THEORETICAL AND PRACTICAL ASPECTS OF THE PARTICIPATION OF CIVIL SERVANTS IN DECISION-MAKING AFFECTING BUSINESS ACTIVITIES

Afag Huseyn
Department of Economics and Business Administration at UNEC Business School, Azerbaijan State University of Economics (UNEC), The Republic of Azerbaijan
afag.huseyn@unec.edu.az

ABSTRACT
Achievement of the goals of social and economic development and the modernization of the governance process require the establishment of mechanisms for more effective management of relations between business and the state. The article theoretically analyzes the necessity of making changes in decision-making process on regulating entrepreneurship during the reforms in the state governance model. Directions of relationships between civil servants and entrepreneurs, mechanisms of conflict of interests have been clarified. Various approaches to the degree of involvement of entrepreneurs, civil servants and political leaders in decision-making affecting entrepreneurial activity, the stages of sequencing the decision-making process, and the opportunities and freedoms granted to civil servants in the decision-making process has been analyzed. The role of human factor in decision-making process, the requirements of the administrative management apparatus, the existing problems in assessing the implementation of decisions has been explained, the systematic approach and the difficulties encountered in the use of situational analysis methods have been indicated. The complexity of grouping existing attitudes and relationships in various structures of the administrative management system, the effects of decisions and goals of the sub-divisions in public bodies on the decision and purpose of the overall state, and the shortcomings that arise during the execution have been identified. In the research process, attention was paid to the experience of different developed countries, comparative analysis, logical summarization and grouping, synthesis methods have been used. Recommendations on improving effectiveness in public administration were put forward, practical proposals were made regarding the preparation, acceptance, implementation and monitoring of enforcement of decisions within the competence of state bodies belonging to the civil service system.

Keywords: Civil Servants, Decision-Making, Business Activities, Economic Development, Effective Management

1. INTRODUCTION
Achieving the goals of socio-economic development and modernization of the economy based on innovation, requires finding more effective mechanisms of management of mutual relations and activities of society, business and the state. The formation of a multi-vector system is based on the consideration of the interests of these three, as well as on the harmonization of attempts to meet them. The state, preparing, working out and implementing its policy, is trying to enlist the support of business structures that can influence the social, economic and political processes taking place in society. And entrepreneurs who want to get certain advantages within their interests are trying to get help and patronage of state structures. Obviously, both sides are aware of their dependence on each other and are trying to turn this dependence to their advantage. Currently, the refusal of excessive positions and duties in the state power, as well as the transfer of management in a number of areas to the private sector, is an example of a reassessment of vertical integration. Because, if economic development makes it necessary to conduct a series of changes in business structures, and if these changes are carried out, the invariability of state administrative power will lead to the formation of inconsistencies in the overall organization,
as well as to the formation of even greater problems in administration. The objectives of the state’s economic policy coincide with the objectives of state regulation only if the main goal of the economic policy is to solve only those problems that the market itself cannot solve. The importance of economic policy reflects the essence and technology of public administration. Engaged in studying the role of group interests and characteristics of bureaucratic management in the economic policy of the state, L. Mises, F. Hayek and J. Schumpeter attract public attention to the fact that not adjustable government control can be dangerous. Particularly, J. Schumpeter in his work "Capitalism, Socialism and Democracy" assigns a large place to the role of political institutions. Representatives of neo-institutionalism, although they note that increasing the role of the state in the economy leads to a slowdown in the effective development of the market, they nevertheless accept that the implementation of complex forms of exchange, compliance with the terms of agreements and protection of property rights requires state intervention. But there are also thoughts that the state creates inefficient institutions, and even that particularly interested groups change the “rules of the game” of the market in their favor and get political rent. Having criticized the Keynesians and casting doubt on government intervention in the economy, in the 50-60-ies of the last century the foundations of a new Theory of Public Choice were laid. Supporters of the theory of public choice (D. Black, K. Arrow, E. Downs, J. Buchanan, G. Tullock, M. Olson, D. Muller, R. Tollison, U. Niskanen), having built analogies between the state and the commodity market, analyze the state in terms of the market of a special form (Nureev, 2011, p.2). Since participation in public decision-making and the allocation of public resources often leads to people competing for a place in the management hierarchy, citizens who elect representatives to the highest state administration bodies; deputies who pass laws and officials who enforce and monitor the implementation of these laws are considered as particularly interested persons. At the same time, the political mechanism is considered as a means of reaching a compromise in the clash of interests of various groups (Hardin, 1991; 1995). Proponents of the theory of public choice, widely using the methods of classical liberalism and marginal analysis, began to explore the impact on the economy of government decision-making processes, which, in turn, are areas of research in political science, sociology and law. Thus, a similar analysis between the individual and the state was conducted by K. Arrow in 1951 and 1963 in his book “Social Choice and Individual Values”, and between the market and the state in 1962 by J. Buchanan and G. Tullock in the monograph “Calculation of the Agreement: The logical foundations of constitutional democracy.” And the relationship between the citizen and the state they considered from the point of view of the “service for service” approach (quid pro quo) (Hardin, 1995; Nureev, 2005). Continuing research in this direction, in 1985, G. Brennan and J. Buchanan in their work “Principles of Rules” compared market and political ordinal rules. The analysis of political “games without rules” and “games by rules” was carried out by commenting on the contractual basis of society (Buchanan, Brennan, 1985). It was noted that, in consequence, in a democratic society, the economy will deter the incessant growth of the state apparatus, and the work of the public administration apparatus will be monitored by civil society. Today, socio-economic and institutional changes occurring in a number of countries indicate the implementation of this approach. “In general, it seems that all reforms, changes and new developments have still not found their way into the mind of citizens. Public organizations and civil servants’ stereotypes still continue even though they were shaped in a world that no longer exists. Until now, many have the perception that civil servants work in an environment that is clearly separated from the private sector. In addition, many see civil servants as bureaucrats who lack flexibility and adhere to rules and processes and who are not inclined to serve the individual or citizens’ interests. In addition, another popular stereotype is that civil servants are not performing as they should, but are nevertheless receiving preferential treatment in terms of pay and working conditions in general.” (Demmke, 2005, p.5)
2. MUTUAL CONNECTION OF THE STATE AND OWNERS

At present, the concept of public choice, which is widely used in economic research, is in some cases interpreted as state, social and public control (Nureev, 2005). Although, speaking of public choice, we mean the choice made by society, i.e. voters (citizens). Also, the concept of public policy is understood as the political sphere of government controlled by society, i.e. not the choice of a socio-economic system by society, but the general choice and interests of all citizens (not groups, but the people as a whole). In fact, state structures are not interested in sharing power with others (owners, citizens), most decisions are prepared and made in a closed environment, and in this case it is impossible to observe the principles of transparency and freedom of choice. But the activity of the state apparatus is always under the keen interest of society, and the bureaucracy acts as an agent producing public services. For this reason, political rent and its features become objects of discussion (4, p. 27). According to V.Tyan, “Political regulators, within the framework of their authority, intervene in the formation of the state apparatus, in particular, in the implementation of official activity by the institutions of state service. Change or complete replacement of staff to improve the efficiency of public services - is the right of government. Either Inefficiency or rationality in government activity is determined by its nature (character) and the terms of the manifestations of this nature (structure)” (Tyan, 2016). A. Bentley and D.Truman offer to look at politics (the political approach of the authorities) as a sphere of competition for various interest groups. In recent years, as a result of the analysis of modern comments, it was concluded that in the scientific and economic space, neither Western nor post-Soviet countries that have become part of the CIS, there are no holistic, generally accepted ideas about such concepts that are put on the agenda in the research as “lobbyism”, “GR” (government relations), “PA” (public affairs). Of course, there are much more research related to “GR” and “PA”, and each researcher, depending on the subject (citizens, NGOs, political parties) and object (government bodies and any institution that influences decision making) impact, and level of impact when interacting with the state, comments on these terms in different ways. At the moment, gradually replacing lobbyingism and becoming more relevant "GR" and "PA" comprehensively characterize the relationship between government and owners. Thus, GR departments of large companies monitor legislation, the activities of legislative bodies and base their work on building mutual relations and communications between all departments of the company and government bodies. As a result, top managers of some large companies continue their activities in government bodies, and government officials are invited to high positions in large companies. In a number of companies, despite the creation of GR departments, the responsibility for communication on important issues lies with managers. In recent years, there has been a tendency to strengthen and stabilize the mutual communication link between the state and business (public servants and owners).

2.1. Relationships between government officials, political leaders, and owners: a conflict of interest

Building a government based on a constitution and capable of introducing an adequate policy in accordance with changing requirements is one of the basic conditions for the process of creating a government. The development of the economy, the definition of the “rules of the game” of market actors requires the creation of an appropriate legislative framework. The transition to a new economic system is associated with the creation of appropriate democratic institutions, the formation of an economic way of thinking of the population and the national mentality in accordance with the new requirements. This can be achieved without creating opportunities for bureaucratic arbitrariness, corruption and other negative cases (8, p.52). The relationship between the public service and the owners should be built on trust, in which both parties are interested. “The public sector as well needs to change its way of thinking.
We must avoid contrasts between public and private sectors. A modern public administration must support growth and competitiveness of the private enterprises. Today the public sector is a burden for the economy. Bureaucracy, high taxation, hyper-regulation, regulatory uncertainty, inefficiency, inability in understanding the problems facing enterprises, inability in understanding how the markets work, delays in the decision processes. Too often we find in the public approach, in the behavior of single civil servants, and in the legislation, hostility towards our world.” (13) At the moment, there is a need for the law to have the maximum opportunity for direct impact. But in conditions of economic reality, this has not been fully achieved yet. The newly adopted laws as well as the previous ones are supplemented by a number of regulations, various rules, orders, instructions, etc. As a result, in addition to the law, a large number of documents are applied to it, which create conditions for the occurrence of artificial obstacles, misunderstandings due to lack of information, deviations from laws and other negative situations. Existing gaps in the laws, as well as the lack of articles to regulate a number of relationships, leads to certain difficulties in managing the economy. On the other hand, ineffective, untimely and unbiased state intervention in the economy can disrupt the general balance. This feature should always be taken into account by the state. Therefore, for the direct impact of the law, its execution and perception, it must be as consistent as possible, detailed enough to regulate the relevant relationships. The list of important tasks for the state service includes: expanding the legal, information and other bases for the development of a democratic state; protection of the institution of special property; assistance to large, hearty and small ownership through the creation of a competitive environment; improving the quality of public services; prevent corruption, combat these incidents and much more. Therefore, in regulating certain economic relations, instead of detailing, there is a need to apply the principles “can do all that is permitted by law” for civil servants and “can do anything that is not prohibited by law” for owners. This approach prevents the exertion of influence beyond the scope of authority, and also allows members of society to make choices, giving them freedom in their activities. Thus, the transition to legal regulation is carried out regardless of the state and government officials and their instructions, as it was in the administrative system of management of the society and its representatives; and by complying with the requirement that in the conditions of market relations, any “activity should be controlled and regulated only by law”. Systematization of legislation, taking into account the country's existing customs and the economic and political situation, depends on the interests and will of the legislator, who forms the system and tries to effectively resolve public relations in this area. Basically, the implementation of economic policy is influenced by the way of thinking of the population, decision-makers, owners, and finally, scientists, researchers. “The human factor has a huge impact on management processes, preparation of decisions, assessment of the decisions of the existing management and assessment of the results of its execution.” (Shahbazov, Hasanov, Mammadov, Nasibov, 2014, p.66) The course of economic processes indicates the growth of economic consciousness, i.e. observes the growth of intelligent behavior adequately real economic condition. The experience of recent years shows that the presence in the country of a sufficient number of factors influencing the formation of the national economy does not ensure the automatic realization of its superiority at the world level. “Public agency missions and operations are also influenced by political philosophies and political philosophies can change dramatically from one election to another and it is often difficult to shield public employees from undue political influence. Markets cause disruptions too of course, but usually not of the politically partisan nature. In addition, there is no natural mechanism such as the pursuit of profit in the public sector to align the incentives of civil service employees with those of the elected political leaders” (Toesterud, p.2). Ultimately, the materialization of superiority is also linked with the fulfillment of promises made by the state.
Studies related to the relationship between business and government structures, as well as changes in political life indicate that political leaders (heads of state) are confronted with the fact that large political groups, whose actions and interests could be foreseen, are currently divided into a large number of small groups. These small groups can very quickly, in a very short period of time, unite, disintegrate, forming for a time, rally around some problem, and it can be difficult to predict. F.Goudnau and V.Wilson tried to reveal the features of a bureaucratic model capable of producing positive results in a democratic society (between the legislative and executive authorities). At the same time, were made attempts to identify the differences between politicians (people holding political positions) and administrative employees (government officials holding executive and management positions). In their opinion, “For the development of democracy, politicians must control the activities of administrative workers, and such subordination should be consolidated at both the individual and collective levels. In this case, the administrative staff will not be able to intervene in politics and will only be able to act in the direction that the politicians indicated to them, to follow the instructions.” (8, p.2) The presence of an internal threat to democracy, the formation of new structures of national culture and economy, the emergence of problems of fanaticism and ethnic minorities, the raising of the economy to a new level make it necessary to apply various styles and methods of management.

3. DIFFICULTIES IN ASSESSING THE EXECUTION OF INSTRUCTIONS, A SYSTEMATIC APPROACH AND ANALYSIS OF THE SITUATION

The state makes it necessary to analyze the factors of administrative management complexity and its multidimensionality, not separately, but from the point of view of integrity and interaction, as one derivative of the other. Despite the fact that in the administration of the state, each element has a specific function and purpose, they should be studied as an integral system. On the one hand, this system should be considered as acting, sufficiently resistant for existence in any conditions; on the other, as changing, by virtue of its development. However, in the systems approach there are moments that cannot be explained and analyzed. This is due to a specific mechanism explaining the integrity of the public administration system and determining the type of links in the system. Determining the presence of bonds of various types is not enough. It is necessary to group these connections from the logical point of view as similar and analyze them, bringing them to the form “connection-operation”; however, in practice it is a difficult process. Cause in various structures of state administration it is not always possible to fix these connections. In this case, it is very important to analyze the complexity of the system, its criteria and the importance of these criteria. The problem is considered wholly, taking into account the interrelation and results of relative, individual decisions, which, in turn, is the cause of solving problems by alternative means. One of the basic conditions is the non-contradiction of the decisions and goals of individual downstream departments to common solutions and goals. Although, in practice, in some cases, such contradictions are observed. And this affects the quality of reforms in any area. For this reason, when building a model on the basis of a systematic approach, it is necessary to take into account all factors and relationships (and in some cases, various situations that may arise under the influence of these factors) that may collide in real life when a solution is implemented. When building such a model, one of the main goals is to study how much an action may affect the overall result, as well as how many of which resources and funds may be needed. Despite the need for resources and costs, with a view to continuous development, you need to spend them with savings. At the same time, both external and internal influences must be considered. From this point of view, systemic, consistent and decisive measures recently conducted in the republic with a view to developing the environment of ownership are positively assessed. In addition to the positive, there are a number of factors that impede the implementation of economic policy.
In order for the implemented economic policy to produce the expected result, first of all, it is necessary to get rid of the constraints that are negatively affecting the development of the economic thinking of the people: political ideological, class, religious, psychological, etc., based on common national characteristics. Another obstacle is the inability to correctly calculate the phase of time periods.

3.1. Inability to correctly calculate the phase of time periods
It is obvious that for the implementation of economic reforms it is necessary to conduct a series of specific actions in a certain period of time. Economic processes do not occur instantly and for the implementation of reforms in addition to resources, time is needed for a number of activities. Therefore, in the implementation of reform measures, delays occur, which, in turn, leads to the formation of a length of time that removes the final result from the goal. In general, the governing bodies should know not only the results of economic reforms, but also when they occur, i.e. how long does it take to achieve these results.

3.1.1. The stage of confirming the problem
The time frame that indicates the stage of recognition of a problem is the length of time necessary for politicians and government officials to accept the fact that there is a problem requiring government intervention. But in reality, in most cases, this time span covers more time than necessary. Especially in some cases, the slowness of officials, politicians, scientists, proprietors, researchers in defining and publicizing a problem, their fear to openly admit and report a problem or unwillingness to accept a situation as a problem leads to the fact that this period of time increases, and the problem itself reaches large in size, distributed in society and in the economy, deepens.

3.1.2. Stage of finding a solution
The next step in finding a solution is the time interval between the stage of recognizing a problem and making decisions for its resolution. After the fact that there is a problem, it takes time to prepare and adopt the necessary legal acts, and especially laws. And although the media associate this situation with leaders in power (politicians), the truth is that even a high-ranking leader can become a hostage to the system. The system here means not capitalism, socialism, a market or an administrative body, but bureaucracy. In all democratic countries (England, France, Germany, etc.), the day-to-day work of the authorities, necessary for the adoption of bills, the documents submitted for signature are not prepared by people elected for their posts democratically, but by bureaucrats (people in leadership and administrative public service positions) (Toffler, 2003, p. 311). Political leaders often express their dissatisfaction with bureaucrats and talk about how many difficulties and obstacles they face when executing their plans. And as a cause of discontent are indicated the late reaction of bureaucrat, the accumulation of problems and the inability of bureaucrats to solve them. Studies related to the mechanism of power have shown that managers face the problem of choice only if civil servants cannot agree among themselves. Of course, there are decisions that must be made by the first person (for example, decisions in emergency situations that require increased secrecy) and which are not allowed to be discussed by government officials. But in everyday life, such situations are rare, and usually civil servants choose between several suggested options. In addition, leaders (political leaders) have a more superficial understanding of the problems than government officials (bureaucrats). Social and technical changes lead to problems related to combining several activities. And civil servants (bureaucrats) in some cases, mainly when the problem is related to the direction of activities of several bodies, cannot solve the problem in a fruitful way due to the impossibility or unwillingness to transfer their funds to the budget, authority and rights to others.
As a result, there is not a high-quality performance of the work and the solution of the problem in a fruitful way, but a competitive struggle for the appropriation of state funds. Note that in practice, various special commissions are often organized as a measure for resolving difficult situations. In reality, as well as in the business sphere, the need for the reorganization of public administration is increasing. In such cases, only leaders (political leaders) are able to take power from the hands of state employees (bureaucrats). For example, in the Republic of Azerbaijan, as a result of direct attention to the process of creating a favorable business environment of President Ilham Aliyev and meetings with businessmen, controlling the problem, and also coming into force to eliminate existing provisions that caused discontent, the Law of the Republic of Azerbaijan “On Suspending inspections in the field of entrepreneurship” from November 1, 2015, gaps in the legislation were eliminated (1).

3.1.3. The stage of decision-making and implementation by the public authorities

decision-making and implementation of measures by public authorities largely depend on the extent to which the public administration body effectively operates. The need for the development of new approaches to decision-making in business development and public administration is growing. The following stages, which are important in the civil service system, should be considered:

1. Collection, processing and analysis of the information essential to the situation analysis; revealing negative and positive aspects;
2. determination of goals and sort by the degree of importance;
3. analysis of the availability of resources needed to achieve the objectives and capacity assessment;
4. choosing the most optimal way of achieving goals, developing alternatives, analyzing and evaluating efficiency;
5. decision making and its implementation, coordination;
6. performance analysis, removal of obstacles and shortcomings;
7. evaluation of results.

One of the issues in the broader media market is the refinement of good politics. The main issue discussed in the economic policy is that states are pre-defined and supported by precautionary measures for each trafficked person, or because of the absence of such cases or the support of the actors to act according to the situation at every stage. "Predefined Guidelines" or "discrimination" in the application of "state-imposed" policies pursuant to economic changes. The key point to be taken into consideration is that if uncertainty arises from the effects of the illness, it must be exploited or abandoned, and that their effects should be considered in advance and timely, ie delayed action should be taken. Other factors that hinder the implementation of economic reform are expectations that are unaccountable and inadequate, inadequate and uncertain. Assessment is complicated and problematic, making it necessary to consider a number of points. This is primarily due to the fact that the repetition of a number of situations is a threat to the short-term existence of insecurity in a long-term period, mainly due to the reputation of the population and its credibility. In other words, the realization of a single decision is affected by the consequences of the occurrence of different moments and the smaller decisions made. Sometimes the adoption of the normative-legal act does not result in its functioning and implementation. Therefore, special measures are needed to implement the decision. For example, as a result of the adoption of the Law of the Republic of Azerbaijan "On suspension of entrepreneurship inspections", the inspections carried out in the territory of the Republic of Azerbaijan for 2 (two) years have been suspended and the General Prosecutor's Office of the Republic of Azerbaijan “On Additional Measures for the State Regulation of the Implementation of the Law of the Republic of Azerbaijan, Laws of the Republic of Azerbaijan
on the Implementation of the Law and Inspections in the Field of Entrepreneurial Activity”, to investigate information on violations of the requirements arising from the Decree of the President of the Republic of Azerbaijan No 660 of 26 October 2015 and to ensure that appropriate measures are taken to detect violations, the Republic of Azerbaijan It is recommended that regular information be provided to the President of his ward (2). Recent research shows that in developed countries, the interaction of business with the authorities is not developed on the basis of individual interviews with civil servants (officials), but rather towards the creation of more stable, long-term communication systems. The development of information technologies in turn creates new opportunities for the business to formulate and implement a strategy for interaction with government agencies. Also, new communication technologies also lead to change in hierarchy of government. That is, some structural units lose their relevance and become unnecessary. Apparently, economic development requires the development of interaction between business and government authorities. As a result, both of them need to take and apply certain features. This in turn leads to structural changes in the background of changes in one.

4. CONCLUSION

The influence of human characters and motives on decisions made at the time of the model of management should always be discussed. The following steps should be taken into account during the administrative decision-making process:

- After the problem has been analyzed, a structured-functional analysis of the decision-making must be carried out, a motivation model should be selected, and methods of restoration, quantitative decision-making and other approaches (methods) should be selected when motivation changes occur;
- The positive and negative aspects of the selected method should be predicted in advance, pre-requisite preparations should be made for negative parties, and measures to alleviate their impact strength should be determined. At the same time, the decision-maker should evaluate the situation correctly and determine which factor is important in this situation and how the outcome of the change (one or more) consequences will ultimately result;
- The person making the decision should have the tools, techniques and skills to achieve the goal.

In a systematic approach, there is a need to define the place and function of social elements (e.g., age, education, gender, lobbying and others), that is, the elements of social interaction, in the public administration system, mostly in structural-functional analysis. In most cases, it is attempting to determine the degree of dependency between the management activity and the interaction of these social factors. Also, the governance of the management activity is not static, but dynamic, with the possibility of relationships between management activity and social factors, i.e., depending on the situation (as the events occur) and the possibility of change. The struggle between civil servants (bureaucrats) and political leaders is inevitable for the management of the system, which leads to the radical reorganization of the bureaucracy, resulting in a change in the relationship between political leaders and civil servants (bureaucrats). Communication plays an important role in this process. Given how much information and knowledge are used in management, more and more society becomes "information and knowledge society", making the management more difficult. Unlike the jurisdiction system, the legislative system is fundamentally subjective. Thus, the texts of the normative acts reflecting them are drawn from the point of view of practical expediency by legislators (law-abiding, often civil servants). Despite the fact that a number of recent events have yielded positive results, the gap between the laws of each of the system and in some cases, contradictions necessitates more attention to the improvement of the law enforcement and
monitoring systems. Thus, the study of the application of the legislation should be systematically implemented, and proposals for improvement of the legislation should be in line with the findings of the legislative basis for the implementation of the legislation, as well as the findings of violations and shortcomings, should be taken into account in order to eliminate gaps in legislation.

LITERATURE:
7. Nureev, R. Some History. (in Russian)
http://gallery.economicus.ru/cgi-bin/frame_rightn.pl?type=in&links=/in/buchanan/works/buchanan_w4_l.txt&img=works_small.gif&name=buchanan&list_file=
8. Formation and development of the theory of public administration, formation and development of the theory of public administration. (in Russian)
http://pps.kaznu.kz/ru/Main/FileShow/507148/108/361/4206/%D0%9C%D1%83%D1%81%D0%B0%D1%82%D0%B0%D0%B5%D0%B6%D0%B2%20%D0%A1%D0%B5%D0%B9%D0%BB%D0%BD%D0%B0%D0%BA%20%D0%A8%D0%B0%D1%8F%D1%85%D0%BC%D0%B5%D1%82%D0%BE%D0%B2%D0%B8%D1%87/2018/1
12. Demmke, Ch. (2005). Are civil servants different because they are civil servants?
http://www.eupan.eu/files/repository/02_Are_civil_servants_different_because_they_are_civil_servants.pdf
16. Robert J. Tosterud Entrepreneurship and the Public Sector, p.2. Beacom School of Business, University of South Dakota