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GOVERNMENT RELATIONS IN RUSSIA: (DIS)CONNECTING BUSINESS AND STATE?

This article examines the practice of government relations (GR) in contemporary Russia using the expert survey method. The survey has revealed the most common types of government relations in Russia, the experts' opinions on the "Lobbying bill", the particular sectors of Russian economy with the maximum of GR practices, and also other issues in the field of business-government relations in Russia. The author has come to the conclusion that communication skills are of most importance among various kinds of knowledge and skills needed for successful GR in Russia. Keywords: government relations; lobbying; business communication; business-government relations.

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GOVERNMENT RELATIONS В РОСІЇ: (НЕ)З'ЄДНАННЯ БІЗНЕСУ ТА ДЕРЖАВИ?

У статті досліджено практику GR в сучасній Росії з використанням методу експертного опитування, завдяки якому виявлено найбільш затребувані типи GR-діяльності в Росії, думки експертів про необхідність прийняття «Закону про лобізм», певні сектори економіки з максимальним розвитком практики GR та інші аспекти відносин держави і бізнесу в Росії. Зроблено висновок, що комунікативні навички є найбільш важливим видом умінь і знань, необхідних для успішної реалізації GR в Росії. Ключові слова: government relations; лобізм; бізнес-комунікації; відносини бізнесу і влади. Рис. 1. Табл. 1. Літ. 16.

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GOVERNMENT RELATIONS В РОССИИ: (НЕ)СОЕДИНЕНИЕ БИЗНЕСА И ГОСУДАРСТВА?*

В статье исследована практика GR в современной России с использованием метода экспертного опроса, благодаря которому обнаружены наиболее востребованные типы GR-деятельности в России, мнение экспертов о необходимости принятия «Закона о лоббизме», определены секторы экономики с максимальным развитием практики GR и другие аспекты отношений государства и бизнеса в России. Сделан вывод о том, что коммуникативные навыки являются наиболее важным видом умений и знаний, необходимых для успешной реализации GR в России. Ключевые слова: government relations; лоббизм; бизнес-коммуникации; отношения бизнеса и власти.

Introduction. Government relations (GR) as a complex of communication techniques have been recognized in Russia quite recently. Comparing to public relations (PR), adopted in early 1990s (Tsetsura, 2009), GR gained recognition among Russian communication professionals almost 20 years later. Before that Russian communication practitioners and theorists preferred to use the word "lobbing" as a primary term for describing the process of influencing public and governmental policy (Tolstykh, 2007). At the beginning of the current decade the trend has changed. Government relations gained popularity among practitioners and also academia (Smorgunov and Timofeeva, 2012).

There is a common approach to treat GR as an "upgraded" or "improved" version

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of lobbying equipped with several additional communication techniques, strategic vision and, what is the most important issue, a system of communications between social actors and government bodies (Mintusov and Filatova, 2013). As a rule, business companies attribute the most of their GR-activity to developed economics, while non-government organizations are less active in this field (Mack, 1997). Business today tends to use public policy as a tool of influence, preferring to impact on law-making through legislative branches and abstaining from personal arrangements with officials representing executive powers (Wilcox et al., 2001).

However, the developing economies of Russia and other post-soviet states produce a specific business environment with rather closed, non-transparent political processes (Fish, 2005), thus affecting forms and methods of GR. These effects are the subjects of this study. The rest of this paper is organized as follows: empirical literature on the relationship between business and government in post-soviet states will be presented in the first part. The second part is dedicated to the aims and methodology of the expert survey. The findings of the survey are covered in the third part. Finally, the assessment of its findings is presented in the concluding part.

Literature review. A number of studies on the relations between business and governmental bodies has been published since the start of post-soviet transformations. As A. Przeworski pointed back out in 1991, post-soviet transformations consists of two kinds of transitions. First one is the transition from state-owned and planned economy to private and market economy. The second transition is about destroying soviet political system and developing modern political system, based on elections, public policy, division of powers etc. This kind of two-sided transformations has made the process not only unique but really hard to implement.

D.J. Galligan and M. Kurkchiyan (2012) underline the importance of legal framework for post-soviet societies. Business operates successfully in the countries with the working principle "rule of law". A.V. Ledeneva (2006) has conducted several field studies, applying mostly the interview method, and has found that successful businessman in Russia has to have informal relations with executives and officials in government. However, government relations are considered to be a kind of public activity with some legal regulation norms. This approach dominates in developed countries such as the United States and the European Union (Wilcox et al., 2001). V. Shlapentokh (2013) points out on the deep roots of corruption and informal relations in contemporary Russia.

R. Sakwa (2008) argues that business-government relations were affected significantly by personal leadership. If Boris Yeltsin preferred to cooperate with business in general and was able to tolerate some competition with his personal power and freedom of speech, Vladimir Putin considers independent oligarchs as a main threat for his power. A. Yakovlev (2006) analyzes the evolution of business-government relations in post-soviet Russia. He argues there are two main strategies for business to deal with the state: "exit" and "voice". The "exit" strategy causes capital flight, off-shore practices, and internationalization of Russian companies. The "voice" strategy is effective for economical development only provided there is consolidation of business to represent their common interests. But in Russia the businessmen prefer to protect their interests on a more personal level. A. Yakovlev concludes that "the inefficiency of this kind of strategy in the new environment was clearly demonstrated in

the conflict with Yukos. As a result, we can state that by summer 2004 the state gained absolute dominance over business" (Yakovlev, 2006: 1054).

S. Fortescue (2009) stressed the opinion that Putin focuses on saving soviet industries and relies heavily on soviet legacy, escaping structural reforms in Russian economy. Also it must be taken into consideration that financial crisis in 2008 changed significantly attitude of central authorities to business (Chaisty and Whitefield, 2012). Before that crisis, the Yukos case was announced as an exception and private property was guaranteed by unwritten social contract. Since 2008 the government formed a trend of property redistribution and economic mobilization. Under the circumstances of dependency and defenselessness, business in Russia has no other options but to find a way to save what can be saved. In some ways government relations give companies the last chance to stay in business.

Research objectives and methodology. As mentioned before, political and institutional environment for business in Russia is not friendly. So, the key methodological problem was how to deal with the lack of trust from experts. To get started, we established GR-club – an informal club for GR-professional in St. Petersburg, Russia (jf.spbu.ru). We managed to acquaint almost 70 GR-professionals.

Also we had to formulate our questions carefully. We found a great deal of help from the research of lobbying in Moscow, conducted by the Institute of Lobbying in 2012 (The market..., 2012). We took some questions from the questionnaire of that study, which has helped us to compare some answers. Because government relations in Russia primarily exist in Moscow and partially in St. Petersburg and other industrial centers, we believe our research reflects the general trends of Russian sector market.

Because of the fact that GR has not been researched previously in St. Petersburg, we have listed a rather broad scope of objectives for this expert survey. Among them there were 3 main blocks of questions: the first one dealt with the description of GR in Russia. We wanted to know what the functions of GR in Russia are or, in other words, what exactly GR-managers do on the everyday basis? In this block of questions we also asked the experts to identify the sectors of the economy with more or less developed GR and to indicate the main objects of GR among of public authorities.

The second block of questions was dedicated to the attitude of the professional community to the "Lobbying bill", widely discussed in Russia since the beginning of post-soviet transformations. We assumed the majority of professional GR-managers should welcome the legalization of their profession, considering this legal formalization as a part of GR institutionalization.

The third part of questions was on the most important skills, knowledge and abilities in GR. We asked an open question on the experts' point of view on the matter. By asking this question we tried to verify the hypothesis on the domination of political education and political science in profession educational background desirable for successful government relations specialists in Russia.

In total, we have interviewed 17 experts in GR from St. Petersburg. The sample included a broad scope of representatives from government agencies, consulting firms, freelancing, management companies, three members of non-governmental organizations (Union of small businesses in St. Petersburg, Senator Club, Center for contemporary Caucasian policy "Caucasus"), and GR-managers from different kinds

of industries (automotive, food, tobacco, transport, engineering, forestry etc.). Among these companies there are such well-known and large firms as "Ilim Group", "North-West Invest", "GM Auto", "BSH Group", JTI, "Nissan" and "Microsoft Russia". In addition, each respondent has a considerable experience, working with companies of different industries. We consider all these experts opinions as sufficiently competent. Taking this opportunity, we wish to express our gratitude to all the experts who participated in the survey.

Key research findings. We found out that GR tools and techniques in Russia are the same as anywhere worldwide. Our respondents point out interaction with authorities 16 times, monitoring and development of laws – 15 times, organizing interaction between social actors – 14 times, building coalitions and mobilizing public opinion – 11 times, elaborating GR-strategy – 10 times, conducting GR-analytics – 10 times, interacting with foreign states and organizations – 9 times, looking for state funding and grants – 9 times, creating a communication infrastructure (TV, newspapers, websites etc.) – 9 times. Therefore, in the matter of GR-tools and GR-techniques St. Petersburg is similar to Moscow.

In the question of key aims of government relations, executive authorities has enjoyed stronger leadership over legislative and judicial branches. In St. Petersburg the Committees of the Government of St. Petersburg were mentioned 10 times, Governor – 6 times, Vice-Governors – 5 times, Legislative Assembly – 5 times, President of the Russian Federation – 2 times, district administration – 1 time, municipalities – 1 time, prosecutor's office – 1 time. So, we can calculate that our experts have proved the overwhelming domination of executive power in Russia. This would be unusual for developed countries, where traditional government relations begin with influencing the law-making processes.

The next results concern the development of government relations in different sectors of Russian economy. These results are represented in Table 1. The biggest differences are in the industries of development and construction and car-making. The development and construction includes a very important issue of land property and real estate management. Local authorities have significant influence in this issue because they have prerogatives in land use. Car-making industry develops in St. Petersburg since the beginning of 1990s when "Ford" opened its factory near the city. Since then St. Petersburg has attracted several other car companies.

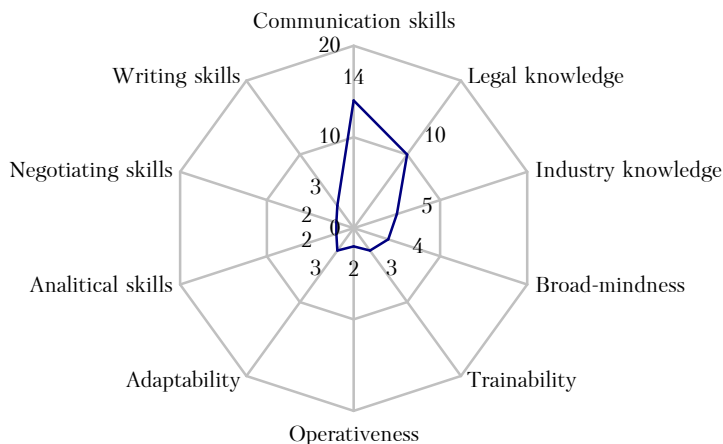
Table 1. Development of GR-market in Russia, constructed by author

Industry	Moscow (N = 25)	Saint Petersburg (N = 17)
Pharmaceuticals and drugs	44	47
Electricity	40	35
Retail	20	29
Tobacco	16	59
Finance and insurance	16	29
Transportation	16	59
Development and construction	12	71
Alcohol	12	59
Car-making	12	65
Metals and mining	12	6
Oil and fuel	8	24

Notes: % of the experts, stressing the opinion that GR is developed in this particular sector of the economy.

The experts' opinion on the matter of legal institutionalization has divided as follows: 7 experts admitted that the law on lobbying must be accepted, 6 said "no", and 4 had no opinion for the reason of precaution to approve or disapprove unfamiliar law. We can treat these careful answers as close to "no". In their responds the exerts, who answered this way, also said that any unexpected legal changes usually produce new problems for doing business in Russia. Considering the idea of two main strategies for business to deal with the state, discussed in the literature review, we must admit that our results correlate with this approach. The experts' opinion practically splits into two parts, reflecting "exit" and "voice" strategies for business-government relations in Russia.

The answers on the matter of knowledge and skills in government relations have not approved our hypothesis. Figure 1 reports the results on the issue. The majority of experts have identified that successful GR-manager must have communication skills. In Russian reality political science is not a well-known field of knowledge, therefore no one has mentioned it. The experts prefer to talk about legal knowledge, but consider communication skills as a primary task for professional education. Communications skills and close to them writing and negotiating skills have collected 19 mentions out of 48 in total. Therefore, we must admit that government relations as an educational program should be attributed to the field of public relations. This is a world-wide practice.



Notes: N = 17, the experts could not name any kind of knowledge and skills.

Figure 1. Knowledge and skills of successful GR-manager in St. Petersburg, developed by the author

Conclusions and implications. The results of the empirical research presented in this paper confirm that GR-tools and techniques in Russia do not differ significantly from world practice. But unlike the world standards GR in Russia aim mostly on executive power. This reflects the peculiarities of the current political system in Russia. The research also shows that GR works in different sectors of Russian economy. We also found the confirmation to the idea of the "exit" and "voice" strategies for business-government relations in Russia. Normally, business in general welcomes written rules and institutionalization. But in Russia there is a split in business community about the relations with the state. Another interesting part of our research

deals with the confirmation of the world standards in GR-education, which attributes government relations to the field of public relations.

At the time of this research, there were no comparable data on GR in other post-soviet states. Therefore, we believe there should be joint research projects from the post-soviet countries. To do so, we managed to start a joint research project of St. Petersburg State University (Russia) and Minsk State University (Belarus) on the issue of business-government communications in Minsk and St. Petersburg.

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