



# Prospects of GR Management Development in the context of forming a digital economy

## Perspectivas del desarrollo de la Gestión de Relaciones Gubernamentales en el contexto de la formación de una economía digital

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### ABSTRACT:

The purpose of this study is to reveal the essence of GR (Government Relations) Management as a modern instrument for the interaction between business and the state to define promising areas of development in the digital economy. The article reveals the ontology of GR Management as a modern instrument of the interaction between business and the state, taking into account the functional features determined by the fourth technological revolution. Organizational and economic relations of the efficient interaction within the further state policy development are important for both business and government. In the article various manifestations of the GR Management technology in the system of sustainable development of the economy and under the conditions of economic growth have been introduced. The areas of the formation of the digital economy based on the legal regulation have been shown. The trend and the reasons forming the mechanism of the GR management coordination platform have been identified. The offered mechanism of the GR management coordination in terms of institutional transformations will contribute to forming the state-

### RESUMEN:

El propósito de este estudio es revelar la esencia de GR Management como un instrumento moderno para la interacción entre las empresas y el estado para definir áreas de desarrollo prometedoras en la economía digital. El artículo tiene en cuenta las características funcionales determinadas por la cuarta revolución tecnológica. Las relaciones organizativas y económicas de la interacción eficiente dentro del desarrollo de políticas estatales posteriores son importantes tanto para las empresas como para el gobierno. En el artículo se han introducido diversas manifestaciones de la tecnología de gestión de recursos en el sistema de desarrollo sostenible de la economía y en las condiciones de crecimiento económico. Se han mostrado las áreas de formación de la economía digital basadas en la regulación legal. Se identificaron la tendencia y las razones que conforman el mecanismo de la plataforma de coordinación de gestión de Recursos. El mecanismo ofrecido para la coordinación de la gestión de recursos en términos de transformaciones institucionales contribuirá a formar el régimen político-estatal de la sociedad de la información postindustrial en la

political regime of the post-industrial information society in the strategy of transfer to a new technological structure.

**Keywords:** GR Management, Management Instrument, interaction, business and government, digital economy, partnership, public private partnership, sustainable development

estrategia de transferencia a una nueva estructura tecnológica.

**Palabras clave:** gestión de recursos, instrumentos de gestión, interacción, negocios y gobierno, economía digital, asociación, asociación público-privada, desarrollo sostenible

## 1. Introduction

It becomes urgent to establish a partnership between the government and business based on the institutional approach and the concept of sustainable development. The modern paradigm of business management includes the concept of ideological technologies for communicating with the authorities in the context of sustainable development of the economy in the digital-electronic space. The formation of technologies for the interaction between the entrepreneurship and authorities (GR Management) aims at providing requests for implementing certain projects and developing business, in general. The study is based on an a priori assumption about ensuring sustainable business development in the context of technologies functioning for the interaction between the entrepreneurship and authorities, i.e., by applying GR Management technologies.

Hypothetically, it is possible to assume that the prospects for the mutually beneficial cooperation of the state, business structures and organizations (commercial and nonprofit) are determined in forming an institution with a scientific theoretical and methodological apparatus that allows systematically implementing practical actual provisions when establishing the state-political regime and forming the post-industrial information society.

The relationship with authorities as GR Management (government relations) is interpreted differently in the ontology of approaches. The authors of the article consider the following definition of "Government Relations" to be the most acceptable for the modern scientific views: "this is a multidimensional (above all, communicative) activity of nonstate structures aimed at interacting with state authorities" (Achkasova et al., 2015, p.19).

The trends in the growth of digitalization in relations among state authorities, society, education, medicine, and business, in general, substantiating the development of the information society and the availability of information and telecommunication technologies, make it possible to implement a technological breakthrough in all spheres of life.

## 2. Methods

The methods of deduction defining the possibility to substantiate the efficiency of GR Management and its promising work in forming a new level of interaction among the main participants of the economic process in the context of the digital economy are applied in the article. In addition to the deduction method, the methods of logical analysis and analogy are used. They allow forming the concept of GR Management based on the breakthrough (revolutionary) path of innovative projects.

## 3. Results

The results of the study show that one of the promising and urgent areas of using GR management methods is the investment sector. In order to efficiently implement an investment project within the interaction with the state, it is necessary to outline the following important components existing in the digital economy: 1) creating a favorable administrative climate, 2) forming a digital business ecosystem, and 3) obtaining a reasonable access to the resources controlled by the state (land, capital, labor, information, entrepreneurship) (Kayl et al., 2017).

It is necessary to note that today the terms and conditions for the implementation of investment projects have not been fully created, and the existing legal acts do not allow to ensure the inviolability of private property (there is no law on the inviolability of private property in Russia). At the same time, investors and the state can interact through the public private partnership.

The partnership between the government and business is one of the urgent issues in terms of the new institutionalism and the concept of sustainable development. Under the conditions of the fourth technological revolution, the system of relations between the authorities and business structures involved in the development and implementation of state policy should be based on the balance of their interests and partnership. Digital technologies give impetus to a new stage of the sustainable economic development. The sustainability as an economic concept that appeared in 1987 in the report of the UN General Assembly presented by the Commission for Environment and Development actualizes the development of GR management. The Commission for Environment and Development singled out the need in the economic growth without environmental damage. The concept of "sustainable development" defines "long-term continuous development that meets the needs of people living today without prejudice to the needs of future generations" (Brundtland, 1988, p.50).

In the economic doctrine sustainable development can be interpreted as a platform of reasonable balance that equalizes socio-economic laws of the human resource development and environmental conservation in the context of a turbulent technological process, taking into account rational consumption (Koptuyug, 1992).

Summarizing, it is possible to conclude that sustainable development cannot be ensured without mutual understanding of governmental authorities and business, coordinated on the basis of the state mechanism that regulates optimal market methods, taking into account the mentality, the specifics of the country's economy, and the population's social structure. The development of GR Management can comply with the principles of sustainable development and should be carried out to achieve the following goals:

- 1) To balance economic processes taking into account externalities (external effects) in the ecological environment where production does not affect the surrounding nature,
  - 2) To balance economic processes and the social sphere, coordinated by the maximum pragmatism in using technologies for deep processing of resources to meet the needs of the population, and
  - 3) To ensure foresight development, i.e., not in terms of the principle "today and tomorrow are a short-term perspective", but also taking into account the demands of the future generations.
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## 4. Discussion

Discussion of the main tasks of the GR management shows the coordination of the interests of business structures and authorities at various levels in order to mitigate risks and ensure sustainable development. However, the state must guarantee the efficiency of the concept of sustainable development that implies not only the growth of economic indicators, but also covering zero, negative values of natural resource consumption that violate the ecological balance. It is necessary to establish such relationships by using GR management technologies that imply:

- 1) Constructive dialogue with the government,
- 2) Forming entrepreneurial goals under the conditions of the sustainable development and digitalization of the economy, and
- 3) Determining types of instruments that are available to achieve business goals in the context of sustainable development and the digitalization of the economy.

It is possible to draw clear parallels between the use of GR management technology in the system of sustainable development of the economy and in the context of economic growth, but having various practice on the interaction with authorities.

1. GR management in the system of sustainable development: GR management in terms of redirecting income to the restoration of natural resources, which forms zero and minus values of indicators in the economy; understanding of the greater frequency of fluctuations in the system of sustainable development than in the context of sustainable economic growth; GR management in terms of ensuring the growth of indicators of the socio-economic well-being of the population in coordination with state authorities; GR management to

ensure deep processing of exhausted natural resources in conjunction with government structures to restore the ecological balance.

2. GR management in the context of sustainable economic growth: GR management in terms of preventing negative values of business indicators because the essence of growth is always only positive, which affects the formation of mechanisms related to the interaction with government bodies; GR management aims only at increasing revenues in order to improve indicators of the economic well-being of the population without taking into account the global exhaustion of natural resources and disrupting the ecological balance; GR management proceeds lobbying of own interests of economic systems and pursues the goal of increasing revenues.

The paradigm of sustainable development was formed in the context of scientific and technological progress, which was due to the development of digital systems that made it possible to accurately identify and predict disastrous consequences of the resources exhaustion while achieving economic growth rates accompanied by the environmental imbalance. The sustainable development has three global vectors for the social welfare improvement: 1) achieving ecological balance, 2) achieving social sustainability, and 3) achieving economic balance.

According to the studies, the prospects for the GR management development in the context of forming the digital economy will be determined both by the concepts of global and national legislation and by guiding local principles taking into account the mentality.

The regulations of strategic development programs do not contain a system of basic quality indicators and the ones on the interaction between business and government that would allow analyzing the achieved level and deviations from the set goals in sustainable development, determining the international, national and business level of economic security. Digital economy as a new form of organizing relations among the state, business and society by using digital technologies is inseparable both from digitalization and the formation of instruments, systems of indicators and evaluation criteria.

According to the international experience, globally the relations among the state, civil institutions and business entities have just considerably changed.

In the USA, GR management as a management function allows forming clear links aimed at supporting strategic business companies that, in their turn, clearly understand not only their needs, but also the needs of the national economy in the sustainable development. Such approach to establishing relationships of understanding between business and government in the context of the digital economy of the United States allows: 1) creating terms and conditions for the development of "digital" economy (regulatory framework), 2) forming efficient platforms for the "digital" economy in the most demanded and prepared industries, 3) winning in the competition among digital platforms, and, hence, in their accelerated integration into global networks, and 4) distributing the most successful solutions for the government and business throughout the economy.

It is due to the development of GR management that the USA has considerable financial and technological advantages over the rest of the world. Today, the USA is forming its economy based on high-tech multinational corporations, such as Facebook, Google, Amazon, Intel, etc.

Besides, the GR management institute has become an attribute of not only large and medium-sized business, but also small innovative technological business in the USA. Based on outsourcing of GR management, even small business in the USA can implement strategic projects for the spontaneous development of the digital economy. Such development based on mutual understanding and support of the state allows earning revenues and social and economic benefits at the micro and macro levels (both for business and for the state).

Studying the development of China as another leader of the digital economy that has chosen the planned path of development, it is possible to note that the GR management allowed to: 1) develop the digitalization of production through the introduction of the industrial Internet, and 2) expand the possibilities of the Internet for the further growth of sales markets.

Such strategy of the government work with businesses makes it possible to: 1) totally

digitize production and logistics, 2) to develop the regulatory framework, 3) to digitalize systems of control, to create digital platforms, and 4) to integrate digital platforms and ecosystems into a single space.

Nowadays, Russia determines its own development routes for the GR management institute in the digital economy management system. To ensure competitiveness in the global economy, a strategy for the information society development in the Russian Federation for 2017–2030 was adopted (Decree of the RF President No. 203 dated 09.05.2017). By now, Russia has not achieved a sufficient level of readiness for the transition to a new technological order. The arrears of Russia from the global development of the digital economy are confirmed by the ratings of applying information and communications technologies. Technological arrears against the deficit of innovative economic entities in various sectors of the economy indicate the failure of incentive mechanisms that regulate the creation of favorable conditions, intensify the development and implementation of digital techniques and technologies of digital economy.

The study results show that the development of social projects based on public private partnership and state patronage has a considerable socio-economic effect for the society, which allows people to dive into the possibilities of the digital economy at the cognitive level (Keshelava et al., 2017; Shokhnekh et al., 2018). The state supports the GR management institute in mastering modern digital technologies and is actively involved in investing and implementing such projects as “smart city”, “digital medicine”, “digital continuous education” – investments in human resources to identify new opportunities and areas in the information interaction.

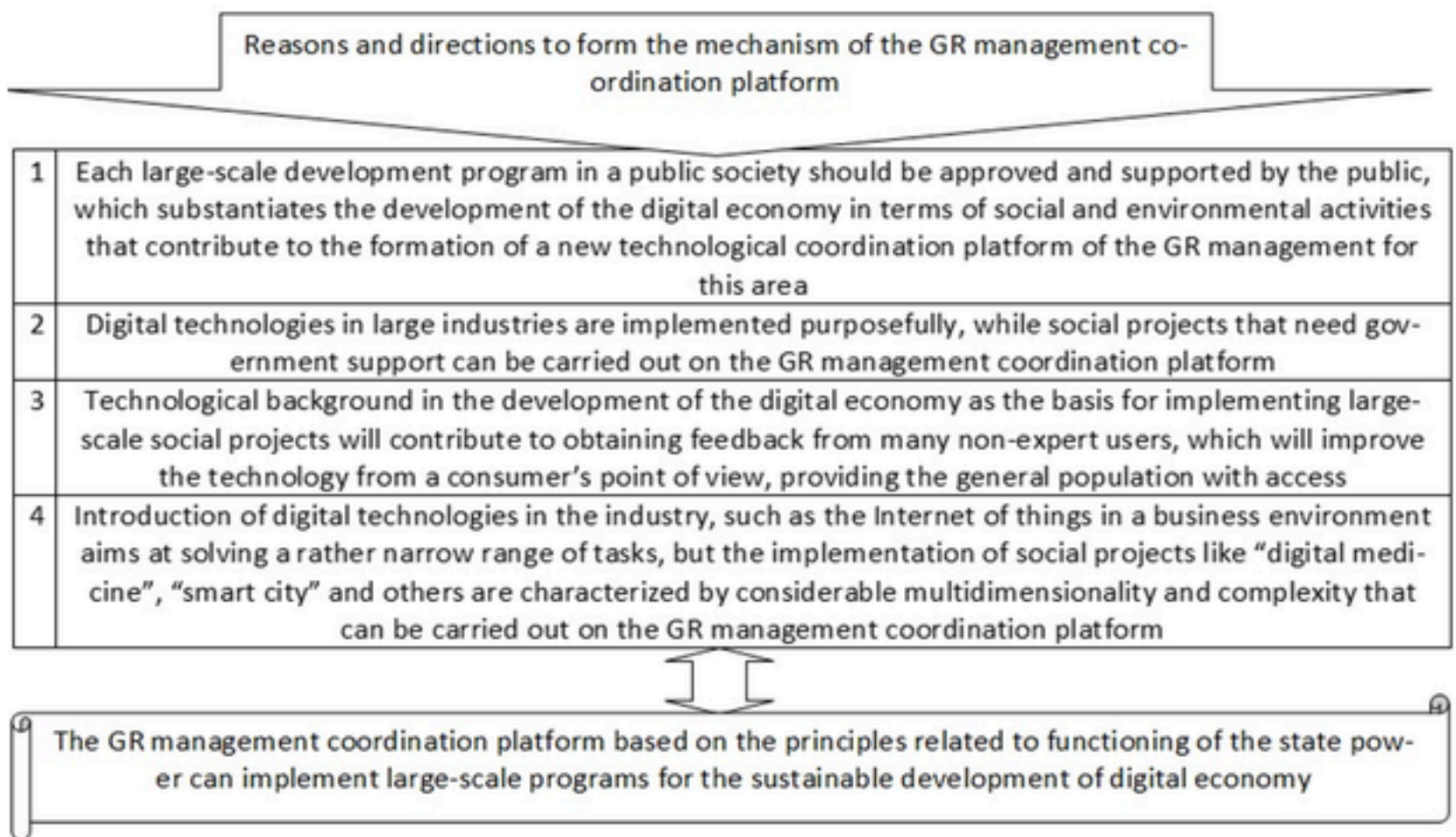
Prospects for the development of GR management in the context of forming the digital economy are discovered when introducing a private initiative for the formation and implementation of government programs based on public private partnerships, rental relations, leasing relationships, production sharing agreements, government contract, concessions, social partnership, and state patronage.

Consequently, the reasons and directions for the formation of the mechanism of the GR management coordination platform stipulated by the principles of the government functioning that allows carrying out large-scale programs for the sustainable development of the society (Figure 1) are substantiated.

Consequently, with the perspective of foresight development, the use of the mechanism of the GR management coordination platform will allow smoothing out the dangers of arrears from the global trends of digital technologies in Russia.

### **Figure 1**

Reasons and Directions to Form the Mechanism on Coordinating the GR management Platform

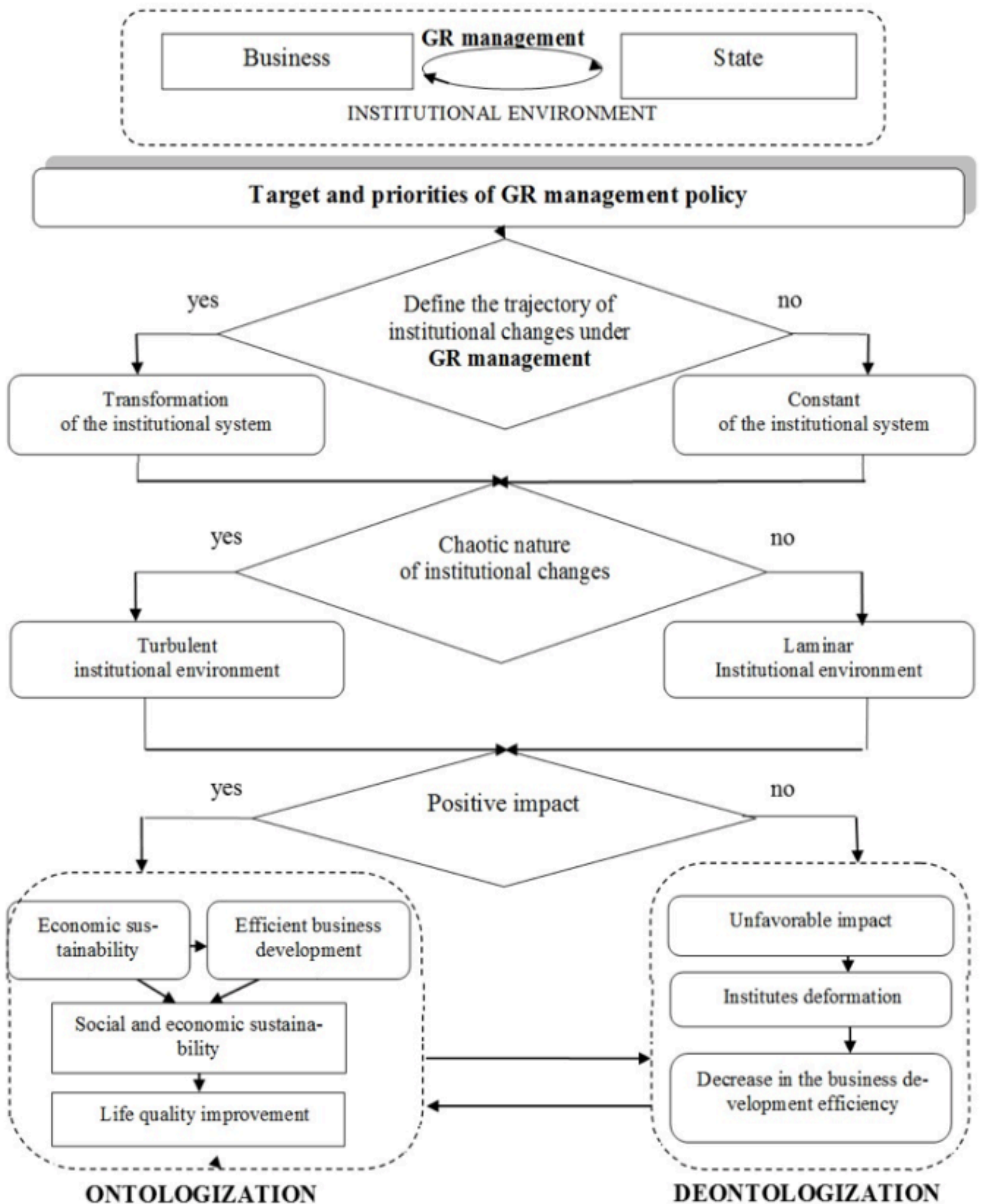


The regulatory environment of the GR Management methodology in the digital economy is determined by the state economic policy based on strategic planning and foresight development. The quality of considering the strategic normative act of the GR management at the state level should be manifested in social areas. It is important for Russia to determine areas for the development of the GR management coordination platform, whose routes can include both social use of digital techniques and technologies (education and investment in human resources) and the creation of the national technical and economic reserve to transfer to a new technological structure.

The state policy in the GR management development can be efficient only if it coincides with the ideology and mentality of the subjects involved in it. The ideology and mentality determine the formation of the relevant value systems shared by the society. The GR management subjects adhere to formal norms if they correspond to their interests. However, the legal component of the institutional system is relevant today.

The main vector of transforming the institutional environment and the institutional system of the GR management is set by the strategy of sustainable development. The mechanism of the GR management coordination platform determines the interrelations and interdependencies of the state policy of the GR management development, identifies and establishes the areas of institutional transformations, and assesses the efficiency of the interaction among the subjects (Figure 2).

**Figure 2**  
Mechanism of Coordinating GR Management in the Context of Institutional Changes.



The features of the institutional GR management system are determined by the type of sustainability and functional characteristics that are formed under the impact of the external environment and internal factors, as well as the ability to preserve its essence and reproduce the form.

## 5. Conclusion

During the study, the results have been obtained to conclude that a certain institutional system of the GR management policy is determined by the institutional and legal basis and mechanisms for developing the required game rules. The institutional environment of the GR

management as a complex unity of formal and informal institutions substantiates the ideological and mental approaches to forming sustainable development of the national economy where favorable positions of the ecological balance, social sustainability and economic equilibrium are essential.

The GR management is based on the interactions between the power and business when the ideological and mental aspects of decision-making on the course of actions are manifested and substantiated while pursuing the policy. In the context of the digital economy, there is an acute need to move from unsettled and closed rules of the game to the most open and strongest actions in the development of the GR management institute. In this regard, GR management evolves a set of the game rules and behavioral stereotypes (routines). The search for new patterns of behavior in the context of the digital economy is characterized by three phase adaptive transitions: 1) the generation of new rules, 2) the adaptation of new rules and the transformation of old ones, and 3) the realization and development of the digital economic space. This approach makes it possible to form a procedural mechanism of the GR management institute. As a result of studying the prospects for mutually beneficial cooperation of the state and business structures, the institutional approach to forming a scientific theoretical and methodological apparatus contributes to forming a state-political regime of the post-industrial information society in the strategy of proceeding to a new technological structure.

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