, and the system of management is the form of the aggregate of various branches related to each other. Branches of the system of management are classified according to the specificity of functions of management, volume and scale of powers, labor intensity, equality of the division of work, opportunities of territorial allocation, etc. (Zhuravlev, 1999, p. 364).

3.2. Hands-on Management as Manifestation of Violating the Balance of Direct and Indirect Relations between Subject and Object of Management Process

The UNO methodology adopted in 1996 determines four types of state management: political (development of policy and taking political decisions and legal decisions based on political ones), administrative (state administration), economic (regulation of the economic area), and system management. Although each of them has its own subject of regulation, in practice the managing impact on numerous “objects” takes place within unified regulations and procedures defined by federal and regional

legislations and actually through the same officials, state and municipal bodies, state organization and institutions that are elements of the current Russian system of state and municipal management. Herewith, management relations that occur in any area of state and municipal regulation have a significant impact on the whole complex of social interests, consciousness and activity of population, i.e., in practice it is impossible to separate policy from economy or in its turn somehow exclude their impact on social environment.

Analyzing real processes that take place in Russia both on federal and regional levels and in municipalities, it is possible to certainly state the fact that over the recent years hands-on management as a method of impact on “management objects” has become wide-spread and its use has become a regular practice of government bodies of all levels. It provides serious competition to procedures of regulating social and economic process in the “automatic mode”. As a rule, the latter notion is compared with the “autopilot” – a hardware and software suit that allows to automate all stages of the flight of a modern aircraft plane. The principle of the autopilot work assumes “automatic stabilization of parameters of the aircraft place (auto-disturbance attenuation on-course, bank and tangege) and stabilization of the height and speed as additional functions, and after turning on the autopilot periodical control of its working capacity and periodical correcting of the actuators wander is required” (Prohorov, 2014). In other words, this technical device allows to maintain the flight parameters set earlier without outside interference, and to timely correct the work of the system of management as a response to changes of both external and internal conditions. Initially, the “autopilot” was used only in the “stable flight” mode after the liner had entered the determined flight level, and allowing the crew team to make the riskiest and most responsible operations – flying-off and landing.

As a consequence, in the process of scientific and technical revolution and development of, above all, computer technologies, the possibility occurred in relation to the creation of mathematical models that generalize the global experience of exploiting the “autopilot” and allow taking into account an unlimited number of factors that influence both the safety of the flight and its efficiency. Computer software to manage the flight of aircraft planes developed by the leading world aircraft manufacturers allows today to automatically timely and adequately react to any theoretically possible internal and external impacts on the aircraft and changes of the terms and conditions of the flight, and “autopilots” of the latest generation perform all stages of the flight from flying-off to landing in the automatic mode and without the crew team interference. Herewith, the experience of exploiting “autopilots” vividly shows that in terms of efficiency the average crew team is inferior to its computer counterpart that more “flexibly” and quicker reacts to any external impacts and is not influenced by factors of subjective nature (tiredness, illness, emotional breakdown, etc.). This is the reason why in the XXI century the leading air companies assign, above all, the function of controlling the work of the software and hardware suit of flights management to the crew team. They a priori suppose the possibility to transfer to the hands-on management of the flight

only in extraordinary situations and force majeure circumstances that sometimes require non-standard and original decisions.

Drawing an analogy to the current Russian system of state and municipal management, it is necessary to note the fact that initially it principally aimed at the work in the “automatic mode” and considered hands-on management as an exclusive and extraordinary measure whose use was stipulated by the occurrence of non-standard, and, what is the main thing, unforeseen circumstances. However, in the future under the influence of above all subjective factors, the system of state and municipal management was gradually redirected to the possibility to use “hands-on methods” of regulation that take place in the country of social and economic process, and the practice of using hands-on management started expanding and covering almost all areas of regulation.

3.3. Russian System of State and Municipal Management

Based on the national legislation, the current system of state and municipal management of Russia is a rather complicated complex of state and public institutions related to each other on a hierarchical basis and interrelating both on the vertical and horizontal levels. The current legislative basis rather sufficiently regulates the interrelations between various parts of this complex and determines procedures and rules of their interrelation, the volume of competence of every subject as well as a list of possible methods and ways of impact on the managed social and economic system.

Under conditions of stability the common task of “management subjects” is to provide stable development of the state and society based on efficient use of the potential of the country and receipt of the maximum social and economic effect due to taking standard measures and procedures provided by the Russian legislation (Timofeev *et al.*, 2015; Akopova and Przhedetskaya, 2016). Standards of law act as an analogue of the “autopilot” software and provide the efficiency of the management impact on “subject”. And only they must include the generalized and systemized practice of the management process that allows to adequately reacting to the changes of internal and external terms and conditions as well as risks and challenges that occur again (Shlychkov, 2015, p. 146; Irizepova 2015). Theoretically in the process of taking a legitimate management decision “the management subject” must be based exclusively on the current legislation that regulates both the volume of its powers and a list of possible forms and methods of impact on “the management object”. In its turn, the minimization of risks of negative impact of subjective factors on the efficiency of management decisions directly depends on the state of the national legislative system and availability of standards of direct action in it that limit the powers of “management subjects” in the process of selecting possible variants of the management impact on the object as well as the level of the legal specification of the applied management procedures.

In the non-stable mode of the state functioning (crisis, war, external sanctions, etc.), the requirement of the efficiency comes to the fore. Sometimes it is achieved due to the decrease in the economic efficiency, breakdown of the current management system and occurrence of new, parallel and not always legal centers of taking management decisions. System and planned work of officials and authorized bodies on state and municipal management are often replaced by non-adequate reaction to new challenges extempore by the “management subject” that sometimes does not comply with long-term interests of the “subject” itself and the “management object”. Herewith, it is necessary to take into account that although the volume of management decisions taken within the system approach is many times higher than the number of decisions taken in the “hands-on mode”, as a rule, the implementation of the latter attracts the closer attention of mass media and society, i.e., it is quite often the reaction of the government to various crisis manifestations expected by the citizens, and touches on issues and problems that are interesting for the population and economic agents (determination of the refinancing rate on the level of 19% by the Central Bank of the Russian Federation in December 2014, monetization of privileges, etc.).

Any management will be efficient if direct and feedback relations between the “subject” and the “object” are balanced and harmonized with each other. The practice shows that imbalance in favor of direct relations leads to the authoritative bureaucracy of management and decrease in its efficiency. Prevailing of feedback relations in the management process leads to the loss of control over the managed social and economic system and chaos.

In our opinion, the expansion of the practice of applying methods of hands-on management by the bodies of government is one of the variants related to the violation of the balance of such relations and manifestation of the deformation of the current Russian model of management as well as a vivid demonstration of the crisis of the existing state and public institutions that have continually showed their low efficiency in the process of taking decisions that are the most important for the country population. Herewith, it is necessary to take into account the fact that sometimes trying to quickly react to the occurring external and internal challenges and often acting reflexively and sometimes non-adequately, due to non-standard actions in the “hands-on mode” and considerable (and sometimes super-limiting) financial and economic expenses, the “management subject” achieves the required positive effect in the short term and clearly demonstrates the advantages of the hands-on management to the society (Isaev and Kadyshev, 2012). However, as a rule, profits from such actions happened to be rather illusive. It is already in the medium term when all the received dividends are neutralized by both negative consequences of the discredit of the management system itself and the lack of the declared social and economic effect, i.e., rather often management decisions implemented in the process of hands-on management are taken by the authorized “subject” without the required analysis and without taking into account the whole complex of possible negative consequences. F. Engels warned about such danger to

overleap opportunities and underestimate remoted consequences of the immediate success. He wrote “However, we will not flatter ourselves for our victories over the nature. It revenges us for each such victory. True, first of all each of these victories has those consequences we expected, and secondly and thirdly other, unexpected consequences that often annul the importance of the first ones” (Marx & Engels, 1961, p. 495-496).

3.4. Mechanisms and Procedures of Hands-on Management

How do numerous “management subjects” manage to overcome the counter stand of the system model of state and municipal management and create the required conditions for applying “hands-on mode” in the management process?

It was in 2002 when in its monograph “Russian Model of Management” the Russian specialist in the area of management A. Prohorov (2014, p. 201) paid attention to the expanding practice of creating parallel management structures in Russia and called it “a unique know-how of the Russian model of management”. In the period of stability and stable development of the society representatives of bodies of government of all levels support the conditional balance between the routine functioning of system management structures and “ideologically stipulated” interference of parallel structures. The availability of the latter is not widely advertised. Herewith, according to the opinion of our colleague, the created parallel management structures “have expended rights, ... herewith, these rights are not balanced by relevant obligations” (Prohorov, 2014, p. 202) and “the more critical the situation is, the broader powers of parallel management structures are” (Prohorov, 2014, p. 207). The availability of the possibility to take separate management decisions beyond the legally formed system of management and with the violation of the rules and procedures determined by the Russian legislation allows “management subjects”, while referring to allegedly objective reasons and unforeseen circumstances, to widely apply the method of hands-on management in their practice. As a consequence, they take considerable efforts for the ideological stipulation of their actions in mass media and artificially form among population a positive image of a “new manager” and “fighter with traditional bureaucracy” and conceal the problem of the crisis and inefficiency of the current state and public institutions of management.

Another way of general implementation of the practice related to hands-on management in the process of regulating social and economic life of the Russian society is the transfer from the procedures of system interrelation of elements of the managing complex to the mode of direct guidelines. The authors of this work have repeatedly faced numerous cases when officials of various levels that had the required powers simply deviated from taking any important decisions and artificially transferred separate, rather ordinary and routine issues to the category of extraordinary and those that required “special attention of the management”.

Voluntary refusal from his powers and transfer of the decision on the discussed problem in several hierarchal levels to a higher agency allows the official not only to absolve himself of the responsibility for possible negative consequences from its implementation but also establish closer personal (often informal) relations with the above management, i.e., according to the practice, initiators of such transfers are almost always involved in solving the stated problem within numerous commissions or meetings established by the decision of the “management subject” of another, higher level. Simply defined, such bureaucratic techniques allow officials on the one hand to be always noticed by the above management, and to eagerly solve actual problems brought in by them. On the other hand, they allow deviating from any personal responsibility for possible failures and skillfully sharing possible risks with the higher management.

Herewith, the mode of direct guidelines and practice of direct messages from the higher management to lower elements of the managed system were established rather seriously in social and economic life of the Russian state, creating the ripe area for the corruption and possible misuse, i.e., substitution of even inefficient institutions of government and unauthorized re-allocation of coercive powers within elements of the management system actually creates parallel and illegitimate centers of taking arbitrary decrees whose motives can be sometimes hardly explained.

3.5. Granting Powers to Subordinate Branches of Management System – Theory and Practice

The problem related to the increase in the share of hands-on management in the general system of the Russian state and municipal management became strained even more on the background of the expansion of the practice of delegating powers of federal bodies of government that are not sustained by finances to the regional and municipal levels. Today regional and municipal officials have obtained powers that are not sustained by financial resources and have to take the responsibility for the state of various areas of the social and economic life of the society without having an opportunity to influence the object of regulation within standard procedures, or simply defined to entirely finance the state’s obligations, thereby providing their full performance. Under conditions of actual limitation of financial resources, officials get the task to provide exercising of state functions not only via transparent and clear economic mechanisms but also to a definite degree due to using the “authority” of the government by converting potential possibility to take measures of state constraint in specific economic preferences and using extra-market procedures of hands-on management for this. As a rule, in such cases we observe strengthening of the administrative pressure on executives of the state and municipal order in order to considerably decrease the price of their services.

Herewith, quite often bodies of regional and local authorities are given controlling functions, and law enforcement bodies are involved for this purpose. Entrepreneurs

merely have to refuse from the rights provided to them by the law or a considerable part of their profit in exchange of the possibility to perform economic activity in a region or municipal entity. Herewith, they miss out on their opportunity to renovate fixed assets of their enterprises and implement new technologies. Unfortunately, by now the majority of officials have not realized that a one-time small saving of funds when placing a state and municipal order will cause a decrease in the number of economic entities and a decrease in the revenues of the budget, i.e., overcoming the “profitability point” in the process of auctions and trades, economic agents can decrease prices for their goods and services only due to the funds allocated for the enterprise development, technical upgrade and protection of labor by no means affecting the salary budget and obligatory fiscal charges, i.e., non-payment of taxes or wages to the personnel will rather quickly lead them to the prisoners’ dock.

The practice shows that the Russian legislation hides behind the slogans about the market economy and deprives a considerable number of economic agents of their future, and makes them perform their economic activity under rough conditions, which are far from the market ones, and more probably mobilization economic model that dallies off the obligation on forming the market and real support of national manufacturers. There was the reason why during the planned economy of the USSR the funds for “capital investments” were obligatorily allocated in construction standards and price of products. Virtually it was a process of investing in national economy that ensured its further development. Today’s lack of the opportunity to finance the modernization of their productions by small and medium business entities both at the expense of bank funds and their own profits (that is actually entirely retrieved) will finally lead to the loss of their competitiveness and departure from the market. In its turn it will cause the growth of unemployment and social intensity in the society.

3.6. Hands-on Management as Factor Causing Corruption Manifestation in the Process of State and Municipal Management

It should not go unnoticed that rather often separate officials are personally interested in expanding the practice of retreating system state and municipal management. The availability of the opportunity itself to take responsible acute decisions within the current model of management and within “hands-on procedures” allows unfair officials to practice upon their official position and take and implement decisions motivated by corruption. Actually the existing practice of retreating “system methods” of management on possible “objective” and “extraordinary” reasons provides separate officials with the opportunity to pass over the foreseen rules and procedures that essentially aim to provide public control and transparency of their activity. In their turn, getting rid of – from their standpoint - “excessive” control, the above officials get an opportunity to take decisions on the basis of their own understanding and reasonability, i.e., in this case the control function retrieved from the management process cannot adequately react to the occurrence of potential opportunity to violate interests of the state, society

and citizens. Herewith, using the gaps in the current legislation and intending to commit a crime, during the preparation stage the potential corrupt official can act within the legal framework until the final phase. Only the availability of “private motives and interest” (that is sometimes rather difficult to prove) turns him from a respected state official who has just made a mistake into a criminal.

At the same time the current model of state and municipal management not always adequately and fully reflects the current realities and in the process of functioning can simply “set up and wipe out” a rather conscientious and honest official. So, in practice the unplanned arrival of the higher management of the federal level at a municipality will lead the whole chain of violations of the current legislation and established procedures. The protocol assistance of the subject head will quickly form the program of the guest’s stay at the municipality and make up a list of organizational and technical events that must be organized within the shortest period of time. As a rule, it includes the repair of objects planned in the program of guests’ stay for visiting, and the repair of the roads close to them. And as a rule, it is natural that the current budget of the municipality does not provide any funds for such types of works. The definite financial support is undoubtedly provided by the executive branch of the government of the federation budget.

However, the basic loading is imposed on the budget of the municipal entity. The practice shows that all necessary financial resources will be involved (the budget will be re-allocated, entrepreneurs will be mobilized, etc.), and all planned works (sometimes under warranties of the governmental representatives that are doubtful from the legal standpoint) will be performed within the defined terms. And the real price of such “success” will be defined after the departure of illustrious guests. Everybody definitely understands that local authorities had no time for issuing the estimation documents, organizing a contest related to defining contractors for repairing and constructing works. It means that upon sufferance of the higher management the head of the municipality individually took a number of management decisions beyond the existing procedures and consciously violated a considerable number of federal laws.

The authors of this work do not think that in Russia all state and municipal officials without exclusion are involved in corruption and criminality. However, notorious criminal proceedings related to particularly irregularities when constructing Olympic facilities in Sochi, APEC in Vladivostok and “Vostochny” booster site witness about the necessity to cardinally reform the current system of state management and to improve the efficiency of all state institutions (Hasanova & Vedin, 2014, p. 108).

3.7. Russian Subordination of State Management – Legal Framework

At the present time in Russia there is a relatively rough vertical of state management. Its top is the President of the Russian Federation who according to the current

Constitution has rather high powers that allow a lot of authors to speak about the “super-presidential” form of government in the country. The constitutional process of adopting the principle law of the Russian state took place on the background of obvious weakness of state and public institutions in the situation of a heated conflict of national elites and non-formal structures in the form of pressure groups that have a considerable impact on social and economic, and political life of the society. To a definite degree the version of the Constitution of the Russian Federation adopted in 1993 was a compromise between various political powers and fixed the “mixed” parliament and president form of governance whose balance gradually moved to prevailing of the power by the state head (Vedin *et al.*, 2015). Combining functions of the state head and leader of the executive branch of government as well as the obligation of the President of the Russian Federation “to provide agreed functioning and interrelating of state power bodies” assigned by Part 2 Article 80 of the Constitution of the Russian Federation actually provide him with the right to interfere in the activity of all bodies that exercise state powers in Russia without exclusion. The practice of forming the Government of the Russian Federation without taking into account the correlation of the powers formed in the State Duma according to the results of elections that has been established even more strengthens the presidential vertical and deprives the Russian parliament of any efficient form of control over the executive branch of government.

Unfortunately today’s realities of the state construction demonstrate numerous cases of violating the constitutional principle of allocating powers and the established priority of the executive vertical over the legislative and judicial powers. The Russian practice of state and municipal management of the latest decades vividly shows that it is the executive power that plays the key role in forming the personnel composition of the deputy and corps and judiciary. And it means that it individually determines the persons who are to form the legislative basis and control its operation, or administer justice when settling occurring legal disputes. It provides it with significant preferences and additional means of impact on parliamentarians and judges.

3.8. Practice of State Management of Federal Bodies of State Government

As for direct applying of “hands-on procedures” in the practice of state management on the federal level, it tends to expand and duplicate. When in 2000 the President of the Russian Federation V.V. Putin headed Russia, he faced the situation when bodies of state power could not solve the tasks provided by laws and efficiently fulfill state functions. Besides, within classified agreements with the team of B.N. Eltsin a considerable part of key federal officials maintained their offices for the period of the first presidential term of V.V. Putin. In response, by its Order the state head established federal districts and appointed there his authorized representatives. He included the latter in the structure of his Administration and set them a task “to provide exercising of constitutional powers of the state head within the relevant federal district” (Order of the President of the Russian Federation No. 849 dated

13.05.2000). Thereby the mechanism of managing regions that was parallel to the Government of the Russian Federation was established, and actually the powers of the Administration of the President of the Russian Federation were expanded. The Administration established a network of its official representatives both on the level of federal districts and regions. Herewith, the formulation of the Order about subordination of ambassadors “personally to the president” provided them with considerable freedom of actions and actually deduced their activity from the control of other bodies of state power including the Chairman of the Government. A newly created state institution was built in the “vertical of personal power” of the president who having delegated a part of his powers to the ambassadors started managing the state via authorized persons, i.e., to a great degree he crossed over to hands-on management. In that historical period the necessity of such innovations was explained by the struggle with regional separatism and threat of the dissolution of the Russian state. Under conditions of weakness of political institutions and procedures, the personal power of the president became a hardening core that allowed restoring the losing controllability and integrity of the state demonstrating the country the efficiency of the efforts made by the team of V.V. Putin (Alafuzov, 2015) as well as the efficiency of the applied “hands-on procedures”.

The analysis of the further practice of state management vividly demonstrates that rather often “hands-on mode” continues being applied both by the state head personally and by other federal bodies of power. As a rule, today in “automatic mode” they consider routine and current issues whose algorithm of solving was worked out long ago within traditional rules and procedures. As a rule, these are secondary issues, or the process of their solving is strictly regulated by the law (for example, the procedure of adopting and approving budgets). If the subject of management faces a non-standard situation that requires quick reaction on the newly occurred threats and challenges, crossing over to the “hands-on mode” of management becomes for federal bodies of state power a rather ordinary form of reaction to any changes of the internal or external environment whose availability allow to formally justify their actions to the society (economic crisis, external sanctions, etc.). During the economic crisis, decisions on rescuing separate problem enterprises and supporting some banks were made and the rate of the Central Bank refinancing was determined in the “hands-on” mode, etc. (Bataykin, 2012).

3.9. Personnel Policy as Element of Hands-on Management of Federal Bodies of State Government

Simultaneously the practice of appointing for the most important state offices “authorized persons” that are not always supported by relevant professional communities and the fact of their appointment itself cause numerous discussions in the Russian society. Particularly, in 2012 A.V. Novak who had been appointed on the office of the Ministry of Energy of the Russian Federation, having visited one of the holes of JSC “Tatneft” within his first official visit to the Republic of Tatarstan,

publically confessed that it was his first time when he saw oil and the process of its extraction. Such confession of the person who is responsible for the energy industry in the whole Russia was for rather long discussed by oilers of Tatarstan and mildly speaking did not add any enthusiasm to the industry workers who devoted many years of their lives to oil extraction and processing. A fiercer dispute in the professional environment was caused by the appointment of Anatoliy Serdukov for the office of the Ministry of Defense within “hands-on procedures” in 2007. To our mind, his contribution to “strengthening the defensive capacity of the country” and “reforming the Russian army” still remained “underestimated” by the law enforcement agencies and the court that, most probably received relevant instruction in the same “hands-on mode”.

The practice of managing the state via “authorized persons” was also fully approved within the work of the President of the Russian Federation with heads of regions. The current procedure of electing heads of the federation subjects that has been repeatedly changed over the recent years allows the current President of the Russian Federation to actually appoint and dismiss governors and heads of regions at his own and sole discretion. It means that a priori in their work candidates for this top state office focus above all on toeing the marks of the state head but not on fighting for interests of the population of the region they are in charge of (Timofeev and Kulish, 2011). The refusal from the procedure of direct election of heads of the subjects of the Russian Federation strengthened the presidential vertical of the power even more, and let legislators of the region choose the head from the limited number of candidates offered by him.

3.10. Criteria of Estimating Activity of Regional Bodies of State Government

Today the activity of regional executive power is officially estimated in accordance with Order No. 1199 dated August 21, 2012 “On Estimating Efficiency of Activity Performed by Bodies of Executive Power of Subjects of the Russian Federation” that approved the list consisting of 12 indicators, one of which (the share of school leavers who did not pass their Uniform State Exam) was cancelled later. The analysis of the remaining 11 indicators rather eloquently says that the responsibility for a rather wide range of issues from supporting entrepreneurship and attracting investments to problems related to social protection of children without parents’ care is imposed on the executive power of regions and their heads. Herewith, federal structures constantly try to expand this list and offer regions to yet voluntarily introduce various indicators (for example, decrease in the volume of polluting emissions in the atmosphere) that must be implemented by the subject at the expense of their own financial resources.

In practice the head of the Russian region is responsible actually for everything that takes place on the territory of the federation subject regardless of the level of powers provided to him by the law. Unfortunately, global changes in the Russian social and

economic life (transfer to the mixed economy, development of the institute of private ownership, markets formation, etc.) have not been fully formalized in the current legislation that not always adequately reflects modern realities and to a definite degree still remains contradictory (Nestulaeva and Shlychkov, 2015; Abdrasulov *et al.*, 2015). So, in spite of the fact that a great number of Russian enterprises underwent the process of privatization and for many years have belonged to private individuals or companies, the majority of population as well as the higher bodies of power still impose the responsibility for their operation on regional executive power, without fully realizing that the region head does not have legal grounds and legitimate mechanisms to interfere in everyday economic activity of new owners whose rights are formalized in the Constitution of the Russian Federation and are protected by the state. In the same manner numerous deceived interest holders address heads of the federation subjects with their claims, sometimes forgetting that the decision about the participation in a construction project was taken by them on a voluntary basis within bilateral civil and legal relations, and the state is not a contracting party and so it does not bear any responsibility for their actions.

In practice facing such negative manifestations of the realities of today's Russian social and economic life, under conditions of limitation of its powers and financial resources, the regional executive power still has to solve such vexed problems. And the decisions are within the hands-on management considered by us when for the obligation to finish constructing and put in commission the problem residential houses at their cost, the newly involved construction organizations are guaranteed to get "advantageous" areas for constructions or participate in the implementation of regional construction projects that allow to compensate the expenses for assisting the deceived interest holders. Herewith, it is necessary to understand that such, mildly speaking, not entirely legally pure decisions are taken by the head of the region rather consciously based on choosing "the least of the two evils".

According to almost the same scheme the regional executive power solves other non-standard problems and motivates economic agents to perform the actions it needs, sometimes by using unofficial mechanism of providing various advantages and preferences, and sometimes by using "the persuasion mechanism" that is rather often finished by direct administrative pressure the economic entity practically cannot protect itself from. For example, at night of February 9, 2016 in Moscow the city government demolished 97 facilities of so called "unauthorized constructions" – stands and trade pavilions located near subway stations. It individually determined the list consisting of 104 facilities to demolish. Herewith, federal and regional mass media started a powerful propaganda campaign related to justifying the actions of the Moscow powers whose general informational background stated about allegedly unconditional support of these steps by both ordinary Muscovites and the expert community. The reports only slightly mentioned that a part of owners had the whole set of the authorizing documents for the demolished facilities. Herewith, reports emphasized that they were issued in the management period of Yu. Luzhkov,

the previous mayor. From the standpoint of today's power it allows to doubt in their legitimacy. The journalistic investigation of RBC conducted on 12.02.2016 showed that at the moment of the night demolish of 97 pavilions and stands, the owners of 48 of them had already proved the legitimacy of their location on the occupied territory in court, and 27 facilities were at the stage of legal proceeding, and only in relation to 3 (!) stands the Moscow city administration had judicial opinions that entitled it to refer them to the category of "unauthorized construction" (Seregin, 2016). Actually all of us witnessed the open state extrajudicial seizure and destruction of private property owned by the population. It will affect the investment and entrepreneurship activity of economic agents that again got reassured in "the equality before the law". The decision of Moscow powers about demolishing was most probably taken within hands-on management by a narrow group of persons and without a due estimation of possible consequence, i.e., in case of solving this problem by using "automatic procedures" relevant experts would surely pay attention of Moscow powers to an unambiguous position of the judicative authority on this issue, and would offer to solve the problem of demolishing "unauthorized construction" within the legal framework via the procedure negotiations and payment of compensations to owners.

The authors are disturbed by the position of the Administration of the President of the Russian Federation on this issue. It was publically stated by its head Sergey Ivanov. Referring to the opinion of Muscovites, he supported demolishing of disputable facilities and called them "crummy places". He paid attention to the fact that "a lot of owners of these facilities had received only temporary permissions". Herewith, he hinted that everybody knew how authorizing documents for these pavilions and stands had been received (Berezina, 2016). However, such opinion of the country management, to our mind, opens the Pandora's box. Indeed, the Russian society also knows well about the results of privatization and resources of wealth of today's national financial elite. Skillfully regulating budgetary flows and using national wealth of Russia in its interests, it managed to sweepingly win over not the last positions in the world list of Forbes. And if based on the support of population today it is possible to doubt in the constitutional right of ownership for the stand at the "Sukharevskaya" subway station formalized and registered "at the wrong time by the wrong people", why is it impossible to follow the same logics and doubt in the legitimacy of the results of the whole privatization or the right of ownership for the assets of an oligarch? Is it worth to appeal to the population opinion in the dispute of economic entities instead of addressing the law as argumentation of all disputable actions, a priori realizing how easy it is to manipulate public moods by having relevant technical and administrative opportunities?

3.11. Ideological Support of Hands-on Management of Regional Executive Government

Regional power rather often and widely uses references to public opinion to stipulate its, not always legitimate actions. Sometimes it forgets that to a great degree it has a

significant impact on its forming. This way, in 2014 in Kazan it applied a rather original practice of control over the process of reconstruction of old and construction of new facilities of the capital of Tatarstan. At the weekend or on holidays the President of the Republic R.N. Minnihanov has “unofficial” walks in various regions of the city accompanied by the mayor and a group of regional and local officials including the Procurator of the Republic of Tatarstan. During such walks decisions about approving or freezing of various construction facilities are made, contractors of future works are defined, the process of the current construction at facilities is checked exactly at the place. It is noticeable that such control covers all construction facilities without exclusion regardless of the type of ownership or sources of financing. In spite of the fact that all projects were approved by the local Urban Council, underwent the expertizing procedure, process of agreeing in all official authorities (up to receiving permissions for constructing), some of them were frozen for various reasons or were entirely prohibited on the basis of decisions taken during such “walks”. Herewith, the practice showed that having estimated the mood of the region head at the place, the majority of officials did not maintain their positions on the issues under discussion and refused from approving the project and permission documentation actually acknowledging both their professional non-competence and inefficiency of the institutes they are in charge of. As a whole, regional mass media, as well as personally authors of this work positively estimate the results of “the construction walks” of the President of the Republic of Tatarstan R.N. Minnihanov in Kazan, and the majority of the decisions taken by him within the decisions are supported by the city citizens. However, we cannot but trouble about the expanding practice of cancelling legal decisions of the bodies of power in the “hands-on mode” and possibility to ignore the opinion of the professional community if it contradicts to the position of the official who does not have a relevant professional qualification but has the required powers. Besides, interested individuals who think they have suffered from illegal, in their opinion, actions of officials do not have any opportunity to appeal the decisions that derogate their rights and legal interests either in the court or in the higher-ranking bodies, i.e., formally legally no official decisions within the “construction walks” have been taken, and it means there is no subject for appealing the actions of the President of the Republic of Tatarstan. In the future the decision actually taken by the head of the region unilaterally, or taking into account the opinion of rather respected but unauthorized by the law individuals, is formalized as the decision of the relevant authorized body of state or local power. It means the process of its legitimacy and return to the legal framework takes place. Consequently, economic agents whose rights or legal interests have been violated have to strive for cancelling such decision by entering a legal dispute with the body of power that documented it. Although all the interested parties know perfectly well who and when has actually taken it.

3.12. Personnel Policy of Russian Regions Managers

Focusing on federal bodies of state power, heads of regions copy the personnel policy of the center and also appoint candidates whose basic features are “personal

devotion” and “credit of trust” on the part of the management for key offices in the federation subjects they govern. In spite of the availability of competition procedures in the Russian legislation, during many years the authors of this work have never faced a case of appointing for a more or less serious office of the regional level via the procedure of electing on a competitive basis that allows to at least maintain the visibility of democracy and exclude the opportunity of appointing for the office individuals who do not have the relevant professional education. In practice all key personnel decisions in relation to managers of the regional level are taken by heads of regions individually. They also approve candidates of the top figures of representatives or structural subdivisions of federal bodies of power operating in the region. It actually forces the latter to constantly comply with the balance of local and all-Russian interests in their work, and ultimately be in the state of “double” subordination.

Heads of regions also perform a similar personnel policy in relation to the local power having direct impact on the process of electing heads of municipal entities by the population or the representative body through the procedure of nominating candidates.

3.13. “Hands-on Procedures” in the Russian Practice of Municipal Management

The Constitution of the Russian Federation acknowledges local self-administration as a special form of power that does not enter a unified vertical of state management, but within its competence performs management in favor of the population applying “hands-on methods”, too. In particular, in spring 2015 the authors of this work participated in the closed sociological poll of 1,200 representatives of small business of the Republic of Tatarstan. It vividly showed the fact that municipal officials still did not regard entrepreneurs as competent and individual partners. Using the administrative resource they try to control their economic activity. It is not occasional that responding the question about the factors that have negative impact on the development of small business, 92% of respondents mentioned “strengthening of administrative tension and constant attempts to interfere in economic activity” and placed this reason for the first position of the negative rating. Accordingly, position 7 and 66% of votes were given by participants to “the predominance of hands-on management” on the level of regional and local power”, and “low qualification and high turnover of employees of municipal bodies” took position eight with 62% of votes (Shlychkov *et al.*, 2015; Epifanova, *et al.*, 2015). It is noticeable that in February 2016 – 97% delegates of the XXVII Congress “Association of Farms and Agricultural Cooperatives of Russia” that took place in Moscow declared about the growth of administrative tension on agrarians on the part of regional and local authorities, and called it the main obstacle on the way to the development of small and medium-sized business in the agricultural sector (Kolebakina, 2016).

As for our estimation of the general state of the quality of municipal management in Russia, the authors of this work were in the truest sense of the word overwhelmed by the requirement of the Head of the Republic Council of Municipal Entities of the Republic of Tatarstan M. Shakirov. He stated it on 25.12.2015 to the President of the Republic of Tatarstan R.N. Minnikhanov from the tribune of the X Conference of the organization in Kazan. He required “introducing moratorium on opening criminal cases against employees of municipalities if the fact of their personal interest has not been proved” (Beresnev, 2015). Taking into account that 56 municipal officials have criminal conviction (and there are more similar cases in the proceeding) for mismanagement related only to the “country amnesty”, such statement supported by applause of 955 representatives of municipal entities causes at least bewilderment. On the background of 10 thousand of regulatory acts adopted by municipal entities of the republic within their competence in 2015, 2 thousand (this is 20%!) of which were consequently protested by employees of the Russian Public Prosecution Office and canceled according to the established procedure as illegal, it is necessary to place a question about the actual crisis of this institution of power and low qualification of municipal officials but not about providing them with immunity from criminal pursuit for the committed crimes. Firsthand knowing what considerable resources are sent by the power of Tatarstan for strengthening material and technical basis of municipal entities, training and re-training of state and municipal officials (including programs related to trainings abroad) and having complete information about their system work on implementing the latest informational and communicational technologies in processes of state and local management, the authors of this work merely cannot explain the extremely low efficiency of this institution in the republic. And if such, to our mind, critical situation occurred in the system of municipal management in such a favorable and economically stable region as Tatarstan, it is possible to assume that in the majority of subjects of the Russian Federation municipal entities without having such considerable support of federal and regional powers perform their activity even less professionally and efficiently.

In our turn we want to pay readers’ attention to an ambiguous tendency in the estimation of the activity of municipal officials on the part of the law enforcement agencies that has recently occurred in the law enforcement practice. So, in Tatarstan Yusup Valiullin, the head of the “Stary Kuvak” rural settlement has been put under house arrest. He was brought to account according to Clause 3 of Article 293 “Negligence, improper performance of obligations by official” by the Russian Investigative Committee in the Republic of Tatarstan. According to the investigators, he is guilty in the death of the mother and her five under-aged children who tragically died in the fire in their house. The investigation representatives think that the fire could have been avoided if the family had not been turned off from the gas supply for systematic non-payments for the consumed gas, and it had not switched to the wood heating. According to investigators the guilt of Yu. Valiullin lies in the fact that he failed to timely provide the large family with financial assistance via local authorities. However, what could the head of the rural settlement

have done? He has no methods to influence gas suppliers as well as he has not opportunity to officially pay for the debts of the dead at the expense of the funds of the settlement he is in charge of. Such item of expenses in the budget of the rural settlement is merely not provided. Moreover, there are no funds on his accounts, i.e., the bank servicing the municipal entity automatically directs the funds being credited for paying for the debts for the earlier consumer resources and household facilities. Actually the arrested head had one variant to individually determine an additional tax for the citizens of the village or pay for the debts of the large family from his own salary. The first way would inevitably lead to the prisoners' dock. The second one subject to several large families in the village would turn his own family into the poverty-stricken one.

To our mind, this special case rather vividly demonstrates the consequences of the expanding practice related to transferring powers from the high-ranking level to the low-ranking one without their resourceful provision and the attempt to impose responsibility on the subject of management under conditions of non-availability of legitimate mechanism of impact on the managing object, i.e., the strive to impose responsibility for the state of affairs in the municipal entity on the official, herewith without providing him with the powers required for management and confirmed by relevant resources.

4. Discussion

What is the role of the hands-on management in the unified mechanism of state and municipal management? How it is possible to estimate the level of its impact on social and economic processes in today's Russia? We think it is impossible to give unambiguous answers, i.e., this method of management has a number of obvious advantages and a certain number of considerable disadvantages. It is definitely possible to specify such advantages of "hands-on procedures" as their relative efficiency in the short-term perspective, and possibility to get the required management effect for the minimum time period. It is achieved due to determining direct interrelation of elements of various levels of the unified management complex and excluding specific functions and procedures from the management process. Above all, it is related to the function of control whose boundaries are practically considerably decreased at the stage of setting the task by the subject. Within the hands-on management the latter provides the object with a wider sphere of opportunities and variants of conduct (sometimes illegal). We must definitely refer negative consequences received in the medium and long-term perspective from the implementation of voluntary management decisions that are not entirely estimated and ill-conceived to obvious advantages of hands-on management. In practice the excluding of not only functions of control but also procedures of estimating various decisions of bodies of state and local authorities by the expert society from the general process of management rather often leads to considerable social and economic expenses. Consequently, it neutralizes the initial positive effect.

Certainly, the transfer to hands-on management in the period of “extraordinary situations” and “extraordinary circumstances” can be explained, and more than that even be the only possible efficient method of state and municipal management. However, the Russian society must understand that the term “extraordinary” itself can be differently interpreted in various situations. So, it will be rather reasonable to apply “hands-on procedures” in the management process during military aggression or natural disaster when it goes about rescuing the lives of Russian citizens or state safety. However, can we consider the situation that was created after introducing economic sanctions in relation to Russia to be “extraordinary”? We think we cannot, because in a way anti-Russian sanctions are logical continuation of the fight of states for the global political and economic domination and one of the forms of competitive struggle for markets and areas of influence the Russian state and local authorities have to carry out within system procedures considering it as a standard function of state management.

5. Conclusion

All the above aspects allow defining hands-out management as the manifestation of crisis of state and social institutions, and deformation of the current model of the Russian state and municipal management. The latter lies in the violation of the balance of legally determined internal and external relations between the management subject and objects of various levels managed by it. It is expressed in the creation of parallel centers of taking governmental decisions and transfer from the system interrelation of elements of the managing complex to the mode of direct guidelines, the violation of the established hierarchical relations of the management system elements, and expansion of the practice of direct interrelation of the higher-ranking structures with the lower-ranking ones that enables the management subject to take decisions on the basis of the principle of “reasonability” and “sole discretion” without taking into account legislative requirements and with the violation of procedures determined by the law (Shlychkov, 2015, c. 148).

Hands-on management is the manifestation of the violation of the balance of direct and indirect relations between the subject and the object of the management process. It became the individual method in the practice of state and municipal management of all unexceptionally subjects of the state and local authorities of today’s Russia.

In spite of the efficiency of using “hands-on procedures” in the process of management and positive effect from their use at the initial stage, as a rule in the medium and long-term perspective this effect is neutralized both due to objective estimation of real social and economic expenses and their comparison with the achieved results, and due to reputation losses from using illegitimate methods and procedures (decrease in investment and economic activity, worsening of entrepreneurship climate, etc.) by bodies of state and local authorities.

The main reason of applying and expanding the practice of hands-on management is imperfection and inconsistency of the current Russian legislation. On the one hand, it not fully reflected fundamental social and economic changes that had taken place in Russia over recent decades. On the other hand, it not always contributed to adequate regulation of the relations that had occurred between the subject and the object again in the process of state and municipal management. When the management subject fails to find the opportunity to solve any problem within the current legislation or by using system procedures, it violates the hierarchy of the existing relations and has to contact directly the low-ranking elements of the management system in the mode of direct guidelines. Herewith, rather often the management subject sets the tasks beyond their competence and does not provide them with the required powers and resources.

As a whole the current President of the Russian Federation V.V. Putin gives a positive estimation of the results related to using “hands-on procedures” and names hands-on management a principle that will define the Russian system for 15-20 years before it can work “automatically” (Gordeev, 2007). It enables us to suppose further expansion of the practice of hands-on management on all levels of state and local authorities of Russia in spite of negative consequences of its application.

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