

Directions of Small Business Development in Housing and Communal Services of Samara Region

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Abstract

The article examines the need to involve small enterprises in the sphere of housing and communal services. The study aims at identifying the specificity of small enterprises' functioning in the housing and communal services and in the development of measures package that create conducive conditions for the inflow of small businesses that have a positive impact on the quality of provided services. The study is based on a statistical analysis of housing and communal services' market of Volga Federal District. There was organized a survey of managers in the sphere of housing and communal services of the Samara region to identify the main problems in the industry. The results of the research among managers of enterprises allow to group the factors that have a negative impact on the functioning of the enterprises in this sector of national economy. In today's economy the development of small enterprise structures in the housing sector cannot be effective if an effective management mechanism is not formed and number of methodological challenges will not be solved. Practical realization of the proposed directions is impossible without the participation and coordination of state agencies, the activities to involve small enterprises in the sphere of housing and communal services should be coordinated at all levels of government.

Keywords: small enterprises; housing and communal services; external and internal conditions; management of small enterprises' development.

Introduction

The subject area is quite specific, as historically the state enterprises-monopolists carried out the activities in housing and communal services of the Russian Federation. With the beginning of institutional changes in the economy private forms of ownership have become increasingly popular, the effectiveness of which is conditioned by the market mechanism of enterprises functioning. However, the influx of small businesses in the housing and communal sector is hampered and insufficient.

Despite the deep and comprehensive study of the problems related to the development and the provision of housing and communal services, the role of small businesses in this process is insufficiently investigated. There are no study to assess the contribution of small businesses in the service provision of housing and communal services in regions and municipalities, priorities for activities are not determined for small business entities.

The need to attract small business firms for housing and communal services provision is confirmed by world practice in developed countries, for example, according to the Federal statistical office of Germany in 2014, 76.9% of enterprises in water supply belong to private owners and in the gas supply -41.3%. Moreover, in water supply, gas supply and waste disposal the lowest rate bankruptcy is just 0.38% of all registered cases of it or 99 cases in 2014 [1].

Literature Review

The specifics of providing housing and communal services and necessary conditions to improve their quality are investigated in the writings of modern economists, the problems hindering the industry's development are also discussed Ivanenko L. V., Pavlov K. V. (Ivanenko and Solodova, 2015; Kimbarov, 2014). It is important to note the research on the problems of small business development and interaction methods of power and business structures Shevchenko E. A., Bagiev G. L., Krotkova E. V., et al. (Shevchenko, 2017; Bagiev *et al.*, 2017; Krotkova *et al.*, 2016).

According to E. Agapitova et al., housing-and-communal services comprise the basis of regional infrastructure forming quality and the standard of living of the population, being one of the most important prerequisites of development of social and economic capacity of the region. Authors consider some marketing concepts of management of housing-and-communal services, and the problems, interfering the use of marketing technologies in management of housing-and-communal services. E. Agapitova et al. proves that the introduction of housing-and-communal services in practice as the marketing concept of management allows to solve the whole complex of issues (Agapitova *et al.*, 2017).

D. A. Fomin, considers that market relations in the sphere of housing and communal services helped to define the modern model of management of the industry of housing and communal services, which involves the preservation of state regulation and control and the bringing to market of private operators. Author proposes two sets of criteria (representing the result of control and management efficiency), which will be monitored and evaluated the quality management of the organization (Fomin, 2015).

R. Khayrullin analyzes one of the actual problems of housing and communal services sector associated with selecting the strategy for sustainable development of the industry under the uncertainty of external environment due to climatic factors. The author proves that uncertainty may be an important condition for the transition of housing and communal services enterprises to the higher level of development. This transition under uncertainty can be accomplished through the implementation of management strategies based on new targets-attractors: from managerial innovations-to technical and technological innovations-to innovations in service technologies-then to qualitative transformation of the environment.

A. A. Ajupov, A. A. Kurilova, and A. A. Sherstobitova consider the problems of the development of housing-and-communal services power supply system in Samara region. The methods of evaluating the housing-system activity and the model for the managing development are suggested for solving problems in this sector of economy (Ajupov *et al.*, 2015).

Methodology

The study is based on a statistical analysis of market services of the Volga Federal District with the aim of identifying quantitative indicators showing stable demand for services of housing and communal services by consumers. There was organized a survey of enterprises managers in the sphere of housing and communal services of the Samara region, which involves the problems identification, which hampers the development of business structures in the industry, including small forms of ownership.

Results

Housing and communal services is diversified and complex economy, which includes enterprises and organizations that support the housing in proper condition, as well as utilities providing services of heat, power, gas, water, wastewater. Thus, the conversation is about producers of housing and communal services.

In figure 1 presents the dynamics communal services in the regions of Volga Federal District.

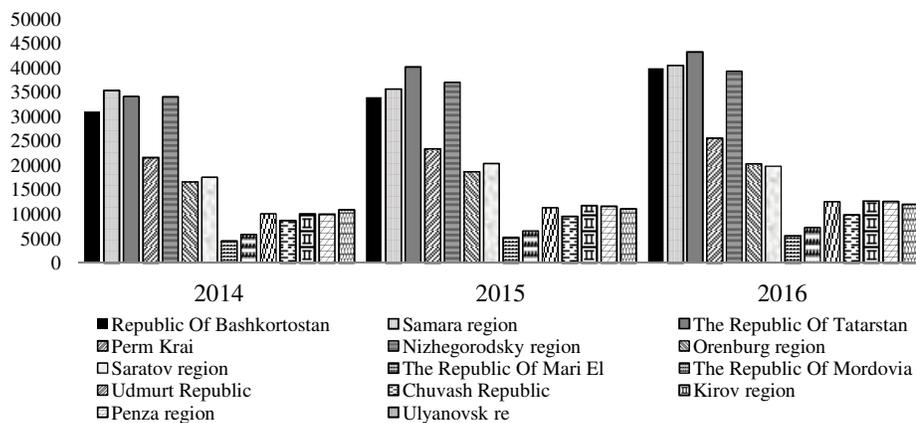


Fig. 1: The volume of communal services provided to the population by regions of the Volga Federal District in 2014-2016, mln. rub. [2]

The chart, which was compiled according to the unified interdepartmental informational and statistical system, describes the volume of provided paid services to the population of the Volga Federal district from 2014 to 2016, shows:

– stable growth of public services in almost all the regions of the Volga Federal district: from 3% (Chuvash Republic) to 17.62 in the Republic of Tatarstan, excepting Saratov oblast, in 2014 there was the decrease in comparison to 2015 on 2.72%;

– the largest volume of services (in monetary terms) in 2016 was provided in the Republic of Tatarstan – 43 231 mln. rub., the second place is Samara oblast – 40 469 million rub., the third place is Republic of Bashkortostan - 39 911 mln. rub., and the last one of four leaders is Nizhny Novgorod oblast - 39 294 million rub.;

– the lowest rates are recorded in the Republic of Mari El – 5 549 million rub., in the Republic of Mordovia – 7 244 million rub. and in the Chuvash Republic – 9 936 million rub.

The data demonstrates not only the heterogeneity of the indicators of provision of public services, but clearly demonstrate the existing imbalances in the volumes of these services in regions of Volga Federal district. Utilities enjoy stable demand.

The following are the results of a survey among managers of housing and utilities (figure 2).

Small enterprises of housing and communal services	Index ranking	Other enterprises in the sphere of housing and communal services
A high proportion of depreciation of the main funds	1	Shortage of own financial resources
High taxation burden	2	A high proportion of receivable and payable liability
Shortage of own financial resources	3	A high proportion of depreciation of the main funds
Lack of state support	4	Lack of state support
A high proportion of receivable and payable liability	5	High taxation burden
Lack of qualifying staff members	6	Lack of qualifying staff members

Fig. 2: Ranking of the main factors limiting the enterprises' activity in the sphere of housing and communal services

The analysis of the answers from managers provided data which characterize the degree of the major constraints importance (from the perspective CEOs), however, the respondents' answers were divided according to the degree of importance in accordance with the form of ownership of utilities. On the top there was the shortage of financial resources.

In order to help enterprises to provide quality and timely housing and communal services, it should receive revenue sufficient to cover its obligations related to implementation of the activity. The main sources of enterprise financing in the sphere of housing and communal services are payments and financing from budgets of all levels.

In the second place as a deterrent to the activities of utility companies there is high depreciation of fixed assets, which is confirmed by 62% of respondents. This problem is acute not only for the municipal enterprises of the Samara region, but also for enterprises of other forms of ownership. It should be noted that the degree of engineering networks wear creates a huge amount of utility accidents. However, practice shows that either the municipal enterprises, or private are in dire need of financial resources for the implementation of current activities and have no resources for capital investment. The wear and tear of communal infrastructure is reaching 99%.

In the third place as a deterrent to the activities of municipal utilities, was the high share of receivables and payables. The majority of respondents – 44% of the respondents confirmed this position. The remaining 56% of the respondents, as the third degree of a deterrent, highlighted various problems. For example, insufficient state support – 48% of managers, lack of qualified staff members – 21%, the shortage of financial resources, the remaining 31% of the respondents. This is logical, because the specifics of the utilities leads to the existence of not only the General debts related to the activities of any organization but also the industry debts, such as those associated with utilities, etc.

The fourth factor limiting the activity of enterprises in the sphere of housing and communal services, is insufficient state support, which was also confirmed by 58% of respondents. The state cannot bear the burden of "inefficient and unprofitable utilities" necessary to create conditions for the normal functioning of the enterprises, as increased funding without changes to the legislative framework will not bring the desired results. Next, the fifth factor limiting the activity of enterprises is recognized high tax burden.

The sixth factor affecting the provision of services to residents is staff of the organization. A sufficient number of qualified staff is one of the key points of achieving the organization's goal. The result of the survey, only 21% of managers believe the number of staff working on their premises,

adequate to provide housing services, while the remaining 79% of leaders noted an acute shortage of specialized professional personnel. Basically, this category directly by production personnel: electricians, machine operators, tractor drivers, builders, turners, welders, tinsmiths, locksmiths, carpenters, etc.

Heads of companies notice the skills shortage among managers - middle managers and specialists, financiers, accountants.

Discussion

Analysis of regional experience in business development, as well as socio-economic, climatic, geographical features of the Samara region has allowed to identify promising directions of small business development in the sphere of housing and communal services:

- management and maintenance of housing stock;
- contract works (design works, landscaping, gardening, maintenance and repair of engineering communications, etc.);
- provision of related services (collection of municipal payments; the removal of household waste, etc.).

Housing and communal services are considered to be socially important services in determining the quality of life of the population, which entails the establishment of high requirements to the producers of these services. The need for the modernization of municipal infrastructure ee makes it unattractive for potential investors.

The housing facilities sector and communal infrastructure of a municipality, being a multi sectorial complex, requires an adequate legal and methodic regulation, providing the necessary business and innovative mechanisms of its operation and development due to the amount and needs of the heat and energy resources. The refurbishment in the Housing and Utilities Sector is the system of business and financial events, aimed at improvement of financial condition of the enterprises facing crisis. The main ways of refurbishment are the following: liquidation of an enterprise and creation of a new one on its basis; merger of small independent enterprises; granting budgetary subsidies and bank credits guaranteed by the regional and municipal administrations; transfer of communal infrastructure and municipal land allotments to the trust management or long-term lease (up to 49 years) to a large national or foreign management company under concession conditions (Kirillova, 2016).

Summary

The development of small enterprises in the sphere of housing and communal services is not possible without state participation. The influence of either internal or external factors is exerted on the efficiency of business activities in the housing sector.

External factors set the direction of development. As a result, it is important to track changes in the external position and timely response. The active subjects of the external position effect on the opportunity of successful cooperation between producers and consumers of housing services.

However, these factors are not under the direct company management. In this regard, you should carefully consider and analyze the factors of the internal position of small utilities that can be controlled by the enterprise. One should not forget that housing is a sphere with a high degree of external state regulation.

Conclusion

To control the development of small business in housing and communal sphere, it is necessary to work out and implement a strategy to engage small business in housing and communal services. To solve this problem it requires:

- to organize accounting and statistical analysis of small business activity in housing and communal services by statistical authorities;
- to identify potentially attractive areas of small enterprises' activity in this sphere;
- to organize the methodological, legal and staffing support for small enterprises of housing and communal services;
- to create a competence centre for small enterprises in the housing and communal services;
- to attract the intellectual and innovative potential in small business activities of housing and communal services;
- to ensure the continuous growth of the service quality while increasing the investment attractiveness of the industry for small business;
- to provide a broad introduction of modern technologies in the work of small enterprises, including management, economics and finance.

The development of small enterprises in housing will have a positive orientation in a case of creating a favorable external conditions and the effective use of internal sources of the organization. Thus, the potential development of housing and communal services is incorporated in the development of small enterprises management in the housing sector.

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Endnotes

[1] Homepage of the Federal Statistical Office of Germany. Retrieved February 19, 2018, from <https://www.destatis.de/EN/Homepage.html>

[2] Federal State Statistics Service. Retrieved February 19, 2018, from <http://www.gks.ru/>

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