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### Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia

#### THEORETICAL BASIS OF STATE PARTICIPATION IN THE RISK ASSESSMENT OF SOCIAL DEVELOPMENT

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#### *Abstract*

The society development is a permanently volatile process, which is difficult to measure. The assessment should be multivariate according to the requirements of the modernity. Using tools based on different concepts, states try to assess risks of the society development. During this process, the purpose of the assessment can be shifted from achieving the interests of society to meeting the interests of the state apparatus. This shift leads to the assessment of sustainability, self-reproduction of state apparatus, gives rise to the situation “goal in itself” and numerous theories of state management. The objective processes of social development require the management of conflict resolution and foresight of internal contradictions, generated within society and exacerbated during periods of increasing external uncertainties.

The authors study the multi-conceptual approaches to risk assessment by state and came to the conclusion that general and specific contradictions in this process and relevant theoretical substantiations have arisen. The contradictions are mainly related to the activities of state as a subject of evaluation, especially with its capabilities to have an influence on sustainability, vectorial direction of evaluation, or with the capabilities of the managed system itself to absorb shocks and to resist to various kinds of threats. The contradictions are determined by the hypothesis of the need to achieve a certain level of economics and control for connecting and triggering the mechanisms of institutional risk management.

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**Keywords:** Assessment failures, risk assessment, risk management, state, sustainability.



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## 1. Introduction

The modern economic research often adverts to the requirements of society. At the same time, the satisfaction of needs and requirements cannot be perceived in the original context described by J. Baudrillard, who characterized a consumer society. The growth of needs does not always mean precisely development, and starting from a certain moment, can threaten it. On our opinion, it is necessary to proceed from the point of view that the modern state should play a certain role in determining the balance between the acceptable level of society members' welfare and the level of resources consumption.

We focus mostly on the modern understanding of an enabling state, where the state's role is transformed into the partnership with other actors to provide an environment in which society members can improve their lives on their own (Page & Wright, 2007). The implementation of this concept meets particular difficulties in countries with strong paternalistic traditions and a high role of state in a life of society.

State is the subject that is capable to assess the parameters of social development and to identify the areas in which risks and threats are formed, on a par with other economic subjects, but the state assessment is very specific. The concept of social development is positioned in terms of the economic, political, social, cultural, and legal environments, and does not separate the social sphere from the economic sphere (Drolet, 2014). The data arrays that characterize the society development ultimately require a reaction in the form of developing government policies and programs. At the same time, the forms and the degree of state participation in the economy and the social development are being discussed continuously. The doctrine of etatism is one of the fundamental concepts for the objective need for government intervention in socio-economic development and it is rather common in scientific schools in many countries of the world. It is pointed that the theory of government has historically acquired a complex polyparadigmatic character and is developing now in a complex multi-coordinate scientific system (Okhotskiy, 2014). We consider the paradigm of state activity based on an objective assessment of the needs and the requirements of social development in order to facilitate the formation of opportunities for an active participation of society members and the management of social development risks. We believe that in this perspective the role of a state should be perceived as a multifaceted and multivariate synthesis of ideas of positive etatism as a practical model of interaction between state and society, as well as the unity and the struggle of paternalism ideas in the aspect of reflecting the priorities of state activities in the form of concern for various types of social development risks and liberalism, regarding the inadmissibility of the concepts substitution in relation to human rights and freedoms proclaimed as the highest value.

## 2. Problem Statement

States should develop the approaches to assess the parameters of social development in order to manage possible risks. The subject of study by the state should be the spheres of risk and threats formation to meet the requirements of society and to provide its normal functioning. There are approaches in the scientific literature that have some common features with our study basis. For example, the research of the "social benefits" category, determining the status of such benefits and the role of a state in

the distribution of social benefits is being developed (Rubinshteyn, 2016). We also may note the research of “social budget” formation, which implies efforts towards the redistribution of centralized funds (Roik, 2017). The latter approach is, in fact, basic in countries with a strong statist doctrine.

We believe that the emphasis of modern scientific research should not shift towards the optimal proportions of expenditures distribution, but towards identifying the trends of the society requirements. State efforts and resources should be concentrated on creating the mechanisms of protection against the impact of risks and threats to social development and on developing the ways of providing normal functioning of society with the obligatory participation of other sectors. The needs and the requirements of society may be contradictory, sometimes diametrically opposed. This fact generates specific difficulties in assessing the social development risks.

The evolution of perspectives and approaches to the assessment of social development is a natural process of knowledge complication. From the position of prioritizing the interests of society and the need to meet its requirements, we can underline a number of the most notable approaches to the assessment of social development, containing risky aspects, reflected in scientific publications and methodological recommendations of supranational organizations, governments and non-governmental organizations:

1. Assessment of sustainable development. The concept of sustainable development is worked out by the UN as a synthesis of economic, social and environmental components. The UN defines sustainable development as that meets the needs of the present without compromising the ability of future generations to meet their own needs. The main international sources and the modern approaches to the sustainable development description are summarized by Kanayeva (2018). She comes to the conclusion that this concept is aimed at rethinking the goals of economic activity and the fundamental principles of development, at the formation of a different system of values and institutions, as well as a society request to improve the quality of life and to create conditions, favorable for human development, by achieving greater social justice (Kanayeva, 2018).

2. Assessment of various aspects of social development, combining two interrelated concepts – security and safety. The relationship and the difference between them are being investigated (for example, Jore, 2019), however, there is no lines clear enough that could form a methodological assessment basis in the scientific literature. There are also certain country specific interpretations of the concepts of security and safety. In countries with strong statist concepts “security” is understood primarily as survival, that is not development but preservation of previously acquired (Diev, 2013). According to the observations of the authors, the term “security” in the international scientific and methodological literature is used in the social and environmental context. Food sphere is often defined by the term “safety”, which is also used in engineering and technological perspective.

3. Resilience assessment, which is often defined as a component of sustainable development and is used primarily in the context of environmental resistance to stress in relation to sustainable development (Uitto & Shaw, 2016). At the same time, researchers note the ability of this concept to substitute the concept of sustainable development in management discourse (Walker & Cooper, 2011). In some regions of the world special attention is paid to the assessment of resilience – for example, this category has become central to the external activities of the European Union (Romanova, 2017). Romanova (2017) studies the difference between the categories of “resilience” and “security” and says that the latter focuses

on risks. The use of resilience in the socio-economic sciences is more likely associated with the ability of a system to absorb shocks, while retaining its basic characteristics and its performance (Brand, & Jax, 2007).

4. State capacity assessment. The definition of “state capacity” is the most ambiguous in theoretical and practical terms. Melvilleet and Efimov (2016) summarizes the approaches to state capacity. In the context of our research, we understand state capacity as a transitional concept from the perspective of prioritization of the interests of society to the perspective of the need to assess the effectiveness of government activity, or a combination of these points. The category “state capacity” meets the most criticism in terms of methodological substantiation of the essence and methods of assessing social development. Often the term is used in conjunction with the mention of the regime of government in attempts to establish a causal relationship. Melvilleet and Efimov (2016) argue: there is quite a few refutations of the hypothesis about the primacy of the state capacity over democratization and the impossibility of successfully developing the state capacity under a strict autocratic regime. At the same time, the hypothesis about the possibility of parallel development of democracy and state solvency is rather confirmed (Melvilleet & Efimov, 2016).

5. Assessment of the quality of public administration (governance). Theoretically, it is based on the interests of the society, but when forming the methodology, the angle of the estimated indicators is shifted to the fulfillment of its functions by the state. According to Melvilleet and Efimov (2016) this kind of assessment forms the administrative-bureaucratic aspect of state capacity (for example, Kaufmann, Kraay, & Mastruzzi, 2010).

From the standpoint of the fundamental justification state’s actions on assessing the social development risks do not logically contradict modern basic concepts and paradigms. The issue of relevance and the need of the implementation of assessing the social development risks is a certain step in the evolutionary development of government system. The main problem of assessment is the inconsistency and diversity of the society needs and requirements, and their growth and diversity do not always mean development in its modern sense. The postulates of sustainable development dictate the need for responsible consumption. So the continuous change of the society needs and requirements forces the state to respond it and to participate simultaneously in their formation, regulating destructive and undesirable manifestations.

### **3. Research Questions**

We suggested that the synthesis of concepts given in section 2, which predetermines the theoretical basis for the state assessment of social development risks forms the practical response to the results of the assessment. This point presupposes the existence and well-established efficiency of the risk and threat management mechanism. This mechanism is not developed thoroughly enough that was confirmed by other researchers, who note that “the risk types that are studied in relation to their disastrous consequences, are hardly studied from a perspective that pertains to government responsibilities and citizen expectations regarding” (Kuipers, van Grieken, Marjolein, & van Asselt, 2018). Modern research emphasizes trends of a growing reliance on risk-based analysis to organize decision making and management, an increasingly preventive approach to regulation that requires an expansion of surveillance

to better characterize and monitor risks, and a sharpening of contestation over strategies for evaluating and responding to risk. The main problem that we are study is why the state risk assessment may not correspond to the needs of society.

#### **4. Purpose of the Study**

As the objectives of the study, we chose to generalize the modern concepts of social development, given in section 2, and to find out if the selected concepts imply a state assessment of risks and in what perspective. In conclusion, we give our vision of the development of the methodology of assessing the social development risks to use by government authorities. We believe that the provisions developed in this article may be of interest from the standpoint of theory and practice of improving the activities of a state, aimed at improving the living environment of society members.

#### **5. Research Methods**

In modern studies multiplicity of theories called among the groups of problems that make social development difficult to measure (Dobrescu, 2019). We analysed the concepts given above using observation, literary criticism and logical analysis. The sphere of application of these methods was the problem of the polyconceptuality of social development, which directly determines the fundamental theoretical base of the research.

1. The concept of sustainable development meets the widest approval in the world science community. Throughout the world, sustainability has become the common term of art for describing the objectives of public policy. At the same time, sustainability indicators have become a preferred tool for tracking the actions of public agencies at the global, national, state or provincial, and municipal levels (Hecht, 2007). The idea of sustainable development is designed to meet in a best way the interests of the modern world, where the population of the countries and the countries themselves are highly differentiated in social benefits. Risk assessment methodologies, which meet the concept of sustainable development, are primarily formed at the supranational level. In many countries of the world state statistical services are developing the systems of monitored indicators as a national support for the concept of sustainable development in order to create databases and to develop measures to influence problem areas. At the same time, the sustainable development concept is being actively criticized: if a lack of sustainable development has such consequences, why is more systematic action not taken to alleviate this problem? (Rabie, 2016). Cohen and Winn (2007) indicate market failures as possible explanations. Another possible reason may be an insufficiently articulated, ambiguous understanding of sustainable development.

2. Security and safety assessment methodologies are mainly formulated in narrower subject areas, than social development in general, and are calculated mainly by non-state actors, for example: The Economic Security Index (ESI), The Global Food Security Index, The Global Climate Security Index, The Index of U.S. Energy Security Risk, etc. In state activity security aspects often present descriptively, without specific methods, and are introduced in concepts and strategies of national security and its components.

3. The criticism of the concept of resilience is not developed enough, but it can be attributed to the provisions relevant to the concept of sustainable development, since the basic points of resilience are also consonant with the neoliberal paradigm. Although the category of resilience added an additional dimension to the theory and practice of sustainable development, it did not affect the principles of the existing tools (Treshchenkov, 2018).

4. Researches try to compare various methodologies for social development assessing from the standpoint of the state capacity and note: “The general policy of the state capacity is in a sense determined by worse indicators; higher performance in some indicators often cannot compensate for low performance in other indicators. Similar measurement issues related to management effectiveness are often present in the context of development assistance (Wu, Howlett, & Ramesh, 2018). The critics of the concept also underline the country specificity of assessment of the state capacity, and as a result, the ambiguity of the assessment results according to the proposed methods.

Thus, a number of assessment concepts, such as sustainable development, safety and stress tolerance, are repelled by the degree of satisfaction (security) of the needs of society in combination with other issues, for example, the implementation of environmental policy and correspond to the world neoliberal notions of social development values. All of them are the subject of scientific discussion, each phenomenon has its own sides, which are emphasized from the standpoint of the degree of protection.

The concept of state capacity combines the assessment of society needs and the effectiveness of state, which leads to the most extensive discussions around this term. At the other end of the assessment, when the angle of view is shifting with a possible simultaneous strengthening of the role of the concept of statism - an assessment of the effectiveness of the state’s activities, the connection between the political aspects of the state’s functioning and success in the socio-economic development of society has not been scientifically proven. From the standpoint of the implementation of risk management in the public sector, guided by the enabling state ideas on the formation of a favorable living environment, we believe that we still need to focus on the needs of society, given their diversity, that is, the primary need to protect society, and not the functioning of the government sector. The researchers emphasize that government sector organizations are inferior to their industry counterparts in Russia and in the world in terms of efficiency parameters (Abramov, Aksenov, Radygin, & Chernova, 2018; Radygin, 2019).

The states, recognizing the importance of individual concepts, do not provide the necessary level of risk management – that is determined by the methodological failures of assessments based on poly-conceptual approaches to the development of society.

## **6. Findings**

The discussion in our chosen perspective is built around the role and degree of state participation in risk assessment. Governments of countries respond differently to the question of how exactly state should penetrate the sphere of social development risk assessment, what components of risk assessment should be attributed to its competence and, on this basis, to what extent should subjects of lower levels of government and non-governmental sectors to carry out risk assessment. Government institutions began to recognize that the effectiveness of decision-making and their implementation depends on the participation of non-state structures in this process. In countries with strong etatist traditions the state actually

monopolizes the assessment in most important spheres of society development, while in countries with developed market economies, risk assessment is the prerogative of professional associations, research and analytical institutions. At the same time, the perspectives are also different: if in the UK and Canada the use of this methodology is aimed at improving the management of state projects and programs, as well as at improving the quality of public services, in the US the focus shifts to ensuring state security.

All the concepts studied by the authors are united by attempts to establish the role of the state in the regulation of social development. In those concepts where the priority is given to the state, the emphasis in risk assessment shifts from risk assessment for public development to private risks of specific departments performing their functions. This situation may conflict with population expectations. The objectivity and sufficient accuracy of the state's risk assessment results will, to a significant extent, be determined by the level of economic development of a country and the progress achieved in the development of the public administration system.

## 7. Conclusion

The risk assessment process, its quality and fullness depend on the stage of social development as well as on the level of development and quality of public administration, and the degree of relevance of specific views of social development. The heterogeneity of social development processes, the need to cover a large number of subjects and the organization of their multi-level interaction, scaling up the optimization processes at different levels of government, complication of assessment tools leads to multiple complications of the assessment procedure. The incompatibility in individual cases of the needs of society and the state apparatus's ideas about what the risk assessment should be directed to and how it should be implemented leads to assessment failures, some of which are objective, some can be eliminated by joint efforts of the state and society. Directions for improving risk assessment are mainly in the field of approaches to risk management by the state, as well as in the field of the applied methodology. Modern requirements for the methodology determine that the assessment should not be aimed at characterizing individual aspects of the phenomena, but at complex describing the processes.

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