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THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF DEVELOPMENT
OF PARTNER RELATIONS BETWEEN BUSINESS AND STATE POWER IN UKRAINE

The development of a long-term strategy of a socially responsible partnership between business and state is a pre-factor of successful implementation of partnership's tasks between businesses and government, where there is an effective state and an efficient business, which receives full support from the state and is actively involved in solving problems of improving living standards of population, creating broad and equal opportunities for the development of Ukrainian society. The state should support business in its pursuit to go beyond the narrow corporate interests, to realize itself in society, and prove its social responsibility. Two main ways of economic growth in contemporary Ukraine are being analyzed in this paper.

These are expanding the scale of production based on existing technological base or ensuring economic growth based on new scientific and technological foundations of economic development. It is concluded that only the second path ensures further implementation of scientific and technological turn in the global economy's development. Thus, the author of the article proposes it to be used by the Ukrainian economy. However, it is noted that such strategy of scientific, technological and innovative breakthrough can not be implemented with just business structures without the active participation of the state due to limited resources of both state and private enterprises. Therefore, currently the state should determine primarily scientific, technological and innovative breakthroughs and critical technologies, which are oriented on the narrow economic sectors and that will provide the greatest social and economic effect.

Keywords: *partnerships, business and government, social partnership, social responsibility, evolutionary economics.*

Емельянов В.М. Теоретико-методологічні засади розвитку партнерських відносин між бізнесом та державною владою в Україні

Розробка довгострокової стратегії соціально відповідального партнерства держави і бізнесу є передумовним фактором успішного виконання завдань партнерства бізнесу і влади, де є ефективна держава та ефективний бізнес, який одержує повну підтримку з боку держави і бере активну участь у вирішенні проблем підвищення рівня життя населення, створення широких і рівних можливостей розвитку українського суспільства. Держава має підтримати бізнес у його прагненні вийти за межі вузьких корпоративних інтересів, реалізувати себе в суспільстві і довести свою соціальну відповідальність.

Ключові слова: *партнерські відносини, бізнес та влада, соціальне партнерство, еволюційна економіка*

Емельянов В.М. Теоретико-методологические основы развития партнерских отношений между бизнесом и государственной властью в Украине

Разработка долгосрочной стратегии социально ответственного партнерства государства и бизнеса является фактором успешного выполнения задач партнерства бизнеса и власти, где есть эффективное государство и эффективный бизнес, который получает сильную поддержку со стороны государства и активно участвует в решении проблем повышения уровня жизни населения, создании широких и равных возможностей развития украинского общества. Государство должно поддержать бизнес в его стремлении выйти за пределы узких корпоративных интересов, реализовать себя в обществе и доказать свою социальную ответственность.

Ключевые слова: *партнерские отношения, бизнес и власть, социальное партнерство, социальная ответственность, эволюционная экономика*

Introduction

An effective state and an efficient business that receives full support from the state and is actively involved in solving problems of Ukrainian society is prerequisite of successful fulfillment of tasks of partnerships between businesses and government. In this regard, it is necessary to develop a long-term strategy of socially responsible partnership between the state and business.

The partnership between businesses and the state is the form of cooperation between business and state authorities and local governments. It should be noted that the social responsibility of business and state authorities provides a sense of social responsibility of both parties that expresses attitude to life of people and their mutual relations in society.

The main goal of such partnership is raising living standards of people, creating broad and equal opportunities for development. The state should support businesses in their quest to go beyond the narrow corporate interests, to realize themselves in society and to demonstrate their social responsibility.

The practice of social partnership shows that a specific national partnership model according to the features of its historical development, economic structures, legal traditions, mentality is being formed in each country. It is determined by the characteristics of socio-economic development of the country, its political system, economic, political, social maturity of the society, its willingness to coordinate the interests of different social groups and cooperation between them.

The formation of own model of social partnership in Ukraine is carried out in a quite complex environment of social adjustment and is determined by a combination of economic, social, political and ideological factors. They are connected with the development of market economy, democratization of society, transition to new civilizational forms (postindustrial, information, "knowledge society"), which affect the formation of partnership relations and the role of public administration in a system of partnership.

In our view, the economic factors that determine the implementation of social partnership in the country include:

- the need to overcome acute social and economic crises that are accompanied by market reforms, as reflected in a decline of production and a decrease in living standards of people;
- the relevance of establishing non-confrontational relations, which protect from further

deepening of society's crisis, reduce social risks and prevent social conflicts between different social groups;

- the need for negotiating the terms of privatization, which takes place in Ukraine with violation of citizens' rights. This is because a small number of individuals, who had access to resources and power and could create acceptable conditions of privatization for themselves, became the main owners of state property. This has led to polarization of incomes and uncontrolled social differentiation;

- the necessity of economy's democratization, when a partnership between the state, business and citizens will enable citizens to engage in active participation in the management of the enterprises, in which they work; expand the powers of representative bodies hired employees, increase the role of public administration as participant and facilitator of economic relations;

- strengthen the responsibility of employers for conclusion of collective agreements in enterprises of all forms of ownership;

- the need for revitalization of the state administration's bodies to resolve labor disputes in enterprises that are privately owned;

- the struggle for exclusion of backstage forms of state decision-making for the benefit of certain groups, struggle against the merging of business and power and imposition of "rules of game" in the socio-economic relations by the subjects of "shadow" economy;

- the need to combat corruption and "shadow economy", whose existence leads to violations of labor and social rights of citizens.

Equally significant are the social factors of social partnership:

- the necessity to overcome significant polarization in terms of the level of life, when fantastic incomes of clan-oligarchic groups are deeply contrasted with the material conditions of life of working people, especially in rural areas or in the so-called "depressed" cities;

- the demand for social programs that provide a common investment of funds of government, business and citizens in the development of education, science, advanced training of employees, maintaining their health, etc.;

- the need for an expansion of the network of social services, which are to compensate for low incomes of citizens (paternalism of the state in this case is justified and necessary).

If problems such as poverty alleviation, reduction of inflation to the European level, decrease of

social polarization, solution of employment problems are not solved more efficiently in the future in Ukraine, protest social attitudes and confrontation can grow in society. This is confirmed by the data of the integrated index of social well-being of Ukrainian citizens, which had remained below conditional zero for years 1992-2009. That means that it shows the negative level of meeting the social needs [1, p. 16].

Economic and social problems that exist in Ukraine are combined with political instability and form citizens' persistent negative view of the state as incapable of effectively carry out its functions.

This necessitates increased accountability of all public sectors for political stability, quality of political institutions, and development of democracy.

This also involves the circumstances that the development of tripartism in Ukraine demonstrates the lack of organization of not only state administration's bodies, but also other subjects of partnership – employers and employees. For example, the trade union movement in Ukraine, presented by the Federation of Trade Unions of Ukraine (the FPU) and a network of independent unions, does not include all workers and gradually loses its credibility, especially in the private sector, where trade unions are virtually not created. Given that the private property in Ukraine is already over 80% of the market, the degree of decline in the popularity and effectiveness of trade unions is high. However, also weak organization is seen at the level of another subject of partnership – employers, as the Federation of Employers of Ukraine does not cover all employers and employees, it is not an active participant in negotiations and it does not initiate cooperation with other social sectors.

An active ideology of social partnership, which offers peaceful coexistence of different social groups with specific and often conflicting interests, civilized forms of overcoming differences and achieving consensus, is not formed in society.

It is manifested in the dissemination of legal nihilism, lack of values and normative consensus, insufficient development of human and social capital.

Thus, the combination of the above factors necessitates existence and improvement of social partnership in Ukraine as a natural stage of socio-economic relations' reform and a condition of reconciling the interests and the motivations of subjects of partnership for wellbeing of citizens, development of a socially oriented economy.

The role of business' social responsibility, especially the large one, is extremely high in modern Ukraine. About two-thirds of the working population is employed in the private sector. Standards of living and working conditions of most citizens, conditions of their medical and pension provision, education and vocational training are laid out in this sector.

In this regard, business must understand its historical role and correctly identify its directions of development. Business should work for strategic interests of the state and society rather than to be limited to the efforts on establishing various funds and solving corporate social problems. The success of certain corporations is truly sustainable if it is directed at the future and is related to the real needs of people. However, understanding this historical role of business can take place only through the state and only in a dialogue with the state and society.

In its turn, the state should interact with business based on partner cooperation and dialogue.

Only under these circumstances favorable conditions for active attraction of other than state's investments to healthcare, education, science and culture, etc. can be created. The idea is to transform these areas from unprofitable sectors of the

Ukrainian economy on the generator of social and economic development by joint efforts of the state and business.

The theory of ensuring the rational management in a market economy is of a particular relevance in addressing the problem of development and improvement of management mechanisms of partnership between business and government. This is an objective due to the fact that the global economy is seen as a system of national economies, formed on the basis of organically inherent patterns of socio-economic development and the principles of effective decision-making, which define rational behavior of people in the processes of economic and social activity [2, p. 30].

It is known from the economic theory that the basis of rational behavior of people in economic activity is learning, perception and realization of the principles of selection of the best ways of using scarce resources in a market economy to achieve personal, public social and economic goals.

Market economy meets the following characteristics in the system of rationally organized national economy:

1. The functions of the economy should ensure implementation of

characteristics and criteria of rationality, according to which the best results are achieved at the lowest cost in economic activity of economic and social systems.

2. The criteria for rational economic system should be determined by the priority of ensuring social and economic interests and needs of an individual person and society as a whole, the level of which increases as their interests and needs are satisfied.

3. The value-oriented evaluations of the mechanism of rational economic system should be primarily based on the criteria of determining the amount of the savings of aggregate work: in the sphere of consumption – by improving the quality of consumer characteristics of products and services, and in the production, distribution and exchange sphere – by reducing total labor costs.

4. Optimization of management of production, innovation and investment, social and other activities in the economic systems must be ensured through the use of the variety of management's forms, which are grounded on different types of ownership (private, public, mixed) based on the criteria of evaluating the effectiveness [3, p. 67].

From the perspective of systemic approach the rational management can be represented as a high-quality internal interaction of all elements, the system of forward and backward linkages and relationships of an entity (company, corporation, household, state organization), consideration of which should be based on macroeconomic, micro-economic, hierarchical, functional and procedural representations about economic or social system [4, 5, 6].

Due to such research methodology of economic or social system it seems possible to identify not only the integrity of its elements, but their system integration that provides a synergistic effect.

It also enables socio-economic system, formed by the merger of economic and social activities, to interact more effectively with the external environment, to meet its demands and, thereby, to achieve a higher effect as a result of its activity.

Analyzing the economic activities of various kinds of economic systems that operate in the national economy of Ukraine, it is possible to identify a number of fundamental features of rationally organized business entities. They successfully operate in the social sector to satisfy its demands in

the conditions of emerging market economy, and they are practically adapted to market economic system.

The examples of these fundamental features of rational organization of business entity should include:

2. A large number of complex structural parts, which form a unified economic and social system that is an important factor in the development of small and medium-sized cities.

3. A variety of these parts and functions that provide a dynamic development, diversification of economic and social activities.

4. The presence of common objectives that define the effective directions of development and ensure the stability of the structural elements of the organization, and for the organization as a whole – stability in the external environment (in the market).

5. The presence of feedback between the elements that make up the systems of social and economic nature, which do not allow arbitrary partition of the system into independent or weakly dependent components.

6. The presence of the ability to raise the level of their organization and the degree of innovation in economic and social activities.

7. Having the ability to counter the negative to the organization perturbations from the external environment, thus ensuring the success of the organization and the dynamics of its development in the conditions of competition and struggle for “survival” in a market economy and social environments [7, p. 21].

As noted above, the system of rational management relies on the theory of innovation, investment and evolutionary economics. The theory of innovative economy proceeds from the fact that economic development is cyclical. It is caused by the fact that new product and new technology, which appear on average every few years, are approved in the market; satisfy the needs; their sales reach their peak (maximum) mark. Then there is a very rapid decline; a completely new product appears that repeats the fate of its predecessor and prepares the same prospect for its successor.

That is how food and technology cycles work, providing the appearance of a new product or a new technology in the depths of the previous cycle [8].

The innovative ideas of economic development affect the efficiency of economic activity, competitiveness of products or services, the ability to update them through technological innovation,

innovation activities of market's economic entities, and increase of knowledge in human capital.

In modern economy the rate of change of technologies is increasing, and this trend will continue. In this regard the organizations that are connected directly or indirectly with high technologies, high-tech companies need to quickly and adequately respond to the latest developments and to propose innovations themselves.

The theory of evolutionary economics is an independent area of research in economics. It is based on such theories as: distribution, synthesis and cooperation of labor; reproduction of the social product; the origin of private property and the state in modern conditions; acceleration of scientific and technological progress and enrichment of people with new knowledge; reproduction and improvement of living standards of people as the ultimate goal of economic activity.

Evolutionary economics as a scientific approach to the theory and methodology of economics has passed two major steps in its development - system and process steps.

In this regard, it is possible to explore and reveal the following based on the theory of evolutionary economics:

- innovations and technologies as a result of scientific, technical and industrial policies being pursued at the macro level;
- the behavior of economic entities, their goals, rules, character of interaction, forms of market structures that are best for them;
- macroeconomic transformation: the cycles, the trajectory of the economic system's development;
- transformation of social goals and objectives, thereby causing institutional changes: the adoption of new rules, laws, new organizational structures of management, etc.

At the present stage the central aspect of the study of the problem within evolutionary economics is a genetic understanding of the development of social and economic systems.

The genetic direction of evolutionary economics comes from the fact that any business entity, any industrial or social organization has its "life cycle". The self-development of these systems, including human being as an integral part of any of these systems, is influenced by internal and external forces. A genetic understanding of the theory of evolutionary economics is important for the study of social and economic systems that are self-sustaining. This allows making objective

decisions on this basis in order to improve the efficiency of business activities and to meet the constantly growing needs of society. When considering genetics of the system one should use system principles of its development. It is necessary to attribute specifically to them the following system principles [9]:

a) The principle of integrity, that is, the construction of the system's properties to the amount of its elements' properties, and getting properties of the whole from the latest.

b) The structuring principle – the possibility of the expectations of the future state of the system through the establishment of its structure, that is a conditionality of the system behavior not so much from behavior of its individual elements, but from the properties of its structure.

c) The principle of interdependence of structure and environment, when the system forms and shows its properties in the process of interaction with the environment, while being an active part of the interaction between them.

d) The principle of hierarchy, according to which each element of the system, in its turn, can be considered as a system, and each following system itself represents one of the elements of a higher system.

The modern economy of Ukraine should be seen as an innovative one, albeit at an early stage of its development. This is evidenced by its features:

- providing necessary information about and known knowledge, innovation, innovation activity and innovation processes based on automated access and computer systems;
- 1. the presence of a sufficiently developed infrastructure that ensures the creation of national and global information resources in the extent necessary to support the acceleration of scientific and technological process and innovative development;
- 2. the acceleration of automation and computerization of all spheres and sectors of distribution, exchange, consumption and management;
- 3. the production of distribution, exchange, consumption and management;
- 4. expansion and intensification innovation activities in various fields of human activity, including in the area of reproduction of human capital;
- 5. the development of innovation infrastructure that is capable in real-time mode to flexibly implement the necessary innovations based on high technologies;

- the creation of a flexible system of training and retraining of professional personnel in the field of innovative activity in the economy and social sphere.

Summarizing the studies conducted, the point of view should be expressed that management of rational economy, insurance of economic growth should be based on a joint study and should use in practice the provisions of the theories

of institutional, innovation and evolutionary economics, developing and deepening of which should take place in relation to present and future stages of social and economic development.

After the end of the system crisis of the economy of the 1990s, Ukraine currently faces the need of determining ways of economic growth and areas for further socio-economic development on its base. The choice was between two directions – expanding the scale of production based on existing technological base or ensuring economic growth based on new scientific and technological foundations of economic development.

The first direction is an inertial path that continues to dominate today. It is based on formed technological foundation, which could lead to a further curtailment of scientific, technological and innovation capacity, rejection of real state support of basic innovations and ultimately to the deterioration of the social sphere.

The second direction is a way to implement the breakthrough strategy of scientific and technological innovation, concentration of resources on development and realization of a narrow range of priorities of selective research and innovation policies. Such priorities ensure the dissemination of the fifth technological structure (TS), leadership in the development of certain areas of the sixth TS, provision of innovative character of investments, gradual modernization of productive capital assets on this basis, accelerated development of social sphere, and improvement of demographic situation.

There are objective grounds for choosing the second direction, the most important of which are:

- 1) achieving a critical level of aging of basic production assets that do not allow to produce competitive goods and services in the global market;

- 2) a sharp decline of powerful scientific and technological potential, reduction of investments in science and innovations, significant reduction and aging of research, design and engineering staff;

- 3) increased competition in the global market as a result of the transition from the fifth to the sixth technological structure, which threatens to permanently discard Ukraine to the periphery of world scientific and technological progress, to put its economy under the control of transnational corporations;

- 4) negative forecasts for the social sector's development, decline in living standards of population, further deterioration of the demographic situation.

Obviously, only the second path ensures further implementation of scientific and technological turn in the global economy's development, and so it should be used by the Ukrainian economy. However, the second path, the strategy of scientific, technological and innovative breakthrough, can not be implemented with just business structures without the active participation of the state. This is due to the fact that in the present state of limited resources of both state and private enterprises, it is impossible to make a breakthrough on all fronts of the economy. Therefore, primarily scientific, technological and innovative breakthroughs and critical technologies, which are oriented on the narrow economic sectors and that will provide the greatest social and economic effect, should be determined by the state.

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