

MTSDT 2019

Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia

RENT PRINCIPLES OF DEVELOPMENT OF PROJECT MANAGEMENT IN THE REGIONS OF RUSSIA

G. A. Efimova (a)*, S. V. Efimova (b)

*Corresponding author

(a) Saint-Petersburg State Agrarian University, Peterburgskoe shosse, 2, building A, Pushkin, Saint-Petersburg, Russia, efimova.g@list.ru

Yaroslav-the-Wise Novgorod State University, ul. B. St. Peterburgskaya, 41, Veliky Novgorod, Russia

(b) Saint-Petersburg State Agrarian University, Peterburgskoe shosse, 2, building A, Pushkin, Saint-Petersburg, Russia, efimovasvetlanavladimirovna@mail.ru

Abstract

The article presents a new socially oriented concept of state project management, based on the introduction of rental multipliers of economic growth in the regions of the Russian Federation. The concept is based on the principles of rent-oriented behavior of economic entities and methods of self-organization of rental multipliers for the development of economic systems. This approach provides the most accurate and effective impact of state project management mechanisms on the processes of using regional resources. The study found that the proportions in the structure of rental income of economic entities determine investment motives, and accordingly, the level of development and the degree of stability of regional relations, since by activating rental conditions, a multiplier effect is provided by analogy with the effect of the rental multiplier on agricultural relations. If the localization of innovative and technological rents takes place in accordance with the real contribution of the relevant factors to the cost of the final product in the region, then the rental standard for the sustainability of the development of the regional economy is formed. The article implements the idea of using the normative standard of rental income growth in the regional economy by analogy with the agricultural sector. Localization of production interests in the region is carried out by maintaining rental proportions and controlling the dynamics of rental factors. The priority of national projects by diagnosing the degree of influence of rental proportions on the sustainability of activities allows us to evaluate the effectiveness of project management.

© 2019 Published by Future Academy www.FutureAcademy.org.UK

Keywords: Project management, rental conditions, rental income structure, rental multiplier, rental principles, rental standard.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Rental strains in the economic relations of the regions hinder the development of project management in Russia.

Rental distortions in the distribution of project implementation results result in failure to meet key indicators, non-compliance with project deadlines and budgets, inefficient use of human and material resources, inefficient interagency cooperation, and instability of the political and economic environment (Shirokov & Efimova, 2017).

From the study of project management mechanisms, it follows that, by influencing the process of resource income distribution, it is possible to increase the efficiency of projects and expand their resource support. Therefore, the scientific significance of the problem of implementing rental principles in project management is becoming relevant and becoming an integral element of the modern management system in the public sector.

2. Problem Statement

More than half of the national projects in the Russian Federation have been completed by less than 20%, and the effectiveness of the implementation of state programs has been called into question.

Regional heterogeneity and structural differences in regional inflation cause the Balassa – Samuelson effect (Zhemkov, 2019).

The introduction of rental principles in project management allows us to expand the boundaries of regulation of processes caused by marginal revenue from the use of regional resources, which underlies the mechanism of integrated development of territories and ensures the sustainability of their development.

Rental failure in territorial development is a consequence of rental imbalances (Efimova, Efimova, & Bulgakov, 2019).

Sustainability regulation is reduced to the elimination of rental imbalances, creating the prerequisites for rental savings and subsequent localization of rental income in the real sector of the regions (Efimova & Zaitsev, 2012).

3. Research Questions

3.1. The rental mechanism implements the unity of economic and managerial laws of regional development. Rental management principles determine the type of economic development. The rent-oriented type of development due to the monopolistic exploitation of economic resources devalues the productive sector and creates instability of development. Due to disrupted rental proportions in the economy, there is a substitution of values, which results in a loss of controllability (Chamberlin, 1996).

3.2. The principle of rental localization of regional incomes, rental smoothing of socio-economic differentiation and the principle of rental linkage of the scale of project subsidies are stipulated with the rules of compliance with the law of value (Clark, 1992).

3.3. The rental principles of project management make it possible to maintain the structure of rental income that ensures the dominance of the real sector, and is a condition for resource conservation

with the subsequent investment of rental income in its development, which allows some of the management functions to be transferred to market mechanisms.

4. Purpose of the Study

It is to justify the use of rental principles of project management by maintaining the rental standard of sustainability (rental standards for the dynamics of the structure of regional income), which guarantees the creation of equal starting conditions for competition between activities and contributes to the formation of rental multipliers of economic growth in the regions of the Russian Federation.

It is to disclose the principle of rental localization of regional income with a justification of the standards for the dynamics of the elements of rental income.

It is to formalize the principle of rental linkage of the scale of project subsidies in order to regulate the rent-oriented behavior of economic entities.

5. Research Methods

An analogous approach to the study allowed us to adapt the rental methodology to the practice of effective project management. As a result, the rental methodology acquired an original development strategy.

Through the implementation of a combination of factor analysis methods, the factors of regional rent underlying the results of project management have been identified and classified.

Considering the undesirable transformation of socio-economic factors into factors of concentration of power, we propose to regulate the degree of their influence on the results of project management.

For this purpose, a classification of integral factors and indicators of regional rent has been developed (Table 01).

Table 01. The main integral factors and indicators of modern regional rent in the Russian Federation

1. Social rent factors	Indicators		
1.1 Location	Territory pollution	Population density	Highway Accessibility
1.2 Beautification	The degree of development of engineering infrastructure	The state of the general transport infrastructure	General Improvement Status
1.3 Socio-cultural environment	Level of medical care	Housing level	The level of development of culture, education and consumer services
2. Monopoly rent factors	Indicators		
2.1 Concentration of power in the industry	Number of organizations	Industry Market Capacity	Regional Market Capacity
2.2 Centralization of industry costs and revenues	Revenue and Revenue Scale	Scale of production costs	Scale of business expenses
2.3 Capitalization	Regional sales profitability	Sales Profit Scale	Return on sales

Based on the results of testing methodological methods for classifying the integral factors of regional rent and using the method of modeling sales profitability, a methodological approach to calculating regional rent, which determines the effectiveness of project management in the regions of the Russian Federation, is proposed.

Formula 1 presents the revenue method for calculating regional rents.

$$RR = T \times (V_{pi} - V_{pm}) \times \frac{K_{up}}{K_{um}} \quad (1),$$

where

RR - regional rent, rub;

T - commodity circulation in the industry, rubles;

V_{pi} - actual value of sales profitability in the industry for the evaluation period in the region, %;

V_{pm} - theoretical value of sales profitability for the evaluation period with the average number of enterprises in the industry in this region, %.

K_{up} – coefficient of infrastructure of the evaluated area;

K_{um} – minimum coefficient of infrastructure in the region, which includes the estimated region.

Reduced rights and opportunities lead to suppression of competition and distortion of mechanisms for the incentive motivation of labor in the real sector (Jiang, & Probst, 2013).

The management system is capable of maintaining equal competitive conditions and maintaining sustainable development only in a certain range of regional rent proportions, but market forces, as a rule, counteract this by shifting the structure of rental income to the asymmetry zone (Pendleton & Robinson, 2017).

The centralization of regional excess profits results in an excessive concentration of rent-forming activities to the detriment of social production and regional competition, which reinforces the contradiction between industrial democracy and empowerment when the approach of joint power is violated (Humborstad, 2014).

National projects and any state support for such an economy are ineffective and contribute to accelerating the collapse of the region's economic potential, which determines the practical importance of solving the problem of overcoming the processes of concentration of market power by creating conditions for the dominance of innovative rents and the disappearance of concentration factors of industry power.

Therefore, to maintain the state of production stability, a system of rental regulators is required, the identification of which according to the results of the rental assessment of the territory will make it possible to structure the elements of regional rent by its types: natural, social, technological and innovative.

The formed model of project-rental management with the specification of regional development priorities is based on the results of the rental assessment of the territory.

The dynamics of proportions in the structure of regional rent is subordinated to the law of value:

$$T (PR) < T (CR) < T (TR) < T (IR);$$

where $T (PR)$ is the growth rate of natural rent;

- T (DR1) - growth rate of social rent;
- (TR) - growth rate of technological rent;
- T (IR) - the growth rate of innovative rents.

The dynamics of rental elements of regional rents is developed by analogy with the implementation of the rental profile in the agricultural sector.

The regulation of dynamic proportions in the structure of rental income is aimed at using the economic growth multiplier in project management by smoothing intersectoral differentiation, which allows solving the problem of disproportionate development of types of activity, which is confirmed by official statistics on gross value added in the Novgorod region (Novgorodstat, n.d.).

In the multiplier of economic growth, rental assumptions are made. Income growth is an analogue of regional rent, and investment growth is an analogue of investment rent.

6. Findings

For the purpose of methodological implementation of the concept, the modeling of sales profitability was carried out according to the results of the correlation and regression analysis (Table 02).

Table 02. Modeling the theoretical profitability of sales by main types of economic activity in the Novgorod region

Kind of activity	Fact			Payment			
	Number of organizations, units	Profitability level in % of sales revenue	The level of profitability, loss ratio in % of commercial and administrative expenses	Theoretical profitability level in % of sales revenue at min. number of organizations	Theoretical level of profitability in % of sales revenue with an average number of organizations	Monopoly rent level in case of industry disparity	Theoretical value of monopoly rent without disparity, in % of turnover with a minimum number of organizations
1	2	3	4	5	6	7=3-6	8=5-6
Industry, total:	713	14.5	81.2	17.4	16.7	-2.2	0.7
Power industry	21	2,8	396	7.4	4.1	-1.3	3.3
Chemical industry	17	21.9	88.1	23.8	16.9	5.0	6.9
Agriculture	286	-1.3	-186.3	15.8	4.9	-3.6	10.9
Wholesale	460	5.1	105.2	10.1	0.5	4.6	9.6
Hotel industry	6	10.1	62.1	29.7	8.3	1.8	21.4
Finance, credit, insurance	20	43.6	290.1	64.12	35.9	7.7	28.2
Non-production types of consumer services	39	-20.0	-246.3	47.2	32.3	-52.3	14.9
Tourism	26	5.4	77.9	32.3	24.9	-19.5	7.4

Monopoly rent shows the excess of the actual profitability of sales over the estimated, due to factors of industry monopolization. Monopoly rent factors are reduced to an integral indicator of the number of organizations. For industrial organizations in the Novgorod region with average socio-economic factors, this indicator amounted to 64015 million rubles (0.022x2909816).

7. Conclusion

The consequence of monopoly rents is the appearance of asymmetry, which is associated with the implementation of the two most important functions of commodity production: distribution and differentiating.

The distribution function acts as the basis for the distribution and redistribution of created value, and the differentiating function is manifested in the division of commodity-producing economic entities according to the level of profitability due to different individual and socially necessary labor costs, the gap between which determines the size of the rental income and the level of asymmetry in development.

The principle of rental localization of regional incomes, rental smoothing of socio-economic differentiation and the principle of rental linkage of the scale of project subsidies make it possible to overcome the problem of asymmetry, as they are determined by the rules of observance of the law of value. The emergence of monopoly rental income increases the level of asymmetry. This can lead to a drop in project management efficiency.

Compliance with rental standards for the dynamics of the structure of regional revenues guarantees the effectiveness of project management and maintaining the sustainability of the development of regional economies, as it contributes to the activation of multipliers of economic growth.

References

- Chamberlin, E. (1996). *The Theory of Monopolistic Competition (Reorientation of the Theory of Value)*. Moscow: Economy.
- Clark, G. (1992). *The distribution of wealth: translated from English. Scientific*. Moscow: Economy.
- Efimova, G. A., & Zaitsev, A. A. (2012). Absolute rent in managing the stability of agricultural relations. *Bulletin of St. Petersburg State Agrarian University*, 27, 154-159. [in Russ.].
- Efimova, G. A., Efimova, S. V., & Bulgakov, P. E. (2019). The rental mechanism for the effective interaction of state, public and corporate institutions. *The European Proceedings of Social and Behavioural Sciences*, 59, 244-252. <https://doi.org/10.15405/epsbs.2019.04.28>
- Jiang, L., & Probst, T. (2013). Organizational communication: A buffer in times of job insecurity? *Economic and Industrial Democracy*, 16, 557-579.
- Novgorodstat. (n.d.). Official site of Territorial'nyogo organa Federal'noj sluzhby gosudarstvennoj statistiki po Novgorodskoj oblasti. Retrieved from http://Humborstad, https://novgorodstat.gks.ru/storage/mediabank/%D0%92%D0%B0%D0%BB%D0%BE%D0%B2%D0%BE%D0%B9%20%D1%80%D0%B5%D0%B3%D0%B8%D0%BE%D0%BD%D0%B0%D0%BB%D1%8C%D0%BD%D1%8B%D0%B9%20%D0%BF%D1%80%D0%BE%D0%B4%D1%83%D0%BA%D1%82_%D0%9E%D0%9A%D0%92%D0%AD%D0%942_2016-2017.pdf
- Pendleton, A., & Robinson, A. (2017). The productivity effects of multiple pay incentives. *Sage Publications economic & industrial democracy*, 38(4), 588-608.
- Shirokov, S. N., & Efimova, S. V. (2017). Rental imbalances in intergovernmental relations between regions and industries of the Russian Federation. *Proceedings of SpbGAU*, 49, 153-159.
- Zhemkov, M. I. (2019). Regional effects of inflation targeting in Russia: Factors of heterogeneity and structural inflation rates. *Voprosy Ekonomiki*, 9, 70-89.