

THE PECULIARITIES OF THE ESTABLISHMENT OF PARTNER RELATIONS BETWEEN LOCAL SELF-GOVERNMENT BODIES AND ENTREPRENEURS

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ABSTRACT

The establishment of mutual relations of local self-government bodies and entrepreneurs of small and medium business through the mechanism of municipal-private partnership is studied in this article. The managerial decisions aimed at maintaining the effective interaction between the authorities of municipal territories and business representatives through the use of municipal property and entrepreneurs' resources on mutually beneficial terms in the long-term perspective are substantiated. The classification of the principles of establishment of municipal-private partnership is clarified and supplemented. The theoretical and methodological approaches to the establishment of using the property objects of Russian municipalities within the framework of partnership agreements are generalized and systematized. The expanded program for the establishment of municipal-private partnership is proposed. The review of scientific reports and publications related to the issues of the economic and social efficiency of partner relations between government and business and other research sources is carried out. The conclusions are drawn on the need for further study of the ways of effective interaction between local self-government bodies and business structures in the interests of strategic development of the territory of the municipality and business.

Keywords: Business, Municipal-Private Partnership, Municipal Property.

INTRODUCTION

In modern conditions of economic and political transformations of the Russian economy, there is an increasing understanding of the role of the efficient interaction of government bodies with small and medium-sized enterprises, which determines the priority directions for the development of entrepreneurship at the state, regional and municipal levels. The stable social and economic development of regions and municipal territories is defined by new benchmarks for research and evaluation of the process of the rational use of municipal property through the partnership agreements, the efficiency of which is determined by the achievement of the target indicators of the development of the territory and the relevance of the resources.

The authors of the article analyzed the socio-economic development of Russian cities, which revealed a number of problems caused by insufficiently rational exploitation of municipal property. The availability of unclaimed, defective property is urgent. Municipal property management issues discussed in the works of Asaul, Belykh, Botkin, Nekrasova et al. touch upon such tools of property use as privatization, renting. The authors of the article believe that the municipal-private partnership facilitates the solution of a number of problems, such as maintenance of a good condition of property, as well as improvement of the municipal territory. The proposed stages and principles of implementing the partnership will allow to coordinate this

process.

The efficiency of using the municipal property has a significant impact on both the replenishment of the local budget and the costs of reconstruction and overhaul of unclaimed objects (Animitsa et al., 2006; Kobilev et al., 2007; Roy, 2009). Consequently, the improvement of the efficiency of using the objects of the municipal property complex involves the construction of mechanisms for targeted interaction among society, municipality and private business. The practice of cooperation between the authorities and business in Russia shows that the most productive form of interaction is a municipal-private partnership in which the coordinated actions of all parties make it possible to achieve the goals of the improvement of the efficiency of using the municipal resources, as well as to adjust and to implement the targeted programs of the territories in such directions as: the implementation of the targeted programs aimed at the improvement of the efficiency of using of the municipal property; the creation of conditions for comfort and safety of socially significant objects, living quarters; the improvement of the well-being of the population of municipal areas; the development of small and medium-sized business in the territory of the municipal formation, etc.

This research aims to form directions of mutually beneficial cooperation between municipal entities and private business through the effective use of municipal property. The article presents methods, results, the analysis of opinions on the stated problem and conclusion.

METHODS

The general scientific methods of system and comparative analysis, the methods of expert evaluations, the multicriteria approach and other scientific approaches are used in this study. The authors have developed a set of criteria for characterizing specific use of municipal property which were divided into the following groups: financial, social and organizational indicators of property potential. Methods include the following steps: forming specific indicators which define the efficiency of using property on any given territory; determining the regulatory value of criteria for each efficiency indicator; calculating a specific indicator for each criterion and determining their weight coefficients; calculating consolidated indicators for evaluating efficiency; determining consolidated efficiency indicators for the usage of municipal property. Based on the aggregation of indicators, the following use of municipal property was suggested: the regulation of the value of rental rates; the choice of privatization methods; the provision of subsidies; the application of regional and local tax rates; municipal-private partnership, etc.

The comparative analysis of modern scientific and methodological sources of information conducted during this study (Belykh, 2010; Levy, 2008) allowed coming to the conclusion that the methodological approaches to the assessment of the efficiency of use of the municipal property in some Russian municipalities through the establishment of municipal-private partnerships contribute to the improvement of the efficiency of disposing of the property of the territories, increasing the revenues from their use and optimizing the instruments of economic regulation.

Despite the relative diversity of methods, the comparative analysis and the results of research on this issue allowed the authors of this scientific paper to propose a multicriteria approach to the assessment of the effectiveness of the use of municipal property. The formation and aggregation of individual indicators in the groups that determine the effectiveness of the use of the objects of property complex of the territory and the determination of their regulatory values made it possible to identify the specifics of their further exploitation by small and medium-sized businesses. The application of this approach allowed forming the complex

indicators of efficiency and breaking them into the following groups: the indicators of property potential, the financial, the social and the organizational indicators. These indicators are the indicators of the adoption by local governments of strategically correct managerial decisions on the effective use of the municipal property through the interaction with business structures.

RESULTS

Social and economic relations of entrepreneurs of small and medium-sized businesses are built on the interaction with different levels of government, which have been called public-private partnerships, or municipal-private partnerships (Andronova & Deberdieva, 2012). This partnership is formed for a certain period, which is determined by a number of circumstances specified in the agreement and depending on the schedule and procedure for implementing the events (FZ No. 224, 2015). The legal agreement between the municipality and the business structure is based on the combination of property, financial and other resources. The conclusion of partnership agreements between local self-government bodies and entrepreneurs helps to increase the efficiency of use of the municipal property, the attraction of the private investments into the economy, the provision of goods, works and services to local communities, including the local producers and the improvement of their quality (FZ No. 224, 2015). The partnership agreement between the local government and private business should be based on the following principles: freedom to conclude an agreement; transparency and accessibility of the information on partnerships, with the exception of confidential information; full and open competition; the principle of legality, the absence of discrimination, the equality of the parties to the agreement and their equality before the law; the equitable allocation of risks and liabilities between the parties, etc.

In our opinion, in order to increase the efficiency of partnership interaction and to improve the social and economic development of the territories, the above principles should be supplemented with the principles of efficiency and innovation. The first principle is considered from the point of view of the final result of the parties to the agreement, the receipt of both economic and social effect. For the municipality, the result will be manifested through the increase of the efficiency of the use of municipal resources, including the property, the replenishment of the local budget and the solution of a number of social tasks. For the business, the effect of partnership with the local authorities will be manifested through the increase in competitiveness, the reduction of the tax base, the generation of the profits and preferences conducive to the formation of favorable conditions for their entrepreneurial activity.

In today's market conditions, the high-tech environment of municipal-private partnership, through the integration of research and educational activity in the sphere of entrepreneurship, which determines the relevance of the principle of innovation in partner relationships between business and local governments, is of high importance. Active introduction of modern innovative technologies into projects will allow achieving the target indicators of the development of the territory as follows: the replenishment of local budget, development of social sphere, improvement of housing quality, educational and other municipal services, etc.

The analysis of domestic (Samara, Vichuga, Makhachkala, Astrakhan, etc.) and foreign experience (France, Germany, Great Britain) in the formation of partnerships shows that they can be implemented in a wide variety of industries (Figure 1).

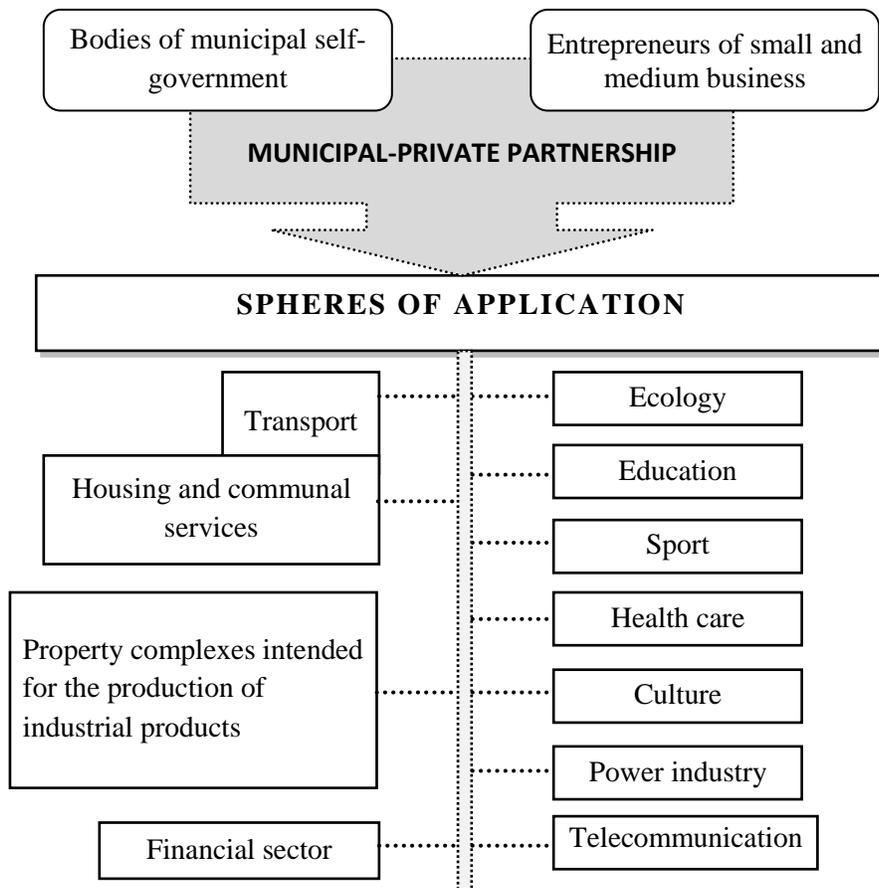


Figure 1
DIRECTIONS OF THE FORMATION OF MUNICIPAL-PRIVATE PARTNERSHIP

The analysis of the implemented municipal and private partnerships of the Russian cities allowed the authors to propose the expanded program for the establishment of the interaction of the municipality and business, presented in Table 1. It envisages a step-by-step sequence of actions aimed at increasing the effectiveness of the use of municipal property, as well as the motivation of the private business to participate in the partnerships, the selection of the most promising proposals for the creation of agreements, the definition of the main directions for their implementation and the control over the implementation of the project activities.

Table 1 STAGES OF IMPLEMENTATION OF MUNICIPAL-PRIVATE PARTNERSHIP		
Stages of implementation of municipal-private partnership		Events
1 stage	the choice of alternatives and the main directions for creation of a municipal-private partnership	<ul style="list-style-type: none"> ▪ analysis of the effective use of the municipal property ▪ selection of priority directions for the development and implementation of partnerships
2 stage	provision of a program for implementation of the partnerships	<ul style="list-style-type: none"> ▪ establishment of municipal-private partnership ▪ evaluation of the effectiveness of partnerships

3 stage	competition of proposals for the implementation of municipal-private partnerships	<ul style="list-style-type: none"> ▪ elaboration and justification of the criteria and conditions of the competition in the implementation of the agreements
4 stage	implementation of municipal-private partnership	<ul style="list-style-type: none"> ▪ resource support for private business in the process of implementing the partnership agreement
5 stage	termination of municipal-private partnership	<ul style="list-style-type: none"> ▪ the evaluation of the effectiveness of the implementation of partnerships
		<ul style="list-style-type: none"> ▪ secession from the project

Within the framework of improving the socio-economic status, increasing the level and quality of life of the population of the territories, the establishment of the partnerships between the municipality and entrepreneurs will contribute to the improvement of the efficiency of the use of municipal property by the transfer of the functions of building, operating and maintaining the facilities in the production and social environment to small and medium-sized businesses, the formation of a competitive environment in the municipal economy.

DISCUSSION

The basis for increasing the socio-economic stability and the development of regions and individual municipalities is the modernization of the relationship between government bodies and entrepreneurs of small and medium-sized businesses. The successful implementation of this task cannot be achieved without solving the problems of rational use of the resource potential of the territories, an important component of which is property (Asaul, 2008; Botkin & Nekrasov, 2009; Marquart, 2010; Levin, 2007), which is an infrastructure for the implementation of the strategic goals of socio-economic development of the municipalities.

Mutually beneficial relations between municipalities and entrepreneurs in foreign countries are represented in the form of various business models and relations, for example, a contract with an entrepreneur for performing authoritative functions (USA), a "Mixed-Economy System" (SEM), concessions (France) and other types (Varlamov, 2007). These business models are based on the use of private resources to meet the corresponding public needs. This cooperation can be realized within the framework of various legislative structures with a diverse range of tasks and directions.

The integration of small and medium-sized businesses with local self-government bodies is studied in the scientific papers of (Belykh, 2010; Levi, 2008; Lebedeva, 2007; Parakhina et al., 2008). Such interaction is one of the perspective directions of development of the partnerships, established by the municipal-private partnerships based on long-term and mutually beneficial conditions associated with the expedient schemes for the use of resources of business structures and municipal territories. The examples of the municipal-private partnerships of Russian municipalities and districts allow us to identify a number of generalized features. It is important to note that municipal-private partnerships are being developed for a specific facility and have clearly defined terms of implementation. The relations between the project participants are fixed by the official documents-the agreement. The partnership interaction is realized by the redistribution of tasks, authorities, risks between the bodies of municipal self-government and entrepreneurs.

Based on the experience of the Russian cities, it can be assumed that the establishment of municipal-private partnerships contributes to the implementation of the objectives of the municipal administration, including the regulation of the use of the municipal property in conditions of the increase in the socio-economic level of the development of the territory

(Klimov, 2012; Kostko & Popova, 2010). The terms and procedure for the provision of the forms of municipal support for the development of partnership relations shall be established in accordance with the federal laws of the Russian Federation and the normative legal acts of the municipality.

Principles of forming a partnership between local governments and private business are presented in the works of (Gritsenko, 2014; Varlamov, 2007).

The analysis of the practice of partner agreements between the municipal territories and the business in Russia showed that the organization of municipal-private partnerships contributes to the solution of many problems of a socio-economic nature, such as: construction of highways and residential complexes; production, transmission and distribution of electricity, arrangement of social projects in the field of education, culture and sports, etc. (Andronova & Deberdieva, 2012).

CONCLUSION

The main targets of the state, regions and municipalities are the continuous social and economic development of the territories, raising the level and quality of life of the population (Vasilenko, 2007; Glazunova, 2006; Zotov, 2009; Fetisov & Oreshin, 2006). In modern market conditions, the achievement of the strategic objectives for the development of municipalities is seen as a multifaceted and multidimensional process of interaction between local governments and entrepreneurs of small and medium-sized businesses. Municipal-private partnership, as an integrated interaction of business and government, is based on the voluntary participation of the parties, with mutually beneficial conditions conducive to the efficient use of the resources of the territory and business.

As the world and Russian practice shows (Gritsenko et al., 2014), the participation of municipalities in partnership with entrepreneurs contributes to an increase in the efficiency of the use of the municipal property by transferring the functions of construction, operation and maintenance of municipal property in the production and social environment to entrepreneurs of small and medium-sized businesses. As a result, the revenue part of the local budget is increasing; the level of employment of the population of the territory is also increasing. The combination of the municipal and private resources, including material, financial, intellectual, scientific and technical, contributes to the development of the economic and social sphere of the municipality.

In Russia, the partnership of entrepreneurs with local authorities allows solving a number of problems such as: the reduction of the costs related to the arrangement of the business; the reception of the preferences as a result of the use of the municipal property, the distribution of the risks related to the municipality, the subsidizing at the expense of the municipal budget.

As a result of the study the authors have developed recommendations for the effective use of municipal property through cooperation of local governments and small or medium-sized businesses. This tool of economic regulation contributes to the growth of investments into the municipal economy by attracting private investors, the unification of material, financial, intellectual, scientific and technical resources for the development of economy and social sphere, attraction of private business into socially significant municipal projects.

All this indicates the relevance and the urgency of further studying the issues of socio-economic forms of interaction between government bodies and entrepreneurs of small and medium-sized businesses, which will subsequently allow formulating justified and effective corrective measures aimed at the development of the territories and also offers of programs of

implementation of social projects on increase in efficiency of municipal property.

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