



The Essence and Content of State Regulation of Services Development in Conditions of Increasing Autonomy of Federal State Entities

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ABSTRACT

The relevance of the study is reasoned by the development of services, as a component of balanced socio-economic development of territories in a Federal state. The purpose of the article is to determine the essence and content of state regulation of services' development in conditions of increasing autonomy of federal state's entities. A leading approach is the institutional one that considers state regulation of service sector's development in the Federal state as a purposeful system of measures of state control that contributes to maximizing of the assets' value of the service sector in the process of socio-economic activities and is aimed at ensuring of a balanced socio-economic development of regions. The service sector is one of the most dynamic and growing segments of regional markets, as well as one of the characteristics of effective socio-economic policy in the region. The yield growth from the service sector's assets while risk diversification will ensure the development of regional services markets, meeting the needs of the population for public goods and improving of the quality of life. The article identifies and scientifically justifies objects, actors, principles, methods and tools of state regulation of services' development in a Federal state. The paper submissions can be useful for specialists of Federal and regional authorities, local governments, line ministries, scientists interested in issues of regional economy and services' management.

Keywords: Socio-Economic Development, Inter-Territorial Differentiation, Content of State Regulation, Management of Service Sphere

JEL Classifications: H53, H83, O35

1. INTRODUCTION

The service sector is one of the most dynamic and growing segments of regional markets, as well as one of the characteristics of effective socio-economic policy in the region. The growth of yield from the service sector's assets while risk diversification will ensure the development of regional services' markets, meeting the needs of the population for public goods and improving of the quality of life (Vasilyeva, 2011). It is established that the service sector is considered as one of the targets of the balanced socio-economic development of entities of a Federal state, aimed at reducing of interregional differentiation's level in the quality

of life (Lunev et al., 2013). It is found that a balanced territorial development of the Federal state is considered the focus on creating of conditions that allow each entity to have necessary and sufficient resources to ensure decent living conditions of citizens, complex development and competitiveness's increasing of the regional economy (Kolomiychenko and Rohchin 2003). This leads, firstly, to the improvement of the comprehensiveness and balance of socio-economic development of entities in Federation (Kuznetsova, 2009), and secondly, to the integration of the commitments of the Federal, regional and municipal authorities and their financial possibilities for environment and industrial development in order to reducing the level of interregional

differentiation in the quality of life (Satarov, 2004). The purpose of the paper is to determine the essence and content of state regulation in the sphere of services' development in conditions of autonomy's increasing of the entities of a Federal state.

2. MATERIALS AND METHODS

2.1. Methodological Approaches to the Study

A leading approach is the institutional one that considers the state regulation of service sector's development in the Federal state as a purposeful system of measures of state control that contributes to maximizing of service sector's asserts value in the process of socio-economic activities and is aimed at the ensuring of a balanced socio-economic development of regions.

2.2. Methods of Study

During research the following methods were used: Analysis of normative documents, content analysis, foresight, facet method, classification and synthesis of facts and concepts, modeling, expert evaluation method.

2.3. Approbation of the Results of the Study

Approbation of the study results was conducted in the process of the concept development of long term socio-economic development of the Republic of Tatarstan of Russia until 2020. The identified methods and tools of state regulation of services sphere development were embedded in the programs for the development of enterprises and institutions of tourist, educational and consumer services' sectors.

2.4. Stages of the Study

The study was conducted in three stages:

- The first stage is devoted to the analysis of current state of the researched problem in economic theory and practice;
- The second stage determines the essence and content of state regulation of development of services sphere in conditions of autonomy's increasing of the entities of a Federal state; approves methods and instruments of state regulation of services sphere's development;
- The third stage involves the systematization, interpretation and synthesis of the results of the study; refines theoretical conclusions; processes and presents the obtained results.

3. RESULTS

The main result of the study is to determine the essence and content of state regulation of services sphere's development in conditions of autonomy's increasing of the entities of a Federal state.

3.1. The Essence of State Regulation of Services Sphere's Development in Conditions of Autonomy's Increasing of Entities of a Federal State

It is found that the essence of state regulation of services sphere's development in conditions of autonomy's increasing of entities of a Federal state is a goal-oriented system of government managerial measures aimed at reducing in the level of differentiation and in the level of quality of life in the state and providing a high

standard of personal security; the transition to the individualized continuing education available to all citizens; the availability of health services of the required quality; access to cultural goods; access to the modern standards of housing conditions; the creation of an effective pension system based on insurance and savings; the establishment of the minimum wage at the level of reconstructive consumer budget.

3.2. The Content of State Regulation of Services Sphere's Development in Conditions of Autonomy's Increasing of Entities of a Federal State

It is found that structure-forming components of state regulation of services sphere's development in conditions of autonomy's increasing of entities of a Federal state are objects, entities, principles, methods and tools.

3.2.1. The objects of state regulation of services sphere's development

It is found that the objects of state regulation of services sphere's development in conditions of autonomy's increasing of entities of a Federal state are numerous and qualitatively different. The objects of state regulation of services sphere's development are sectors, processes and conditions of services' production, where difficulties arose or may arise, which cannot be resolved automatically or can be resolved in the distant future. Classification of objects of state regulation is carried out based on the facet method.

3.2.1.1. The essence of the facet method

The facet method involves parallel separation of the objects' plurality on independent classification groups. The set of objects is described by a set of independent facets (lists), not having a fixed relationship with each other that can be used separately for solving different tasks. The main advantage of classification using the facet method is the structure flexibility of its construction and the possibility of objects' aggregation. Changes in any of the facets do not have a significant impact on all the others. Greater flexibility leads to good adaptability of the classification to the changing nature of tasks to be solved for which it is created.

3.2.1.2. Classifications of objects of state regulation of services sphere's development

Based on the faceted classification method, the following objects of state regulation of services sphere's development in conditions of autonomy's increasing of entities of a Federal state are identified:

- Resources - tangible and intangible assets, which are the basis for regional services' development;
- Social infrastructure - the totality of industries and institutions, maintaining production and services' consumption in the overall regional process of reproduction;
- Employment - socially useful activities of citizens connected with satisfaction of personal and public needs, not contradicting the law and bringing them earnings, earned income;
- Monetary circulation - the movement of money in domestic circulation in cash and cashless forms in the process of services' providing and various payments' making;
- Social welfare - system of material support and social services for elderly and disabled citizens, and families with children;

- The system of staff training and retraining - to meet the demand of the service sector in a competitive, competent personnel, able to innovate;
- Environment - the aggregate of natural, anthropogenic, social and cultural objects with which the person is in direct or indirect relationship in the process of life;
- Human potential is one of the main types of aggregate economic potential, and characterized by specific quality characteristics, the development index of which allows to take into account not only economic but also social efficiency of regions, the quality of life of the population, and is calculated as arithmetic mean value of three equal components: Income defined by the indicator of gross regional product at purchasing power parity in USD per capita; education, measured by literacy and enrolment rates among children and youth aged 6-23 years; longevity, defined in terms of life expectancy at birth (lifespan);
- Human capital - services' products, materialized in the knowledge, the competences of citizens;
- Services market - the sphere of exchange, of interaction between producers and consumers of services, ensuring the needs of the population and the statutory minimum standard of living.

3.2.2. The state regulation actors of the services sphere's development

It is found that the state regulation actors of the services sphere's development in conditions of the autonomy's increasing of the Federal state's entities are:

1. The bodies of state power and local self-government;
2. Stakeholders - the business community, scientific organizations, participating in the development and implementation of programs and projects for the development of services;
3. Population expressing its position through the bodies of territorial public self-government, public organizations, as well as through participation in elections and referendums.

3.2.3. The principles of state regulation of the services sphere's development

It is determined that state regulation of the services sphere's development in the conditions of the autonomy's increasing of the Federal state's entities is based on the principles of strategizing, participative, fiscal federalism.

3.2.3.1. The principle of strategizing

The principle of strategic planning involves determining of goals, directions and actions to ensure sustainable development of services in the regions for the long term. In practice, the implementation of this principle involves the following algorithm: (1) Diagnostics of a services sphere's condition in order to identify trends of its development and the factors, preventing the realization of the regions' potential opportunities to improve the level and quality of life of the population; (2) definition of strategic goals and directions of services sphere's development in the regions; (3) coordination of regional, sector and corporate strategic goals and directions to develop the sphere of services through meaningful study and interaction; (4) preparation of a strategic action plan to achieve strategic objectives and to eliminate preventing factors;

(5) determination of mechanisms for the implementation of the strategic actions; (6) the formation of complex programs to develop the sphere of services with the purpose to achieve the complementarity effect and mutual support of different strategic actions; (7) organization of monitoring system of integrated programs' implementation and changes' operational management.

3.2.3.2. The participative principle

The participative principle mediates the development of public-private partnership to reduce disparities in the level and quality of life of the population in the regions.

3.2.3.2.1. The essence of public-private partnership

Public-private partnership is an innovative institution of a mixed economy, financially and organizationally providing for the implementation of socially important projects for the development of services. It is established that developing public-private partnership, unlike traditional administrative relations creates its basic funding models of funding, property relations and management techniques. At the same time the set of issues is very important associated with the redistribution of property powers which inevitably arise mainly in the process of escalating of administrative-imperious relations between the state and business into partnerships fixed by respective agreements of the parties.

3.2.3.2.2. Forms of public-private partnership

Depending on the nature of the tasks solved in the framework of public-private partnership, it is possible to allocate the following basic forms of public-private partnership: Concession; commercial leasing; rental; project Finance; provision of state guarantees for attraction by business entities of borrowed funds from third parties; transfer on the business structures' balance of the service sphere's objects; subsidies from the budget of services' production costs. It is found that some forms of public-private partnerships, such as concessions, often are regarded as a kind of indirect privatization or its complete alternative that is interpreted as intrusion into the system of property relations. In the strict sense the institutional partnerships really transform the spheres of activities traditionally administered by the state, but do not remove them entirely beyond it.

3.2.3.2.3. The direction of public-private partnership

It is established that the state in modern conditions organizes its regulatory activities in the field of partnership with the private sector in three main areas. Firstly, it elaborates the strategy and the principles that govern the relationship of business with society and with public authorities. Secondly, it forms the institutional environment for the development and implementation of partnership projects. Third, directly it is involved in the organization and management of public-private partnership, develops its specific forms, methods, mechanisms.

3.2.3.2.4. The separation of ownership powers between the public and private sectors in partnership

The separation of ownership powers between the public and private sectors in the partnership generally concerns not to the whole complex of powers, into which dissolves the sovereign right of the title owner in economic circulation, but only some of them.

We are talking about such core powers as the right to control the use of assets, right on income, right to manage and right to change the capital cost of the agreements' facilities and the right to assign those or other proprietary powers to other persons.

However, in the service sector (particularly in infrastructure industries) there is large-scale experience of redistribution of ownership powers between government and private business. There is a historically and traditionally arranged state order to delegate several core powers to the private sector. The state has a responsibility to society for the uninterrupted provision of public goods hence the tendency to the conservation of a number of sectors and industries in public ownership can be explained. At the same time, private enterprise is characterized by mobility, high efficiency of resource use, the propensity to innovate. To take advantage of both types of property without profound social changes and upheaval is possible in the framework of public-private partnership. Accumulated to date the arsenal of forms and methods of public-private partnership allows with the conservation of their vital national facilities in public ownership to transfer some of its proprietary rights to the private sector. We mean the functions such as construction, operation and maintenance of social infrastructure's objects and their management.

3.2.3.3. The principle of fiscal federalism

The principle of fiscal federalism is aimed at regulating of financial relations between Federal, regional and municipal authorities regarding the accumulation, redistribution, and using of financial resources in services sphere and contributing to the multi-level budget system.

3.2.3.3.1. The feature of financial relations between Federal, regional, municipal authorities and management

Federalism fixes the relationships between central, regional, municipal authorities and governance, built on the basis of powers separation and the existence of a right to self-government for different groups and/or territories in the framework of a united political system. However, it should be noted that each branch of government is elected by separate elections by direct vote. Due to this it is responsible only to the citizens and is not subordinate to other branches, that is, by definition: The Federal government cannot order the authorities of entities of Federation, because it didn't generate them, and the authorities of entities by the same reasons can't order the municipal authorities. In addition, each branch has its own specific powers: One protects the country and prints money, the other one builds roads and hospitals, the third - provides everyday needs of citizens. But each branch has the right to collect from citizens the funds for its activities and therefore has an independent budget. Thus, the concept "vertical of power" is conditional. In summary, it can be noted that the feature of financial relations between Federal, regional and municipal authorities and management is that, on the one hand, all three branches of government are not subordinated to one another, because they have different instructions and different "money" on their performance. But on the other hand, the power vertical structure has constitutional legitimacy.

3.2.3.3.2. Fiscal federalism as a characteristic of the multilevel budgetary system

An important part of federalism is fiscal federalism. However, the federations of the world are very different in their content. For example, according the flexibility on taxes when a rate that can be changed by the authorities of entities of Federation. It is found that in almost all federations of the world the state level of government collects more funds than it needs for the performance of its powers and sub-national authorities (i.e., authorities of Federation's entities and municipalities), on the contrary, less their needs.

In some countries (Canada, USA) these flows in sub-Federal governments are represented mainly as the so-called conditional transfers; in other words, these funds are transferred to sub-national authorities on strictly prescribed objectives and thus can be considered a form of specific interaction between levels of government, and not a simple redistribution of government revenues between the branches of government. The most important thing is that in such countries, sub-national authorities rely mostly on their own revenues, which make up 70-80% of their treasury, and the separation of powers achieves its fullness and completeness. It is believed that this structure of budgeting is more effective, because the independent authorities of the same level compete with each other and one which is better to lead its budget is able to implement more services and therefore attracts new citizens and new businesses. Thus, optimization of the budgetary process in the country takes place. Left to themselves the municipalities and the regions learn to live within their means, be responsible for their actions and for their residents this federalism becomes a real school of civic education.

3.2.3.3.3. Financial flows between the budgets of regions, municipalities as a characteristic of the multilevel budgetary system

Another feature of the multilevel budgetary system is leveling of the budget supply of the state's parts with the help of financial flows between the budgets of regions, municipalities. On the one hand, this leads to the development of active interaction of levels of government. But on the other hand, there is a reduced efficiency of the budget process and the growth of dependent moods of the authorities with weak budgets. For example, in Russia the tax system is organized in such a way that the vast majority of municipalities and a large proportion of the Russian Federation's entities are constantly "subsidized." Because of this government has to send a lot of money on leveling of the budget supply. Directly for this purpose about 15% of the Federal budget is taken, which is addressed particularly to scarce budgets of Federation's entities and municipalities. Due to this, the Federal government possesses numerous and effective mechanisms to control over the budgets of other levels of government. These are tax and budget codes, the annual Federal budget law, hundreds of Federal departmental regulations and standards.

3.2.4. *Methods of state regulation of services sphere's development*

It is established that depending on the methods of influence on the object of regulation the following methods of state regulation of services sphere's development can be distinguished:

1. Administrative - legal, defining administrative-legal norms and relations in the process of managing of the development in regions' services (legal acts, standards, legislative tasks, centralized distribution of resources, contests, etc.)
2. Financial - economic providing financial assistance and support to the process of management of development of services sphere: (a) Subsidies (budgetary funds given to the budget of other level of budgetary system of the Russian Federation on gratuitous and irrevocable bases for covering of running costs); (b) subventions (budgetary funds given to the budget of other level of budgetary system of the Russian Federation or to legal person on a gratuitous and irrevocable basis for implementation of certain trust expenses); (c) subsidies (budgetary funds given to the budget of other level of budgetary system of the Russian Federation, the person or entity on terms of shared financing of target expenditures); (d) transfers (transferred in budgets of subordinate territorial level from the Fund of financial support of regions, in which the proportion of each entity requiring financial assistance is determined by calculation);
3. Program-targeted directed towards goals' setting to manage the development of services and concentration of resources, coordination and systematization of activities of entities to achieve them (target programs, program-target planning of the budget);
4. Informational - communicational stipulating the provision of information, "feedback" between entities and objects of management in development of service sector in the regions (e-government; foresight).

3.2.5. Tools of state regulation of services sphere's development

It is found that the instruments of state regulation of services sphere's development include: (1) The allocation of the regional component in the development of national forecasts and programs; (2) the harmonization of fiscal, monetary, structural, regional and social policy; (3) differentiation of subjects of conducting and powers between the Federation and its entities, allowing the latter in the specific historical conditions effectively to solve tasks on ensuring of overall development and competitiveness of regional economies, as well as statutory minimum level of life of citizens; (4) the development of a system of standardization of services' quality; (5) program-targeted management of public finances; (6) the establishment of an effective property tax system as one of the most important sources of revenue for regional and local budgets; (7) public-private partnerships; (8) the electoral impact of the state on the establishment of regional conditions for independence strengthening of the territories to ensure the quality of the social environment; increasing of the competitiveness of human capital and ensuring its social sectors of the economy; (9) improving of the balance of obligations in regional and municipal authorities and their financial resources; (10) the formation of services markets; (11) reforming of budgetary-insurance model of social policy.

4. DISCUSSIONS

Important theoretical and practical significance for research has the works on the theory and practice of state regulation of the territorial

development by Baklanov (2007), Kuznetsova (2009), Leksina and Shvetsov, (2004). Great interest belongs to the publications in the field of strategic planning of development of regions Kolomiychenko and Rohchin (2003). The relationship between public investments and public-private partnership is established in the works of Akitoby et al. (2007). Methods of assessing of the enterprises' competitiveness in the sphere of services are developed by Vasilyeva (2011).

Very interesting are the studies on mechanisms of regional policy of Shtulberg and Vvedensky (2000), Satarov (2004), Polynov (2010), Lunev et al. (2013, 2014).

However, the analysis of scientific works shows that the problem of state regulation in the development of services' sphere in the conditions of the autonomy's increasing of Federal state's entities has discussion character. In the literature the issue about objects, actors, principles, methods, instruments of state regulation of services sphere's development in a Federal state is not resolved.

5. CONCLUSION

It is established that the essence of state regulation of services sphere's development in the conditions of autonomy's increasing of Federal state's entities is to increase the competitiveness of the regional economy in the conditions of integration into the global market and the growth of people prosperity of the region on this basis. The content of state regulation of services sphere's development includes: (1) The development of economic specialization of the entity, the competitive advantages that let in the open market conditions and the advantages of geographical position to occupy its own place in national and global division of labor; (2) accelerated growth through investments in technological modernization, the start of modern production of material services; (3) diversification of the economy due to the complication of production and of services' export (tourism, educational, medical, others); (4) the creation of innovative capacity for growth of new service sectors and new activities.

The paper submissions will be useful for specialists of Federal and regional authorities, local governments, line ministries, scientists interested in issues of regional economy and services' management.

Taking into account the obtained results of the study a number of research challenges and promising directions that require further consideration can be allocated: Sector and cluster analysis of services sphere's development; setting of services' development; evaluation of management systems' quality of services' development.

6. RECOMMENDATIONS

The effectiveness of state regulation of services sphere's development in the conditions of autonomy's increasing of Federal state's entities will rise, with the program-target management of public Finance in the service sector, as the regulatory process how to use the given cash resources by taxpayers to public entities for

transparent, sustainable and accountable implementation within the budgetary process of their expenditure commitments providing the achievement of goals and maximum results of activities of state and municipal authorities.

Optimization of state regulation of services sphere's development in the conditions of the autonomy's increasing of Federal state's entities will be successful in case of state and public control over their implementation.

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