The Organizational Design of the Urban Management System: Russian Phenomenon

Marina Nikolaevna Lukiyanova
Plekhanov Russian University of Economics, Moscow, Russia

Abstract: The article considers a practical phenomenon being observed in Russia: in accord with world experience, only the organizational structure of urban management system has been accepted, while the other organizational parameters have not been taken into account. We also aimed to compare local government systems in Russia and USA, utilizing a benchmarking method. As a result for refining urban management system the author suggests applying “3-p” model, which includes a public engagement process (workshops, brain storms, focus groups, sociological polls), public communication and popular financial reporting. Moreover, we studied the Russian municipalities to look into the current position of the structure and strategies used by local authorities.

Key words: Local self-government • Organizational dimension • Managing design • Government • Strategic planning

INTRODUCTION

Nevertheless, the process of launching a Local Self-Government in Russia faced many challenges. A local self-government is weak in practice indeed. Local bodies often have budget deficits and they strongly depend on regional and federal authorities. In addition the real power in Russian cities belongs to executive bodies, not to citizens. Therefore these problems must be solved on academic level.

To work out the current issue of refining the urban management system the author proposes to use the theories of organizational design. They originated from corporate management and their implementation was successfully proved by practice. A lot of management and organizational theory scholars believe and claim the organizations are much more complicated. Richard Daft in his book “Organizational Theory and Design” (2007) identified several dimensions and arranged them into two categories: structural and contextual. The structural ones are the following [2]: size, technology, goals, environment and culture. The contextual dimensions are centralization, formalization, hierarchy, reutilization, specialization, training.

Another scientist-Jay Galbraith has worked out the “star model” for organization design [3]. This model consists of five components, shown as five rays of a star: strategy, structure, business processes,
Local bodies also can formally choose the ways of governance. There are elected bodies and local administration in each municipality as well. In addition citizens are entitled to vote for a local mayor and deputies (members of a city council). Lastly, cities have their own budgets and property (financial and other resources); and, of course, we have the administrative supervision from a variety of government bodies. Thus, formally we fulfill the requirements of the Charter. But the real situation is extremely far from this (see Table 1, column 3). In practice Russia has a weak Local Self-Government. Despite coping and adopting the best foreign experience, the quality of government is still poor. Local boundaries are defined by regional authorities. Local authorities also strongly depend on the regional and federal levels, for instance, on governor. Responsibilities are not clearly defined as well or there is not enough money to perform them. That means the principal of subsidiarity is not observed. In addition, a system of strategic management is not developed, that it is difficult to choose the ways and means. Administrative structure operates inefficiently alongside high level of corruption. Moreover, there is a lack of qualified personnel.

The vast majority of local bodies also have budget deficits. According to the Finance Ministry's report, 90% of them had a share of transfers from the regional budgets more than 10% in 2012 [6]. This means that actually there are no municipalities with financial autonomy. Moreover, the real power in Russian cities belongs to executive bodies, not to elected powers.

To sum up, the author believes, Russia has copied and created only the external (formal) attributes of LSG-boundaries, elected bodies and administrative structure. That is a Russian phenomenon, which is revealed lies in the fact that Russia fulfilling the formal requirements for LSG, but actually urban management system still does not operate. Probably Russia is only learning to implement the principal of independence of local authorities.

Methodology: For tasks set out in the article the system approach and organizational design theories are suggested. The factors which influence a choice of an urban management system in Russian municipalities, will also be found. The correlation between them will be determined by means of a regression analysis. A method of benchmarking and comparative analysis of best practice in public management around the world will be used to fill the gaps in the design of LSG. The more complicated methods could be utilized (such as balance equations, systems of regression equations and computer simulations) as well. They are traditionally appropriate for macroeconomic analysis and take into account various macro indicators, researching complex interactions between them or assessing some aspects of the political decisions [5].

Author’s Study of Russian Municipalities: The study’s aim is to analyze the current position in urban management system of Russian municipalities for further suggestions of its improvement.

Comparative Analysis of the European Charter Requirements: The European Charter of Local Self-Government contains four main attributes of LSG: Local boundaries, Scope, Local bodies and Financial resources. Nowadays Russia formally has Local boundaries, Autonomy and Responsibilities of local bodies recognized in domestic legislation (Table 1).

Table 1: Analysis of the fulfillment the European Charter requirements

<table>
<thead>
<tr>
<th>Attributes of LSG</th>
<th>Formal existence</th>
<th>Real situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Local authority boundaries</td>
<td>YES,(in federal law)</td>
<td>YES(defined by regional authorities)</td>
</tr>
<tr>
<td>2. Scope</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Autonomy</td>
<td>YES (in legislation, on paper)</td>
<td>NO (dependence on the regional authorities)</td>
</tr>
<tr>
<td>- Responsibilities</td>
<td>YES (in federal law)</td>
<td>YES (partly)</td>
</tr>
<tr>
<td>- Ways and means</td>
<td>YES (partly)</td>
<td>NO</td>
</tr>
<tr>
<td>3. Local bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Administrative structure</td>
<td>YES (elected bodies,local administration)</td>
<td>YES, partly (operate inefficiently)</td>
</tr>
<tr>
<td>- Conditions of service of local government employees</td>
<td>YES(in federal low)</td>
<td>NO (lack of qualified personnel, city-managers)</td>
</tr>
<tr>
<td>4. Financial resources</td>
<td>YES (exist as local budgets)</td>
<td>NO (budget deficit)</td>
</tr>
</tbody>
</table>
The Study of Urban Management System: Let us turn down to the research of Russian municipalities, which lasted for two years. The final part of the study was conducted at the end of 2012, renewed in April 2013; as a result 33 municipalities were examined. Throughout the work, we experienced difficulties in obtaining information as well as in processing a large amount of text data.

Firstly, we have researched the types of management system in Russian municipalities. Russian legislation contains three typical models of management systems, which are free to for selection:

- Type I “Strong Mayor-Council”;
- Type II “Week Mayor-Council”;
- Type III “Strong Mayor-Council-City-manager”.

As a result it has been found out, that among the 33 municipalities 15 use the model of "Strong Mayor-Council" (type I), in which the people choose the head of municipality directly, 17 have the model “Weak mayor-Council” (type II), where the mayor is elected from the deputies. Type III isn’t used at all. The reason could be the following. The executive bodies in Russia have large authority. Nobody can imagine if there are two leaders in a city, for example, Mayor and the head of administration (city-manager). The later model is widely spread among corporations, where the levels of strategic management and operation administration are shared.

Secondly, we have tried to find out some characteristics which influence the management system choice. Based on the data, the relationship between the individual variables was studied with application of regression analysis. Eventually we chose only two parameters: age and population of the city. For analysis needs we used the regression equation; for assessing the relationship-a determination ratio. As a result, we have found out that there is no correlation between age and type the management system-R² equals 0 (see Table 2). And there is also no correlation between the number of population of municipality and a type of management system (determination ratio equals 0). That means these factors don’t affect the choice of the management system type.

As you can see, the choice of urban management system is not carried out on a scientific basis. In practice it depends on existence of leader at the local area. It could also be made chaotically, without long-term goals. The context analyses of news helped to understand this fact. Local authorities do not know very often what the best model of LSG for them is. As for example, in Ulyanovsk (a big city on the Volga River) the type of management system changed three times during last 10 year. First, they switched from type I (with the Strong Mayor) to type II (with the Weak Mayor and Strong Council). In three years they turned back to model I. They believe this will help to realize the right of citizens to elect the head of municipality directly.

Research of the Strategy: As J. Galbraith star model shows, strategy is the next dimension of an organization. The research, conducted by the author, illustrated that only half of municipalities (50%) have formal strategic documents. There is also no standard name and form for such type of documents. The most frequently used are “plan”, “program”, “strategy”. In addition the documents have different terms of planning: short, medium-and long-term. For instance, at the City of Charlotte, North Carolina, USA, the three measures has been used to determine program success: cost savings, the ability to fund high-priority service areas and new growth without new taxes and the establishment of five-year competition plans [7]. In given research we came across one city where strategic planning is available, is Ivanovo. The city has three documents: concept, strategy and program. The public (citizens) and consulting companies (institutions) were widely engaged in design process.

In the end the scope of this study is denoted. Such organizational features as human recourses, reward systems, organizational culture have not been investigated, due to the fact that the issue is extremely difficult and could be examined as a separate study. Moreover, these characteristic are difficult to quantify, it would be appropriate to apply sociological surveys and other marketing methods in such a type of the problem. Further, research could deal with finding the relationship of training and motivation practices and how they influence on task efficiency. These have been scientifically proven, for example, in the paper

<table>
<thead>
<tr>
<th>Variables</th>
<th>Equation type</th>
<th>Regression equation</th>
<th>Determination ratio, R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>Model of management system</td>
<td>Linear</td>
<td>Y=0,0531x+1,558</td>
</tr>
<tr>
<td>Age</td>
<td>Model of management system</td>
<td>Linear</td>
<td>Y=0,0069x+1,5652</td>
</tr>
</tbody>
</table>
In addition, the internal processes in local government could be improved by means of methodology of managed competition, utilized in service delivery from public agencies [9]. The basics, advantages and disadvantages of implementing a competitive process have been described in several sources [10-12] and showed be taken into consideration coupled with the adopting national conditions.

**The Comparative Analysis of LSG Design in Russia and USA:** In order to compare the local management systems, an example of other developed country should be considered. Further, the practice of municipal government in the city of Pflugerville (Texas, USA) will be described based on the personal participation in the exchange program [13, 14]. The main point is whether American cities have well-run local government and whether we can use their experience in Russia. And the next question is what is the difference in local government systems between our countries?

Implementing the methods of benchmarking [15] makes it possible to focus on similarities and differences in both the systems according to the following dimensions: model of management systems; organizational structure; strategic planning; motivation system; municipal budget and assets. The study has shown, the dimensions listed above are substantially similar. But on the other hand, citizens of Pflugerville are strongly involved in public engagement process on regular basis, for instance, in creating Comprehensive Plan 2030. Plan amendments are periodic changes to the Plan and its related goals, policies and actions in line with the public interest. The process for amending the Plan includes such steps as meeting of the staff and the author of the amendment (citizens); posting of public notice, analyzing the application written by citizens; public hearings.

Moreover, the authorities of Pflugerville are widely open for the community. Pflugerville TV is the city public access channel with City Council meeting replays, public announcements and other news. You can also watch a live stream of city programming online at the website. The city has weekly e-newsletter covering city events, happenings and City Council highlights. Pflugerville uses social media such as Twitter, Facebook.

As a result, the comparative analysis of attributes and processes in Russian LSG compared to the best practice has revealed the following three basic differences. We called them “3-p” model, which can be utilized in refining design process of LSG and includes:

- Public engagement process (etc. workshops, brain storms, focus groups, sociological polls),
- Public communication,
- Popular financial reporting.

Appliance of “3-p” model will lead to well-organized, real LSG in Russia, not limited only by the external dimensions like an organizational structure.

**CONCLUSION**

The article considers a practical phenomenon that can be observed in Russia: following foreign experiences it has accepted only the organizational structure, forgetting about other organizational parameters. It is shown that any organization has a lot of different dimensions, so it is not enough shaping up organizational design just to copy the structure. Designing the urban management system based on local self-government can lead to many mistakes and great losses. The author considers it is necessary to take into account invisible parts such as organizational culture while building local management system.

The research has been aimed at comparing local government systems in Russia and USA. The research resulted in suggest to apply a 3-P model based on citizen’s engagement in order to design or improve an urban management system. It includes public engagement process, public communication and popular financial reporting. Thus the study has shown firstly, that the main problem is not in budget deficits as it is believed, but in the wrong design process of urban management systems, secondly that the model suggested in the paper is suite to help build the well-run Local Self-Government in Russia.

**REFERENCES**


