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**ATTRACTING OWNERS INTO  
THE SERVICE SECTOR AS A PRIORITY FOR THE DEVELOPMENT  
OF LOCAL SELF-GOVERNMENT**

*ABSTRACT.* Questions of public participation in the development of small businesses in the service sector are considered in this article. This direction can form a sufficient tax base to fund local government. The author notes the problem of small business development, consisting of infrastructure conditions' failure to attract investment in services. The need for new facility management in the system of local government in the form of the creation of conditions for self-initiative owners as investors or as entrepreneurs is confirmed. The author suggests the problems of small business services to be solved by extending the powers of municipal services to create a system of contract terms with potential entrepreneurs and investors on the initiative of the population, i.e. creating an additional incentive system of values and norms that are inherent to the culture of facility management ownership in a mixed economy. The author notes that the development of businesses must be in harmony with all types of property in their relationship through the subsystem of subcultures object management ownership.

*KEY WORDS.* Small business, services, ownership, mixed economies.

With the development of post-industrial society, in which the main role is given to a person, his knowledge and innovation, the service sector is a priority to ensure rapid economic growth of separate states and the entire world community.

A study of the problems of small business services, conducted by the program Support of Russia, supported by the Ministry of Economic Development, revealed a slowdown in the growth of small businesses in the Russian service sector due to infrastructure problems such as lack of legal basis, credit resources, skilled labor force. The specifics of the industry structure in the regions and regional inefficient business processes have a negative impact, which makes for a set of unfavorable conditions for the development of services in general. Weak motivation of people to participate in business activities is considered as a subjective reason, which in turn is caused by objective reasons: high unemployment, narrowness of the market, the primitive economic culture of people. In addition, there are internal problems of civilized business in services, which include low standard of living or, for example, an unfavorable investment climate in a particular region. But even such a long list of reasons found in studies does not allow researchers, government officials and local experts to find an effective way out of the situation. Therefore, one should speak of

underdeveloped interdisciplinary patterns of small business services. In particular, insufficient tools for studying the problem of small business services should be considered a topical scientific issue. [1]

Some studies (A. Burganov, A. Emelyanov, Alekseevskii, R. Nureyev, Safarov) show that economic culture can no longer serve as an institutional source of economic development, because it is limited by values of private property, which lead the world to a dead end of unbridled consumerism. Therefore, the management culture of objects of property is an actual problem which is formed by the mechanism of self-organization of owners as entrepreneurs. But the mechanism of attracting private owners into the business processes of service is poorly developed in most of its essential aspects so far.

The economic culture of mixed social market economies present in a number of Western European countries has not only economic but also social and cultural constraints. [2] A developed system of business must be in harmony with all types of property in their relationship through the subsystem of object management property subcultures (Figure 1). This path is more promising for the development of services using global personal property in the form of property and cash deposits, which would require organizing and regulating by local government initiatives.

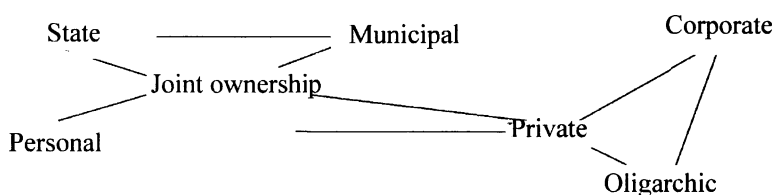


Fig. 1 The relationship of different types of property in a mixed economy characteristic of developed countries

However, it is hampered by elements of the old administrative structure of economic management:

- imperfection and impermanence of the regulatory legal framework governing business processes;
- limited ability of small business services to raise funds for the population and the local economy;
- excessive administrative barriers, cumbersome and complex system of permits;
- lack of infrastructure to support small businesses and uncoordinated activities;
- unsecured business entities production areas and land;
- lack of social security for the workers of the local economy;
- unavailability of local government economic services to accept and support initiatives for entrepreneurship and self-organization of the population.

Considering small business in general, the significant management problem of its sustainable development should be noted, which consists in providing infrastructural

conditions to attract investments in services. [3] Government measures are ineffective, since the banking system, which is charged with credit support to small business, cannot be included in the zone of high uncertainties of budding entrepreneurs with a low culture of facility management ownership. This contradiction is resolved by the interaction of financial opportunities in local government initiative to generate neighbor funds investment (FBI), consumer cooperatives, self-sufficiency (PCB), *Stroysberkass* (SSC). [4] Creating financial infrastructure is a condition where there is an indirect control scheme of small business development services. Thus, Russian people have to find a well-developed organizational culture of entrepreneurship (standards, criteria, values, experience) and property management (especially personal) so that their money is involved in the development of the local economy and the development of services as a significant part of it [5].

Hence, there is a new object of management in local government in the form of creation of conditions for initiatives by new owners as investors or as entrepreneurs.

But this involves a number of difficulties for the reorganization of the officials' work who are responsible for the development of small and medium enterprises. In fact, they are not directly responsible for the growth of small businesses, because business owners themselves take the economic decisions. [6]

In this regard, municipal governments have to face two new organizational challenges: creating new forms of infrastructure savings based on the development of relations of different subcultures in property object management, ensuring the protection of deposits, including participants in the implementation of self-interest and the entrepreneurial skills of the population as the new owners and investors. Thus, the process of formation of a mixed economy will be fruitful both for the population and for the municipal areas.

Therefore, small business service development should give more power to municipal services to create a system of contract terms with potential entrepreneurs and investors from the initiative population, i.e. creating an additional system of motivations, values and norms that are inherent to the culture of facility management ownership of the mixed economy.

Summarizing, we can state that the most important aspects of small business development services are the conditions that are adapted to the situation of local government:

1. Mutual connection of the interests of the citizens and the municipality to implement objects of personal property where each party receives income from sharing personal items (as an individual) and / or joint property of the municipality and small businesses.

2. Creation of a developed market infrastructure, culture and rules of property management for the application or use of personal objects (and others); citizens' ownership of their participation in its management.

3. Ensuring the rights of trust property of citizens as well as municipal officials, i.e. control the system of treaties between a citizen-owner and a local government as a subject of public property.

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