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**FORMATION OF MANAGEMENT SYSTEM OF SOCIAL  
WELFARE IN RUSSIAN REGIONS**

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**Abstract**

The article analyses main tendencies of social welfare management in the subjects of Russian Federation in 1990–2015 via political relations between the centre and regional areas. The authors have determined that the contemporary welfare system formed during modernization of the Russian management system and reauthorization between the centre and the periphery. We made a conclusion that in 1990-2012 the system of social welfare developed on the basis of integration of Soviet and new market relations between institutions. The departmental system of management in regions before 1990 was substituted by the integrated functional - departmental system in 1994. Six factors determined the formation of the social welfare management system: organization of the social welfare management system, the legal organizational form of regional agency, dynamics of structural development of regional authorities and governments, intergovernmental fiscal and federational relations between the Federation and its subjects. During this period of political centralization, there appeared a tendency of decentralization of the powers in the sphere of social welfare. The tendencies of regional development during this period evidence the formation of stable political regimes and centralization of management of welfare systems in regions.

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**Keywords:** Well-being; management system; social welfare; Russia; authorities.

## 1. Introduction

Contemporary changes in national states evidence that state authorities' functions undergo structural and functional changes in globalization and regionalization. Governmental powers which were the competence of central authorities are transmitted from the national to regional level. The main task of central authorities in such system of government becomes creation of legislative, organizational and conceptual grounds for people's life-long wellbeing. At the same time, regional and local authorities



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receive more independence in solving social problems and work together with people. In this system of government, the issue of distributing powers, responsibilities and financial guarantees becomes the grounds of relations between the levels of authorities.

Administrative reforms of social sphere in the Russian Federation are fulfilled according to global tendencies. Their realization is not always consistent and even contradictory and may have minor social effects (Morozov, & Taskaeva, 2016). It may be connected with peculiar features of functioning of the Russian state administrative system. Firstly, in Russia interaction between federal, regional and local authorities is a key problem in state creation. It is conditioned by historical development of Russia as a Unitarian state. The Russian state administrative system functions effectively only in strict centralization of authorities (Milov, 1998).

Secondly, the Russian Federation traditionally solves a lot of social problems via budget money determining legally the list of free social benefits for population. Thirdly, in order to fulfill its functions in the social sphere effectively, the state has to decentralize the distribution system of these benefits transmitting social powers to regions and municipals. For example, in Russia the total number of state social responsibilities is more than a thousand and 80% of them are fulfilled at the place of residence of a citizen that is at a local regional level of administration. So, the peculiarity of social administration in Russia is that, on one hand, it is the most diversely developed systems of administration; on the other hand, the system of redistribution of guaranteed social benefits is the most decentralized.

## **2. Problem and Research Questions**

This peculiarity of the social administration in Russia appeared distinctly during the period of reforms, disintegration of the Soviet Union and formation of new social establishments in 1990–2015. Steep decline in the quality of life in 90-th years made the state to hold a vast range of social responsibilities and create a new system of social protection of the population by redistributing administrative responsibilities between federal, regional and local authorities. But at the same time, due to the decentralization of regional system in Russia, federal authorities had to find political, economical and financial ways to influence regions in order to keep the leading role of central government. Here, a question arises how does such a system of social protection (welfare) satisfy the requirements of state development? And, how effectively do regional and local authorities fulfill their functions in the system of social protection?

## **3. Purpose of the Study**

Determination of dynamics and contradictions of these processes, characteristics of the redistribution system of responsibilities and financial recourses in social responsibilities of the state will renovate the strategy of the Russian State in social politics and provide development of the stable social well-being system.

## **4. Research Methods**

In the given paper, generalization and interpretation of the facts was done on the bases of some theories and approaches. The theory of modernization is the most important one used in this paper. It

explains the irregularity in development of societies and civilizations during the transition from totalitarianism to democracy, which is acute in modern social processes of Russian Federation. According to this theory, Russia belongs to “the second tier” of modernization which is characterized by the leading role of the state authorities in the process of historical development. Russian authorities follow the world standards of the State and Society, but their assimilation encounters the problems of adaptation of new establishments to the Russian institutional sphere.

In addition, we used a civilization approach which allows characterizing the peculiarities of the modernization process in Russia. Also, we consider it important to use the theory of democratic transit in the issue of authorities’ organization in Russian regions. This theory explains the transition of societies from totalitarianism to democracy. According to this theory, a lot of researches describe post-Soviet Russia as the country that has not finished democratic transit and has a hybrid political regime which allows coming to stability, but this regime is not long-termed and do not provide conditions for intensive development. The problems of Russian modernization in many aspects are determined by the configuration of political institutes and they cannot be solved without democratic changes and their institutionalization. In the article, the system of social protection management in Russia is viewed as a multi-leveled, hierarchically organized system having all the parameters and principles of a system. From this point of view, a social sphere is a set of interrelated objects and relations between them. This approach shows the development of the management system from the historical retrospective and determines the peculiarities of interaction between the main elements of the system of management of the social sphere in Russia.

## **5. Research findings**

### **5.1. Functioning of the social welfare benefit system in the Soviet period**

In the Soviet Russia, social politics was fulfilled through the unified system of social welfare benefit which had paternal nature. This system was characterized by unified nature, equality and availability in receiving social benefits, in its verified kinds and forms (Leksin & Shevtsov, 2012). At the beginning of the 80-s, main managerial responsibilities in social benefits provision of the population were fulfilled by the governments of 15 republics. Their Ministries and Departments had wide competences in solving social problems. There was a unified system of social protection in all regions of the country. At the local level, the State social politics was fulfilled through Executive Committees - executive authorities subjected to the Council of People’s Deputies - representative authorities. The system of management in Soviet Russia was industry-specified and structural departments of Executive Committees - Committees and Departments - were subjected to the Council of People’s Deputies and to its Executive Committees as well as to the corresponding Ministry or Government Department of the Russian Soviet Federal Social Republic.

Social welfare offices, which had highly specialized monitoring and distributing functions, fulfilled the management of the social sphere in the structure of Executive Committees of regions (oblast’), territories, autonomous republics and national areas (Zima, 2010). This system of social protection functioned till the beginning of the 1990-s, when the processes of management decentralization, political, economical reforms caused radical changes in the state’s authorities system.

## **5.2. Reforms in the Social Welfare System in the 1990–1993-s**

Declaration of State Sovereignty of Russia was adopted on the 12th of June, 1990. It stated the necessity to modernize all social spheres in the country. It defined that republic's sovereignty is announced in order "to provide the right for decent life and free development to every person" according to the world standards. Declaration's adoption gave legal grounds for reforms aimed at the reformation of the industry-specified system of management into the market management system, for introduction of new federative organization of the Republic and powers' separation, for redistribution of responsibilities between the centre and regions, for the increasing of the role of local authorities.

In order to solve primary economic problems, in 1990-1991, regions were given responsibilities to organize executive powers at the local level and to reform the economic sphere. But, there were no additional responsibilities in the social welfare system. On the one hand, regional authorities tried to take maximum of responsibilities from the centre, on the other hand, social welfare is one of the most cost-demanding spheres and it was not possible to fulfill social responsibilities of the state only by regional budgets. That is why, the system of social welfare was based on the former mechanism of management.

The main reason for preserving of soviet social system of management was in keeping specific features of inter-budget and federal relations between the centre and the periphery, as the federal budget is the main financial source for the state social welfare. At this time, tax payments were redistributed among the budgets of different levels of management and inter-budget relations did not have a stable and legal character. Moreover, under the conditions of uncontrolled decentralization and radical economic changes the problems of social welfare were used as the mainstream in political life, guaranteeing social protection during reforms in exchange for social support of economic reforms. The centre used budget money as a political resource. This money was exchanged for the loyalty of regions to the centre (Ivanov, 2010).

It partially solved the problem of monitoring some regions which demanded for more responsibilities, but at the same time - increased political ambitions of their Heads. On this background, during the political reforms in August, 1991, which were done in the crisis situation, there appeared a new position in the political system - the Head of the Executive power appointed by the President. This enabled the centre to control the executive power in regions and helped to form political regimes of regions. Having received the power, the heads of the administrative offices reformed the administrative structure in connection with the foregoing economic reforms. Committees became leading structural units instead of departments. They were collegial organs for intersectorial management and fulfilling certain problems. That is why, social welfare offices were renamed into committees everywhere. With the start of the radical economic reform, the issues of social welfare and provision become extremely acute. That is why, in 1992-1993, there appeared separate divisions of a sub-chief of the staff on social welfare. This gave significance and influence to the sphere both in political and social areas (Kizhikina, 2013).

So, by 1994 social welfare administration had centered on regional level but the regulatory mechanism remains soviet industry-oriented. Social welfare reform was caused by the domestic necessity of the state caused by severe economical and political situation and was "a bargain chip" between the centre and regions. The regions did not take responsibilities for social welfare from the centers because of the big expenses it required; at the same time, the state did not shuffle off the burden of social welfare on the

regions. Nevertheless, regional political reforms contribute to the positioning of regional leaders as a politically active state constituent, controlling all spheres of the regional social life. At the same time, the federal centre gets loyalty of regional leaders by providing financial subsidies.

### **5.3. Social welfare in the system of regional management: problems of transition period**

Constitution of December, 1993, confirmed separation of powers as the main principle of powers division as well as the federal structure of Russia. It stated that the Centre and regions had different jurisdiction and powers and the local authorities are separated from the state power. According to Constitutional premise 77, paragraph 2, the unity of the executive branch in Russia is formed via the uniform system of the executive powers in the Russian Federation, in the scope of responsibilities of the Russian Federation and its subjects. At the same time, it was decided that taxes issues belong to the competence of the federal centre, but all social issues were in the competence of the Russian Federation and its subjects.

Solution of issues about the structure of the state shifts the focus of political and economical reforms into regions. Since 1995, there appeared elections of the Chief Executive of Subjects of the Russian Federation, legislative bodies are formed, the dialogue between the citizens and the authorities is built, regional legislation is developed. The elections give regional leaders an opportunity to get the support of the regional citizens and limit the President's ability to control gubernatorial activity (Golosov & Konstantinova, 2016). On the background of centering the powers in regions, some big agricultural and industrial regions form governments instead of administrations, and Departments instead of collegial committees. These committees are based on one-man command. Department, as a structural division, coordinates large sphere of economical and social activity and has bigger complexity and coverage of regional and industrial reference. The system of social provision is reformed into social welfare and protection. It was based on the European Standards of subsistence allowance.

As the result, basing on the joined social provision and welfare, new possibilities for regions to form their politics in this sphere, two basic directions of social work are formed - industry-specific, acting within the scope of Centre and regions' interaction, and functional providing region's independent powers/responsibilities in this sphere, which were transmitted from the centre. Nevertheless, development of region's competence in social welfare is restricted by the process of formation of inter-budget relations, which become more regulated in this period of political and economical stabilization. Regions are competent in imposing taxes on enterprises' profit. These taxes refill their budgets and the lacking part is compensated by Centre in the form of subsidies (Gelman, 2015). But, some politically active regions -Tatarstan, Bashkortostan, Sverdlovsk Region — received specially conditioned budget. They had signed reciprocal agreement with the Centre dividing responsibilities and getting the right to coordinate federal taxes charges for responsibility to finance some federal expenses on their territory. In this situation, inter-budget relations of the Centre and Regions, as well as federal subsidies and transfers become political means of influence of federal authorities upon regions (Eberstadt, & Groth, 2010).

So, in 1994-1999, managerial system undergoes changes due to constitutional distribution of responsibilities between the Federal centre and its subjects. From industry-oriented, it becomes functional in regions with the determined scope of responsibilities but remains industry-oriented at federal level. Social welfare bodies are controlled by regions, and Department becomes the main structural unit which

fulfills region-wide links and state and region functions in social welfare. But, despite the division of tax-budget functions between the centre and the regions, there remained the system of centralization of budget-taxes responsibilities, which was not specific for the federal model of the State.

#### **5.4. Formation of state social welfare management establishment in Russian regions in 2000-s.**

The third period (in 2000-2015 years) is characterized by radical reforms in interaction between the Russian Federation and its subjects, by strong centralization and formalistic Constitution activity, consolidating the relations between the Centre and Regions. During this period, gubernatorial elections are abolished and then resumed with the strict control of candidates, party and election systems in the country are totally controlled. It forms the vertical of executive power based on collateral subordination of local authorities to regional authorities which are subjected to the federal centre. This system allows the federal centre influence the affairs in regions; regional leaders strictly hold the powers in regions influencing the local authorities (Yakimchuk, & Nikulina, 2015).

Centralization of management in regions promotes further formation of Governments instead of administrations with a distinct structure. A Ministry becomes the main unit of this structure. Together with other Ministries, the Ministry of social welfare is formed, which is functionally and industry-based controlled. This control system is integrated into the uniform functional-industrial state system of management. State domestic policy is completely changed during this period. In the Russian Federation, by 2003, the transfer to the market system of economy had been done, a stable economic growth had been achieved; bases for wide-spread structural and institutional changes were created. From the middle of 2000-s, Russia sets the aims of long-term development, high standards of living for the population, and achieving the role of a geopolitical and economical leader in the world. The Government solves the issues of raising the standards of living of population by a long-term innovative state strategy of socio-economic development based on cooperation of the state, society, business, and science, acquiring competitive technologies and products in economical and social spheres. That is why, regions fulfill social programs aimed at availability of nursery schools, reducing the level of death in car accidents, reducing waiting time in queues in municipal establishments and so on. All this requires financial expenses and attracting additional extra-budget allocations (Zubarevich, 2016).

Total control over formation and activity of regional authorities gives federal authorities a possibility to decentralize the system of social welfare in both political aspect and financial-budget provision. Since 2010, most of the expenses on social reforms were imposed directly onto regions. So, the federal centre aimed to unload federal budget from social expenses, to impose responsibility for the quality of welfare services onto gubernators and simultaneously to control their activity without fearing their opposition as political actors (Kormshikov, 2016). Since 2012, 2/3-ds of regional budgets are spent on social issues where a huge part is spent on social protection of population. It results in both a rise of social expenses of regions and of their debt obligations. Federal government partially compensates these expenses by dotations and transfers (Zubarevich, 2015). So, in 2000-2015, the system of social welfare is reformed and a transfer to the European standards of targeted social assistance is fulfilled. An industry-based principle of management is finally changed into a consolidated functional-industry-based system, and regional authorities become central links of the system of social welfare while the federal centre kept

controlling and legislative role. This system gives an opportunity to control the activity of all political and economical establishments in all regions of the Russian Federation.

## 6. Conclusion

In Russia, in 1990-2015, the grounds of the social welfare system were formed on the integration of soviet institutional mechanisms, those which were formed in the marked economy. The industry-based system of management which was used till 1990 was substituted by functional-industry-based. It integrated the soviet system of management and adopted Western-European management styles adapted for the market economy. During this period, central state government authorities tend to create the system of social welfare which corresponded to democratic principles of the state organization - division of authorities and federalism, but at the same time keeping total control of formation and action of regional authorities. During this period, formation of the social welfare management system is influenced by five main factors: the system of management in Russia, the form of regulatory body in regions, development dynamics of regional governments and administrations, peculiarities of inter-budget and federal relations between the Federation and its subjects. The dynamics of their development in 1990-2015 is shown in Table 1.

**Table 1.** Main factors of social welfare system development in Russian regions.

Factors/Periods	1990-1993	1994-1999	2000-2015
<b>Management system</b>	Industry-based	Industry-based and functional	Functional - industry-based
<b>Regional administration agency of the executive power</b>	Regional executive committee (since 1991 Administration)	Administration (in some regions Government)	Government (in some regions Administration)
<b>Organizational form of structural department</b>	Department/Committee	Committee / Department	Department /Ministry
<b>Federative relations</b>	Centralization/ decentralization	Decentralization	Centralization
<b>Inter-budget relations</b>	Controlled by federal authorities	Controlled by federal authorities	Controlled by federal authorities

So, in 1990-2015, in the course of reformation of the management system in Russia, the scope of responsibilities of the regional authorities in the social welfare system increased, but simultaneously the political control over the regions increased. Only having established political control over the regions, central authorities decentralized the social welfare system of management, keeping control, financial and political-managerial functions to themselves and placing responsibilities for unsatisfactory social welfare onto regions.

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