



Internal and External Conditions of GR-Strategy Implementation

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ABSTRACT: This article is concerned with the basic conditions that ensure the formation of favorable partnering relationships between business representatives and government authorities. Today there is a situation when business becomes a key social institution that exercises a significant influence on economic and political processes. The existence of government intervention in the economy and the creation of a legal framework for the activities of business structures explains the existence of companies' objectives, such as improving relations with the state. The article based on the neo institutional approach analyzes the interaction of government and business in the countries with developed and developing economies. In addition, it reveals the significance of internal and external conditions for the effective implementation of the GR-strategy, including the causes that lead to conflict generation within diversified companies and external conflicts occurring between government agencies and business representatives. Particular attention is given to the need for a conflict-free environment for the development of the GR, recommendations on conflict resolution.

Keywords: Government relations, GR, business actors, neo institutionalism, lobbying, interest groups

I. INTRODUCTION

Business is one of non-state social actors being integral to the political process. In political practice, the role of business actors as an influential sociopolitical institution and political subject in a number of cases comparable in terms of influence with the state is increasingly being designated. These processes lead to an increase in the number of interactions of business actors with government bodies. The greatest significance for business actors such interactions acquire in conditions of increasing the degree of governmental regulation of the economy. The state forms the legal framework within which business actors interact with other participants of economic and political relations. In addition, the state has a management impact on business actors. Thus, the success of the activities of business actors and the government itself depends on the organization of effective interaction with the bodies of government.

Determination of the conditions for implementation of government-business interaction is associated with a number of features and is one of the most complex scientific problems. This is due to the fact that, for the most part, GR is hidden, making it difficult to determine the necessary conditions for a productive implementation of the GR strategy.

II. METHODS

Neoinstitutional approach makes it possible to consider the institutions of government, political parties, social and business organizations, as well as their relationships as the main elements of the political development of society. In contrast to the classical institutional approach which treats institutions as establishments that operate according to formal criteria,

neoinstitutionalists applied a broader approach, and they interpreted institutions as the limiters created by people which structure political, economic and social interactions [1]. Neo institutionalists study not only state authorities and legislation, but also societal institutions (in this case, economic actors) that influence the interests of political actors and their relations with other groups [2]. Institutions, therefore, act as the rules of interaction between actors, based on "agreements" that help reduce transaction costs and avoid uncertainty in the behavior of other actors, which allows considering both formal and informal rules and practices of implementing relations between government and business within the framework of neoinstitutionalism.

III. RESULTS AND DISCUSSION

Stable relations between business structures and state authorities and their competitive ability are the indicators of success of a chosen and implemented GR-strategy, the assessment of which is impossible without taking into consideration the external and internal conditions.

Among the main internal conditions for GR implementation is the stability of corporate relations of business actors, which is explained by their complex structure, especially when it comes to big business. This condition is expressed in the conflict-free corporate communication chain "stakeholders of a business actor – management apparatus of a business actor – GR-department – bodies of state authority".

The ability to effectively cope with their organizational drawbacks and overcome internal divisions and conflicts can be treated as a factor in the successful development of large business [3]. Internal conflicts can seriously affect the implementation of the GR strategy, undermining the ability of a business actor to clearly represent his interests.

In addition, to form the GR-strategy, it is necessary to take into account the internal structural contradictions being characteristic of large business structures.

In a situation where the company has a complex structure that includes the central office and regional divisions, there may occur conflicts on the occasion of allocating the resources gained as the result from interaction with the authorities. Illustrative is the situation when, as a result of the adoption of new policies by the US authorities concerning the standardization of the level of pollution by environmental industry, the regional departments of General Motors and Appalaca Energy in Michigan requested large subsidies from central offices. The regional departments faced the objective of intervening into the adoption of new requirements imposed by the authorities on production, expressed in the implementation of a system for diminution of the emissions to the environment. GR managers of these departments had to be ready to more complex, and therefore, more costly relations with state authorities to obtain resources and "special" permission for production, while central departments were not prepared to take into account the fact that the regional departments had increased workload and complication of the negotiation process and, therefore, proportionally increase their funding [4]. Ideological conflicts are possible in the situations where the central GR-department of a company selects a GR-strategy centrally, without taking the opinions and requests of regional offices into account. In particular, the regional GR-department *General Motors* for the production of heavy engines for trucks did not agree with the corporate idea to reduce the price of engines by weakening their nominal capacity, as this could adversely affect government procurement of heavy trucks [5].

In some cases, depending on the level of diversification of the company, regional offices have their own GR-departments and relevant specialists who interact with regional authorities [6]. For example, *General Motors* Corporation has refused additional state subsidies in order to ensure its preferential position among competitors and preserve the previous agreements with the authorities. However, the regional department of the company in California began to charge electric-powered cars with electricity at a reduced price to gain additional benefits and subsidies from regional authorities. The refusal to inform the central GR-department subsequently led to the centralization of corporate governance, namely, the transfer of control over the production of electric vehicles from the regional to the central office [7].

Ensuring the lack of conflict in the corporate communication chain "stakeholders of the business actor – administrative apparatus of the business actor – GR-department – government bodies" is promoted by the following rules: regular communication with colleagues from other departments; efficiency of obtaining information from interested persons in the company; the ability to convince colleagues of the correctness of the chosen GR-strategy; taking into account the needs of various departments of the company in developing a single line of interaction with the government. O.A. Morozov adheres to similar opinion by noting that the necessary conditions for the stable implementation of GR-strategies are compliance with the internal rules: regularity and quality of preparation of analytical reports; ability to bring the problem areas to light in advance for the company;

regular bilateral and multilateral meetings with stakeholders in the company [8].

An important condition for the successful implementation of the GR-strategy is the efficiency of the activities of the GR-department. Two points are important here. The first is that the GR department has information on the planned actions of the state in the scope of activity of the business actor. The second point is that in each of the cases of the implementation of the GR-strategy the actors need to accurately determine the appropriate moment to intervene in the process of decision-making by government authorities. For example, in the CPR the most effective period for influencing government bodies are the stages of the formation of a draft law and the process of discussing it among parliamentarians [9].

Accuracy of prediction of the GR subjects can be as one more condition, more precisely, the ability to develop and fore see possible scenarios of the events. Regular monitoring of the activities of the authorities and their personnel, as well as the preparation of high-quality and timely reports on the work of the state authorities help the subjects of the GR strategy attain a success in this direction.

The following condition focuses on the ability of GR specialists to determine the relevant tasks of the GR strategy, such as ensuring the predictability of government activities, establishing stable long-term relationships between business actors and state authorities, determining and influencing the real source of power in the country. A prerequisite for implementation of the GR is an adequate assessment of the possibilities of solving the problem of the GR strategy, namely, influencing the state authority. This means what the GR strategy is aimed at: approving a bill that is beneficial for business actors or rejecting an unfavorable draft law; amending a legal act being drafted or in force; deregulating the activities of a business actor; ensuring guarantees of further government orders, subsidies, benefits, quotas, grants, etc.

Extremely important for the success of the implementation of the GR-strategy is the accuracy of determining the required method of influence on state authorities. Depending on the institutional environment, methods can be divided into formal and informal, also into direct and indirect. In Russian practice, GR specialists apply tactics to conduct seminars, conferences, round tables, forums, public hearings with an obligatory participation of the representatives of the Federation Council in order to draw their attention to the problems of a business actor and to the development of grant programs. Also, the tactics of influence being applied comprehend mass mailing of letters, faxes, Internet communications; frequency of telephone calls, etc.

It is important to emphasize that a condition that significantly increases the success of the GR strategy is the presence in the company of a GR specialist from among the former representatives of state authority. In the absence of formal norms of regulation of business-government relations, the GR specialist's ties formed during his tenure at one of the government posts play an important role.

If there are already existing ties that ensure the trust attitude of the authorities towards the business actor, the probability of successful implementation of the GR strategy on another issue significantly increases. This look at point is confirmed by the fact that, firstly, under current conditions it is more profitable for the bodies of

state authorities to interact with the trusted business actors and not to waste a lot of efforts to build new links. Secondly, the presence of a lobbyist of interests of a business actor among the persons representing bodies of state power has a favorable effect on the stability of the relationship between government and business [10]. For example, the success of GR implementation by BP in Nigeria was ensured by the fact that among the state decision makers there were actors interested in the activities of the largest oil company in the country. The desire to support the company was explained by the company's intention to support the social policy of the current government, in particular, to carry out informal funding for the construction of public schools [11]. In exchange for it the government should have given the company the right to conduct oil production in the country.

Further singling out the conditions for the implementation of GR strategies is based on the assessment of the activities of GR entities in the institutional environment, which forms "rules for the game" for the participants in the relationship, as well as an analysis of the feasibility of using formal and informal GR methods and tactics by business structures.

The implementation of GR is impossible without favorable external conditions. It is necessary to highlight the factor of the presence of formal rules and regulations governing the GR in the state. The existence of a formal institution allows for the formation of generally accepted rules of the game at the legislative level, according to which the GR subjects have the opportunity to influence state authorities. Formal norms help the parties in a relationship predict behavior and its results, thereby reducing costs and risks.

The rules for the game which reflect all aspects of interaction enable to avoid illegal methods and tactics of business impact on power, and a probability of corruption cases subsides. For example, the law on lobbying in the United States simplifies the identification of objects of GR activity, forms a list of those who are allowed to deal with the authorities, and as an institutional element standardizes the relationship between government and business [12].

Of particular concern for the activities of business actors are not only internal conflicts but also conflict-free relations with the authorities, the absence of serious formal and informal claims on their part to the business actor (trust attitude to the heads of organization, the desire to build partnership links). Due to the emotionally charged mention of a business actor in the media and the formation of a certain image and reputation in the business and government environment, we can note that political decision makers form a subjective view of the business, which can result in a positive, neutral or negative attitude of the government authorities to commercial structures.

The remarkable thing is that the researchers of GR stands out a paradoxical political science, according to which, given the comfortable work of a business actor and the absence of conflicts with state authorities, the GR department, as a separate structure within an organization, is not required [13]. This impression is due to the fact that the main activity of the GR entities is anticipatory and is aimed at reducing the conflict potential of relations with government bodies. Controversial issues between business actors and the authorities in such activities are resolved in a prompt manner and on time. In situations where the existence of problems in relations with state authorities is regularly

recorded in the business actor's activities, the presence of a GR department that solves these problems is perceived positively. The objective of the GR is to achieve the competitiveness of a business actor in economic activities through interaction, establishing long-term and favorable relationships with the authorities. The task of the GR-department is a flexible response to the needs and needs of the business, contributing to conflict-free interaction of both internal elements and the business structure with the government on the whole.

IV. SUMMARY

The conditions for the implementation of the GR-strategy that we have determined allow business structures achieving their goals and objectives. But in practice, a functioning institutional system, an established economic situation in states do not always have the ability to comply with the marked conditions. Therefore, there are various models for the implementation of tactics and the application of methods of influence by business structures on the bodies government power.

V. CONCLUSIONS

Business actors are high-profile actors in economic and political processes at the local, regional, and national levels. Together with the emergence of business structures as influential socio-economic actors, the importance of its interaction with the state, which directly impacts on the business, increases. The success of business actors largely depends on the nature of the relationship links established with the state, on the formal rules in effect. Therefore, forming favorable relationship with the state is one of the main tasks of modern business. The state can regulate and determine the nature, forms and methods used by business to build relationships with political institutions. The presence or absence of a formal framework determines the practice of business impact on the authorities of power. Of particular importance for the implementation of GR are conflict-free in-house relations and partnership interaction of business with government authorities. Equally important is the staff of the GR-department that has proper skills and competencies to select the appropriate GR-strategy and methods for its implementation.

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