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The New Governance Paradigm for Firms Based on Institutions

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Abstract

One of the most important problems of modern management in large corporations as well as small- and medium-sized firms is the lack of effective tools that allow building a management system that would ensure the self-development of the firm. This article is devoted to the approach that assists in that self-development. The approach is based on the analysis of the firm as an institutional system, in which some specific elements (institutions and routines) are distinguished, with the help of which the management is carried out. A manager in this kind of firm should not be an administrator of agents, but an institutional entrepreneur who carries out the process of "creative destruction" at the level of organizational routines in the company. The basis of such management is the principle of proportionality of the three institutions forming the firm - the institutions of force, assistance, and self-interest. By ensuring the proportionality of these institutions in the firm, the manager can create a harmonious corporation. Particular attention is paid to the specific forms of manifestation of elements of institutional structure in corporations and these patterns.

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1. Introduction

The problems of institutional development are the most acute and unsettled issues of modern society. Leading to changes in the informal "rules of the game", the processes of globalization, mass migration, and the development of new technologies change the alignment of forces in the economy. At the same time, national governments and international institutions are constantly changing the legislative foundations of modern society. These problems are often considered to be within the professional scope of lawyers, sociologists, and political scientists, and they are offered to accept them as economically determined and uncontrollable for economists. However, the socio-economic institutions are the primary subject of research for economists.

Particular interest is paid to the study of institutions at the level of individual economic entities such as firms, corporations, and their network associations. At this level, the institutions and their routines form, develop, and expire. They determine the behavior of individuals and their groups in the local processes of organizing social

production. The management skills in these local institutions are an important part of the competence of a good manager. There are a lot of studies devoted to the problem of developing and improving the institutional structure of modern firms and corporations. It is necessary to point out studies conducted in this area by Williamson (1980), Coase, (1998), Hodgson (2006, 2015), and finally Popov, Simonova & Kazakova (2016).

There are many works devoted to the study of national features of the development of institutional factors and their use in the management of firms and corporations. In 2012 Drašković & Stjepčević studied the peculiarities of post-Yugoslav corporate governance and revealed the specifics of institutional factors including the spread of bureaucracy and corruption. At the same time, they denoted the need of the development of horizontal links in the economy and the institutions that contribute to this. The institutions for the dissemination of the knowledge were also included. In a different study from 2012, Asikhia & Jansen Van Rensburg built a mathematical model of value creation for small- and medium-sized enterprises, which is based on the integration of the Resource-Based Value (RBV), Knowledge-Based Value (KBV) and the Paradigm for Firms Based on Institutions and the corresponding factors. But the question of the usage of these theories in reality is yet to be determined.

Coriat & Weinstein (2012) have combined the organizational and institutional approach in the study of innovation and convincingly showed that these are the institutions that determine the behavior of firms and entities in firms. At the same time, they mainly paid attention to the national level of institutions, but also pointed out to the possibility of the influence on the behavior of subjects and intra-firm institutional systems, which define the hierarchy. Gal & Hijzen & Wolf (2012) pointed to the big influence exerted by the institutional factors on labor relations in firms. However, they also considered the factors that are external to the firm. The possibilities of intra-firm institutional regulation of labor relations are practically not investigated. Saito & Ruhanen (2017) discussed the importance of the study of the power relationships in the formation of stakeholder partnerships using the example of the tourism industry. They pointed to the strong influence of the existing system of formal and informal institutions on the efficiency of individual enterprises in the industry. Another recent study by Meelen, Herrmann & Faber (2017) examined the impact that national institutions have on the economic, technological, and innovative development of firms. They have explored the way the institutional environment and its changes affect the effectiveness of firms' innovation.

The objective of this article is to examine the possibilities of using the author's novel approach, proposed earlier in 2013, to study the institutional structure of modern corporations and use this cognitive framework to solve practical governmental tasks in real corporations.

2. Methodology

In modern institutional theory, there are some approaches to the evaluation of institutions such as institutional design, but there is no concept of the institution that could be used as the institutional cognitive framework in practice. In the European and American institutional tradition, particular attention to the structuring of institutions is not paid. There is the dominance of the holistic approach and in contrast to the neo-classical atomistic theory. However, not using this research approach deprives this theory of important tools by which it is possible to significantly expand the areas of practical application of the institutional paradigm. This would be especially helpful in the sphere of management of individual economic agents of complex nature - such as firms and corporations.

Some results were shown which helped to form a methodological approach, which had been presented earlier in numerous works by theorists such as Williamson (1980, 1996), Hodgson (2006, 2015), Loasby (2015), Hindrics & Gouala (2015a, 2015b), Fiss (2008), Gilson (1996), Helmke & Levitsky (2003), and Tambovtsev (2015). On their basis, as well as using the achievements of system analysis and dialectical approach, the author has formed a methodology for researching the firm as an institutional system. This approach is described in further detail in the works by Pletnev & Nikolaeva (2014) and Pletnev (2013, 2015). The thesis of its main elements is presented below.

Firstly, the firm (and the corporation, as its private and most common case) is presented as an institutional system consisting of related and interacting elements of an institutional nature - institutions and routines. These elements are of different quality and they can be distinguished in practice. However, both the institution and routine are concepts that reflect the essence, and not specific phenomena of economic life. Often, theorists suggest the way they manifest themselves in practice are through patterns. At the same time, the institution is limited in time and space through a set of social relations, enforcing or mediating a certain social interaction. This definition is a kind of adaptation of

the definition of J. Hodgson «Social structures include all sets of social relations, including the episodic and those without rules, as well as social institutions. Institutions are systems of established and embedded social rules that structure social interactions.» (Hodgson, 2006)

Secondly, distinguishing between three forms of intra-firm institutions is a new practice. There are force institution, assistance, and self-interest. This subdivision is a direct consequence of three different motives that determine human activity (coercion, social norms, and private interest). In practice, they are intertwined, but the principle of operation of these institutions is different, and therefore theoretically they can and should be separated as distinct forms. There is a similar classification of institutes presented by Polterovich's study from 2015.

Thirdly, each institution is a set of routines, which are rooted the norms of interaction between subjects in firms. These routines can also be classified and described. It is suggested to separate out three types of routines within the framework of each institution.

Fourthly, the same type of routine can be manifested in different ways in different firms and corporations. The forms of their manifestation are designated by patterns. It is patterns that can be identified in specific firms and then described. It is the study of patterns that one can begin the approach to the understanding of the corporation's institutional structure and its dysfunction.

Fifthly, a hypothesis about the possibility of the existence of a harmonious firm (corporation) is formed. Such a firm will be distinguished by the proportionality of the three institutions that make up it. Conversely, the hypertrophy of any of the institutions (force, assistance, or self-interest) leads to a dysfunction of the corporation's institutional structure. A harmonious corporation is capable of self-regulation and self-development; if it is, in fact, harmonious it has three essential properties - activity, sustainability, and efficiency.

3. Results

Intra-corporate institutions as a concept did not become a working tool for leaders. They are perceived by leaders and by scientists as something external to the management process. At the same time, managers intuitively use systems in their activities, often without realizing it. And this gap must be overcome both in theory and in practice. We suggest considering the corporation as an institution consisting of several interlocking layers: the system of agents, the system of institutions, the technological system, the financial system, and the social system.

In this case, the first two systems of the corporation are the main ones that determine its behavior and abilities. Moreover, Pletnev has proven that these two systems are interrelated and characterized by mutual inversion (Pletnev, 2015). The connections of agents are routines that form institutions, and the links of institutions and routines are concrete agents in the corporation. The firm (corporation) as a system of agents is very well investigated. For this reason, it is necessary to supplement these results by investigating its institutional structure.

The institution of force is a set of economic relations, limited in space and time that, in turn, structure the realization of the compulsory motives of social action. The institution of force in the corporation is the basis of its management system. Without the effective operation of this institution, instead of a corporation, we would have to deal with an internal chaotic labor market in which disputes and negotiations arise over every slightest detail of the engagement contract.

Due to the multiplicity of the forms of power expression, we believe that it is more successful in the typology of power in a corporation can be achieved if the typology is based on sources of power (see Galtung, 1968). And we agree with M. Weber, who distinguished three sources of power: violence, law, and authority (1968). In order to be more accurate, we must note that each form of power is violence acquiring various forms: explicit or latent, physical or "spiritual." In other words, we can talk about such forms of power, the forms of its implementation, as "violence by violence", "violence by law", "violence by authority". And each source of power, each of its practical forms, will define a separate form of coercion routines. We will call them the routine of violence, routine of pressure, and routine of conviction, respectively. Together they form the corporation's institution of compulsion. We can see these routines reflect the three types of violence we identified earlier (Table 1).

Table 1. The types of force routines and the reasons for their actualization in a corporation

The type of the coercion routine	The type of violence (by Galtung)	The definition according to the form of power	The reason of its actualization in the corporation
The routine of violence	Direct (physical)	The violence of violence	The ability or capability of entities to use physical force, threaten the life, health, freedom, social status of the subject
The routine of pressure	Structural	The violence of law	The ability or capability of entities to restrict others' access to resources, powers, information
The routine of conviction	Ideological	The violence of authority	The ability or capability of the subject to create the necessary cognitive framework for him or her, to limit the freedom of knowing other subjects

* (developed by the author)

Today the direct coercion and the corresponding routine of violence are rarely used in corporations. But, as an exception, in specific historical and socio-economic conditions, these types of routines have been formed and were perpetuated for a quite long time. From the modern history of Russia, one can cite an example of mechanisms for the redistribution of property and raider seizures, which acted with the direct participation of routine violence: threats and real incitement of criminal cases on fictitious circumstances, contract killings, hostage taking, use of prosecuting authorities and police due to the owner's change. The routines of pressure are the most wide spread in the modern corporations. They are based on the usage of economical instruments towards the subjects: the fear of termination for employees and managers, the fear of non-payment or non-delivery for suppliers and consumers, the fear of losing market share from competitors, etc. An indicative list of "disincentives" for various pressure routines is presented in the Table 2.

Table 2. The indicative list of "disincentives" that underlie the routine of pressure for different subjects of the corporation

The subject towards which the routine of pressure acts	The particular «disincentive» for the subject
Employee	The fear of late payment or non-payment of wages, fear of termination
Manager	The fear of termination, the fear of losing of the insider rent
Shareholder	The fear of bankruptcy, fear of loss of corporate value
Investor	The fear of late or incomplete return, or non-return of funds invested
Supplier	The fear of non-payment, fear of stopping of supplies
Consumer	The fear of non-delivery (for the commercial consumer), fear of non-receipt of the service (for the end user)
Business rival	The fear of loss of market share
Society	The fear of the termination of production, mass layoffs (for large corporations)
State	The fear of reducing of tax payments

* (developed by the author)

Ideological coercion is in apparent interrelation with another institution - the institution of assistance. While interrelated, it differs precisely at the level of the stimulus: assistance is understood under terms like "not for fear, but for conscience ...". Ideological coercion is effective where ideology in society is strong. At the same time, at the places where an ideological vacuum is observed, as in modern Russia, it is precisely that these routines, the routine of conviction, are difficult to use. An example of the national economy in which corporations the routines of conviction are strong is Japan, in which the dedication of the corporation is supported, among other things, by the fear of public censure of behavior. This censure does not correspond to the "bushido code" and is an inherent coercion.

Any firm, especially a corporation acting as a unity, necessarily carries out the subordination of the individual will of its subjects, and the unification of their efforts. Such an association involves their coercion, with the alienation from them of freedoms like action or decision-making. In this case, we are most often confronted with indirect forms of violence - structural or ideological. Management provides modern managers with an extensive standard arsenal of coercion routines, allowing them to overcome and pursue private interests and collectivist aspirations. We do not deem it necessary to discuss the problem of governance here in detail: who, how, when forming the appropriate enforcement routines, is not as important. More important is that the basis of any management is the coercion itself. It, thereby, acquires the character of a "necessary evil" in the economy and is an integral part of it. This part allows you to integrate the efforts, aspirations, will, abilities, and resources of individual actors to achieve a common goal, which makes the community a corporation.

In the structure of the force institution it is also possible to distinguish built-in and overbuilt coercion routines. The embedded ones include those that arise as a side effect of the corporation itself: the payroll process generates a routine of the material motivations. The necessary personnel decisions form career growth routines. The additional ones are not very important routines, but without them one can face a loss in productivity, in the market share, etc. Such routines include job descriptions, security mode, and the Quality Management system of the corporation, dress code, and codes of corporate conduct, preparation of summary reports, control and restriction of Internet traffic, prohibition of professional activities outside the corporation.

Based on an analysis of all of the approaches, we can identify the dual nature of the manifestation of this institution. On the one hand, the force institution acts as a form of practical realization of the mechanism that alienates workers from the results of their labor. An absolute and relative surplus value is in favor of other subjects: managers and owners. Disrupting the symmetry of exchange between the capitalist and the worker leads to a decrease in distribution efficiency and a violation of the principle. This is a negative point of the force institution. On the other hand, the force institution minimizes transaction costs of the corporation, eliminates economic risks for employees, and serves as a protective system for the corporation from external influence. On the whole, this way of an individual's interaction in the economy as a corporation is possible due to the force institution. This is the positive moment in the activity of the institution of force.

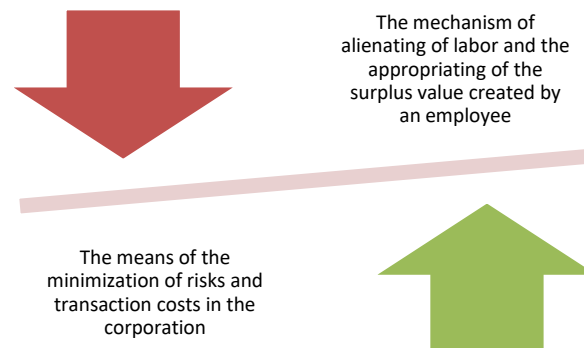


Fig. 1. The dual nature of the force institution in a corporation (developed by the author)

Now, our examination will move on to the structure of the institution of assistance, which we consider as a relationship limited in space and time. This is considered relative to the totality of economic relations that structure the realization of the collective motive of social action. There are three types of routines in the institution of assistance (Pletnev, 2013) (Pletnev, Nikolaeva, 2016): the routine of involvement, the routine of community, and the routine of creation. Each type of routine has its own reason for coming up within the scheme of the corporation. For the routine of involvement it is a desire for collectivity, the commonality of actions inherent in the subjects. For the routine of community, it is the desire to form a single image common to the subject of thought. Finally, the routine of creation arises on the basis of the desire for a common discovery of a new, generality of knowledge. At the centre of the routine of involvement is a solidarity of action, community or "artel" (Russian traditional kind of workteam like a cooperative), which is not the result of rational thinking about the benefits of joint actions, but rather a priori willingness of subjects for such actions. And we are talking not only about workers and "creating", but also about other "active" subjects: suppliers, consumers, competitors, from interaction with which, based on social norms, unpredictably good results can be achieved.

The routines of involvement are introduced by Russian corporations at different levels of the organizational structure and cover both ordinary employees and managers of the corporation and its external entities - suppliers, buyers, and other private or public entities. One of the most common ways of involving employees in the corporate environment is the development of internal corporate programs and projects aimed at stimulating the labor activity of employees, increasing loyalty to their corporate culture. This action results in the corporation achieving a specific goal (e.g sales growth, team building for a specific project and other economic and social benefits). The information about such patterns can be found on the websites of companies. Baltika Breweries, LLC is an excellent example of building an effectively working policy in the sphere of involving employees in the company's performance.

Branches of the company, which are located in 26 cities of Russia, regularly conduct team-building events (sports events, joint trips) for their employees. Employees of branches are actively involved in the sporting life of the city. So, for example, being a sponsor of the Continental Hockey League, the company has the opportunity to distribute free tickets for hockey matches among the distinguished employees. In addition, the parent company (located in St. Petersburg) regularly distributes valuable prizes in the framework of ongoing competitions among teams from branches. The main objective of such competitions is to promote and realize sales growth in the company.

Perhaps the most notable pattern related to the forms of implementation of the engagement routines in corporations is the system of employee complicity that is introduced and effective in practice in the results of the corporation. One of the forms of such assistance is the system of incentives for employees of the ESOP (Employee Stock Ownership Plan), which involves the participation of employees in the profits of the corporation by distributing shares of the company between them. Unfortunately, at present, too few companies (both in Russia and abroad) understand the importance of this form of cooperation. In practice, other management methods are known, based on the involvement of workers in the management and decision-making process, including their own duties and remuneration. The experience of several companies shows that such systems, with all their loyalty and high degree of freedom of employees, give huge benefits to individual corporate subjects and corporations as a whole. Examples of companies that have introduced innovative systems of employee participation for the benefit of the company are the Brazilian Semco and the American Gore (Monsalve, 2012), (Andrés, Broncano & Monsalve, 2015), (Lin, Oh, Liu & Hsu, 2016).

The second type of the routine in the institution of assistance includes the routines of community. Routines of community play an important role in the formation a corporate culture. These routines are facilitated by the development of a common culture for the subjects of the corporation. There are special relationships between the subjects of the corporation that we can define as a form of economic relations between the subjects of the corporation about their self-identification and the fulfillment of their economic roles. These relationships are a necessary condition for the socialization of any action and any entity in the corporation. According to some researchers, the central role is taken by the formation of cultural differences still at the most basic level - the level of national culture. Inside the corporation, the national culture is transformed into competitive patterns that allow employees of the specific corporations to understand the ownership of the corporation. The presence of a corporate culture at the enterprise is very important for the implementation of the company's goals and achieving success.

The specific elements of corporate culture are brought to the company by its owner and, therefore, differ based on their values and views. According to his or her ideas, the company creates a special environment, which is based on a unique system of values. This gives a powerful impetus to the common goal of success. A cohesive team, driven by a single goal, is an integral part of a successful enterprise. The creation and maintenance of a unified value system at enterprises is an important element of the enterprise's activity for many owners of small- and medium-sized businesses. With the expansion of the scope of the enterprise, there is a possibility of full or partial transfer of management functions from the owner to the hired manager. Alongside this transfer of functions, the elements of the corporate culture created by the founder are also lost. The presence of a corporate culture is often declared by large corporations and probably helps them not only to increase their business reputation in the external environment, but also to introduce mechanisms of control and unification that will allow a large enterprise to simplify the transmission of goals and tasks within the workforce.

Let us consider the features of the patterns characterizing the forms of realization of the third type of routines, which form the institution of the corporation's assistance - the routines of creation. We define them as correlated norms of interaction between subjects, manifested in repeated team skills, skills of joint creation, and the discovery of a new one. Studying the phenomenon of creativity in a modern corporation, it is necessary to turn to a carrier of this type of routine - the workforce. Ideally, the development and rooting of the creation routines should be accompanied by the involvement, if not of each, then of most of the corporation's employees. However, the relationship between a corporation and a workforce in a traditional corporation is usually based on a set of formal norms and rules that allow regulating and organizing the labor process. This implies the introduction of a staffing table, job descriptions, a fixed work schedule and the pre-determined salary of an employee. All these elements contradict the very principles of the process of creation and creativity. The modern corporation has well-developed coercion routines and almost complete absence of the creation routines, which is rather a demand of modern society, market, and economy, rather than a voluntary choice.

Let us consider the institution of self-interest, by which we mean the sphere of economic relations that are limited in space and time, structuring the realization of an individual, selfish motive of social action (more precisely those explained in Pletnev, Kozlova, 2015). It is possible to distinguish rationalization routines in the structure of the institution of self-interest. This is the norms of interaction formed in corporations regarding the realization of self-serving motives. This routines manifest themselves in repeated team skills of paid exchanges between the subjects of the corporation through contracts of various kinds. Second type of routines that form the institution of rationalization is routine of concealment. It is rooted interactions regarding realization of self-interest motive by using information asymmetry (for example, different kinds of behavioral opportunism). Third kind of routine that form institution of self-interest, is routine of deception. This is a series of entrenched norms of interaction between subjects regarding the realization of self-interest motives of actions that are manifested in the repeated command skills and skills of informal, secret extraction in the corporation of benefits by some actors to the detriment of other (Pletnev, 2013, C.128).

The routines of rationalization arise at all levels of interaction of corporate agents. Of all the variety of forms, labor contracts deserve the greatest attention. Within the framework of the institutional theory, the modern labor contract is increasingly an example of a classical contract. The principles of cooperation contained in it set out as clearly as possible all the conditions concerning both the duties of the employee and the remuneration of labor. One of the main characteristics of the classic contract is the existence of sanctions for violation of the terms of the agreement. At present, the majority of labor contracts contain items that provide penalties for non-fulfillment of the plan, delay of fulfillment, or failure to meet deadlines. The property of short-term inherent in the classical contract also characterizes the modern labor contract. The practice of moving to fixed-term employment contracts has become quite widespread in Russia.

The routines of rationalization can be expressed in the form of various operating systems in the enterprise to evaluate the work of employees and managers. The classical form of determining of the amount of remuneration, depending on the amount of work performed often does not work in a modern corporation. The realization of self-interested points is manifested in the fact that the efforts of the employee in many ways are aimed at reducing real labor costs and actively imitated in the labor activity (according to the value of wages is maintained or increased).

The patterns emerging in the process of updating the rationalization routines include the practices of independent trade unions. It seems that the trade union being the defender of workers' rights, serves the cause of their unity and can work to strengthen the institution of assistance, but as reality shows, the sole purpose of workers is often to follow personal interests, sometimes even using cunning. In some instances, this manifests when strikes are announced on the eve of important deadlines for completion of orders, etc. Even if the claims of trade unions are justified, the corporation believes they act as external, alien agents, preventing it from moving towards its intended goal. The study of the activities of "really independent trade unions" conducted by Petrova (2014) is representative. It shows that trade unions can and should exist where there is an open conflict between employees and the administration (i.e employers). Professional trade unionists are persona non grata in enterprises, and with the trade union cells there is a continuous struggle between them and enterprises. 90 percent of such cells are closed, as soon as they are recognized by the administration. There are similar situations in Europe as the results of trade unions' activities visible to an outsider, paralysis of the transport system, closed hospitals and plants for the sake of wage growth - can all be assessed negatively from the corporate point of view.

The routines of silence, perhaps, are the most common form of manifestation of opportunism in the corporation. In O. Williamson's works (Williamson, 1996), the emergence of opportunistic behavior is inextricably linked with information asymmetry. The presented forms of opportunistic behavior based on default are becoming routine. This fact leads to additional costs for each side. For the modern corporation, two observable levels of occurrence of routine defaults are most characteristic: "employee-manager" and "manager-owner". The variety of forms of manifestation of this kind of routine for a temporary factor can be divided into pre-contract and post-contract.

Pre-contractual routines of employees' omission in relation to managers are based on the problem of information asymmetry. A default on properties, that is, deliberate concealment of significant information about the level of education, qualifications, or health status that may cause additional costs for the employer, as well as losses associated with missed opportunities. Existing ways to combat such behavior based on the use of "signals"

(diplomas and certificates of professional development, etc.) are able to only slightly reduce the information asymmetry between the parties and are not able to fully resolve this problem.

However, the most difficult to detect are routine defaults on plans. An employee who has decided to pursue a higher education (resulting in a duty to provide educational leave for the employer) or shortly to take maternity leave (finding a replacement for a position), as a rule, does not disclose his intentions to the authorities.

Post-contractual routines of silence are in close relationship with the problem of the "principal-agent". The inability to observe the agent's actions, caused by the asymmetry of information, generates an additional risk for the principal. Among the most frequently encountered forms of post-contract opportunism of an agent, one can distinguish shirking (work with less pay off), negligence in relation to commitments (negligence in the performance of contract terms), and consumption in the workplace (use of company resources for personal purposes). Opportunistic behavior of the principal after the signing of the contract is manifested in the form of deliberate underreporting of the results of the work of employees (and associated wage cuts) and even unpaid overtime work.

The use of the routine of the deception by the subjects is an integral part of the modern corporation. At all levels it is possible to identify the established norms of behavior associated with the consumption of resources for personal purposes. For employees, the appropriation of part of the company's resources or their use becomes the norm. Despite the fact that the term "appropriation" is used, these terms are not always about banal theft. In the case of reimbursement of employee costs for gasoline for travel to working meetings, as a rule, the volume of consumption is slightly overestimated. But the company's losses caused by such consumption are so insignificant that the employer often leaves them uncorrected or unreported. According to a study by Superjob (2016), only 16% of cases of this behavior led to fairly large losses for the company. The dismissal, litigation, and eventual reparation of the damages caused are the most popular reaction to the theft of workers.

Much more significant damage to the corporation is caused by the use of fraud routines by the managers. Extraction of insider rents by managers has taken root in Russian enterprises since Soviet times, when many personal expenses of managers were paid for by enterprises. It is worth noting that the deception routines in the corporation are of a hidden nature, which greatly complicates their assessment and detection. However, there are a number of works describing this process, including those applied to specific Russian corporations. This is the work Barkhatov & Pletnev (2013) devoted to various forms of opportunism in machine-building corporations, and the studies of the process of distributing insider rents (Dzarasov & Novozhenov, 2005).

Today, the use of the abovementioned routines and expressing their patterns takes place intuitively or heuristically, without a systemic view of the wide possibilities of using institutional structures for the management of firms, including corporations. The use of the proposed approach will improve the quality and scientific validity of the work of top management. This will give them convenient tools in hand and a universal professional language. This approach allows harmonizing relations between the main agents in the firm, and for the agents to solve the problem of alienating them from the firm and its results.

4. Conclusions

At present managers, control their agents and groups and the next day they must manage routines and institutions. They should be able to assess the quality of the institutional environment in the corporation, identify imbalances in it, and have specific tools to implement improvements. The taken approach gives such opportunity. Being as a "genetic code" of the corporation the routines are mental constructions that can be described and generalized. It is possible to trace evolutionary changes in time or by inheritance from corporation to corporation. Patterns are formed by the specific practical forms of implementation of these routines. For example, the routine of silence in the form of a form of post-contract opportunism, like "shirking" when delaying the time of smoke breaks or tea-drinking in the workplace, is similar in economic or behavioral essence to different corporations, but in specific companies the patterns implementing this routine will be different. This is made manifest in the search for differing excuses for delay (e.g washing the cups after tea, compulsory detour of colleagues beforehand with the purpose of chatting with them, discussion of business and departmental issues in the process, etc). Patterns are selected in specific corporations in the way to look harmoniously in the institutional "mosaic" of a particular corporation, in relation to the personality characteristics of the director or superiors lower in rank, in relation to the conditions of doing business and the business environment, in relation to the type of office or production premises. The management in

modern firms should be carried out by answering the question "How does my action change the institutional structure of the company?" "Does it become more harmonious?" "Are the goals of the company's self-reproduction and self-development achieved?" The proposed approach is a new cognitive frame for managers. For those who want to understand the controlled system deeper than a simple one, that is a set of single-minded agents.

The next step can and should be the development of an institutional atlas of a modern corporation. Thanks to this, it is possible to systematize existing practices of creating and using corporate institutions, their more detailed typology, and the development of specific tools that managers can use to manage corporations on a new scientific basis. Some of these tools are probably already used by good managers, but based on intuition, and without a systemic understanding of the impact of an action on the corporation as a system.

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