

# Analysis of institutional limitations of forming and developing social partnership in the modern Russia

## Análisis de las limitaciones institucionales de la formación y el desarrollo de la sociedad rusa moderna

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#### ABSTRACT:

The current institutional limitations of forming and developing social partnership in the current Russian conditions are analyzed in this work. According to the study findings, one of the leading institutional limitations of forming and developing social partnership is the lack of financial independence of local authorities. Heads of local authorities emphasize that they have neither powers nor resources to initiate the implementation of social partnership projects. In fact, mass media with a high institutional weight in the formation of public opinion seriously limit the potential for partnership between the local governments and communities. This situation is clearly seen in a significant portion of broadcasts dedicated to inability of local governments to solve acute problems of the social and economic development of the municipalities. Slow public sector formation, low activity of communities, alienation thereof from local governments limit the constructive dialogue between the authorities and communities in the current Russian conditions.

#### RESUMEN:

En este trabajo se analizan las actuales limitaciones institucionales de formación y desarrollo de la sociedad social en las actuales condiciones rusas. Según los hallazgos del estudio, una de las principales limitaciones institucionales de formación y desarrollo de la sociedad social es la falta de independencia financiera de las autoridades locales. Los jefes de las autoridades locales enfatizan que no tienen ni poderes ni recursos para iniciar la implementación de proyectos de asociación social. De hecho, los medios de comunicación con un alto peso institucional en la formación de la opinión pública limitan seriamente el potencial de asociación entre los gobiernos locales y las comunidades. Esta situación se ve claramente en una parte significativa de las emisiones dedicadas a la incapacidad de los gobiernos locales para resolver problemas agudos del desarrollo social y económico de los municipios. La lentitud en la formación del sector público, la escasa actividad de las comunidades, la alienación de los gobiernos locales limitan el diálogo constructivo entre

## 1. Introduction

Nowadays, the key task of state building in many countries is to create favorable conditions for establishing a constructive dialogue between the authorities and communities. According to the experts, "active participation of individuals in solving local issues allows to determine the vector of socio-economic development of the territory in accordance with public interests" (Frolova, 2016).

The problem of forming and developing partnerships between the governments and communities while selecting priority strategic social development directions is of great importance for developed countries. Considering social partnership as a social policy effectiveness factor, it is discovered that such approach helps to establish a new discourse in the creation and management of responsible, self-disciplined partners (Rahel Kunz, 2013). Multisectoral partnerships with local governments are seen as a cumulative, leading strategy to address the most serious social problems (Ollerenshaw et al., 2017; Frolova et al., 2016). The objective need to review the role of non-profit organizations in the current conditions leads to an increase in the orientation of such "non-profit sector" to solve socially significant problems (Kuroda, 2000). It points to the dual nature of partnership between local governments and non-profit organizations in determining social expenditure and public services (Lee, 2008).

There has been an increase in trends in decentralization and deregulation in the processes of interaction between governments and communities due to the increasing role of commercial structures, new local and global markets, public-private partnerships in public administration (Simons et al., 2013). Some researchers point at the existence of possible restrictions on social partnership due to the authoritarian role of the state, which creates asymmetry in management networks and reduces the quality of interaction between authorities and other partners (Johnston, 2015). At the same time, there is the inability of central authorities to recognize the need to strengthen local representative democracy, which is manifested in the dependence of local authorities on state subsidies (George & John, 2012; Copus, 2006).

Lack of incentives for the public to participate in partnerships with the authorities is particularly noticeable in developing countries (Sylvia I. Bergh, 2010). In a number of countries, domination of "the rule of force" over "the rule of law" leads to the emergence of political, social and economic injustice, which prevents people from participating in the development of a strategy for change and development of local communities based on open platforms (Agbor and Enoh, 2014).

The studies conducted on the basis of Russian materials highlight the ambiguity of the state's position with respect to civil society, where governments have initiated cooperation with non-governmental organizations, on the one hand, but social activity is limited by administrative restrictions and state regulation, on the other hand (Daucé, 2014). Some scientific works emphasize that level of civic engagement in solving local problems is insufficient mostly due to the weak influence of local governments on development thereof (Bondaletov V.V., 2013; Gorshkov M.K., 2012). Taking into account such circumstances, the Russian scientists are in search for the methods to improve the current situation (Varnavsky V.G., 2010; Lapin A.E., 2011). At the same time, the mechanism of social partnership is prioritized to develop civic responsibility (Piskunova E.V., 2011; Medvedeva N.V., 2015). In the modern market conditions, it is necessary to use flexible practices to involve private sector into solving municipal problems that may consolidate both businesses and local governments (Frolova & Rogach, 2017).

Thus, modern trends and transformation of management practices actualize the use of social partnership technology in solving problems of socio-economic development of territories. The

novelty of the material presented herein is disclosed by the analysis of institutional limitations of forming and developing social partnership in the current Russian conditions, the findings of which allow taking a fresh look at those factors that lead to a high level of alienation of communities from their local governments. The expert survey allows uncovering conditions for the formation of social partnership at the new institutional level within the context of creating a constructive dialogue between local authorities and communities.

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## 2. Methodology

Federal and regional normative and legislative acts, statistical data, information and analytical materials of federal, regional and local authorities are the information base of our study. The study findings are confirmed by sociological surveys regularly conducted by the All-Russia Council of Local Governments. The relevant web questionnaires are given to the management of local authorities.

The empirical base is the polls by the Russian Public Opinion Research Center (VCIOM). We used the appropriate results of surveys performed by the above institution. The data are representative due to the use of a multistage stratified territorial random sample. The study covers all federal districts. The sample used by VCIOM represents the RF population by type of settlement, sex, age, and education.

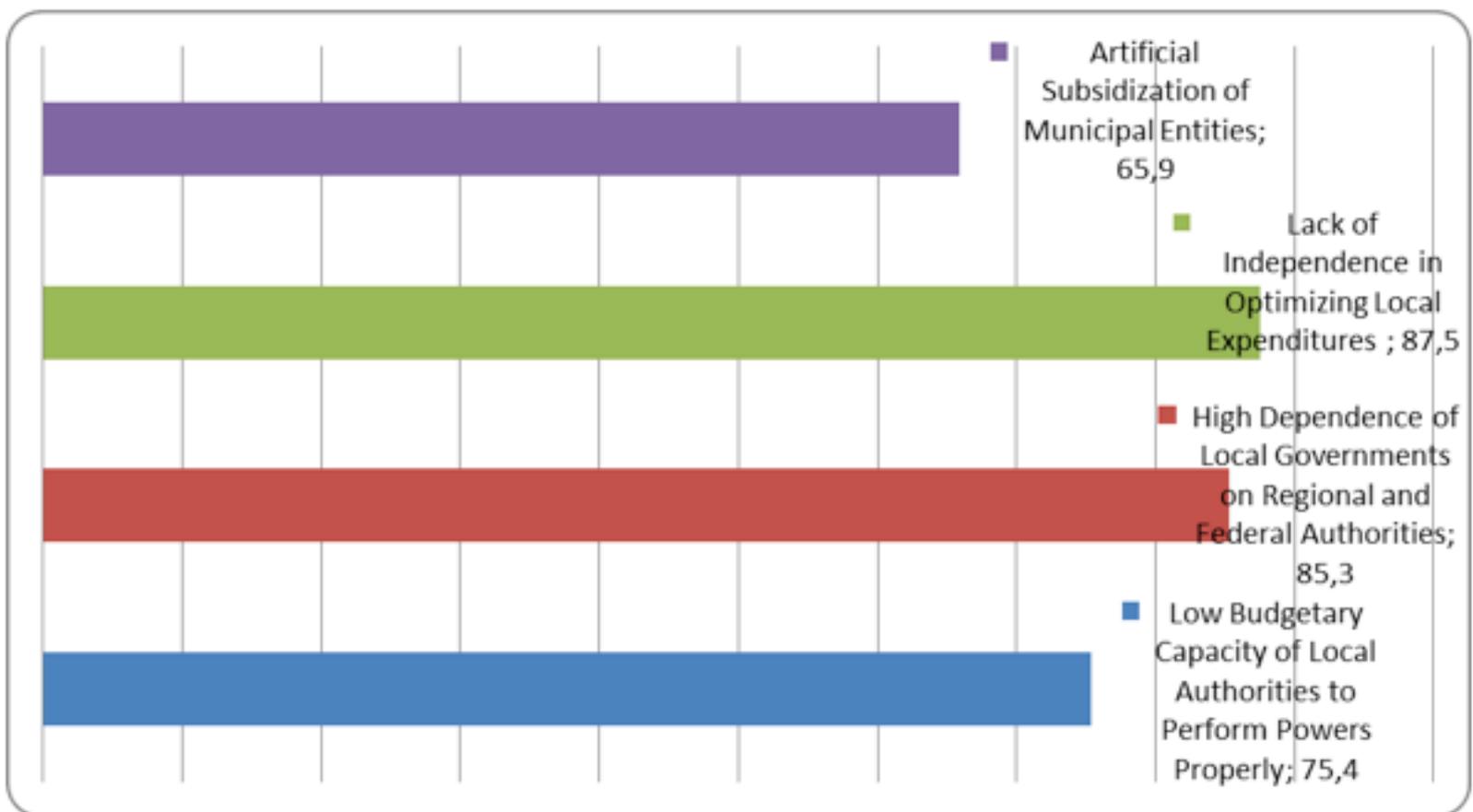
The general scientific methods of research in a complex manner have been also used; research techniques are applied with reliance on the methods of comparison, comparative and system analysis.

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## 3. Results

According to the results of our research, one of the leading institutional limitations of forming and developing social partnership is the lack of financial independence of local authorities in the current Russian conditions. To prove this fact, the management of local governments points to the artificial subsidization of municipal entities. More than  $\frac{2}{3}$  of the experts (interviewed to assess the budgetary capacity to perform powers properly for the current period) note that local governments require more funds than allocated. According to the local officials, local taxes make up only a small part of the local budget's own revenues (4.8% of the land tax and 0.2% of the personal property tax), while the largest budget revenues are provided by the federal individual income tax (60% of the total volume of tax revenues of municipal entities).

**Diagram 1.** Restrictions of Activities of Local Authorities, %



The study reveals high dependence of local governments on regional and federal authorities; it is directly reflected in the specifics and structure of interbudgetary transfers according to the management of such local authorities (see Diagram 1). Only a minor fraction in the structure of interbudgetary transfers is allocated to the local governments for their expenditures in order to solve the most significant problems of the development of their municipal entities. At the same time, interbudgetary transfers mostly consist of subsidies, which are provided on co-financing terms to cover the costs referred to the most important by the regional authorities. Thus, municipalities have no sufficient independence in matters of optimizing their expenditures, which is noted by 87.5% of the experts.

The management of local authorities emphasizes that they have neither powers nor resources to initiate the implementation of social partnership projects. For example, 76.2% of respondents note that the deficit of municipal budgets significantly limits such practice. At the same time, more than half of the experts (58.4%) believe that municipal revenues tend to decrease for the last three years, while the municipalities are excessively overburdened with spending obligations.

Undoubtedly, the current situation illustrates deterioration of the financial and economic conditions for the local authorities, which requires searching for ways to overcome the current issues. In particular, 53.1% of the heads of local authorities suggest that encouraging the monitoring of violations of municipal legal acts will help to concentrate their efforts to collect data on fines. However, a significant part of the experts (46.9%) believes that this practice may have negative consequences for the cooperation of local authorities and businesses.

The increase in revenues in local budgets due to the strengthening of the control function of local governments seems not as effective as the expansion of the motivational component aimed at shaping the conditions for the development of small and medium-sized businesses. 72.4% of the experts share this opinion.

Institutional transformations should be focused on strengthening the strategic management and forming the investment orientation of the local authorities (70.6% of the experts). However, interrogation of the heads of local authorities makes it possible to identify serious problems in this area: 89.2% of the respondents note insufficiency of private investment; 84.3% — lack of effective mechanisms for attracting private investment resources; and 87.5% — disinterest of communities in the implementation of social partnership projects. According to the experts, tax burden reduction, exemption of investment from profit tax may be quite effective incentives

to attract business to solve social and economic problems of the territory (62.4% of experts). In the opinion of the overwhelming majority of the heads of local authorities, unacceptability of the existing practice of budgetary policy is indicative of the need to develop mechanisms for forming competitive-market models of local governments that ensure development of internal economic potential of the relevant territory.

According to the study findings, the leading institutional limitations of forming and developing social partnership between local authorities and communities are the following: imperfection of the legislative base (64.8%); duration and complexity of the procedures for harmonizing partnership projects (64.1%). At the same time, 54.3% of the experts believe that the targeted orientation of projects on large businesses significantly limits the effectiveness of their implementation. In today's Russian practice, no proper conditions for the competitive choice of a business partner in concluding concession contracts are created yet, which is noted by every third head of local authorities.

According to the study findings, the lack of effective practice of interaction between local authorities and mass media is noted by 74.2% of experts; it occupies a special place among the constraints in the formation and development of the mechanism of social partnership between local authorities and communities. Such situation is well illustrated by negative images of local officials in mass media. At the same time, a significant part of the news is dedicated to the inability of the relevant local authorities to solve acute problems of the social and economic development of their municipalities, which makes them a convenient target for people's discontent and ensures the growth of skepticism and alienation of the communities from the management apparatus as a whole.

It should be noted that mass media is an important social institution in the Russian society that broadcasts changes in the political and economic conjuncture. In the conditions of the need to form and develop social partnership between the authorities and local communities, these are the mass media which are called upon to inform the civil society about new opportunities for constructive dialogue with governments. According to the polls by VCIOM, TV programs of the central channels are the unconditional leader in the rating of trust to the media (noted by 75% of Russians) (VCIOM). In the absence of information about an event or its inconsistency in different mass media, it is the television story that most people will believe in (53%). According to the poll by VCIOM, it is important to note that five of the leading tasks of the modern Russian mass media are the following: "to inform about important events", "to form beliefs and views", "to help to understand what is happening", "to express opinions on topical issues", and "to promote the exchange of views and rapprochement of people". With such an "institutional-national" weight in matters of public opinion formation, the mass media seriously limit the possibilities of constructing effective trajectories of interaction of local authorities and communities.

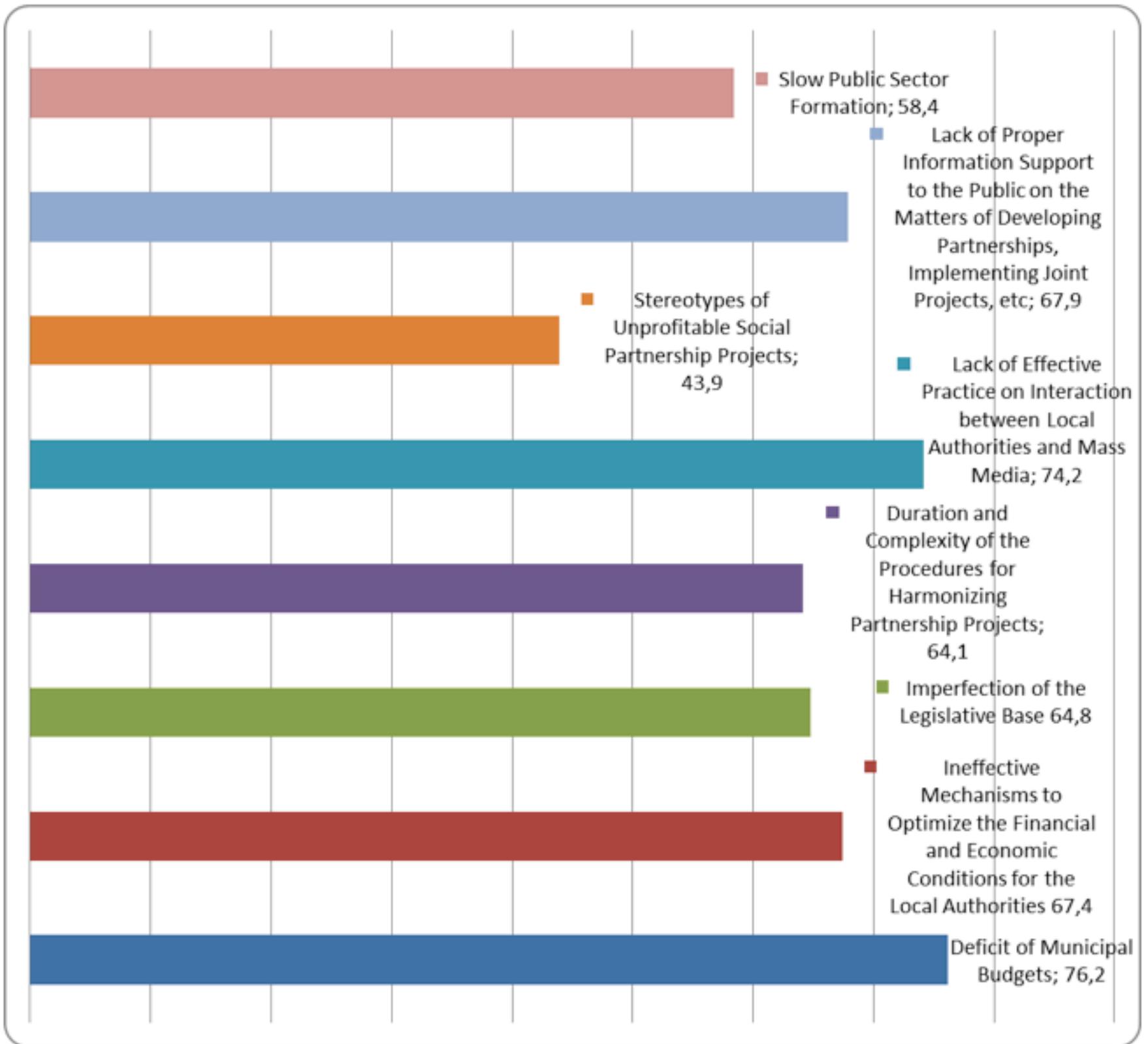
According to the heads of local authorities (72.8%), the "anti-municipal media campaign" aggravates the traditionally negative attitude towards the authorities. In comparison with other studies over the past 10 years, it can be concluded that this trend is only exacerbated [Skalon V.A., 2011]. During this study, experts have cited examples of unemployed, passive attitude of communities towards their municipal authorities and local projects. Among the general public, there dominates the position that can be described as, according to the local officials: "do nothing and you will bear no responsibility", "people want everything to be done for them" and "passive objects waiting for outer help", etc. It can be assumed that the reasons for the general passivity of local communities are rooted in the mentality of the Russians, with this form of behavior being consistently correlated with the previously adopted paternalistic policy of the state. However, in the current Russian conditions, alienation of communities from solving their local issues creates high costs for the local governments, expanding the functions of local authorities to stimulate the public activity.

The institutional framework applied to local authorities in this case significantly reduces the opportunities for building partnerships, and the position broadcasted by the mass media

cultivates the inefficiency and unprofitability of social partnership projects in most cases. Thus, 43.9% of the heads of local authorities believe that the existing stereotypes of unprofitable social partnership projects significantly limit the practice of their implementation. At the same time, there is a lack of proper information support to the public on the issues of developing partnerships, implementing joint projects, etc. (67,9%). 37.7% of the heads of local authorities indicate that the limited access of investors to information has a strong impact on the formation of constructive dialogue between the authorities and business structures (see Diagram 2).

There is another institutional limitation of forming social partnership within the current Russian environment, namely the weak development of the public sector. It should be noted that the public sector has traditionally been viewed by researchers as an opportunity to overcome the "failures" of the market through the non-market sphere of state activity. This means the dominant role of the state in ensuring an economic balance between the supply and the demand of the public good, as well as in addressing issues related to the impact on economic growth and the "supra-economic" structure. Ideally, the public sector ensures the growth of people's acceptance of targeted goals of social and economic development of the territories through rationalization of economic activity. As the experts note, the public sector transforms people's preferences into public policy goals, seeks funds to achieve such goals, and ensures public control over the spending of these funds.

**Diagram 2.** Institutional Limitations of Forming and Developing Social Partnership, as estimated by the heads of local authorities, %



However, the study findings allow to conclude that there is significant limitation in the possibilities for establishing a social partnership in view of the extremely low economic share of the public sector. The experts have also revealed very low assessments of the heads of local authorities given to the ability of public organizations to involve local communities into social activities and activate civic engagement. The situation is aggravated by the fact that formation of the public sector is proceeding at a slow pace in the current Russian conditions. 58.4% of the experts have such an opinion.

According to the annual All-Russian survey of non-profit organizations, it has been established that only 1/5 of the Russian non-profit organizations (NPOs) have sufficient funds to implement their goals, while 1/3 of them are on a tight budget. At the same time, 35% of such organizations have no full-time employees; 24% have  $\leq 5$  full-time employees, and only 36% have  $\geq 10$  full-time employees (Ministry of Economic Development).

According to the study findings,  $\leq 12\%$  of NPOs cooperate with local authorities on a material basis: every tenth organization receives municipal grants, every eighth performs social works. The vast majority of NPOs have intangible forms of interaction with local authorities: obtaining information from local governments, participating in joint public councils, implementing

municipal programs, etc. At the same time, interaction of local authorities and public organizations mainly occurs in the socio-cultural space and affects matters of forming the urban environment culture, improving the territory, new forms of leisure, raising the level of physical culture, security, etc.

As the heads of local authorities (68.4%) note, NPOs, as the main producers of public goods, are able neither to reduce the excessive social burden on the budget nor to accumulate the funds and resources required to solve social problems in the current Russian conditions. Despite this, most experts believe that NPOs should be considered as key partners of local authorities to solve the problems faced by the municipalities. This is because non-profit organizations are able to quickly respond to the needs of the society, develop and provide a wide variety of programs and services in priority areas in a timely manner.

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## **4. Discussion**

The "weakness" of civil society institutions seems to be a serious barrier to forming and developing social partnership of local authorities and communities in the current Russian conditions. The public sector designed to level out the failures of the market economy, in view of the extremely slow pace of its formation, fails to cope with the role of stabilizing the socio-economic development of municipalities by ensuring constructive interaction of authorities and public organizations.

It has been established that non-profit organizations, as an institution of civil society, are currently poorly developed and unable to adequately deal with the existing local social problems. Almost every NPO has a shortage of funds to some extent to fulfill its tasks; many of them experience staff shortages. The low dynamics of creating NPOs does not cover the social demand for their services. Fluctuations in the economic situation, shortage of local budgets, high financial dependence of local authorities on regional and federal authorities only aggravate the situation.

In the current Russian conditions, the public sector is not able to ensure the continuity of the local community with the targeted goals for the social and economic development of their municipal territories. Local authorities are in the situation when they are forced to expand their functionality to develop proper mechanisms for stimulating civil engagement. The opinion prevailing among the Russians about the administrative apparatus as a whole and its local representatives, as a rule, is negative, which also makes it difficult to create a constructive dialogue. Under these circumstances, the mass media which have high institutional weight in the formation of public consciousness essentially limit the potential for partnership between the authorities and communities. A significant part of the news sites is dedicated to cultivating negative images of local officials, highlighting their unsuccessful decisions, and inability to solve significant social and economic problems of the local community. The position of mass media undoubtedly contributes to the alienation of communities from solving their local issues.

At the same time, businesses have stereotypes of unprofitable social partnership projects. In addition, procedural duration and complexity of the harmonization of partnership projects, because of the existing legislative gaps and the lack of information coverage of the most successful practices, create additional barriers to building partnerships between local authorities and businesses.

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## **5. Conclusion**

In the current Russian conditions, the mechanism of social partnership is considered to be leading for the social and economic development of municipal entities. However, according to the study findings, such form of interaction between local authorities and communities is not in high demand because the practice of establishing a constructive dialogue between potential partners encounters a number of significant institutional constraints.

An expert assessment of factors at the institutional level that limit the effective interaction of

authorities and businesses is represented by the following positions. To the most significant constraints, the heads of local authorities refer the deficit of municipal budgets, which does not allow them to act as an effective partner in implementing joint infrastructure projects. The financial, economic and regulatory constraints include the lack of opportunities for local authorities to provide motivation for private investments. According to the experts, imperfection of the legislative base, as well as duration and complexity of the approval procedures also limits the effective interaction of businesses and local authorities.

According to the study findings, the negative position of mass media occupies a special place among the constraints in forming and developing the mechanism of social partnership between local authorities and communities. This situation is clearly seen in a significant portion of broadcasts dedicated to inability of local governments to solve acute problems of the social and economic development of the municipalities. The current situation ensures the growth of skepticism and alienation of communities from the administrative apparatus as a whole. At the same time, there is a lack of proper information support to the public on matters of developing partnerships, implementing social partnership projects. According to the experts, the situation is aggravated by the fact that the formation of the public sector is extremely slow. Institutional transformations should be focused on strengthening the strategic management and forming the investment orientation of local authorities, thus ensuring real autonomy of local governments, informational support of social partnership processes.

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