



Artículo de investigación

**Business and power: the practice of interaction
(regional level)**

Negocios y poder: la práctica de la interacción (nivel regional)

Negócios e poder: a prática da interação (nível regional)

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and ethnic sociology at the Kazan Federal University**Abstract**

The paper discusses the problems of interaction between the government and business community, the difficulties of development of social activity and responsibility of small and medium-sized businesses in Russia. Small and medium-sized businesses are today the basis of political, economic and social stability of Russian society. The development of entrepreneurship is a guarantee of permanent tax revenues to budgets of all levels, creation of additional jobs, and saturation of the market with goods and services, and formation of civil society institutions. The focus of our research is the formation and development of mechanisms for the social responsibility of entrepreneurs, a constructive dialogue between the government and business community that directly affects the performance indicators of enterprises, their production and innovation activity.

The example of the republican branch of the Chamber of Commerce and Industry (non-profit association of Russian entrepreneurs) shows the mechanisms of interaction between state bodies and non-profit organizations. The empirical basis was the results of sociological research which is systematically conducted since 2007 with the aim of analyzing the practice of Russian business participation in social programs by the Association of Russian Managers, the Association of Independent Directors and the independent Institute for Social Policy with the support of the Ford Foundation. The results of sociological

Resumen

El documento analiza los problemas de interacción entre el gobierno y la comunidad empresarial, las dificultades del desarrollo de la actividad social y la responsabilidad de las pequeñas y medianas empresas en Rusia. Las pequeñas y medianas empresas son hoy la base de la estabilidad política, económica y social de la sociedad rusa. El desarrollo del espíritu empresarial es una garantía de ingresos fiscales permanentes para los presupuestos de todos los niveles, la creación de empleos adicionales y la saturación del mercado con bienes y servicios, y la formación de instituciones de la sociedad civil. El foco de nuestra investigación es la formación y desarrollo de mecanismos para la responsabilidad social de los empresarios, un diálogo constructivo entre el gobierno y la comunidad empresarial que afecta directamente los indicadores de desempeño de las empresas, su actividad de producción e innovación.

El ejemplo de la rama republicana de la Cámara de Comercio e Industria (asociación sin fines de lucro de empresarios rusos) muestra los mecanismos de interacción entre los organismos estatales y las organizaciones sin fines de lucro. La base empírica fueron los resultados de la investigación sociológica que se realiza sistemáticamente desde 2007 con el objetivo de analizar la práctica de la participación empresarial rusa en programas sociales por parte de la Asociación de Administradores Rusos, la Asociación de Directores Independientes y el

studies conducted by the Committee of the Republic of Tatarstan on socio-economic monitoring in 2013 with the purpose to reach an objective assessment of small enterprise activities in Tatarstan were also used. The study was conducted using a questionnaire survey of small business representatives on their financial, economic and social development. A qualitative strategy was carried out by the authors of the paper using the method of formalized interviews. They interviewed 16 people - representatives of small and medium-sized businesses of the Republic of Tatarstan (the cities of Kazan, Nizhnekamsk, Zelenodolsk).

Key words: small and medium businesses; non-profit organizations; entrepreneurship; social responsibility.

Instituto independiente de Política Social con la apoyo de la Fundación Ford. También se utilizaron los resultados de los estudios sociológicos realizados por el Comité de la República de Tatarstán sobre la vigilancia socioeconómica en 2013 con el fin de llegar a una evaluación objetiva de las actividades de la pequeña empresa en Tatarstán. El estudio se realizó mediante una encuesta de cuestionarios a representantes de pequeñas empresas sobre su desarrollo financiero, económico y social. Los autores del trabajo llevaron a cabo una estrategia cualitativa utilizando el método de las entrevistas formalizadas. Entrevistaron a 16 personas: representantes de pequeñas y medianas empresas de la República de Tatarstán (las ciudades de Kazan, Nizhnekamsk y Zelenodolsk).

Palabras clave: pequeñas y medianas empresas; organizaciones sin ánimo de lucro; emprendimiento; responsabilidad social.

Resumo

O artigo discute os problemas de interação entre o governo e a comunidade empresarial, as dificuldades de desenvolvimento da atividade social e a responsabilidade das pequenas e médias empresas na Rússia. Pequenas e médias empresas são hoje a base da estabilidade política, econômica e social da sociedade russa. O desenvolvimento do empreendedorismo é uma garantia de receitas fiscais permanentes para orçamentos de todos os níveis, criação de empregos adicionais, saturação do mercado com bens e serviços e formação de instituições da sociedade civil. O foco de nossa pesquisa é a formação e desenvolvimento de mecanismos para a responsabilidade social dos empreendedores, um diálogo construtivo entre o governo e a comunidade empresarial que afeta diretamente os indicadores de desempenho das empresas, sua atividade de produção e inovação.

O exemplo do ramo republicano da Câmara de Comércio e Indústria (associação sem fins lucrativos de empresários russos) mostra os mecanismos de interação entre órgãos estatais e organizações sem fins lucrativos. A base empírica foram os resultados da pesquisa sociológica, que é realizada sistematicamente desde 2007, com o objetivo de analisar a prática da participação empresarial russa em programas sociais pela Associação de Dirigentes Russos, a Associação de Diretores Independentes e o Instituto de Política Social independente com a apoio da Fundação Ford. Os resultados dos estudos sociológicos realizados pelo Comitê da República do Tartaristão sobre o monitoramento socioeconômico em 2013 com o objetivo de alcançar uma avaliação objetiva das atividades das pequenas empresas no Tartaristão também foram utilizados. O estudo foi conduzido usando uma pesquisa por questionário de representantes de pequenas empresas sobre seu desenvolvimento financeiro, econômico e social. Uma estratégia qualitativa foi realizada pelos autores do artigo utilizando o método de entrevistas formalizadas. Eles entrevistaram 16 pessoas - representantes de pequenas e médias empresas da República do Tartaristão (as cidades de Kazan, Nizhnekamsk, Zelenodolsk).

Palavras-chave: pequenas e médias empresas; organizações sem fins lucrativos; empreendedorismo; responsabilidade social.

Introduction

In today's world, state structures and the non-state sector of the economy share responsibility for economic stability of their country. In this

regard, the actual problem is the building of relationships between government and business community. The authorities are called upon to





seek resources, develop support mechanisms, adopt special programs, improve the regulatory framework, and participate in the formation of structures to implement such support. However, an integrated, coherent and effective infrastructure for supporting entrepreneurship is not created yet. These problems are to be solved at various levels of government and society, which often leads to fragmentariness, lack of coordination of actions, resulting in a decrease in the level of entrepreneurs' confidence in the state and tax evasion or withdrawal from the field of activity. How to build a strategy of interaction between the state and business community based on trust and mutual understanding? Under what conditions socially approved behavior will become the norm in Russian society? What are the mechanisms for encouraging entrepreneurs to assume social responsibility? We will try to answer these and other questions in our paper.

The institution of socially responsible business is typical for the majority of post-industrial states with developed democratic freedoms and civil rights. Small and medium-sized businesses in Russia are 5.6 million socially responsible small and medium-sized business entities that formally provide employment and social guarantees for every fourth Russian employee. However, the contribution of small and medium-sized businesses to the overall economic performance in Russia is significantly lower than in developed countries, where 50-70% of GDP is produced by small and medium-sized enterprises. The share of small and medium-sized businesses in Russia's GDP is at the level of 20-21%. Small and medium-sized companies account for only 5-6% of the total fixed assets and 6% of the total fixed capital investment in the country (Report on measures for the development of small and medium-sized enterprises).

In the scientific literature, the notion of the social responsibility of business is interpreted as a voluntary contribution directly connected with the core business of the company and exceeding the minimum value defined by law (Wittenberg, 2011). Socially responsible business participates in solving social and environmental problems (for example, Nizhnekamskneftekhim in May 2017 received the status of an environmentally responsible company). We can also consider this concept as the actions of entrepreneurs on decisions that go more or less beyond the direct economic interests of an organization. Ethical and philosophical interpretation of the social

responsibility of business structures is presented in the book by Norman E. Bowie "Business Ethics: A Kantian Perspective" (Bowie, 2017). The author analyses the doing business from the moral and ethical side reflecting on Kantianism and human rights, and noting the importance of combining the pursuit of profit with ethical standards.

The link between corporate social responsibility and socially responsible financing and investments, especially in the context of the financial crisis and its consequences, is indicated in the monograph by H.K. Baker and J.R. Nofsinger (Baker & Nofsinger, 2012).

The book F.J. Schweigert examines the social foundations of moral education to conclude that the pragmatic pursuit of the good must be a central aim of business strategy (Schweigert, 2016). The author points out that "to meet the challenges of facing society today, the masters of business must be moral craftsmen in a just and democratic private property economy that serves the common good".

Problems arising in the development of CSR strategies and policies are considered by David Crowther and Güler Aras in their monograph (Crowther & Güler, 2008). Interpretation of the concepts of socially responsible and socially irresponsible business is presented in the book by Peter and Laura Challis published in 2014 (Challis & Challis, 2014).

Comparing these conceptual positions, it is obvious that all of them reflect different aspects of the multifaceted process of interaction between business, society and the state. Thus, social responsibility is seen as a claim of the society towards owners of enterprises responsible for making economic decisions and motivated to participate in state social projects and programs, as well as initiating their own social projects.

Methods

The authors used the method of formalized interviews. The interviews were held in 2016 among representatives of small and medium-sized businesses engaged in professional activities in the territory of the Republic of Tatarstan. When setting the objectives of the sociological survey, a target group of respondents was identified that meets the following criteria: professional activity of respondents is related to

entrepreneurial activity in the territory of the Republic of Tatarstan, experience of interaction with public authorities on social responsibility issues. The number of respondents was determined by the research objectives - 16 people. A group of typical representatives selected from a homogeneous unstructured population and occupying role positions in the community of entrepreneurs of the Republic of Tatarstan was identified using the filtering survey method. The empirical study uses data from the statistical analysis of entrepreneurial activity in the Republic of Tatarstan.

Results and discussion

The practice of participation of Russian business in social programs is analyzed by the Association of Russian Managers, the Association of Independent Directors and an independent Institute for Social Policy with the support of the Ford Foundation. Thus, a massive survey of managers and the population conducted in Russia in 2007 showed that the social responsibility of business is understood primarily as: output of quality products (47.5% of surveyed managers and 46% of the population); compliance with laws (35% and 35.5% respectively); payment of taxes (29.5% and 30.4%); environmental protection (31.5% and 30%); improvement of working conditions (33.5% and 22.5%); payment of high salaries (11.5% and 19.1%); investing money in production (19% and 14.8%); assistance to the poor people (2.5% and 10.5%), assistance to the regions in solving social issues (10.5% and 10.4%); support for education (3% and 9.3%); honesty and transparency of reporting (13.3% and 8.7%) (Litovchenko, 2007).

In such studies, special attention was paid to the motivation of the owners and top managers of the organizations in the course of implementing social projects. The study carried out by the independent Institute for Social Policy with the support of the Ford Foundation in March-June 2008 gave the following results: motivation for participation in external social policy reflects personal qualities of business representatives to a greater extent and is characterized by pragmatic moments: image policy (compliance with company status) protection of business, building relationships with the authorities (Senin, 2008).

A survey conducted by the Association of Managers of Russia in 2011 showed that, to date,

the vast majority of the population is aware of the company's activities in the sphere of social responsibility, ethics, environmental protection, mainly through the media (88% - from television programs, 66% - from the print media, 53% from radio programs), and also communicating with other people (60%) (Simonova, 2011). The information coming directly from the company itself takes a very small place among possible sources of information about the social activities of this company.

Interviews with small business representatives from the city of Kazan conducted by us with the method of formalized interview in 2016 showed that the social responsibility of business is understood, first of all, as compliance with laws and the payment of taxes. The further answers of informants contained improvement of working conditions, charity, and honest conduct of business. All the interviewed are engaged in charitable activities. Some people participated in charitable acts once or twice; others said that they had previously been engaged in charity more often than in the past 2 years. Respondents attribute this to a decrease in profits due to the economic situation in the country. Three respondents said that they are engaged in charity systematically: *"It is clearly stated in our organization that we allocate funds for charity once a quarter for seven years"*. Among the motives that motivate respondents to charity are "religious and moral motives", "pragmatic motives - benefit for their business", "the desire to help the needy, deprived people", "the desire to help the native city", "to get famous thanks to acts of charity. It was found out during the interview that the majority of interviewees give to charity about 10-20% of their income; in some cases entrepreneurs spend 20-30% of their profits on these acts. Answering the question about the forms of participation in charity, the majority of informants answered that they deduct funds to various funds and organizations, or they themselves purchase the necessary goods and services for orphanages, low-income families or homes for the elderly. Two of the interviewed entrepreneurs are sponsoring children's groups and organizations; others deduct money to religious institutions (churches, mosques).

All respondents noted that the state is the initiator of social projects. Business is an economic component for their implementation.

An important element in the system of entrepreneurship development of the Republic





of Tatarstan is the Chamber of Commerce and Industry of the Republic of Tatarstan, formed in 1992 by the Decree of the President of the Republic being a not-for-profit non-governmental organization. The organization was established to coordinate the activities of industrialists and entrepreneurs of the Republic and to implement their main activities (The site of the Chamber of Commerce and Industry of the Republic of Tatarstan).

In 2014, members of the Chamber of Commerce and Industry of the Republic of Tatarstan were 2204 enterprises of all forms of ownership.

There are 28 public associations operating under the organization with the help of which the "power-business" dialogue is successfully conducted. The branch structure of the members of the Chamber of Commerce and Industry of the Republic of Tatarstan as of 01.01.2015 is represented by more than ten activities, including lending and insurance (2%), and healthcare (1%). The main share in the structure of the members of the Chamber of Commerce and Industry of the Republic of Tatarstan is occupied by enterprises of the service sector (34%), the second place is occupied by industrial enterprises (26%), third place - by trade enterprises (20%) (Report on the work. Chamber of Commerce and Industry of the Republic of Tatarstan)

The Chamber of Commerce and Industry of the Republic of Tatarstan organizes and conducts business meetings of entrepreneurs of the republic with representatives of international business circles, trade and economic missions, conducts free consultations (hot lines), provides legal services to enterprises, prepares materials for consideration of cases in arbitration courts, courts of general jurisdiction; registers foundation documents, advises on registration, reorganization of firms, etc. (Report on the work. Chamber of Commerce and Industry of the Republic of Tatarstan).

The website of the organization presents a section "Charity" which highlights the ongoing actions and events. These are charitable actions in relation to children, elderly citizens, help in holding various holidays and significant events for Russia and the Republic. Thus, the Chamber of Commerce and Industry can be considered as an example of joint mutually beneficial cooperation

between public authorities of different levels, entrepreneurs and society.

Conclusions and recommendations

Building a strategy of interaction between the state and business based on trust and mutual understanding is the guarantee of an effective economy. The role of small and medium-sized businesses in dealing with the most acute economic and social problems is indispensable. Small and medium-sized businesses stabilize the social situation in the region solving problems associated with social tension and employment of the population without requiring significant expenditures from the state.

Socially approved behavior of entrepreneurs will become the norm in Russian society provided that a set of legal, organizational and executive measures are taken to create favorable conditions for the development of entrepreneurship. Successful development of entrepreneurship allows solving the tasks of forming a middle class, ensuring a transition to an innovative economy, creating conditions for a transition to a non-primary economy. In the minds of Russians there is an awareness of the role of business, an idea is formed about the spheres of its responsibility. Today we can view a qualitatively new stage in the development of relations between companies, authorities and non-profit organizations, there are joint actions aimed at improving the social situation in the region. The society begins to realize that the mechanism of socially responsible entrepreneurship is one of the levers in the system, the leading role in which should be played by the consistent social policy of the state. By building a policy on business at the federal and local levels, the authorities can create conditions or hamper both the development of business in general and the social projects of business.

The analysis of the main entrepreneurship development indicators in the country testifies to the positive dynamics of the development of small and medium-sized business in the Republic of Tatarstan, facilitated by the implementation of measures to support small and medium-sized businesses within the framework of republican programs (subsidies for technological modernization of enterprises, support of business projects, development of the equipment leasing system).

Thus, the interaction between state power (at its various levels), business community (on the example of association of small and medium-sized entrepreneurs) and society with a view to realizing social responsibility was analyzed. It was revealed that state support of entrepreneurship causes socially responsible actions of entrepreneurs. The mutual link between the formation and development of social responsibility of business and measures of state support of entrepreneurship is shown.

Analysis of the interaction between state authorities, local government and non-state associations at the regional level made it possible to identify existing problems in the development of socially responsible entrepreneurship:

- Inconsistency of actions of state authorities, local self-government of the Republic of Tatarstan and the Chamber of Commerce and Industry on issues of entrepreneurship development;
- Insufficient information and educational activities aimed at the development of small and medium-sized business in the Republic of Tatarstan;
- The lack of regular interaction between government and public organizations of small and medium-sized businesses.

Mechanisms to encourage entrepreneurs to assume social responsibility include:

- Ensuring the quality and operational management of processes that implement the conditions for equal access of management bodies and entrepreneurs to information on the status and opportunities for business development in the Republic of Tatarstan;
- Popularization of social programs implemented by entrepreneurs;
- Increase in general professional level and qualification of personnel in the sphere of small and medium business;
- Formation of regional programs for the development of small and medium-sized businesses.

Conclusion.

We have analyzed the experience of developing socially responsible entrepreneurship in the process of joint activity of state authorities and non-governmental non-commercial organization "Chamber of Commerce and Industry of the

Republic of Tatarstan". We have identified both positive practices and factors that hinder the development of socially responsible entrepreneurship in the Republic. The research resulted in proposals on improving the joint activities of the state and such non-state non-profit organization as the Chamber of Commerce and Industry of the Republic of Tatarstan in order to support and develop socially responsible business in the republic.

The paper formulates proposals for improving the joint activities of the bodies of state power of the Republic of Tatarstan and the Chamber of Commerce and Industry on the issues of the development of socially responsible entrepreneurship. They can contribute to the creation of favorable conditions for the development of small businesses and enterprising, to form a competitive environment, to increase the share of the business sector in the gross product of the Republic and to carry out social programs.

By now, the organizational and regulatory framework for state support of small and medium-sized businesses has been created in the Republic. However, it should be noted that the activities of entities to support small and medium-sized businesses are often have inconsistent and multidirectional nature and does not allow entrepreneurs to develop at the necessary pace.

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