



RESEARCH ARTICLE

Models of interaction between business and government in the conditions of the European integration course of Ukraine

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Abstract

Purpose. To investigate the genesis and key characteristics of existing models of interaction between business and government (pluralistic, neo-corporate, hybrid) and determine the risks and prospects of their implementation in Ukraine. **Methodology.** General scientific methods of researching processes and phenomena were used, namely: methods of analysis and synthesis to create a methodological apparatus for studying models of interaction between business and government, forecasting risks and prospects for the implementation of existing models of interaction in Ukraine, a method of generalization when developing recommendations, methods of logical abstraction and generation of conclusions. **Findings.** The key characteristics of pluralistic, neo-corporate, and hybrid interaction models between business and government are determined. The peculiarities of applying each of the specified models and the specifics of their use in modern democratic states are analyzed. An analysis of the interaction of business and government in Ukraine was carried out, and the risks and prospects of the implementation of existing models of interaction between business and government in Ukraine were highlighted, taking into account the European integration course of the state and the need for the post-war economic recovery of the country. **Originality.** Mechanisms for improving the existing model of interaction between business and government in Ukraine are proposed, taking into account the European integration vector of the state, the risks, and prospects of implementing pluralistic, neo-corporate, hybrid models of interaction, which are used in modern democratic countries of the world. **Practical value.** The obtained results make it possible to better understand the specifics of the participation of business as a socio-political community in interaction with the authorities, as well as to determine the possibilities of limiting the trends of hidden pressure from the side of business both on the state and on society as a whole. The scenarios proposed in the work for businesses to implement their political goals, developed based on theoretical and methodological developments, contain a set of political and legal mechanisms relevant for implementation in the practice of public administration of Ukraine.

Keywords: Interaction, Civil society, Integration, State, communication, Bbusiness, EU, Models of interaction between business and government.

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Introduction

Established relations between government and business drive the development of every democratic state governed by the rule of law. In recent decades, there has been a trend of increasing cooperation between them worldwide. The system of interaction between the state and business functions differently in different countries. Differences are caused by such factors as the level of political culture, features of the economic system, the historical nature of relations between society and the state, and the traditions of resolving business conflicts. A certain ratio of these characteristics forms the basis of understanding the interaction between business and government in a particular country. A significant change in the role of business in the functioning of the political system could not fail to draw close attention to it from the scientific community. As noted by C. Lindblom, "businessmen cannot be left behind the door of the political system — they must be invited inside" [Blockland *et al.* 2018]. That is why, in developed countries,

numerous representatives of business communities are involved in work in various advisory institutions under state authorities. Their leaders regularly meet with state leaders and are often recruited for government positions.

Establishing interaction between business and government in Ukraine was not easy. The involvement of business structures in cooperation with the state constantly faces serious problems, which, first of all, are manifested in: shortcomings of the legal framework that defines the rights and responsibilities of the parties; imperfections of the forms and methods of implementation of partnership relations; lack of competitive conditions for efficient cooperation; underdevelopment of the investment and innovation environment, etc. At the same time, the business structures themselves largely hinder the achievement of partnership relations with the state manifested in the dominance of one's interests over public interests.

In this situation, the need to study the existing experience of relations between business and the state, existing models of such interaction, analysis of socio-economic, regulatory and, legal, and organizational components of partnership relations between the state and business becomes increasingly urgent. This topic has always been important for Ukraine, and it gained particular relevance first with the activation of the country's European integration course and now in connection with the need for the economic reconstruction of the country after our victory in the war.

Analysis of recent research and publications. A significant number of concepts presented in the works of both foreign and domestic researchers are important for understanding the dialectic of interaction between business and government. In particular, it is worth noting the works of F. Schmitter, who believes that the interaction of the state with interest groups leads to the complicity of "organized interests" in management; D. Truman, who singled out from the entire set of associations "political interest groups" — that part that interacts with state institutions; R. Dahl, who suggests that modern dynamic, pluralistic societies have created favorable conditions for free competition of interest groups; M. Olson, who claims that large economic groups working for their economic interest are the unconditional basis of the political process.

In the works of such foreign scientists as P. Drucker, R. Cantillon, A. Carolla, F. Kotler, R. Raiff, R. Fisher, M. Friedman, R. Haywood, J. Schumpeter, the algorithm of relations between government and business is defined, and their significance for raising the social standards of people's lives is shown.

Domestic researchers are mostly engaged in the development of theoretical and methodological issues of the development of the interaction of the state and business structures in the conditions of the formation of a market economy. In particular, P. Burkovskiy, Z. Varnalii, A.

Halchynskiy, V. Geets, Ya. Zhalilo, A. Kolot, O. Paskhaver, O. Puhkal, I. Reiterovych, and other scientists are working in this direction.

Previously unresolved parts of the overall problem. The question of researching the problems of cooperation and partnership between government and business and forecasting its development in modern conditions is becoming more and more relevant for Ukraine. The situation that has developed in Ukraine today requires the development and implementation of a set of measures to streamline and harmonize the entire system of interaction between state power and business in order to restore the economy, guarantee the strategic security of society and the state, and the safety of human life. Theoretical-methodological approaches to this issue, which have already been developed globally, can become the basis for further research into the Ukrainian peculiarities of this phenomenon. Ukraine received the status of a candidate for membership in the European Union. This decision was adopted by the leaders of 27 EU member states on June 23, 2022. Currently on the agenda is the adaptation of national legislation to the European legal space, deepening the integration of Ukrainian business into EU markets, the practical introduction of visa-free travel in various areas, further sectoral integration, etc.

Purpose

To investigate the genesis and key characteristics of existing models of interaction between business and government (pluralistic, neo-corporate, hybrid) and determine the risks and prospects of their implementation in Ukraine.

Research Objectives

- Conduct a comprehensive analysis of the features of pluralistic, neo-corporate, and hybrid models of interaction between business and government;
- Analyze the interaction of business and government in Ukraine and highlight its features in different periods of the economic and political development of the state;
- Based on the analysis, predict the risks and prospects of the implementation of existing models in Ukraine; provide proposals for the necessary transformations to increase the efficiency of interaction between business and the government, taking into account the European integration course of the state and the need for post-war recovery of the country's economy.

Methods

To achieve the goal of the research, an approach was applied, which involves using various methods, their combination, and complementarity. In the process of solving the tasks, the following research methods were used: dialectical, as a general method of researching transformational processes, as well as to identify trends in existing models of

interaction between business and government; theoretical generalization and comparison — to highlight the features of pluralistic, neo-corporate and hybrid models of interaction, their advantages and disadvantages; statistical and economic analysis — to assess and determine the impact of both external and internal factors on the harmonization of interaction between business and government in Ukraine; prognostic — for researching the risks and prospects of implementing existing models of interaction between business and government in Ukraine.

Results

It is believed that the concept of “industrial relations” emerged first, which considers business and government as a system of coordinated interactions between the state, employers, and trade unions at the level of firms and industries. This approach assumes that a limited set of activities must be carried out continuously to coordinate work in industrial societies.

The concept of “industrial relations” sees the interests, power, control, and conflicts underlying labor relations as the central core of socio-political and socio-economic relations. At the same time, questions about the mechanisms and technologies for solving them recede into the background. This explains the departure from the traditional concentration of attention exclusively on institutional aspects and the desire to study a broader range of social phenomena affecting the relations of employees, employers, and authorities.

The presence of general reasons for the creation of associations of entrepreneurs, as in the case of trade unions, did not lead to the emergence of a single model for creating such associations in industrially developed countries. Significant differences between Western Europe, on the one hand, and the USA, on the other, are striking. As noted by R. Adams, in Europe, employers were eager to create associations. They were ready to negotiate with unions, while in the US, especially in industrial production, employers sought to pursue a more independent policy. The trade unions, at best, were forced to endure and, quite often — were openly hostile Kvitka S. A. *et al.* [2018].

In the modern political space, there are two fundamentally different models of interaction between business and the state: pluralistic and neo-corporate. They reflect the main approaches to promoting business interests, where the main distinguishing feature is the state’s role. In practice, none of them function in their pure form. Specific examples available worldwide are often an interweaving and a combination of both models. Accordingly, along with the pluralistic and neo-corporate models, a third type is distinguished — a mixed (hybrid) model of interaction between business and government. However, in all cases, the predominance of the characteristics of either the pluralistic or the neo-corporatist model is observed.

The pluralistic interaction model between business and the state is based on the Anglo-American tradition. Methodologically, it is based on the fact that the parts of the social system are in coordination dependence, which means that the dominant role of any one part of the whole system is excluded.

The majority of scientists consider the most authoritative studies of this problem presented in the scientific works of F. Schmitter. According to the researcher, the pluralistic model is “a system of representative interests, in which the determining units are organized into an unlimited number of independent, non-binding, competing with each other, hierarchically independent structures that are not specially licensed, recognized and will not receive subsidies and are not controlled by the state <...> and that do not have a monopoly on the representation of these interests” Ostapenko, M.A. *et al.* [2012]. The pluralistic model methodologically assumes that the social system and its parts are coherent, excluding the leading role of one part of the system. A full-fledged reproduction of the integral, vital activity of the society is possible only with the participation of all types and types of social production, which does not exclude the existence of subordinate relations between them. However, it is material production that creates life-sustaining products, on which society’s functioning depends and each individual’s physical survival. Therefore, all other types of social production should be a means of optimization and further development. Thus, the pluralistic model is characterized by state activity in the interests of the entire society. Thanks to the equidistance from the leading financial and economic groups, the state can act in the interests of the system as a whole, ensuring its stability and the ability to be in relative equilibrium. When the system becomes unbalanced and enters the crisis zone, the state corrects the distortions. It returns the economy to relative stability, even if this is against the interests of certain groups of monopolistic elites.

As mentioned above, the pluralistic model of interaction between business and government is based on the Anglo-American tradition, which was formed in connection with the following cultural and historical features:

- *Individualism* as the prevailing principle of socio-economic behavior of the main part of the population. A significant majority of the economically active population of Great Britain and especially the US is characterized by an orientation towards personal success, literally a “cult of success,” primarily in business, and a high degree of readiness to take serious risks associated with achieving success and a high personal level of material well-being.
- *Competition* is considered an indispensable condition and driving force of development. Competition acts as the basic principle of economic growth, and attempts

to limit it are perceived as an attack on the “American dream,” the principle of “equal opportunities for all.”

- *Profit* is defined as the primary indicator of business success, despite increased attention to social responsibility of business in recent decades.
- *The state* is traditionally viewed as an external force, the role of which is to develop, together with business, regulatory rules, and conflict resolution. State intervention in the economy as an economic agent is categorically not approved.
- *Lawsuits* between different groups of participants in corporate relations are a standard method of resolving conflicts in business, despite developed self-regulation mechanisms Kvitka S. A. *et al.* [2017].

In pluralistic systems, organizations usually represent the collective interests of various business groups. However, corporations themselves choose whether to become members of any associations or not. The power of such business associations is quite limited because if they disappoint even a part of their members by adopting a position with which these members disagree, then these firms will most likely leave this association, thereby reducing its income (membership fees) and reducing the credibility of the representation of business interests as a whole.

An important feature of a pluralistic system is the large number of actors participating in the political process. Pluralistic distribution of goods is more spontaneous, close to market competition. The redistribution of benefits and privileges is the effect of organized pressure, and the process of making political decisions occurs due to fierce competition, not cooperation of interest groups.

The modern neo-corporate model of interaction between business and government arose partly as a critical response to the shortcomings of a pluralistic approach to mediating interests. Neocorporatism allows for the existence of institutional forms of government in which organizations representing the main economic interests, usually trade unions and employers’ unions, receive the main privileges and opportunities to participate in the development of bills and political decisions in exchange for accepting responsibilities and obligations to assist the state in managing society. The idea that organizations participating in corporate deals receive guaranteed monopoly status from the state is fundamental to this concept. It contrasts with the usual expectation of pluralist politics that new competing interests will always emerge.

The neo-corporate model of interaction between government and business in Western Europe was formed in the context of the following cultural and historical features:

Orientation on partnership and cooperation of various professional and social groups

- The basis of business ethics is cooperation, not competition. Great attention is paid to forming

management bodies in business to include representatives of the company’s personnel and its business partners.

- The main thing is not the success of an individual or a company but ensuring the stability and development of the national economy.
- Ensuring the company’s profitability is defined as a condition but not an exhaustive end goal of the business. Social obligations are considered extremely important, and if necessary, appropriate changes in business methods are made to fulfill them.
- Competition is considered a vital development condition, which, however, does not exclude the possibility and necessity of its restriction in some instances to ensure the interests of the economy as a whole.
- The state in the neo-corporatist tradition is an essential economic agent that ensures the development and observance of general “rules of the game.”
- Reaching an agreement is considered the best way to resolve conflicts. Court procedures are regarded as an extreme method of conflict resolution only in those cases when all possible pre-trial conflict resolution methods have been exhausted Investment and innovation *et al.* [2017].

Despite the successes of neo-corporatism in the 1960s, already in the mid-1970s, the tripartite system began to experience a severe crisis, the leading cause of which was the progressive decline of industrialism and accompanying changes in the social structure and social relations. Meanwhile, during the formation of the institutional structure of the European Economic Community (now the European Union), the foundations of the tripartite model were laid in it from the very beginning. Some of its elements were found in almost all Western countries, where they became, so to speak, “inscribed” elements in the system of relations based on the principles of political pluralism.

As historical experience shows, there is no single effective system of relations between government and business for all time. It is generally accepted that the least neo-corporate type of relationship is characteristic of the US and Great Britain. However, during the period of economic crises, both Britain and even the US resorted to neo-corporatism. Both Conservative and Labor governments in Britain created neo-corporatist institutions such as the National Economic Development Council (NEDC), which brought together government, trade unions, and employers’ associations to discuss economic policy. In the 1970s, the British government began trying to establish a partnership with employers’ organizations and trade unions to agree on economic policy strategies. In the US, both during the Great Depression in the 1930s and during the crisis in the 1970s, there were attempts to use some mechanisms of the neo-corporate model.

In Ukraine, the interaction between business and government in different periods had different goals and content. With the acquisition of independence in the country, the process of establishing all institutions of statehood began. The economy occupied the leading role here as the most crucial component of the successful functioning of the state. It was necessary to move from a command-administrative economy based on state ownership to a market economy with a majority of private ownership. Under these conditions, the relationship between government and business began to take shape. Before that, there was a small private sector in the structure of its economy, consisting mainly of small firms and companies. Thus, in 1992, the non-state sector in industry accounted for 29.8% of the number of enterprises and 18.2% of the volume of industrial production. Mostly, these enterprises were in mixed state-private ownership and owned by labor collectives Akhmetov, Poroshenko *et al.* [2017].

A feature of economic transformations in Ukraine during that period was the financial crisis the need to destroy the monopoly of state property and build a market infrastructure. Economic stagnation, characteristic of the Ukrainian economy in 1991–1998, led to a significant drop in GDP. All this could not but affect the system of relations between the government and business. In this period, the processes of privatization and denationalization with the determining role of the state in the person of the heads of the executive power were decisive. The most critical problem was that the recently privatized enterprises, getting rid of the state contract, could not ensure economic growth for the country. At the same time, large business companies (of the holding type) began to be created and operated, primarily to establish production mainly in the raw and extractive sectors of the national economy and prevent foreign competitors from entering the market. Large business companies that emerged in those years became the leaders of the Ukrainian economy. As a rule, the heads of these companies had good personal business relations with the power structures, satisfying the latter's economic interests.

To characterize Ukraine in the 1990s, we can discuss two interaction models between the state and business. Each relied on specific resources (rental or infrastructural) available at the appropriate level of interaction between government and business. None of the models could give significant results in regions where such resources were absent. All other things being equal, those who already in the late 1980s had a specific start-up capital or financial resources accumulated using party or Komsomol resources or personal connections in the renewed state apparatus received advantages in contact with the authorities. Entrepreneurs who did not have such start-up capital in the first years of reforms were squeezed out of budget funds

and forced to focus on distancing themselves from the state and the corresponding model of "free entrepreneurship." The described models of relations between business and government are quite conditional. In practice, they were rarely implemented in their pure form, and most often, there were various combinations of them.

The results of the implementation of the "state capture" model were, on the one hand, a constant struggle for sources of rent between leading business groups and their affiliated groups in the state apparatus, which led to a systematic destabilization of the balance at the state level; on the other hand, several researchers note that largely thanks to this model, in a short period, it became possible to form large integrated business groups at the national level, capable of really competing on the global market.

At first glance, the strategy of "distancing from the state" should be more effective from a social point of view. In the early and mid-1990s, one of its vivid manifestations was the so-called "shuttle business", which significantly adapted broad sections of the population to new economic conditions. Most currently existing medium-sized companies operating in the trade and service sector also relied on this strategy. However, the paradox of this strategy and the related model of "free enterprise" was that in the conditions of incapacity of state institutions, such small and medium-sized companies faced significant restrictions for business development.

The model of "free enterprise" in conditions of state incapacity objectively turned out to be associated with a massive shift away from taxes, which at a particular stage was already impossible to ignore, and with the emergence of a demand from the business side for the protection of property and contracts. The combination of these factors led to the fact that from below, at the level of local and regional authorities, a peculiar administrative model of economic management was restored, based, in contrast to the Soviet period, on informal levers of influence on private business Berzhanir A., Strembitska L. *et al.* [2016].

According to Transparency International 2010, Ukraine ranked 134th among 178 countries according to the Annual Corruption Perceptions Index [Brekharya S. *et al.* 2011]. The methods of shadow lobbying of their own interests were most actively used by the business elite during the budget and privatization process Moskal'ov M.A., Moskal'ov A.A. *et al.* [2016].

Thus, in the first two decades of independence in Ukraine, so to speak, formal, by their nature, institutional systems were formed in the sphere of relations between power and business, which were a kind of mixture of elements of both basic models — pluralistic and neo-corporatist. Accordingly, researchers most often appeal to the so-called hybrid model when characterizing the model of government-business interaction in Ukraine. After all, on the one hand, part of the

business associations appeared on the basis of former state associations, and their right to represent the interests of enterprises of the industry was immediately recognized by the authorities (usually, in this case, employers' organizations are meant, as an organizational form of representing business interests). On the other hand, a significant part of business associations was formed spontaneously. They had to fight to attract members and gain the right to represent their interest group in government bodies. During the following years, the strategies of government and business relations were formed and implemented under the influence of transformational processes in both the economic and political systems, as well as various factors that served as the objective basis for the further development of the state. The Law of Ukraine *et al.* [2010].

In 2010, the Law "On Social Dialogue in Ukraine" was adopted. The law defines the legal basis for organizing and conducting social dialogue in Ukraine to develop and implement state social and economic policy, regulate labor, social, and economic relations, and ensure an increase in citizens' level and quality of life and social stability in society. Analytical report *et al.* [2016]. The document also provides a definition of social dialogue as a process of defining and converging positions, reaching joint agreements, and making agreed decisions by the parties of social dialogue, who represent the interests of employees, employers and executive power bodies, and local self-government bodies, on issues of formation and implementation of state social and economic policy, regulation of labor, social, and economic relations [2016].

The law's provisions are aimed at institutionalizing elements of the neo-corporate model of interaction between business and the government in Ukraine because they clearly prescribe equal mechanisms and tools for the interaction of the government, business (employers' organizations), and trade unions.

At the same time, the elements of the pluralistic model are still clearly visible. Dozens, even hundreds of business associations representing various companies operate in the country. These associations also act as the "voice of business" in Ukraine. Their interaction with the authorities is carried out through participation in the activities of various consultative and advisory bodies: the Council of Entrepreneurs at the Cabinet of Ministers of Ukraine and relevant regional councils of entrepreneurs, the Council of the Business Ombudsman, the Coordinating Council for Entrepreneurship Development, public councils, etc.

Business associations in Ukraine operate following the legislation and requirements for non-profit organizations. The Constitution of Ukraine, the Law "On Public Associations," and international treaties of Ukraine guarantee the rights of citizens to unite in organizations, and the Economic Code of Ukraine defines the types of associations of enterprises and

regulates the order of membership in them and property relations in such associations. Also, the Economic Code contains norms regulating the creation and activity of chambers of commerce and industry (CCI).

State statistics do not provide detailed information on the number of each type of these organizations separately. Information on the number of associations as a whole — not just business associations — can be obtained from the Unified State Register of Enterprises and Organizations of Ukraine (USREOU) data. According to the State Statistics Service, as of December 2020, 2,483 associations were registered in USREOU. This number is gradually increasing: 2012 2,216 associations were registered in Ukraine. However, these statistics do not contain detailed information about whether all the associations listed are business associations. It can be assumed that there are other types of associations among them, for example, professional associations. It can also be assumed that not all registered business associations are actually active. The analysis and use of statistical data for the period after 2020 is currently not possible in Ukraine because, due to military operations in the country, the registers are partially or entirely closed, and the collection of statistical data is prolonged.

Because state statistics do not separate business associations into a separate category of public organizations, approximate data on the number of business associations in Ukraine and what share of enterprises are included can only be obtained from business surveys Fedets I. *et al.* [2019]. A survey by the International Finance Corporation in 2004 showed that 24% of enterprises are members of business associations. In the same year, only 13% of small and medium enterprises in Ukraine were members of business associations Business Associations *et al.* [2019]. However, in 2017, this indicator significantly decreased and amounted to only 9% Teleshun S., Pukhkal O. *et al.* [2018]. The low participation and often reluctance of businesses to join business associations is because entrepreneurs mostly perceive business associations as big business and a tool for protecting big business interests.

Business is an active actor not only in socio-economic but also in political processes in the country. Its interaction with the authorities is important for implementing reforms in various spheres of public life and for developing public policy. It is worth agreeing with the statement of Ukrainian researchers S.O. Teleshun, O.G. Pukhkal, and others, who, in their study "Instruments and mechanisms for the development and implementation of public policy in Ukraine," note that it is still too early to speak in Ukraine about the completion of the formation of an effective institutional system capable of ensuring effective interaction between government and business, which is based on clearly established rules and norms of their self-regulation. This is connected with a whole complex of unresolved issues, the main of which are the following:

- Imperfect mechanisms of communication between the government and business regarding determining the main priorities of the country's development in the political and socio-economic spheres. This dialogue is mostly situational and is activated exclusively as a response to internal or external challenges.
- In interaction with the business community, the state is not an equal but rather a dominant player that imposes its own "rules of the game."
- The existing system of differentiated treatment of business by state authorities is based on mechanisms of direct (personal) interaction and granting preferences to individual business structures (mainly close to political forces, represented in the Verkhovna Rada, etc.).
- The low level of social responsibility of business, its rent-oriented behavior, and attempts at direct integration into the government (mainly by large entrepreneurs, so-called oligarchs, who use political activity to expand their own business). Integrating its representatives into the government, the business receives preferences in the policy formation process, putting its interests above those of the public, often substituting concepts altogether.
- A high level of corruption, primarily in the political sphere, leads to the dominance of various informal practices, which actually push formal institutions, whose activities are related to intersectoral interactions, to the periphery of political and administrative processes. Lessons of war *et al.* [2023].

The results of the project "Lessons of war. Business. Pain points in the interaction of government and business", implemented in 2023, reflected the problems in the interaction between business and the state in Ukraine over the past 30 years and formulated key "pain points" that largely overlap with the above, but at the same time are somewhat broader. Among the key problems, the following stand out: lack of the rule of law, lack of a stable and open dialogue between the government and business (in most cases, at the platforms where it is possible to exchange ideas between the government and business, the government comes, reports and leaves, leaving no room for feedback and not using the opportunity to hear other interested parties. Without a willingness to listen and hear, adequate interaction between business and the state is impossible), and insufficient subjectivity of business (on the one hand, the government perceives business as an object from which something must be taken, as a resource, not a partner. On the other hand, the business itself has done little to look like a subject, not an object); corruption destroys trust and demotivates people (it is extremely important that the government reacts to each corruption incident quickly, effectively, and sufficiently harshly. Cases of corruption should "reset" the reputation.

And the reputation itself should be important for making decisions about partnerships, employment, education, etc.); businesses did not sufficiently unite among themselves (in contrast to large, medium, and small businesses weakly unite among themselves to defend their own interests in the public sector), etc [2017].

It is worth adding to the above list that in Ukraine, it is quite often difficult to make a clear distinction between the parties of interaction, that is, to clearly distinguish who represents the business, who represents the government, and who represents hired workers. As of 2017, according to the Opendatabot platform for working with open data, there were more than 2.6 million citizens in Ukraine who were business owners or co-owners of 1.5 million companies. Among the owners who are co-owners of the largest number of companies are Rinat Akhmetov (303 companies), Petro Poroshenko (76), Dmytro Firtash (72), and Ihor Kolomoyskyi (45) Ukraine on the way *et al.* [2022]. The situation is similar in the framework of social dialogue in Ukraine. The heads of all Ukrainian associations of trade unions and employers' organizations were people's deputies or high-ranking officials of executive authorities, and at the same time, represented the side of trade unions or employers in social dialogue (for example, M. Volynets, A. Kinakh, V. Khara).

Another "painful" issue for Ukraine is the level of trust in the organizations involved in the negotiation process. According to sociological studies, trade unions are constantly on the list of institutions with high mistrust among Ukrainians. According to the results of sociological research by the Razumkov Center, a significant number of Ukrainians express distrust of trade unions: 60.8% in 2011, 65.9% in 2017, 51.6% in 2020, and 64.2% in 2022 Building the potential *et al.* [2021].

The level of trust in business associations among Ukrainian entrepreneurs reaches 40–45% (the bigger the business, the greater the degree of trust). The larger the size of the enterprise, the more they participated in business associations: if among micro-enterprises only 10% were members of business associations, then among medium-sized enterprises — 31% 18, and for large enterprises, this figure is 72%. About 30% of heads of Ukrainian enterprises are ready to pay business associations to protect their interests Ukraine on the way *et al.* [2022].

The results of the surveys also demonstrate another important fact that affects the involvement of businesses, especially the SME sector, in the activities of business associations. Representatives of small and medium-sized businesses are most interested in protecting interests, coordinating and combining joint efforts; a somewhat smaller but clear request among entrepreneurs is for training and consultations, information services, legal assistance, and assistance in finding trade partners. In the eyes of

heads of Ukrainian business associations, the situation looks somewhat different: their priority is information and educational services, while advocacy and legal assistance services are the least common services of business associations Business and Politics *et al.* [2023].

Ukrainian society is actively discussing the reform of the interaction model between business and government, considering the best European practices. On June 22, 2023, the Committee on Social Policy and Protection of the Rights of Veterans of the Verkhovna Rada of Ukraine held public consultations on certain aspects of the implementation of social dialogue in Ukraine, during which the following issues were discussed, in particular: 1) restarting the current model of social dialogue in Ukraine (including by involving representatives of civil society); 2) European models of social dialogue and prospects for implementing their best practices in Ukraine; 3) a change in approaches to determining the criteria of representativeness of the parties to the social dialogue. The issue of inclusion in the existing model of social dialogue in the status of an independent subject of business associations and other types of public associations in the so-called “social dialogue 3+” format caused the greatest discussion.

Conclusion

Objectively, both the government and business are interested in formalizing their interaction, forming transparent models of mutual relations. The need for businesses to institutionalize interaction with the government is due to the need to legitimize its participation in making political and managerial decisions, ensuring that corporate interests are taken into account, protecting property rights, etc. In turn, the authorities will receive additional mechanisms for regulating the economic situation, allowing them to ensure economic growth, effectively solve social problems and respond promptly to global challenges.

Analysis of the main models of interaction between business and the state shows that each was formed in specific cultural, economic, and social conditions, each with its own strengths and weaknesses. Therefore, studying the models on which the interaction between business and government is built is of exceptional importance for understanding the prospects for developing the domestic economy.

The interaction of government and business is one of the main conditions for effective management since this is exactly the problem that is, on the one hand, in the realm of public policy, and on the other hand, it is of particular importance for Ukraine on its way to EU integration (the formation of such an institutional environment in Ukraine, which is based on the principles and values of the EU, including cooperation and partnership) and post-war reconstruction of the country.

The interaction of business and government is necessary for ensuring further social modernization and mobilization of internal reserves of the country's economic potential. In modern economic conditions, the task is to establish a system of interaction between business and government, adequate both to the principles of state regulation of the economy in the interests of society and to the motivational attitudes of business. This will help solve the social problems of society, which depend on the implementation of their social functions by business and government and on the level of effectiveness of their interaction.

Considering the historical, cultural, and economic features of Ukraine, it can be argued that in the future, a hybrid model of interaction between business and government with the predominance of elements of neo-corporatism will continue to function in Ukraine. In particular, the elements of the neo-corporatist model are based on the emphasis on ensuring cooperation and partnership within the framework of tripartite social dialogue. At the same time, the main features of the pluralistic model are a significant number of business associations, which are also an independent subject of interaction between businesses and the government, along with employers' organizations.

Among the main risks on the way to the establishment of effective interaction between business and government in Ukraine, one should single out the imperfection of the system of collecting and analyzing statistical data, which significantly affects the reflection of the existing business environment in Ukraine and its institutional design, the low level of trust of both citizens and the business environment itself and the state to the subjects of interaction (trade unions, employers' organizations, business associations) and, as a result, a relatively low level of their organizational structure and integrity in the process of communication. This implies a low level of business readiness to join them and act as an organized structural element of the interaction process. This, in turn, leads to the dispersion of business representation in the negotiation process and sometimes the diversity of points of view, demands, and proposals. Solving these issues today is of primary importance in reforming the existing model of interaction between business and government in Ukraine.

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