

“MANUAL CONTROL”: “AN EXAGGERATED MYTH” OR AN ESTABLISHED METHOD OF STATE AND MUNICIPAL GOVERNANCE IN MODERN RUSSIA?

^aVALERIY SHLYCHKOV, ^bPAVEL BATAYKIN, ^cDIANA NESTULAEVA, ^dSERGEY KULISH

^a*Bulletin The Review of Economy, the Law and Sociology, 420015, 53a K. Marks Str., Kazan, Russia*

^b*Chuvash State University named after I.N. Ulyanov, 428015, Moskovskiy prospekt, 15, Cheboksary, Russia*

^{c,d}*Kazan State Power Engineering University, 420066, 51 Krasnoselskaya Str., Kazan, Russia*
 email: ^ashlichkov_valery@mail.ru, ^bvestnik_eps@mail.ru, ^cdiana_n_r@mail.ru, ^dkulishsm@yandex.ru

Abstract: The authors proposed their own formulation of the “manual control” concept; revealed the reasons, conditions and motives of its application by the Russian bodies of state-municipal power; and described the most common methods and mechanisms for its application. The proposed conclusions are based on the analysis of the existing practice of “manual control” exercised by the federal public authorities and public authorities of the Republic of Tatarstan in addressing the issue of providing financial support for the economic agents affected by the regional banking crisis in 2017. As a result of their research, the authors revealed the reasons and motives for application of “manual control”, identified its share in public administration and estimated the results of its application in the medium and long term.

Keywords: “Manual control,” “system management,” balance of the direct and reverse links, direct guidance, direct interaction of management structures, state and municipal management, analysis of the “manual control” practice.

1 Introduction

One cannot but agree with the statement that “classical” management theory developed by Frederick Taylor and Henri Fayol at the beginning of 20th century “falls short of present-day challenges and requires radical modernization”, since “past hundred years traced drastic changes in both management subject-matter, namely social, economic and organizational and technological processes, and management entity, i.e. a person, a group of people or an indefinite community.” (1) The given problem is particularly acute for the Russian scientific community, whose aim is not only to formulate coherent and relevant management theory but also to provide scientific support for the ongoing process of state and municipal governance in modern Russia. Whilst over the last decades Russian scholars have developed a conceptual framework, carried out rigorous research into the applied management tools, published a considerable amount of scientific articles and monographs, certain aspects of state and municipal governance process have not received due theoretical grounding, remaining among the so-called “white spots” in modern domestic science. From our perspective, the method of “manual control”, which has been successfully implemented in Russian state and municipal governance in recent years, as yet falls into the category of insufficiently studied issues. The very expression “manual control” has recently become relatively popular; it frequently appears in mass media and statements from top public officials, public figures, experts and media representatives. That said, within the scientific community there is no general agreement about the definition of “manual control” and about the approach to the given method of state and municipal governance as well as to measuring its results.

Without claiming to have provided exhaustive scientific investigation of the given problem, the authors within the limited confines of the present paper shared the results of their reflections upon the practice and legitimacy of “manual procedures” in management of state-municipal authorities of the Russian Federation together with the impact of this method on the socio-economic processes in individual regions and in Russia as a whole. (2)

2 Materials and Methods

Mechanisms and Procedures of “Manual Control.” Definition of “Manual Control”

International standards, developed on the basis of the UN methodology approved in 1996, in the most general terms distinguish four forms of government control: political, administrative, economic, and system management, each having its own subject of regulation. However, in the practical terms management process is carried out by one and the same management entities based on common rules and within the framework of standard procedures regulated by federal and regional legislation. Thereby, the administrative effect in any area of public and municipal governance has a significant impact on the whole range of social processes, population consciousness, and activities, since in practice it is impossible to separate politics from economics or, in turn, to exclude their impact on the social environment.

The question is what sphere of state and municipal governance applies method of “manual control” and “manual procedures” most widely. As mentioned above, the authors of the present paper failed to find clearly stated and, most significantly, accepted by the majority of scientific community definition of “manual control” in the scientific literature. (3) Some experts, in fact, deny the existence of the given independent management method as well as the notion of “system of manual control”, and from their perspective “manual control” is “a kind of tag – something was called manual control, but there is no theory or foundation for it. (4) Considering application of “manual procedures” in management process in correlation with management style, the aforementioned authors argue that “autocratic leadership style” combined with “Taylorism” (as a management model) in the long run led to the formation of “genuine system of manual control” in Russia, which, in turn, fully falls within one of the four “classical” management models. (4) Therein, evaluating current state of modern Russian system of state and municipal governance, these authors come to the conclusion that “if we analyze the way public authorities work, we still exist within Taylorism with a strong authoritarian leader.” (4)

However, most representatives of the scientific and expert community take a different view, and, lately, a substantial number of scholars have begun to pay greater attention to the problems of “manual control”, regarding it as an autonomous and mature method. Thus, the corresponding member of RAS, doctor of economic sciences, professor G.B. Kleyner argues that “in 2000-s there was a shift from chaotic management of the country to manual control, where each individual problem is solved by a certain management entity connected with a certain group of people.” (1)

Dictionary of Politics defines manual control as “the system of country governance where the Head of the State carries out the government of the state, as and when necessary, assisted by confidants”. The head of “Finance and Economy” division of the Institute of Contemporary Development, Nikita Maslennikov considers manual control to be an established “system of exceptions to the rule.” (5) Well-known Russian expert in management issues, Zigmund Stankevich argues that manual control is a “specific mode of government control where not only strategic but also tactical (operative) decisions towards achieving certain management goals are taken at the highest State level.” (6) Professors of the Russian Presidential Academy of National Economy and Public Administration O.I. Chepunov and A.V. Minaev define manual control as a “local “tier” to the system of state governance exercised by a control element in a forced mode in order to address certain goals depending on development trends in external and internal Russian political, legal, economic and social realities.” (7) In turn, M.A. Gromov (8), professor of Academy of Management of the Ministry of Internal Affairs of Russia, defines the concept of “manual control” as “a new autonomous mode of social management, exercised by a highest-ranking official with more significant power and discretion over other responsible officials involved in

preventing and overcoming the effects of the emergency.” Professor I. Ponkin (9) defines “manual control in state governance” as “implementation of management interrelations by a senior leader by correlating with an inferior, ignoring and bypassing a range of interim structural levels and elements of vertical system of public administration, subordinate to this leader, refusing to delegate to them certain responsibilities and/or to conduct through them management commands, by means of artificial modelling affiliation of himself with managerial positions of much lower levels.”

In our view, definitions of “manual control” presented above do not interpret it fully and do not take into account significant aspects of the practical application of this method. In this regard, the point of view of those colleagues who lay emphasis on the mechanisms of “manual procedures” application and who state that “Putin in common with Russian Empress Catherine the Great two centuries ago, does not trust institutions and governs the country with the assistance of confidants”, deserves the full attention. (10) Regarding “manual control” as a “system in which the Head of the State, as and when necessary, performs targeted governance of the country, in the first place, through certain representatives of executive bodies,” the proponents of this approach consider this principle as essential in tailoring the definition of “manual control.” (11) That said, to be fair it is necessary to mention that skeptical attitude of some statesmen to the existing institutions is shared by a certain number of scholars and experts. Notably, renowned economist D.C. North argued that “institutions are not necessarily or even usually created to be socially efficient; rather they, or at least the formal rules, are created to serve the interests of those with the bargaining power to create new rules.” (13)

Another, no less important, aspect of “manual control” application that has to be taken into account in tailoring the definition of this concept is violating the principle of subordination and shift from the procedures of system interaction between elements of the control complex to the mode of direct guidance and practice of direct messages from the superiors to the inferior elements of the controlled system (in violation of ancient formula “the vassal of my vassal is not my vassal”), when the subordinate structures are assigned tasks, neither provided for by adequate resources nor secured by adequate level of authority and beyond their competence. (2) In such event, the management entity is aware of the fact that the subordinate unit is not able to fulfill such an agenda legitimately within the bounds of law and, at times, the only way to achieve the desired objective is to use “respect of the authority”. As a rule, in such cases the subordinate unit has to convert this “authority” into either potential application of coercive measures by the state or definite economic preferences, employing procedures of ‘manual control’ which are extra-market and by no means perfect in terms of legislation. (2, 13)

One more “manual” procedure, application of which should be reflected in the definition of “manual control”, is a frequently used mechanism of ad hoc creation of scarcely legitimate management structures allowing to take and implement decisions outside the legal framework and in breach of rules and procedures established under Russian legislation. Already back in 2002, Russian management expert A. Prokhorov drew the attention of scientific community to the rising phenomenon of creation of parallel management structures, “granted far-reaching rights, on top of everything, without corresponding duties,” describing it as “unique know-how of Russian governance model.” (14) As demonstrated thereafter, on liquidation of similar and like “non-recurring and extraordinary” structures, full responsibility for their activities was transferred to “system” state executive and administrative bodies, which in turn had to, in one form or another, minimize economic and social costs, caused by the activities of their “parallel colleagues”, over extended periods. Thus, upon liquidation of Far East Directorate of Ministry of Regional Development of the Russian Federation established with the express purpose for summit APEC 2012 in Vladivostok, all expenses and responsibility for completion of construction and erection works, in fact, were imposed on the

administration of Primorye and Vladivostok Mayor’s Office. As a result, substantial financial resources to complete construction of two five-star Hyatt Hotels were allocated from the budget of the province in the next three years, and Vladivostok municipal authorities incurred expenses amounting to millions to complete the city’s road infrastructure. (14)

All of the above allow to identify “manual control” as a manifestation of crisis in state and public institutions and deformation of the existing model of Russian state and municipal governance, residing in violation of subordination and balance of statutory internal and external communications between management entities and managed objects at different levels, and observed in creation of parallel power decision-making centres; shift from system cooperation among elements of control complex to the mode of direct guidance; breakdown in the established hierarchical relations among the elements of management system; and increased practice of immediate interaction between higher-ranking and subordinate structures, allowing the management entity to take decisions on a situational basis adhering to the principle of “feasibility” and “individual discretion”, ignoring legal requirements and in breach of procedures established by law. (15)

3 Results and Discussion

“Manual Control”: an “Exaggerated Myth” or an “Objective Reality”

In order to objectively determine the role and place of “manual procedures” in Russian process of state and municipal governance, it is essential to address to the opinions of statesmen and politicians who have proven track records of applying this method in their day-to-day work. Current President of the Russian Federation V.V. Putin, who is referred to as “the chief operator of manual control” by Alekseeva (16), publicly used the expression “manual control” for the first time already back in 2007, having voiced appreciation of the results of its application in state and municipal government, therewith having claimed that “manual control” would be a guiding principle for the Russian system in the next 15-20 years before it could function in automatic mode. (17) A decade later, in December 2017, the President of the country reaffirmed application of “manual control” method, having noted that “there is manual control but it is aimed at the systematization of work locally.” (18) In turn, speaking in the State Duma in 2015, the Prime-Minister of the Russian Federation D.A. Medvedev, who also has an experience of governing the country in the capacity of the Head of the State, announced that “our whole history has always been a combination of manual control and collective leadership. In given historical periods, the one and the other appeared to work.” (10)

As can be seen from the above, both statesmen, interchangeably governing Russia since 2000 to the present day, not only acknowledged the fact of application of “manual procedures” in the governance of the state but also assessed the method itself and the results of its application in generally positive terms. From our perspective, consolidated opinion of such reputable national leaders makes the position of those who negate the existence of “manual control” method in Russian state and municipal governance in principle and the very existence of the notion of “system of manual control” rather vulnerable. The attempts to convince the society and country leaders that all mechanisms and procedures applied in state governance are, without any exception, “system” ones would seem rather strange, while in fact they have admitted and publicly demonstrated numerous instances of violation of subordination and direct appeal to lower level of public administration, exemplifying allocation of tasks, solution of which is either beyond the competence of the latter or is not provided for by adequate resources and level of authority. The compelling examples of this are direct instructions from the President of the Russian Federation to solve the problem of “deceived shareholders”, i.e. to reverse the potential threat of emergence of social tension and to regulate civil relations in which neither the

state nor the municipalities have acted as parties. That said, it is generally understood that both the legitimate mechanism for solving this task and an opportunity to use funds from consolidated state budget are virtually non-existent, since Russian authorities have never faced such problems and have never been involved in similar tasks, and therefore, regulations for this kind of legal relations have not been yet issued by the current legislation. In practice, this means that regional authorities have to find multi-million sources of extra-budgetary funds to complete the construction of “problem” houses with a subsequent donation of the built apartments to the affected shareholders. Experience has shown that various regions generally implemented one-type schemes, allowing to involve new contractors in completion of “problem” houses, offsetting their costs by certain preferences in the form of single source contracting for large public procurements or distribution of appealing lands for construction. As we understand, such decisions cannot be legally recognized as impeccable; however, they were taken by means of “manual mechanisms” and within the framework of “manual control” adhering to the principle of “the lesser of two evils”.

It must be said, Russian society appears to be divided with regard to the application of “manual control” in state and municipal government. The survey conducted in 2017 by the Foundation for the Study of Public Opinion demonstrated that 42% of Russian citizens still consider the President of the country fully responsible for the situation at the local level and only 51% of respondents place responsibility on the local authorities. It means that, despite some progress of Russia in development of institutions of the State and civil society, a significant number of people by inertia continue to align themselves with the position of unwavering support of “strong” central power and necessity of “strong-arm” able to “reach” all parts of the country and impose necessary order there. Such public interest, in our view, can be easily explained, on the one hand, by immaturity and low efficiency of the existing state institutions of regional and municipal levels and, on the other, by good performance of “manual procedures” in the process of solving certain local and pinpoint issues facing the population. Such issues are among the most associated with and understandable for the majority of Russians, and it is the solution to these problems that generates considerable public response and most explicitly demonstrates the possibility of management fault recovery in the mode of manual control,” in the meantime, creating positive attitude to this management method. (19)

However, far from all scholars have a positive view of the application of “manual control” in state and municipal governance and its results. Some experts and representatives of scientific community lay emphasis on a considerable number of adverse effects of “manual control”, expressing concern about clearly a rising trend in the application of “manual control” and broadening its scope. In our view, these particular scholars were addressed to by the President of the Russian Federation V.V. Putin who, during a live broadcast with the population on the 14th of December 2017, accentuated that “the myth about the manual control is over exaggerated” and that he, personally, regards this method as “an addition to general system work,” (18) which proves that Russian authorities place “system approach”, of all others, at the forefront of state and municipal governance.

It is rather difficult to engage in polemics with the Head of the State and generally recognized national leader, whose ideas and programs to a large extent we share. However, guided by the principle “Plato is my friend, Socrates is my friend, but the truth is worth more to me”, we would like to make a few essential comments.

Indeed, the analysis of Russian process of state and municipal governance since 2000 unequivocally demonstrates domineering of “system” procedures, the proportion of which is higher than 99%. The majority of current issues, when the algorithm is well-established within the traditional procedures and when the process of solving is fully regulated by the legislation in force,

are addressed within the framework of “system approach”. In the meantime, if an official or public authorities face a non-standard situation or the necessity to respond quickly to the unforeseen challenges and threats, the application of “manual procedures”, determined to be less 1%, is often the only way to resolve the problem.

In addition to the above, the obtained statistical data in itself and 99/1 proportion do not fully reflect the real impact of “manual” and “system” approaches on the socio-economic life of modern Russia. It must be noted that notwithstanding objective numbers, the majority of the Russian population consider the two methods equally weighted both in terms of volume and their effect on the ongoing social processes. Moreover, some part of Russian population regards that “manual control” and “manual procedures” play the leading role in state and municipal governance, are more effective due to better performance and are more widely-implemented, and thus, have a more significant impact on socio-economic relations in modern Russia than “system procedures.”

In the previous articles, we already commented on the given phenomenon with the explanation that the most significant problems and conflicts encouraging the increased public interest over the recent years were tackled by means of “manual control”, and this fact received detailed media coverage and was widely discussed not only in the professional sphere but also by the majority of the population in the country. (19, 20) One of the well-placed comments was from the philosopher Aleksandr Rubtsov, who argued that “when you start piecing all the instances when individual commissions were issued before the very eyes of the population together, control does appear by far more manual than it is viewed by political-economic analytics.” (21) Obviously, shortcomings of authorities regarding informational support for their activities and their inability to translate objective data about the prevalence of “system approach” to nation-building in comprehensible and credible forms have resulted in general public perception of a deformed model of Russian state and municipal governance skewed towards “manual procedures.”

However, it would be a mistake to underestimate the role of “manual” method in the Russian state and municipal governance as it has been actively applied in the course of the last years by officials and public and administrative authorities. In fact, widespread disruptions in the system of state governance are addressed in “manual mode” as is the case with minimization of erroneous decisions taken in the framework of “system approach” and the gaps in the existing legislation. Since the number of these disruptions and errors over the last decades has not been decreasing, “manual mechanisms” and “manual procedures” have become an inherent part of the nation-building process in modern Russia, having secured themselves an “honorable” second place in the system of state and municipal governance.

That said, the authors of the present research do not share the opinion that “the practice of “manual control” is a domain monopolized at the highest level,” recording the instances of its application both on the federal and local, including municipalities, levels on the regular basis. (21) The survey of more than 250 entrepreneurs from 5 agricultural regions of Tatarstan, carried out at the end of 2017, demonstrated that according to 71% of respondents, the method of “manual control” is actively applied by the heads of administrations of their municipal entities, and 64% of the respondents announced their “positive attitude” to the given method, noting its efficiency and the fact that without personal support of the head of the municipal entity it is rather problematic to achieve considerable results in their activities. It is the personal position of the head of an administration that forms both the investment and business climate in the given region and the extent of the support for the certain projects and persons, which henceforth become the guide for “the system” bodies of the region in the issuance of management decisions.

The Reasons and the Analysis of the Implementation of the “Manual Control”

Few are aware of what a long way has been covered by modern Russia that has completely reformed its socio-economic system in recent 25 years. The transition from state to market economy required complete removal of the previous state and social institutions and, on that basis, creation of new structures, able to operate effectively in the context of a diversified economy and strengthened social differentiation. Banking and taxation systems were rebuilt, the legislative framework was created to regulate traditional and emerging socio-economic relations, and approaches to the assessment of the role of the state and its bodies in the governance of the country were revised. And if the majority of economically developed countries gradually developed their socio-economic systems over the decades or even hundreds of years, and their “parliamentary democracy developed after their capitalist systems had strengthened and achieved a remarkable degree of legitimacy,” Russia covered this distance in two decades. (22) As a consequence, notwithstanding the fact that the Constitution of the country highlights the principles of separation of powers, equality before the law and inviolability of the private property, a considerable part of the Russian population adheres to other values, by retaining and sometimes enhancing the role of the State in all spheres of society. Hence, the aforementioned 42% of the citizens not only allow for the possibility but also call upon the Head of the State to directly intervene with courts and regional and municipal legislative and executive authorities, thus questioning, and not always groundlessly, legitimacy of decisions of the latter. It is possible to state with certainty that a significant part of the Russian population will positively respond to any actions of federal bodies (and the President of the Russian Federation in particular) which exceed their authority if they are taken in order “to restore the order locally” or “to remedy a given injustice”.

Evaluating this situation, Nobel Laureate of Economics of 1993, Douglass Cecil North in his Nobel Prize Lecture titled “Economic Performance Through Time” argued that “while the rules may be changed overnight, the informal norms usually change only gradually. Since it is the norms that provide “legitimacy” to a set of rules, revolutionary change is never as revolutionary as its supporters desire and performance will be different than anticipated.” (23)

So far, the analysis of state and municipal formation demonstrates the existence of a considerable number of “white spots” in national legal system and emergence in Russia of new types of socio-economic relations that are not yet covered by the existing legislation. Legal enforcement of ownership, change of its role in the country’s economy, and the emergence of new types of economic agents and participants in socio-economic processes required a detailed revision of the Russian judicial system. Regrettably, the work on bringing the national legislation into line with demands of modern Russian society has not yet been completed, and the accumulated experience does not yet demonstrate the formation of entrenched “market” attitude based on principles of social responsibility, rule of law and separation of powers among the majority of economic agents. Russian society, in fact, never accepted the results of privatization in 1990-s which was technically carried out within the laws in force but which had been enacted in the “absence of public consensus” (24) and had not been approved by the people owing to their incompatibility with “the prevailing norms and values.” (25)

State and municipal authorities are on a regular basis confronted with many situations when tackling the issues is impossible within the existing legislation and by means of “system” procedures, thus, application of “manual mechanisms” as yet remains the only way to settle the problems. In our earlier works, on several occasions, we reviewed the most prominent cases when “manual control” was applied by federal and regional authorities over the recent years with the aim to identify and evaluate its positive and negative aspects. Within the scope

of the present work, we aim to analyze the problem of “defrauded depositors” posed by bankruptcy of several regional banks in 2017. In doing so, it is essential to understand that under the Russian law the President of the Republic of Tatarstan and executive authority of the region do not have any powers in the sphere of banking regulations and do not have any legitimate tools available to affect banks’ policy, except where regional authorities are founders or co-founders of a banking institution.

In an effort to ease social tensions, by Presidential Decree № UP-447of 29 May 2017, in June 2017, Tatarstan government established the Republican Support Fund, directing to it a total of 760 hectares of agricultural land near Kazan in the way of assessed contribution, “in support of those affected by the banking crisis in the Republic and, at a later stage, the shareholders of “the problem” houses”. In what follows, with a view to increasing the capitalization of the granted land the Government of the Republic of Tatarstan converted it into land used for housing, independent experts had estimated it at 7 bln 210 mln 443 ths 809 rubles. Similar schemes had previously been used by officials but solely for their personal gain and on a limited scale. For the first time, the authors of the present research have been confronted with the public conversion of such large suburban section, which could substantially affect the market value of land used for housing. Furthermore, at the request of the administration of the region, Management Company “Tatenergo” and “Setevaia Compania” “voluntarily” donated 144 mln and 170 mln rubles respectively to the Support Fund through the “net profit” in 2017.

Therefore, the activities of Tatarstan regional authorities are fully within the scope of the offered definition of “manual control” and include formation of “non-system” temporary institution without the assigned responsibility (RSF) as well as the procedure of donation and further reevaluation of the land which is questionable from a legal and ethical point of view. We have evidence to suggest that it was the direct address of the President of the Republic of Tatarstan, bypassing relevant ministries and regional Parliament, to the management of two power companies that became their primary motivation to donate 314 mln rubles from their net profit in order to help persons affected by bankruptcy of regional banks and, thus, this example of use of “administrative” resource can be regarded as a “classical” instance of conversion of potential use of power towards certain economic agents to certain economic preferences.

Solving the problem of the persons affected by the regional banking crisis and being aware of certain doubts in the legitimacy of their actions, Tatarstan authorities carry out these tasks with the utmost transparency and openness to mass media to secure public support and endorsement among the majority of the population. What as yet remains unanswered is the question of legitimacy and feasibility of the use of public resources aimed to compensate for the economic agents’ losses received as a result of their transactions and contracts made without the influence and involvement of the State. Why should society bear the additional costs for mistakes and miscalculations of citizens made in the course of their business activities or when choosing a property developer? Transactions carried out, in that case, imply risks only for the parties involved in certain legal relations and taking on certain obligations and encumbrances in order to obtain profit, income, service or new property item. All the more, in the event of successful outcome of the given transactions – and there is an overwhelming majority of such – neither of the parties has shared even a small part of the obtained “bonuses” with the society, at most limiting themselves to tax liabilities and duties and trying to optimize and minimize the latter.

It also applies to the question as to the lawfulness of the decision of power companies’ management to volunteer a large portion of profit not to reconstruction and modernization of the companies but to charity. That said, both companies have already made requests to the Republic of Tatarstan Committee on Tariffs to increase electricity and electricity shipping tariffs in 2018 based

on the necessity of reconstruction and replacement for worn out core funds. Donating hundreds of millions to Republican Support Fund, management of power companies, not without reason, expects to pass these costs onto their consumers who are, in fact, all legal entities and households of the region; i.e., in the end, the initiative of the regional authorities aimed to support the persons affected by the banking crisis will be paid for by the population of the Republic due to the increased electricity tariffs. The question is to what extent these measures are legitimate and ethical. Without a legal grounding to directly use budgetary funds for assisting shareholders and investors, the authorities of the region applied the scheme when, in the initial phase, a considerable proportion of profit was “on a voluntary basis” withdrawn from the controlled entities and later, acting already within their competence in the process of tariffs regulation, they included these costs into electricity tariffs. It is difficult to see how the regional parliament would approve and the society would endorse allocation of multi-billion budgetary funds for assistance to “problem shareholders” and “deceived depositors”, while implementation of the given “manual” scheme has allowed the regional authorities to solve this problem at least in part and to decrease the socio-economic tension caused by regional banking crisis immediately before the presidential elections in March 2018. However, the fact that notwithstanding considerable financial resources, Republican Support Fund paid only 17 mln rubles to 120 entities over the period from 08.06.2017 to 01.01.2018 is rather disturbing. (26)

4 Conclusion

The method of “manual control” alongside with “system approach” is commonly used by Russian government authorities at all levels, recently it has become an integral part of a unified system of state and municipal government and, hence, cannot be classified as a “myth”. It is rather an objective and regular approach that is used to tackle the most acute and socially significant problems arising in Russian society, which, owing to its publicity and resonant character, has gained unreasonable prominence in Russian information space and has anchored in the consciousness of the majority of population as the most effective and common way of addressing the failures in the system of state and municipal governance.

Against a background of undeniable domination of “system” procedures in the managerial process, management entities, as a rule, implement “manual” mechanisms only in cases when there is no real opportunity to solve the problem quickly and effectively based on current legislation and within the framework of “system approach”. In this case, the management entity, often violating the principle of subordination and the existing hierarchy and addressing the “lower” levels of public governance in the mode of direct guidance, exposes them to the tasks beyond their competence and without providing them with necessary powers and resources.

From our perspective, major reasons for application of “manual control” are imperfection and inconsistency of current Russian legislation that has not fully taken into account fundamental socio-economic changes over the recent decades and, hence, is incapable to adequately address both newly emerged and previously existing relations with account of transformed approaches, priorities and system of social values.

Indisputable advantages of the “manual procedures” are their short-term effectiveness and the rapid managerial effect that is attained due to the elimination of “extra” links of a management chain along with certain functions and procedures, among which are control and evaluation of potential implications by the expert community. Considering the shortcomings of the “manual control”, it is essential to take into account mid-term and long-term negative effects of arbitrary managerial decisions and high costs of the intended results. Moreover, despite better efficiency of “manual procedures” and their positive impact at an early stage, further (in mid-term and long-term) their effect is offset by recognizing actual costs and comparing them with the results achieved and by reputational issues, such as slowdown in

investment and economic activity, deterioration of business climate, etc.).

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Primary Paper Section: A

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