



CONVERGENCE OF INSTITUTES OF FUNCTIONAL REPRESENTATION OF GROUP INTERESTS UNDER TRANSFORMATION OF SOCIAL PROCESSES, QUALITY OF LIFE, AND HUMAN CAPITAL

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Abstract

Purpose: This article substantiates the influence of mechanisms, methods, and technologies of a functional representation of group interests on the strategic management of socio-economic processes in the context of geopolitical turbulence.

Methodology: The work defines the socio-stratification basis for the representation of group interests, their role as subjects of representation in the modern system of management of social processes, the features of the convergence of functional representation of various interest groups, first of all, the multiform structures of the consulting and expert system, and ways to improve their performance subject to current reforming trends towards improvement of the quality of life and update of the importance of human capital.

Result: The authors determined the dependence of the results of managing socio-economic processes, the strategy of sustainable economic development of Russia on the degree of conscious complicity, social activity of the population and the presence of relevant institutions of functional representation of group interests, transparent (open, mutually beneficial, corruption-free) management mechanisms of a particular region. Government authorities, functional representation institutions can use the scientifically based recommendations proposed by the authors in the development of socio-economic projects and programs aimed at effective, first of all, regional development, and at the establishment of open channels of interaction in a “society - business - state” symbiosis. The article will also be of assistance to the scientific community as a theoretical justification of practical actions aimed at developing the institutions of a functional representation of group interests

Applications: This research can be used for the universities, teachers, and students.

Novelty/Originality: In this research, the model of convergence of institutes of a functional representation of group interests under transformation of social processes, quality of life, and human capital is presented in a comprehensive and complete manner.

Keywords: *interest groups, functional representation, lobbying, consulting and expert institutions, management, power, convergence, quality of life, human capital.*

INTRODUCTION

Consolidating the society on a consensus basis represents a vital necessity for modern Russia with its social, political, economic, national, and other features. Currently, the attitude of science to the formation and development of institutions of representation of group interests in Russian society is ambiguous, which is partly due to the diversified world practice of using the representation of group interests, especially its institutional form, such as lobbying (Bently, 1967). However, any social activity has both positive and negative sides. Its holistic comprehension should be determined by the answer to the question of what side - positive or negative - is larger, in terms of the systemic interests of the region. The fact that the latter in modern conditions cannot fully function and develop without expressing and taking into account various group interests is obvious and, therefore, we bring up the question of which institutions and their forms can most effectively ensure the outlined interests in particular socio-economic circumstances.

MATERIALS AND METHODS

The method is based on the system of dialectical cognition and system analysis. Research methods: monographic, structural, and comparative analysis, socio-economic planning and forecasting, analysis of statistical and qualitative information, expert interviews using the method of semi-formalized on- and off-site interviews, and in-depth focus group interviews. The study was conducted in the regions of the Russian Federation in 2017-2018 (Belgorod region, Oryol region, Voronezh region). The geography of the sample is based on the data of the Ministry of Regional Development on evaluating the effectiveness of regional and municipal authorities for 2017. The selection of experts and respondents for focus groups was carried out on the basis of the territorial unity of the research object (number of experts = 36; focus groups = 6).

RESULTS AND DISCUSSION

Critical analysis of, first of all, the provisions of the theory of interest groups by A. Bentley, D. Truman, M. Olson on the totality of actions of interest groups as a regulator of the life of the state and society, on impulses of rational behavior and the emergence of interest and its aggregation and articulation in the system of distribution of benefits between and within

public groups, and the concept by W. Eucken on the formation of a new economic mechanism in the transitional period through a special purposeful policy in order to ensure self-regulating economic process, allowed the authors to describe in details the categories “functional representation of group interests” and “groups of interests” ([Bently, 1967](#)).

Functional representation of group interests is a set of forms, methods, mechanisms of interrelations of interest groups and power structures, one of the main channels of interaction between society and the state, which includes all forms and manifestations of lobbying, corporatism, a system of consulting and expert institutions (structures), mechanisms of social partnerships, services of public relations, and other representative institutions of interest groups characterized by status-functional character in the relationship with the power structures, the nature of direct and inverse links ([Courtney, 2018](#); [Bahremand, 2015](#)).

The interest groups constitute the basis of functional representation. The most appropriate for determining an interest group is a broad functional approach: if a particular population is included in the political, socio-economic processes through the articulation of their interests and has a formal structure, then it can be considered an interest group. Each interest group, regardless of the degree of its organizational structure, has its own social and political dimension. When people do not find institutional opportunities for the articulation of their interests, they create groups. This is the main trigger for functional representation. Another, opposing driver arises as a result of public administration structures, first of all, state, striving to find answers to solve various problems, primarily economic ones ([Akkuzova et al, 2018](#); [Niranjan, 2016](#); [Antúnez, J, 2016](#)).

Along with new interest groups in Russia (public associations, political parties and movements, mass media, lobbying firms, consulting agencies, analytical centers, etc.), V. Lepekhin defines traditional and, most powerful, *regional and sectoral* groups ([Lepekhin, 1995](#)).

Regional interest groups are a rather sophisticated phenomenon. Which social group should be considered a regional interest group can be judged, first of all, by understanding the structure of power relations in the regions. V. Lepekhin proposes to consider regional interest groups as conglomerates of economic, financial, and administrative-political structures of the majority of subjects of the Russian Federation ([Lepekhin, 1995](#)). In our opinion, a regional interest group can be considered the ruling political and financial grouping of a specific subject of the Russian Federation, forming around its political leader, which both institutionalizes the interests of the region in general and bears full responsibility for social and economic stability in a given area. The role of regional interest groups in public life is clearly manifested in their diverse functions, whose action is positive only when the interests of a constituent entity of the Federation come to the fore in the structure of regional groupings as a generalized expression of interests of its inhabitants, rather than the corporate interests of the ruling group occupy.

Currently, the organization of life activity and improvement of the quality of life of the population in the municipal structures such as cities and districts of the regions of Russia are closely associated with the problem of increasing the social efficiency of regional control, and hence directly with the problem of improving the quality, efficiency, and professionalism of local government. The quality of government is the process of managing complex systems, where the main place is occupied by a person in the public relations, a liaison in the management process is a professionally fit official with his/her willingness to direct all socio-economic, political, cultural and other processes in the direction right for the state ([Anderson & Galinsky, 2006](#)). A measure of the quality and results of government activity is the performance indicators of achieving the main goal such as the quality of life of the population.

The authors consider the quality of life as a result of the purposeful, fair activity of bodies of state and municipal government, business, the civil society institutions, and a person itself on the creation of the optimum conditions to meet basic human needs.

One of the principal questions of the theory of interest groups is the problem of the diverse *causes of their emergence*. We shall unite some basic concepts explaining these sources: a) implementation of material interests, increase of well-being and quality of life; b) solidarity; c) the achievement of social benefits; d) ensuring the pluralism of interests necessary for democratic governance; e) internal and external conflicts; e) the result of social interaction; g) general interest; h) national and state interest; i) achievement of political goals; j) the achievement of a transparent relationship between the state and society; l) reaction to external and internal threats; m) reaction to corruption.

Thus, the emergence of interest groups is a natural result of social interaction. At the same time, none of the groups is insured against internal conflicts, since there can be no completely common interests. The greater the number of interest groups is, the less the possibility of coincidence of the opinions of its members is. The more formalized the relations in the group are, the higher the likelihood of conflict between managers and ordinary members of the group is.

The question of the mechanism and stages (phases, steps) of the formation of interest groups are of equal interest. Here are the most effective *stages of the formation and development of interest groups*, according to the authors of the article: 1) identification; 2) aggregation; 3) selection; 4) hierarchy; 5) articulation; and 6) implementation.

We should note that the most difficult stage in the activity of a group is the stage of articulating interests, that is, representing them through one of the elements (components) of the functional representation system. Interest groups allow

citizens to unite their resources for a common goal, the struggle for which justifies the expenditure of energy and money. We conclude that all things equal, the interests supported by the organizations are more likely to succeed than without such support. This success largely depends on the effectiveness of the organization's activities, its resources and its effective use in the right places and at the right time.

The institutions of public representation perform a number of important functions in the socio-economic system: mediation between citizens and state institutions, expressing social differentiation, transforming interests into specific requirements, specifying democratic principles of participation in management, limiting pressure on managerial decision-making processes, providing the authorities with the necessary independent information, ensuring communication of citizens and power structures, engaging citizens in specific political events, strengthening public order, imparting legitimacy to state-social life and the activities of power structures.

The *typology of interest groups* is one of the most difficult methodological aspects of group theory. It accounts for more than 20 possible criteria. Most often, interest groups are classified according to three possible approaches: 1) by type (kind) of interests, 2) by the degree of organization of the group, and 3) by sphere (field) of activity. Important is that the majority of interest groups belong to the economic sphere (business associations and associations of independent categories of workers; trade unions, consumer unions, etc.), and the government authorities pay usually greater and paramount attention thereto. Interest groups in administrative and management structures deserve closer attention, primarily because they are the main recipients of the impulses of all other interest groups in society, constituting the regulatory basis of functional representation.

Representation of group interests is now being transformed into a specific system with many elements, many of which are institutionalized (Figure 1). We consider the central element in this system to be *the institution of lobbying and the consulting institutions*.

The problem of the transformation of the functional representation of interest groups in the management of socio-economic processes promotes the emergence of numerous interpretations and supplements. Firstly, a transforming, optimal model of representation of group interests includes features of an economic, technical, cultural-historical, and, of course, social and legal development of society; secondly, the system of modern representation of group interests is changing under the influence of not only internal factors but also the globalization of social processes; thirdly, the institutions of functional representation in various regions are at the stage of formation or the first, risk, stages of development and the most important of them is the institute for lobbying group interests, and consulting and expert institutions, which remain outside the spheres of systemic and effective regulatory framework.

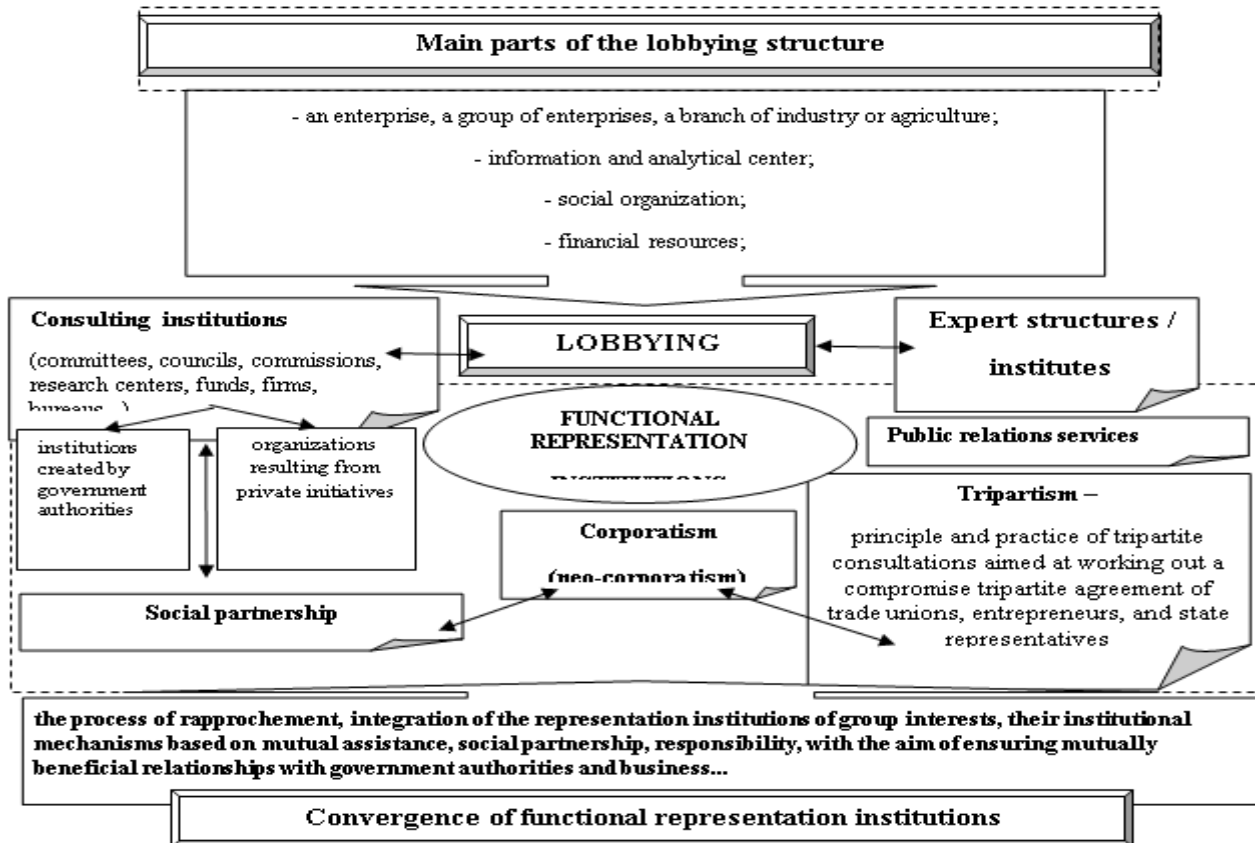


Figure 1: Institutions of a functional representation of interest groups (authors' table)

The analysis of the concepts and models of lobbying, above all, pluralistic and corporatist ones, allowed the authors of the article to conclude as follows:

- Lobbying is a socio-political institution, acting primarily in the legislative and executive structures of state power. It contributes largely to the creation of a certain “balance of forces” in society, which is created by groups of interests that in turn represent the opinion of broad sections of society from very different points of view. Thus, it really starts to promote political consensus in society, in particular by creating conditions for politicians and government officials to have an idea of the positions of various industrial lobbies, multiple unions, associations, and other voluntarily groups, that is, significant parts of civil society, even before the adoption of laws and government decisions that concern the immediate interests of these groups.
- Lobbying allows the authorities to pre-assess the likely economic and social consequences of the proposed solutions even before their final approval and entry into force. Thus, it expands the informational and organizational base of the decisions made, avoids heady, unpopular decisions and at the same time focuses attention on certain problems requiring urgent solutions. This question is highly relevant today.
- Modern lobbying contributes to the formation of a mechanism that helps the legislative and executive authorities get an opportunity to familiarize themselves with the opinions of a wide range of experts in order to expand the informational and organizational basis of decisions. By influencing the management structures, lobbying (by virtue of its presence) forces them to “keep fit”. A kind of competition arises between lobbying and management structures, which, as a rule, contributes to better performance of both structures and the improvement of their organization.

The second most important model of representation after lobbying is the corporatist and neo-corporatist models. Neo-corporatism (“liberal”) differs from the old one in the voluntary interaction of corporate associations as a variety of interest groups with the state, although they are “embedded” in state structures.

Russian scientists joined the development of the concept of neo-corporatism only in the 90s of the XX century. Summarizing the experience of Western colleagues, S. Peregudov points that despite the sometimes greatly different opinions among scholars dealing with the phenomenon of corporatism, they all agree that “*corporatism* is a special kind of interaction between interest groups (the main ones are organizations representing business and trade unions) and the state, which participants develop agreed recommendations and decisions and take part in their implementation” ([Cawson, 1996](#)).

One of the growing and promising kinds of a functional representation of interests is the *consulting system*. There is a pattern revealed: the more complicated the society and the areas of its functioning are, the more necessary the consulting institutions become. The enormous diversity of public needs in updating production, goods, services, information, the ever-present problem of choosing the optimal solution, reliable business partner, the need for qualified forecasts are the main reasons that have led to the development of this element of functional representation.

Along with the institutionally formalized state bodies of the deliberative system, developed regions have a wide network of private consulting and expert firms. One of the most complicated types of consulting business is management consulting. The book “Management consulting” edited by M. Kubr, widely known in scientific circles of many countries, defines the subject of the research as follows: *management consulting* is a contractual advisory service that provides services to organizations with the help of specially trained and qualified employees who help the customer organization identify management problems, analyze them, make recommendations for solving these problems and contribute, if necessary, to the implementation of decisions ([Kubr, 2002](#)).

The consulting service is primarily an advisory service, which is the only context it can represent interests within. Most often this becomes possible when management consultants are engaged in government work. This happens quite often when the government wants to use the experience of managing private firms to increase the efficiency of the state apparatus.

The most important part of the consulting system is expert. *Examination* (in its narrow sense) is understood to mean appraisal, analytical, research activities carried out with the involvement of a specialist (specialized institution) to evaluate the objects of examination, ending with the opinion containing the results of a specific study and answers to questions posed. Among the objects of examination, there are, first of all, relevant social and economic situations, programs, projects, progress, and results of the activities of people, organizations, authorities with the aim of preparing initial materials to substantiate their decisions under partial uncertainty. One of the main challenges of modern expertology is to continue the formation of paradigms, which for a certain time provide a model with the formulation of problems and their solutions ([Christoforou, 2003](#); [Nowotny, 2003](#); [Nussbaum, 2002](#)).

The inclusiveness of institutional consulting and expert structures in the system of cooperation - “group interests - society - government” is based on the principles of solidarity, openness, independence, and responsibility (Figure 2).

Representation of group interests can be carried out through other institutions and organizations that belong either to the service sector, as “*public relations*”, or to sociological services, as “*public opinion poll centers*”.

OBJECTS OF THE FORMALIZED INFLUENCE OF CONSULTING AND EXPERT INSTITUTES IN RUSSIA

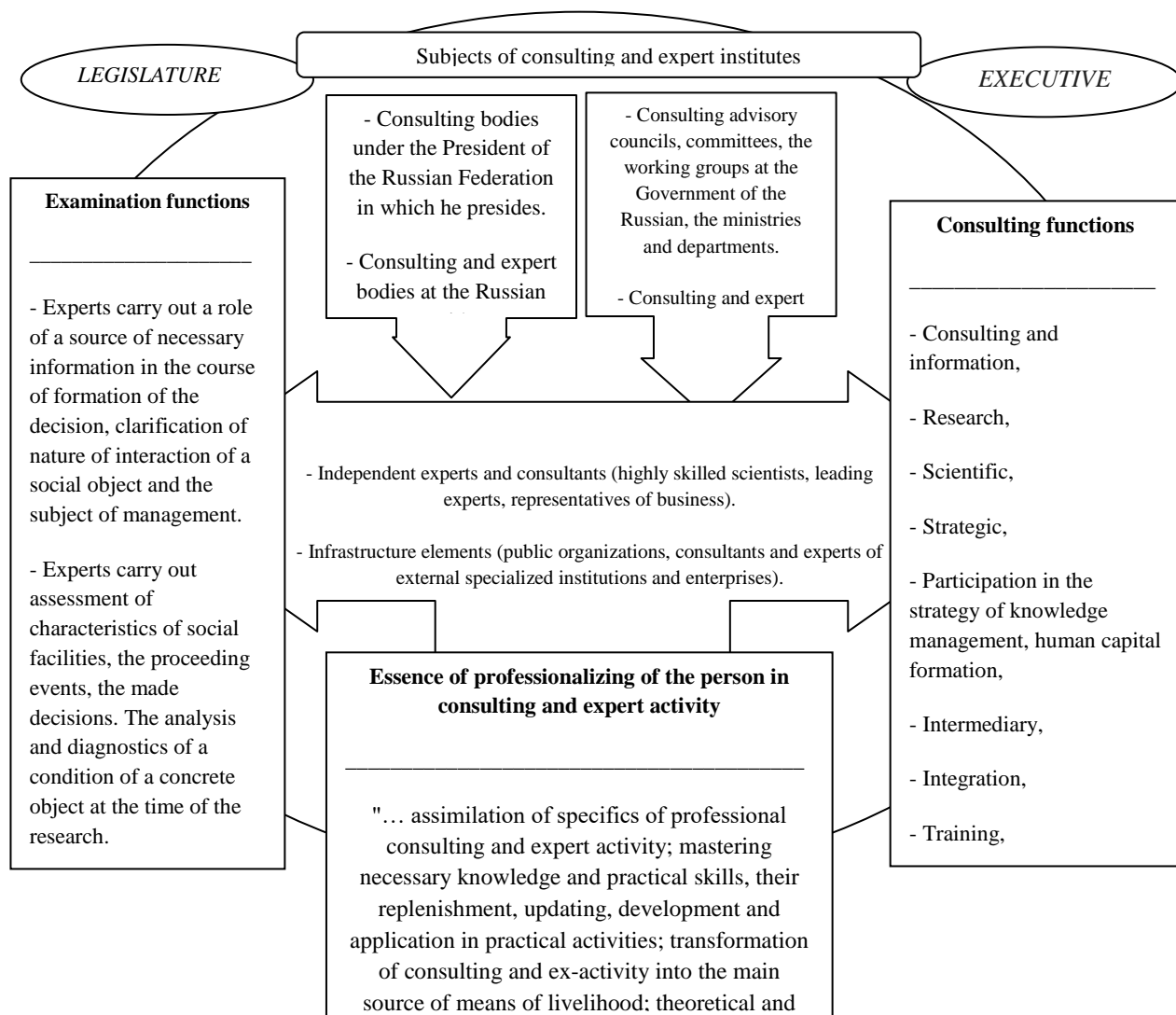


Figure 2: Inclusiveness of consulting and expert institutes in the "group interests-society-the government" system (it is made by authors)

In addition to the main types of functional representation considered, other, most diverse public and state institutions also use interest groups. The more extensive such use and the more varied the interaction of interest groups with the state are, the less powerful economic structures have the opportunities to influence it through their lobbying structures.

The problematic field of the research is the peculiarities of interaction between consulting and expert institutions and government bodies (Figure 3).

The authors of the article, in the framework of a regional study, identified areas that, in the opinion of respondents, are most useful and effective for an examination (including public): the first place - legislation (27%), second - social policy (25%), third - ecology (19%). In our opinion, the reason for choosing the relevant segments lies, first of all, in public distrust of the government-chosen strategy of social management and in the absence of saturation of the legislative body with the norms of direct anti-corruption action (Bartsits, 2010; Bogdanov & Kalinin, 2001). Evaluation of the forms of interaction between the authorities and public expertise revealed that the most effective, in terms of regional specifics of management, can be examination of state bills, documents, programs, projects (61%), public hearings (32%), and negotiation sites (19%).

SUMMARY

Institutes of a functional representation of group interests, as an integral part of civil society, one of the important mechanisms of its functioning and development, play an increasing role of the "locomotive", "public voice", and "people's

expertise” in managing social and economic processes. It has been substantiated that effective socio-economic development is possible only with maximum involvement of interest groups in making an open dialogue between society and the authorities based on the principles of interaction and mutual consistency. In addition, it is shown that consulting and expert institutions, ensuring the interaction of society with the authorities, are one of the promising types of functional representation. These institutions can both independently influence the government authorities, and, as research has shown, participate in management processes and act as their catalyst. The mature system of relations between the state and civil society, business and authorities (especially its main component - lobbying) is an integral element of any democratic political system and a mature economy "for the sake of people".

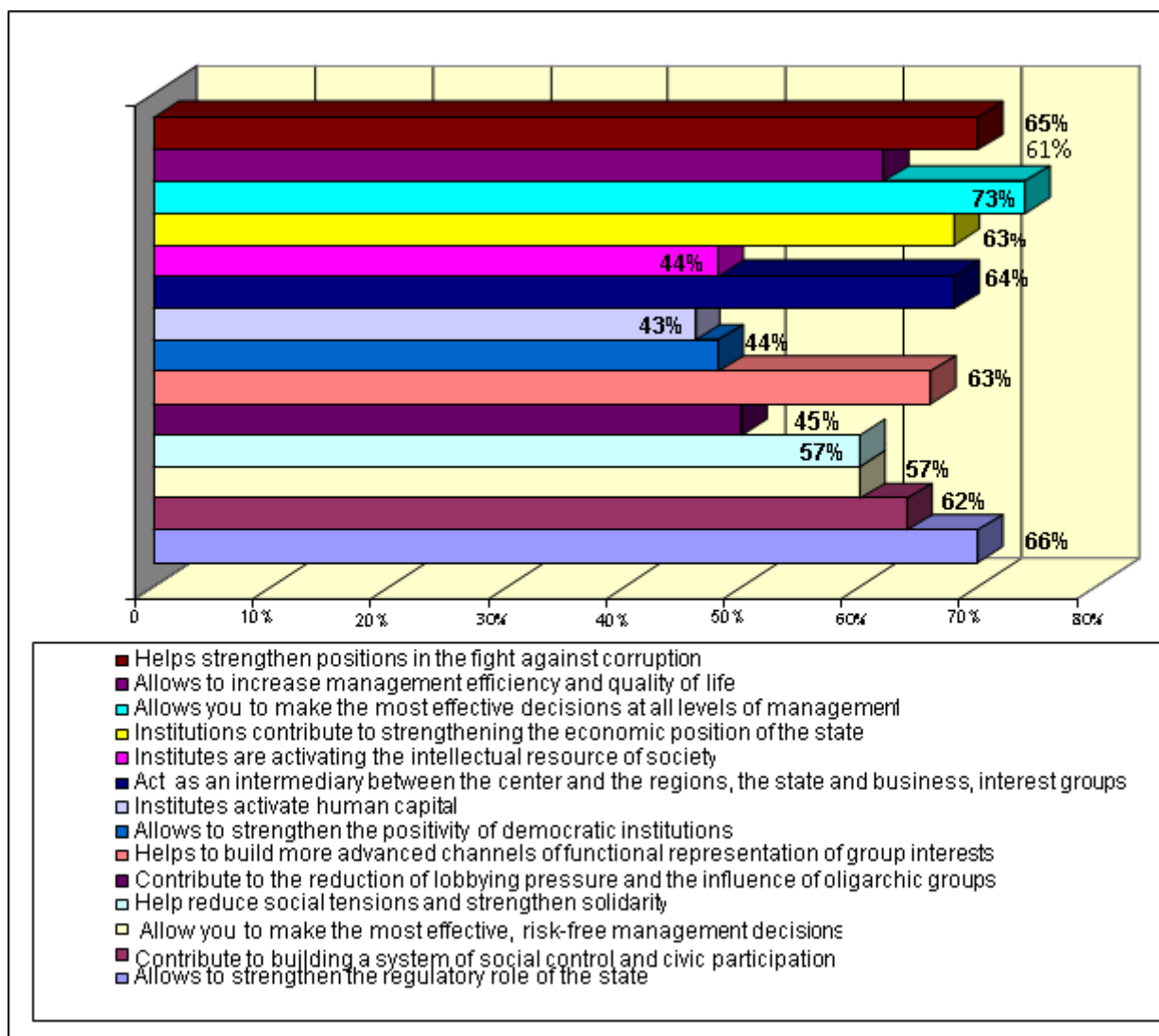


Figure 3: Assessment of the role of inclusiveness of the consulting and expert system (institutions) in the socio-economic process management

Such components of the representation of group interests as neo-corporatism, consulting and expert systems, and public relations services have a direct impact on public administration. They both influence the state authorities and participate in the management process. A modern management process is basically impossible without successful convergence of the institutions of representation of group interests, whose information and analytical activities are aimed at creating a successful internal and external environment for the implementation of any project.

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