

### Strategic cycle' of public administration in the context of the multimodality principle and the idea of a "viable" state

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# «STRATEGIC CYCLE» OF PUBLIC ADMINISTRATION IN THE CONTEXT OF THE MULTIMODALITY PRINCIPLE AND THE IDEA OF A «VIABLE» STATE

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**Abstract.** The research considers three ideal models of Public Administration (rational bureaucracy, New Public Management, New Governance) and corresponding ideas of the state («strong», «effective», «inclusive»). Using these three models as a matrix that defines a «coordinate system», the authors analyze the «trajectory» and the results of administrative reforms in Russia over the past 15 years. The thesis is proposed that the modern Russian state should become a «multimodal state», using the tools of all three ideal models of state management, depending on the nature of the challenges and problems to be solved. At the same time, in order to develop consistent requirements for the procedures of state management for a «multimodal state», a «common denominator» is needed in the form of an integrating model that would focus on formal characteristics of management processes.

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**Keywords:** public administration, administrative reform, «governance cycle», «strategic cycle», multimodal management system, Viable System Model (VSM), «viable» state

## «СТРАТЕГИЧЕСКИЙ ЦИКЛ» ГОСУДАРСТВЕННОГО УПРАВЛЕНИЯ В КОНТЕКСТЕ ПРИНЦИПА МУЛЬТИМОДАЛЬНОСТИ И ИДЕИ «ЖИЗНЕСПОСОБНОГО» ГОСУДАРСТВА

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**Аннотация.** В работе рассматриваются три идеальных модели государственного управления (рациональная бюрократия, New Public Management, New Governance) и соответствующие им идеи государства («сильное», «эффективное», «инклюзивное»). Используя указанные три модели как матрицу, задающую «систему координат», авторы анализируют «траекторию» и результаты административных реформ в России за последние 15 лет. Предлагается тезис о том, что современное российское государство должно стать «мультимодальным государством», использующим инструменты всех трех идеальных моделей государственного управления, в зависимости от характера преодолеваемых вызовов и решаемых задач.

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**Ключевые слова:** государственное управление, административная реформа, «управленческий цикл», «стратегический цикл», мультимодальная система управления, модель жизнеспособной системы (VSM), «жизнеспособное» государство

### **Administrative reforms in Russia: the trajectory in the matrix of three types of Public Administration and the principle of multimodality of the state**

Improving the quality of Public Administration is the most important reserve for the development of the Russian Federation, which is one of the most significant factors supporting economic growth.

Despite the large-scale administrative reforms carried out in 2003-2004 and subsequent years, for all important indicators (in particular, such as the effectiveness of the state, the rule of law, the quality of regulation, counteracting the corruption), the Russian Federation lags far behind a large number of countries with comparable GDP per capita.

The quality of Public Administration is critically important to ensure the growth of socio-economic and human development indicators, according to which Russia also unacceptably lags behind many countries. With all the economic successes of the 2000s, for most of these indicators, the country was stuck in a «middle-level trap» (Grigoryev and Parshina, 2014). Moreover, despite the progress of recent years, for many of these indicators, taking into account the structural and demographic problems and the effects of crisis, there is a risk to roll back.

The fall in oil prices and the sanctions of Western countries only strengthened the trend of recent years: the potential for extensive economic growth is exhausted. To move to an intensive growth model, it is necessary to stimulate investment and structural reforms. But this is impossible to do without the restoration of business confidence in the state and the significant improvement in the investment climate. All this, as well as effective measures to stimulate economic development, in turn requires an efficient and high-quality Public Administration system.

The challenge to the Public Administration system, consisting in the exhaustion of former sources of economic growth and the need for transition to new development mechanisms, is exacerbated by global competition and the increased degree of dependence of the Russian economy on foreign markets, as well as an internal challenge in the form of qualitatively changed demands of society and business for Public Services. For the state, all of the above means a fundamental complication of the management object: officials have to deal with financial markets, real estate markets, innovations and new technologies, complex business services, etc. This creates fundamentally new demands on the skills and competencies of civil servants. A special challenge is the need to manage human resources during a demographic crisis.

New challenges and strategic development issues facing the system of Public Administration in Russia are superimposed with the *historical incompleteness of a number of processes to create a modern «rational bureaucracy»*: on the one hand, the description and regulation of administrative activities of Public Authorities on

different levels, and, on the other hand, standardization and the provision for modern quality of various types of *services in-kind*, oriented «outside the state» – both on target groups of population and Public Organizations, and on the business community. The mechanisms of «horizontally» and «vertically» interaction in the system of state bodies remain ineffective, the legal environment is unstable. There is still no clear definiteness for the state intervention limits in economic life.

The procedures for setting goals and making decisions in the modern Russian government are archaic: instructions are often issued before the analysis of the situation and the setting of goals is done, the mechanisms for external expertise and feedback in the development of Public Policy measures and monitoring their implementation are poorly used, adjustments to decisions based on monitoring results, as a rule, are not being implemented. The modern system of Public Service, based on the attraction and effective use of better human capital, has not been built.

The accumulated set of internal barriers and deficiencies in the Russian system of Public Administration is strengthened by the fact that at a time when Russia was just forming «post-Soviet» state apparatus, *in developed countries that faced similar strategic challenges, there was a transition from the Weberian conceptual model of a classical rational bureaucracy based on a hierarchy to models built on other methods of coordination: market (New Public Management - NPM) and network (New Governance)*. These three models define *the matrix of the models of Public Administration* (see the second, third and fourth columns of the table<sup>1</sup>).

In Russia, this situation has been grasped by the country's leadership at the beginning of the first presidential term of V.V. Putin, who noted in his 2002 Address to the Federal Assembly of the Russian Federation that the bureaucratic apparatus he inherited was «not fit to solve strategic tasks»<sup>2</sup>. The answer to this was the creation of the Center for Strategic Research under the leadership of G.O. Gref and preparation of large-scale administrative reforms that began in 2003. In fact, the core idea of reforms was to transfer the advanced experience of the developed countries to the Russian soil, which associated with the introduction of primarily the NPM model (implying the active use of business-effective instruments in the government (Kazakova and Pospelova, 2014)), and then the network elements of New Governance Model (assuming the strengthening of

1 On the correlation of management models with types of organizational structure, see: (Bevir, 2015, p. 87). Particularly, we emphasize that we are talking about conceptual models that act as «ideal types». In reality, public administration cannot be either purely «networked» or purely «market-oriented». Nor can it be purely «hierarchical»: even within the framework of authoritarian regimes, there are both informal «network» links in the government system and «administrative markets».

2 <http://kremlin.ru/events/president/transcripts/21567>

mechanisms for feedback and public participation).

However, *the introduction of new models of Public Administration took place in the face of unresolved problems from the previous historical stage: the Russian bureaucracy has been burdened by «post-Soviet» problems and «insufficiently rational» in the sense of the Weberian model – struck by the «traditionalism» of informal ties, which is typical for most developing countries, and by personal and clan patronage at the lower and middle levels of the state apparatus (the «neo-patrimonial» type of administration).*

Solving this situation required not only the political will of the country's top leader (world experience shows that the bureaucracy is unable to effectively reform itself), but also fundamentally different conceptual and technical approaches to reform process, which complicated the formation of a holistic reform strategy (Bespalov, 2006). The lack of analytical apparatus which is capable to describe the specifics and heterogeneity of both the challenges and the models behind the best practices had limited the possibilities for implementing the administrative reforms in 2003-2004 and subsequent years. For example, the introduction of a number of government-related tools from NPM (customer focus, payment by results, program-targeted approach) and assuming a combination of freedom and responsibility of decision-makers occurred simultaneously with attempts to drastically reduce opportunities for personal «discretion» of officials and, accordingly, to strengthen the procedures regulation within the classical Weberian model framework.

Among the most significant and previously unintelligible internal contradictions connected with the heterogeneous nature of challenges and patterns of advanced state management, it is necessary to note:

- as a whole, a weak and insufficiently institutionalized from the legal point of view application of program-target and project approaches and corresponding target indicators focused on the result;
- problems with attracting from the labor market to the Public Service specialists with high branch specialization and unique qualifications;
- absence of systematic communication (effective feedback) with the business community, NPOs and expert centers offering different perspectives on formulating the priorities of the state development policy, as well as setbacks in completing channels of expert and civic participation in the new conditions, active interaction with the population in solving local (territorial) tasks.

The given problems had added to the list of historically accumulated internal contradictions of the Russian system of Public Administration. At the same time, they actualize the difficulties of forming the classical Weberian model that were not solved at the previous stage: the absence of fixed standards in some areas of regulation, the formal «fetishism» of paper work, the weakness and unsystematic implementation of meritocratic principles of selection and promotion of personnel, the lack of clear

rules for interaction between different levels and types of government. Such features of «neo-patrimonialism» in administration as non-compliance with procedures in combination with strict formal requirements (which gives rise to strategic uncertainty for the issues of compliance with rules and procedures) are preserved, along with the factual separation of the state and business, the selectivity of law enforcement, etc. All of the above increases the risks of corruption and the impact on the Public Service from external stakeholders.

In the Address of the President of Russia to the Federal Assembly of the Russian Federation in 2012, V.V. Putin stressed that «a new model of Public Administration»<sup>3</sup> is necessary to ensure quality modern state governance. The correlation of the principles proposed by the President of Russia with the above analysis allows us to conclude that the new model of Public Administration should include the characteristics of the Weberian «rational bureaucracy», both NPM and New Governance.

Using the terminology introduced above, one can state *the key thesis: the new model of Public Administration for Russia should be «multimodal». The modern Russian state should become a «multimodal state» that carries out «meta-management», using the tools of three basic conceptual models of Public Administration, depending on the nature of challenges being overcome and the tasks being solved.*

### **Developing the multimodality principle of Public Administration inside the idea of a «viable» state**

The idea of multimodal state management should be focused not on distinguishing and differentiating, but on binding and unifying aspects of Public Administration. These aspects are set by the idea of a «viable» state. In the practice of Public Administration and Public Policy, the idea of a «viable» state can be compared with the concepts of a «strong» and «effective» state. All these ideas lie not in the plane of constitutional legal definitions («legal», «social», «secular») and not in the context of characteristics of the form of government or political regime. They are also not an attribute of the ideal state, being quite practical.

The concept of a «strong» state applies, in our opinion, to the Weberian model of «rational bureaucracy» (Weber, 2015): within the limits of its jurisdiction, Public Administration rests on the power of law, backed by monopoly on violence, and beyond it, the state must be «strong» to protect national interests. It is no coincidence that Woodrow Wilson (Wilson, 1887), who in 1912 was elected as the 28th president of the United States, was considered the co-author of the Weberian model, and in 1918 he proposed the creation of the League of Nations.

But in the last quarter of the 20th century the model of «rational bureaucracy» (focused on clear execution of procedures in accordance with the law) is supplemented

<sup>3</sup> <http://kremlin.ru/events/president/news/17118>

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by two alternative models (Bevir, 2015): NPM (focusing on results) and New Governance (focusing on participation and partnerships) – see **table**.

At first, the whole family of managerial approaches emerges in Public Administration, united by the idea of introducing elements of market relations and tools from business into the “inefficient” hierarchical structures of the state bureaucracy: KPIs, project management, outsourcing, business processes improvement (with regard to bureaucracy sometimes called “administrative processes”), etc. The legal basis for the rational bureaucracy is preserved, complemented by economic-oriented requirements and methods. The idea of a “strong” state gives way to the idea of an “effective” state.

As the history of the NPM model demonstrates, its successful implementation in pure form is possible only in small states such as New Zealand or at the regional level. In large countries, the results of implementation turned out to be in many regards opposite to those stated: for example, instead of the bureaucratic apparatus reduction, its growth was observed, which required reconsidering the initial ideas about increasing the efficiency of the state apparatus while reducing its size and public servants spending. E.A. Pospelova and M.V. Kazakova convincingly demonstrate this by the example of applying such a significant tool of NPM as the results assessment (Pospelova and Kazakova, 2015).

However, in developing countries the principles of NPM were implemented with significant limitations (Bale and Dale, 1998). A number of researchers even believe that certain provisions of NPM generally do not apply in some developing countries (Manning, 2001). Comparative studies show that the degree of completeness and success of the NPM principles implementation depends on the development level of democratic institutions, civil society and market economy in a particular country (Pospelova and Kazakova, 2015). The main problem with the introduction of NPM tools in developing countries is that as a result of “state withdrawal, the vacuum can be filled not with a civic initiative, but with a union of corrupt bureaucracy and corrupt business” (Gaman-Golutvina, 2008).

The answer to the difficulties of implementing NPM principles was the use of public-network structures in which the state delegates some of its powers to other stakeholders and shares responsibility for results with

them. A similar approach to management, treating system participants as interdependent (coercive systems), was called governance (Bevir, 2015) – in contrast with control & administration, typical for systems with rigid hierarchical dependence of participants, and management for “soft” free-market systems<sup>4</sup> (see table). The state, which implements governance and is built on the basis of network interactions, can be called “inclusive” (this term indicates the principles of participation and partnership, underlying the governance).

A properly constructed network combines the features of a hierarchy and horizontal links, allowing an “inclusive” state to preserve both the basis of rational bureaucracy and positively proven NPM tools. However, in recent years there has been criticism of public-network structures under the general slogan “Bring back the bureaucrats!” where the emphasis is on the fact that such structures are too complicated and complex to maintain any order, and the state, by “giving away” powers, becomes a kind of “Leviathan by proxy” and in some ways denies itself (DiIulio, 2014).<sup>5</sup>

An alternative to “return to the classics” is the principle of multimodal state management, which implies the flexible use of tools from different models depending on the type of tasks being solved. But how, in this case, can one avoid methodological eclecticism and the contradictions it generates in the use of management tools? This is suggested by the idea of a “viable” state (Maracha, 2016b), based on the notion of a “viable system” within the framework of the Viable Systems Approach (VSA), which is an extension of the “Viable System Model” (VSM) by S. Beer (Beer, 1981).

VSM specifies the feedback configuration necessary for the system to remain viable in the long term. At the same time, the generalized concept of feedback proposed in the framework of developing the idea of a “viable” state implies that the structure of the feedback mechanism includes the communication of controlling and controlled systems (Maracha, 2016a). The model of multimodal state management thus obtained within

4 See the left column of the table, which is based on the improved typology of M. Jackson’s system thinking (Jackson, 2003, P. 24; Maracha, 2016a).

5 For Russia, where the inclusiveness of the state is largely decorative, and the emphasis is on the idea of an «effective state», this criticism is substantially proactive.

**Table. Correlation of Public Administration models and foreign policy paradigms with organizational structure typologies and system thinking**

Type of system methodology	Type of organizational structure	The model of Public Administration	Focus of the model	Management type	The idea of the state
System-1: Hard / Unitary – hard dependence	Hierarchical	Rational bureaucracy	Procedure	Control & Administration	«Strong» state
System-2: Soft / Pluralist – independence	«Market-oriented»	New Public Management (NPM)	Result	Management	«Effective» state
System-3: Coercive – interdependence	Public networked	New Governance	Participation and partnership	Governance	«Inclusive» state

the framework of developing the idea of a “viable” state must consistently combine the demands of “strong”, “effective” and “inclusive” state.

In practice, to date, a highly developed country has a management system that combines the elements of each of the three basic models and state ideas mentioned above in different proportions. Historically, Public Administration systems in the developed countries of the world were formed *on the basis of Weberian model*, which is currently being *supplemented* and *only partly replaced* by the NPM and New Governance models. In most cases, however, one can speak about the existence of priorities and the preferential use of one or another form of activity organization, with unconditional preservation and usage of remaining elements to solve functional tasks.

However, when implementing such an integrated approach, *the problem arises of differentiating requirements for Public Administration procedures within the frameworks of three basic models*, which differently represent the nature of organizing the state-society relations (hierarchy, market, network) – and, accordingly, goals and tasks of the state. It is easy to assume that it is advisable for one government agency to focus more on the traditional Weberian model, for the other – on the project-target (recalling the examples of the Ministry of Crimean Affairs and the Ministry for the Development of the Russian Far East), for the third – on the network (a number of state development institutions and agencies working in the areas of attracting investments, supporting innovative business and other areas where the functions of interagency coordination and public-private partnerships are of primary importance).

Obviously, within the framework of a uniform state, such state bodies should interact with nation-wide tasks, building “through” administrative processes and procedures (more generally, applicable to all three models, it is preferable to talk about “management processes”). Therefore, in order to develop consistent requirements for such government procedures, a “common denominator” is needed in the form of *a fourth model that would abstract from the substantive features of the three basic models related to the specifics of the organization of state-society relations and focus on formal characteristics of management processes*.

As such a formal model, standing “orthogonally” to the three basic ones, it is proposed to use *the process-based model of the “governance cycle”* in which the structure of the process of governing, regardless of its content and goals, is viewed as a cyclically repeating sequence of phases (stages). The simplest description of the “governance cycle” is *the Deming-Shewhart cycle PDSA* (Plan-Do-Study-Act, i.e. plan - do, implement - study, evaluate the result - carry out corrective actions). With regard to Public Administration, which in the most difficult case becomes a public-network, that is, multi-pole, the “*governance cycle*” scheme of Public Policy is used:

*policy analysis* – situation analysis and planning;

*policy decision making* – decision making in policy context (policy definition, norm-setting);

*policy implementation* – implementation of policies, application of norms;

*policy control and evaluation* – control, evaluation and correction on its basis (making feedback and moving to the next step of the “cycle”).

Such a scheme of the “governance cycle” is applicable to all three basic models, but its meaning would be different.

*Within the framework of the classical Weberian model*, the cycle is a recurring (in the limit – infinitely) “procedural” activity, accompanied by document circulation, which is why we are talking about “bureaucracy”. The main requirement for the management cycle of a “strong” state is its compliance with legal norms, procedures and standards of activity that are protected by moral authority of the state and legitimate monopoly on violence.

*Within the framework of the NPM model*, the governance cycle of an “effective” state is, first of all, the “final” cycle of the project’s implementation at the set time. And the main requirement for the cycle is the activity correspondence to “business processes” necessary to achieve the goals set. An additional requirement can be client-oriented characteristic.

*Within the framework of the network model*, the governance cycle of an “inclusive” state is “a cycle of spreading and collecting stones”, that is, the distribution of the problem over the network, followed by “assembling” the results (the difficulty is that the network itself can be transformed). The main requirement is to ensure transparency of the process of setting and solving the problem and the possibility of participation in it for various stakeholders.

*Within the framework of the multimodal management system of a “viable” state*, involving interaction of state bodies that focus on different basic models, the requirements for the processes and procedures of Public Administration depend on the specific task and configuration of participants in the process of its solving.

The final part of the research is devoted to approaches and concrete measures to improve the “strategic cycle” in the system of Public Administration of the Russian Federation. *The “strategic cycle” is understood as the governance cycle at the strategic management level.*

### **Improving the “strategic cycle” of Public Administration**

A key political measure to improve the “strategic cycle” as a whole is to recognize *at the top level of leadership the need to improve the quality of Public Administration as one of the priority strategic tasks for the country’s development*.

A concrete measure aimed at improving the quality of Public Administration could be the creation of *the Center for Public Administration Reforms*, which would be developing projects and programs for transforma-

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tions, and monitoring the implementation of projects independent of ministries and departments. *The Center for Reforms should be established under the Administration of the President of the Russian Federation or under the Government of the Russian Federation* and work with the participation of independent experts, representatives of the “reform coalition”, reformed systems and institutions, and other stakeholders. This would remove the contradiction that until now was the main obstacle for innovation in the system of Public Administration: the bureaucracy was asked to reform itself.

*The main principles of the Center for Reforms are:*

Focus on priorities;

Measurability (introduction of KPI), operational control of results and “postflight debriefing”;

Transparency of the process and its accessibility for public control;

Leadership (support of the country’s top leadership, in addition, the reforms should be lead by a person with unconditional authority and direct access to senior management).

*Requirements for the organization of the process are:*

Political support (coalition for reforms and the “mandate of the society” to the top leader of the country to conduct them);

A special project office (Delivery Unit);

Feedback: weekly sessions on “postflight debriefing”, providing change management;

Collaborative approach: participation in “debriefing” of independent experts, representatives of reformed systems and institutions, and other stakeholders.

*8-step methodology of transformation:*<sup>6</sup>

- Periodic government outreach sessions to identify strategic priorities for changes linked to the budget;

- The creation of “laboratories”: the best experts, specialists from the Civil Service and the private sector concentrate on key problems that impede the implementation of reforms and try to find a solution in a very short time with the development of “road maps”;

- Wide public discussion of the results and their adjustment;

- Formation and publication of the composite document “Roadmap for Russian Transformations”;

- The creation of a system to measure the results and bring the KPI to the responsible persons and the public;

- Regular sessions for summarizing with the participation of responsible persons;

- Independent annual audit of the achieved results;

- Preparation and publication of annual reports.

Another important measure to improve the “gov-

ernance cycle” as a whole should be *the formation of a modern system for strategic management* of “cross-cutting” action with the participation of federal and regional government bodies and local self-government bodies.

According to international experience, singling out the strategic management of the state as a special level of management system is an effective method for coordination, which is realized by defining a small number of priorities common to the entire Public Administration system and delegating the remaining powers to develop sectoral and industrial programs to the level of ministries.

*The mechanism for strategic management is a practical embodiment of the multimodal management system of a “viable” state*, which involves the combination of the best tools of the three basic models of Public Administration. Moreover, strategic management allows us to overcome the contradictions that are carried by all three models.

For example, the main drawback of the Weberian model of “rational bureaucracy” is that excessive regulation of the process of making managerial decisions and their implementation leads to the lack of flexibility in responding to the changing conjuncture. The application of strategic management provides for the adaptation of bureaucracy to short-term changes in the economy, which allows for timely response to socio-economic challenges.

The implementation of the NPM model principles leads to a decrease in the role of the state in economy and the “washout” of public functions in provision of social services. Within the framework of strategic management, the state determines the goals and priorities for social and economic development.

Moreover, many countries, when trying to implement one of the fundamental principles of the NPM model – decentralization – are faced with *the problem of fragmented decision-making*. This leads to consolidation of clear powers for each individual agency, provision of greater autonomy, transfer of some powers from the federal to the regional level of power, transfer of Public Services to outsource market institutions, civil society. In addition, decentralization leads to “blurring” of the country’s long-term development priorities, lack of coordination between agencies and assessing the effectiveness of their work. To overcome this contradiction, a number of countries that had previously actively implemented the tools of the NPM model began to develop reforms in the strategic management of the state in the mid-1990s. For example, New Zealand went this way (Scanlan, 1996).

The involvement of civil society and the scientific community in the process of making managerial decisions and implementing them inevitably leads to the struggle of interest groups through the institution of lobbying. In this case, in strategic planning, the state acts as an arbiter between interest groups represented

<sup>6</sup> The proposed methodology is based on the successful experience of reforms carried out by the Cabinet of T. Blair in the UK and the Government of Malaysia as part of the PEMANDU program. In both cases, specialized «reform centers» were created: the Delivery Unit under the Cabinet of Ministers of Great Britain and the Malaysian Administrative Modernization and Management Planning Unit.

by stakeholders. The state should strive to achieve consensus or a compromise between stakeholders, since ultimately the responsibility for effectiveness and efficiency of the adoption of certain decisions rests with the authorities.

The essence of strategic management is to determine the priorities and directions of the country's development on the basis of long-term socio-economic forecasts and effective use of resources for development. Strategic management sets the main parameters for the development of the country as a whole and indicates medium-term objectives. The international competitive advantages of the country largely depend on the efficiency of the government performing this function.

### Conclusion

Realizing the idea of a "viable" state involves the introduction of best practices from all three ideal-typical management models discussed above (rational bureaucracy, NPM, New Governance). To achieve it, *effective implementation of reforms and monitoring of the process of change at all levels of governance* (strategic, tactical /

project, operational) *and in all elements of the "management cycle"* should be ensured: changed approaches to analysis and policy making, decision-making and enforcement procedures, control systems for achievement of target results, assessment and adjustment of policies (with the use of effective feedback mechanisms, including ones from the public). At the same time, it is necessary to achieve an "end-to-end" and coordinated nature of management processes ensuring a stable coherence of the "governance cycle". To improve the coordination and institutional strengthening of the reforms results, it is necessary *to make changes in the structure of the Government, as well as to identify strategic priorities and new development indicators*.

The need to improve the quality of Public Administration in Russia has no alternative. And if the hypothesis that modern state management is based on the principle of multimodality and the idea of a "viable" state is true, then, the improvement of the quality of Public Administration should be carried out throughout the "governance cycle", starting "from the head" – from the cycle of strategic management.

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