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INNOVATIVE APPROACH TO MUNICIPAL PROPERTY
MANAGEMENT

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Abstract

Currently, under the conditions of the economic innovative development, one of the topical issues is the sustainable use of the municipal property objects by the public. In the author's opinion, it is possible to raise the productivity of management by means of the development and improvement of innovative approaches and forms while managing the municipal property.

The purpose of this scientific article is to develop and justify the creation of the mechanism of the innovative approach to the municipal property management. The object of the research is innovative and investing processes of the municipal property management.

During the conducted study, the institutional contradictions between the necessity of ensuring the municipal property social and economic efficiency were identified. The principles of the management that can be used both in the system of municipal government and in the system of the public one were determined. The peculiarities of the municipal property regarded as an object of management were identified. The innovative approach to the process of the municipal property management was offered.

Thus, it was proved and justified that under the current conditions, it is possible to increase the business activity of investors and businessmen several times and to determine the priorities of the municipal districts development if one can use this huge potential skillfully implementing the innovative methods of management.

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Keywords: Municipal property, management system, principle of management, innovative property management.



1. Introduction

Currently, one of the topical and important issues is the development of the innovative economy of Russia. However, the infirm innovative component hinders the economic development of the country. At the local level, it can be seen in the imperfect policy of the local authorities in the sphere of implementing the innovations into the municipalities' economies.

The municipal property is the most significant component of the economic basis for the local self-government and it has enormous potential for solving the problems of the municipalities' innovative development and improving the life standards and life quality of the townspeople. The municipal property as a specific object of management demands an innovative approach while developing the system of management.

The municipal authorities should steadily improve the existing innovative approaches to the municipal property management and develop the ones, as they are significant factors of the social-economic development benefiting the population of the given municipality.

It is justified by the conducted study of the local authorities' usage of new innovative methods of the municipal property management. The examples of such modern practice of influencing the economic entities by means of the local policy of land tenure, territory improvement rules, sanitary regulations, local tax policy are Moscow, St. Petersburg, Yekaterinburg, Nizhniy Novgorod, Samara, Tatarstan where the best conditions for the municipalities' innovative development are created.

The analysis of the worldwide experience shows that only the usage of the innovative approach to the municipal property management allows increasing its efficiency to benefit the municipality. The managerial innovations, particularly, became the indicators of the successful reforms in such countries with developed economies as the USA, Great Britain, Canada, the Netherlands, Sweden, New Zealand (Koc & Bozdog, 2017).

Thus, the positive foreign experience can be used and taken into account by the municipal authorities of the RF constituent entities when implementing the innovative approach into the system of the municipal property management.

2. Problem Statement

During the conducted study, the institutional contradictions between the necessity of ensuring the municipal property social and economic efficiency were identified. There are the following entities in any municipality: social institutions, population, organizations, municipal infrastructure organizations and their workers. Every entity has its own set of relations and property rights as well as the order of acquisition and the degree of manifesting itself as the owner. It goes without saying that the motivation and activity interests of the entities differ. As the integration of these entities takes place during the process of acquisition of the public goods, these differences become the source of internal contradictions of the municipal property and, consequently, the source of their development.

The institutional contradictions appear due to the fact that the municipal organizations own the real estate property on the rights of operational management and control, thus, they get the possibility of the separated appropriation of the services and results of production. The scale and degree of this appropriation is controlled by the social institutions, and this creates the contradiction between the interests of the

municipal organizations being economic entities and social institutions being the external controllers and regulators of this activity. Later the income got by these organizations is divided between these subjects and it can explain the appearing contradictions.

The timely identification and regulation of the institutional contradictions will allow the local authorities to take efficient measures to resolve or alleviate these controversies and it will influence the municipal property management efficiency and the choice of the management form in a positive way.

3. Research Questions

Under the constant search for the source of supplementing the local budgets and taking into account the role and significance of the municipal property in the municipalities' development, the municipal authorities should look for some new innovative methods and forms of the property management.

Their lack leads to the fact that the state of the majority of the municipal property items is poor; there is not any systematic approach to solving such issues as necessary infrastructure creation, development of the street and road networks and transportation services, town construction and territory improvement, attraction of investments and innovations to the municipal property development, in-fills of the items with different functions.

The applied forms and methods of the municipal property management are often aimed only at the increased supplements to the municipalities' budgets to the detriment of one of its basic purposes – social role for the population.

4. Purpose of the Study

4.1. Justification of the efficiency of the mechanism of creating the innovative approach to the municipal property management

In accordance with the “Conception of the Long-Term Social-Economic Development of the Russian Federation for the Period up to 2020 and the Strategy of the Innovative Development of the Russian Federation for the Period up to 2020”, one of the main directions of the transition to the innovative socially-oriented type of the country's economic development is creation of the conditions for the improved life quality of the RF citizens including through the development of the innovative approaches to the municipal property management.

The municipal property is one of the instruments of these conditions creation. That is why the development and implementation of innovations directly to the property management should be done by means of the development of new technical and organizational-technological solutions, the improvement of the basic management principles. It will give further impetus to the municipality's economic development and allow achieving the different performance indicators (Prokopyeva & Nechaev, 2013).

The development of the innovative approach to the municipal property management in the RF should be grounded on the system of the compatible scientific principles of management. The conducted research allowed describing the basic management principles in Table 1.

Table 01. Principles of the Municipal Property Management

Principle of	Characteristic Feature
Innovative approach	The municipal property management should be regulated with the use of the scientifically grounded innovative methods which are based on the thorough research of the management object.
The best use	The best use of the municipal property is understood as the use that ensures the stability of the income section of the town budget, comfortable social environment and increased value of the municipal property objects, given the social, urban, administrative and ecological restrictions imposed on their usage.
User-pays	Payments for the usage are regarded as the necessary condition of the access to the municipal property for all categories of users (property purchasers) and as an instrument of regulating the forms of the municipal property management.
Responsibility	It implies the equality of all the subjects of the municipal management property before the law in case of its violation including the municipal authorities.
Balance of rights	During the processes of making managerial and regulatory decisions, determining the terms of the transfer of the municipal objects to the operational management, control, rent or some other legal form of both the municipal organizations and the private ones, it is necessary to ensure the balance between the volume and a set of transferred rights.
Ranking of the management objects according to their importance	The resources of the municipality are always limited, that is why first and foremost they should be invested in the solutions to the most important social-economic problems.
Information transparency	It implies the better sharing of information with all the interested market entities about the principles of the implemented policy in the sphere of the municipal property management.
Grounds for the managerial decisions	Managerial decisions must be made in accordance with the certain criteria involving the true information about the municipal objects state, the entire real estate market and tendencies of the economic development.
Meeting the interests of all parties when using the municipal property	The municipal objects should be used in accordance with the interests of all subjects of the municipal property management.
Rational combination of the management forms	The optimal management form should be chosen for the given object of the municipal property depending on its structure and goals of management.

These principles can be equally used both in the system of the municipal management and of the public one (Fritsch, 2016).

4.2. Peculiarities of the municipal property as an object of management

A municipality being the biggest owner pursues the state and public interests. These interests differ from the interests of other owners of the real estate property. And that would explain the following peculiarities of the municipal property (Morris & Neill, 2014).

The peculiarity of the municipal property lies in its serving an efficient innovative instrument of the development of the town territory.

In some studies (Ios, Benito, & Bastida, 2017), the difference between the municipal property and the public one is determined on the following grounds: subjects, objects, grounds of the acquisition or termination of the ownership right, content.

The difference between the municipal property and the public one can be explained by the tasks that are solved when managing them. The public property addresses the collective needs of all the state's citizens

regardless of the place of their living. During the process of the public property management, the “global” problems are solved: defence, national security, economic development of the country etc.

When managing the municipal property, the practical-business challenges are met, that is, those of the “more local” nature; they are aimed at solving the problems of the local population in the municipal territories. That is why the municipal property is located “closer to the people” as it has great impact on the life of all the people living in the specific localities, using the objects of the municipal real estate property every day; thus, the more efficient management of the municipal property can improve their life.

The difference between the municipal property and the private one lies in the peculiarities of appropriation of the revenues from its exploitation. The revenues from the private property go the entity that exploit it. As to the public property the public-legal appropriation of the revenues occurs, it is done by means of transferring them to the entities involved in getting them – the corresponding local communities. Another difference lies in the goals of management. The main goal of the private property management is getting profit, whereas when managing the municipal property, the main objective is to increase the life standards and life quality of the municipality’s population.

The peculiarity of the municipal property as an object of management is that it is a significant component of the integrated urban social-economic potential, and the basic prerequisites for its efficient usage are located not only in the town itself but in the external environment as well. In doing so, the external environment influences the efficiency of the municipal property usage ambiguously and in several directions.

Another peculiarity is the specific nature of the municipal property. It is mainly the sector of social, production and engineering infrastructure that is used by all the people and organizations in the territory of the municipality. This arises the interest of the subjects of municipal relations that are united by the single space of the town when ensuring the municipal real estate property development. The items of the municipal property ensure the production of the public goods and service primarily focused on the social component of the territory (Golova, 2014).

Thus, there is direct evidence of one of municipal property peculiarities – its social orientation. This is caused by the basic target of the integrated social-economic development of the town that involves ensuring the life quality of the urban population that meets the social demands of the community. So the given peculiarity leads to the necessity of using the municipal property in accordance with the strategic social goals and priorities of the innovative development of the town.

The municipal property peculiarity is sometimes expressed by its ability to be used for getting profit as it is a significant component of the social-economic potential of the town. Not any municipal property can generate the revenue; that is why the profitable municipal property should be used in a way that allows getting funds to maintain non-profit municipal property having social orientation.

Summing up the peculiarities of the municipal property as an object of the innovative management, its multidimensional nature and evident social orientation should be noted.

Thus, the conducted study shows that when applying the innovative approach, it is necessary to take into account the peculiarities of the municipal property in order to organize the process of its management effectively.

4.3. The process of the municipal property management

In the author's opinion, the innovative process of the municipal property management involves the interrelated clusters shown in Figure 1.

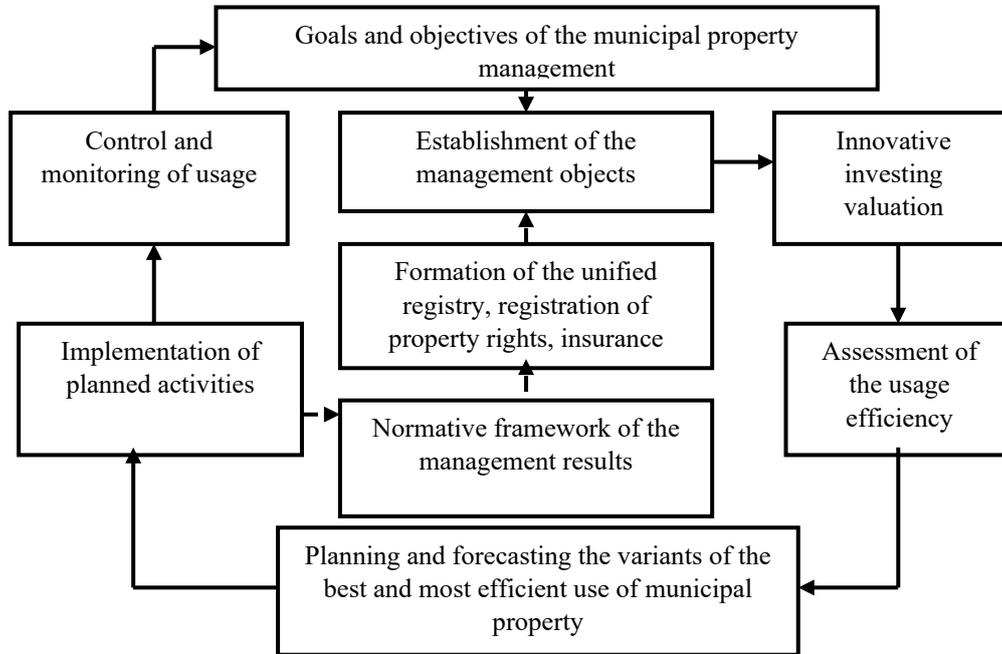


Figure 01. The innovative approach to the process of municipal property management

The main cluster is the cluster of the goals and objectives of the municipal property management (inputs of the process of the municipal property management) that are consistent with the goals and objectives of the municipality.

The next structural cluster that perceives these goals and objectives is the cluster of the establishment of the management objects which is formed on the basis of the cluster of the unified data registry (the registry of the municipal property).

The innovative investing valuation of the municipal property objects is one of the necessary aspects of management and it is made when performing any transaction with the municipal property objects.

The outputs from the cluster “control” present the feedback of the general contour of the process of municipal property management and serve for informing the management subjects about achieving or not achieving the goals of the municipal property management.

The main point for the process of municipal property management is the fact that all the outputs of the cluster “implementation” have the internal feedback.

During the management process, the feedback information is systemized by the cluster “normative framework of the management results”. This cluster allows the management subjects to find out the correlations between the achieved and planned results, to adapt the plans of the municipal property management and to send information for updating the database when achieving the defined goals.

5. Research Methods

5.1. Methodology of the development of the innovative approach to the municipal property management

A review of the experience of the RF regions, analysis of books and articles concerning the municipal property management showed that, currently, there is no innovative approach applied by the municipal authorities when managing the municipal property as a system (Nechaev & Antipina, 2015).

This conclusion allows offering the original innovative approach by means of which the municipal property management can be regarded not as the process of the single items management but as a system of the municipal property management which functioning is conditioned by the goals of the organization of the modern livelihood system meeting all the demands of the modern market economy (Nechaev, Antipina, & Prokopyeva, 2014).

This very conception of the innovative approach is based on the interaction between the elements of the internal environment of the management system and the elements of the external environment.

Besides, it should be noted that the external environment and its changing conditions and risks (Mukherjee, Singh, & Žaldokas, 2017) influence all the interacting elements of the municipal property management system acting upon both the achievement of the planned management results and the achievement of the municipality's development goals.

The innovative approach implies the efficient system of the local self-government which meets the requirements and needs of people, businesses, municipality and allows the population to solve the majority of important and burning problems efficiently and independently at the local level.

Such system will allow the subjects of the municipality's economy located in the external environment to influence the objects of the internal environment used in the process of the municipal property management actively and rapidly.

The municipal authorities are the main element of the external environment that influence the system of the municipal property management.

An important factor affecting the municipal property management is the legal and normative activity of the authorities (Torugsa & Arundel, 2017).

The increased efficiency of management involves developing a number of legal and regulatory instruments as well as methodological materials. The consistency of the development of the legal and regulatory documents concerning the creation and implementation of the innovations to the municipal property management should be reflected in the annual plan of activities and their implementation.

6. Findings

The logic of the structure of the innovative approach to the municipal property management system is based on the following principle: first of all, the basic goals of the municipality's development are defined, then one sets the goals and objectives of managing the municipal property as a strategic resource that is necessary for solving the social-economic problems.

The process of the local authorities' management involves the definition of the certain rules and terms of the ownership, exploitation and administration of the management objects. The greatest effect of

the implementation of these rules is reached when the managerial impact on the objects is systematic, that is, it is connected with the set of measures constituting the system of management (Миљкинис & Byrka, 2014).

This system grounded on applying the marketing, systematic, reproductive, functional, integrated and dynamic approaches to management will help the municipal authorities to solve the numerous social-economic problems in a competent and professional way with regard to the influence of the innovative risks (Abdulaziz & Abdulaziz, 2013).

Besides, when introducing the innovative approach, the local authorities should take into account the peculiarities of the municipal property objects as well.

7. Conclusion

Currently, the development of the market relations in Russia is significantly conditioned by the municipal property objects, which are the basis of the social production and, consequently, the basis of the economic activity and development of the organizations of any property form in the territory of the municipality.

Under the constant search for the source of supplementing the local budgets and taking into account the role and significance of the municipal property in the municipalities' development, the municipal authorities should look for some new innovative methods and forms of the property management

Their lack leads to the fact that the state of the majority of the municipal property items is poor; there is not any systematic approach to solving such issues as necessary infrastructure creation, development of the street and road networks and transportation services, town construction and territory improvement, attraction of investments and innovations to the municipal property development, in-fills of the items with different functions.

The applied forms and methods of the municipal property management are often aimed only at the increased supplements to the municipalities' budgets to the detriment of one of its basic purposes – social role for the population.

The public property is one of the components of the economic basis for the local self-government and it is an important factor of the stable social-economic development of the territories. The activity related to the management of municipal property is characterized by the indubitable social orientation. People perceive and assess the results of municipal property management on the basis of the degree of improvement of the life quality and life standards. Thus, the municipal property must serve these very needs and interests.

Nowadays, the local authorities manage every municipal property object separately and it, undoubtedly, affects the state of the municipal economy.

This situation calls for the necessity of developing the innovative approach to the municipal property management system which will allow determining the priorities of the municipality's development, increasing the business activity at the municipal real estate market, improving the quality of the municipal authorities' management, using the municipal property objects in a sustainable way, raising the efficiency of the municipal property management, as well as the life standards of the population.

In view of the above-mentioned, it can be stated that the given approach to the process of the

municipal property management is an innovative means of the municipality's functioning as an owner.

Competent and precise applying of the given innovative approach will allow the authorities to improve the municipal property management in the light of addressing the interests of all the economic subjects, to create an enabling environment for the investing innovative activity, to increase the welfare and living standards of the population and thereby ensuring the stable development of municipalities.

Thus, a range of problems related to the municipal property management is not limited only by the issues of the choice of the efficient management form and it allows them to be researched during the further studies.

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