

The Model of Changes Management Information System Construction

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Abstract

The article views the interaction of three components: power, business and population when organizing business processes in the region. It views an optimal model of interaction which can generate additional possibilities for all the participants. In modern society, with the development of competition, the improvement of technologies external business environment has become more dynamic and changeable. This requires organizations to a more flexible approach to strategic management of the business, periodic adjustments of goals and objectives, organizational development, revision of the degree of centralization of key functions, as well as changes in staff motivation system. According to Dzh. Kotter, most companies and divisions of large corporations have come to the conclusion that they should pursue moderate reorganization, at least once a year, and the root-every four or five years. At the end of the XX century. Within the framework of management science started to allocate an independent field of knowledge-management changes. At the beginning of the new century, the need for a scientific study of the problems of organizational development, change management and change became apparent, and with the onset of the 2008 global financial crisis, improving the performance of organizations is becoming a vital action.

Keywords: management, market, region, business

1. Introduction

Effective functioning of companies depends not only on the activity of top managers, competitive advantages and conditions of internal and external environment but also on the degree of their involvement in social, economic, cultural and political life of the region and on the interaction of top managers with the power elite. An important peculiarity of formation of holding companies in the region is the fact that many of them were formed as a result of privatization of state enterprises organized in the period of administrative planned economy. It led to monopolization of the market especially in the spheres of energetic, petroleum and gas supply as well as telecommunication.

Publications analysis: the topic was discussed in the works of the scientists Turkin (2007), Neschadin (2006), and Lapina (2005). The subjects of the research are business processes in their interaction with state structures.

2. Methodical and Theoretical Basis

Methodical and theoretical basis of the research is made of the theory and methods of innovation management, projects management, strategic management, marketing and financial management.

2.1 Practical Significance

The developed organizational and economic mechanism of development management is intended for use in the organizations carrying out the development. It is also useful for consultants and experts who deal with the problems of innovation and production management. With the help of this mechanism it will be possible to plan and carry out economic development which provides current and long-term stability and pace of development corresponding to the current market situation for an organization.

3. Discussion

Such newly created holdings as a rule have dominant position on the market, developed net of subsidiaries and to a great extent control a definite sphere in the region. Ownership structure is different in different regions: from substantial control over private investors enterprises and large financial and industrial groups to full participation of regional or municipal authorities in share capital. Independently of ownership structure of holding companies

their dominant position in some spheres of a concrete region determines the specificity of their functioning and interaction with regional power elite. Management of such companies cannot be guided only by the goal of profit maximization. It is necessary to build in business model in the strategy of social and economic development of the region. As a rule such companies take some kind of encumbrances from regional authorities. These are socially important projects. In its turn power elite gives business some preferences of tax, administrative or organizational character. Such interaction of business and authorities is called private and state partnership.

In spite of the fact that such interaction involves two parts, three subjects benefit from such partnership: business, authorities and population of the region. So, on the basis of empirical research of social politics of Russian enterprises and corporations in a number of regions it can be said that such model can be realized only if the following conditions are fulfilled:

- the head of the region is a kind of referee between different groups having influence;
- there is exchange of resources: business receives some preferences and authorities receives financial support of entrepreneurs;
- businessmen are not interested in taking power of authorities;
- power elite of the region is interested in projects.
- Sergey Turkin distinguishes the following characteristics of private-state ownership:
 - long-term strategic relations;
 - mutual interests and the same understanding of success;
 - joint management of the project;
 - mutual and equal exchange of information.

In the times of the USSR the burden of responsibility was carried by enterprises: they were bringing to life the most important social projects in the regions where they were functioning. With the transition to the market economy these responsibilities were submitted to municipal and regional authorities, and the greater part of social programs was practically terminated. In the beginning of the 20th century with the increase of budget profit and population welfare the question of the role of business in the realization of social projects became actual again.

It is necessary to distinguish between real projects of private-state partnership and mock social programs. Sometimes business structures try to show that the projects realized according to their direct responsibilities are social. That is why it is necessary to check the projects in accordance with the following criteria:

Firstly, refusal to realize the project will not have consequences for the functioning of the enterprise as to the slowing of its development or stoppage. Secondly, power elite doesn't invest in this concrete enterprise but realizes joint project within the frame of private-state partnership. Thirdly, all the enterprises have equal excess to the process of choosing business structures for the realization of the projects. The last criteria is the most important as attraction of a company in private-state partnership can be a hidden element of corruption, undermine such programs and break the system of competitive forces in the region. Currently only part of profit tax, property and transport taxes are given to the budgets of the RF subjects. It doesn't cover all financial needs of the region. That is why the possibility of realization of large infrastructure and social projects is practically impossible without the attraction of business structures. Business participates in private-state partnership more and more actively and doesn't see only burden and loss of profit in it. It must be mentioned that in Russia there is no direct dependence of company's participation in social projects on its profit. There are many examples when companies with medium level of profit and profitability and even small businesses actively participate in social programs, in the mechanisms of private-state partnership and examples when large corporations, the so called shark businesses preserve rituals of paternalism but do not participate in large-scale social projects. That is why it is very interesting to study motives and stimulus of business media to realize the projects of private-state partnership.

So, if formerly companies participated in such partnership only because of administrative impact, now they realize the benefits from realization of joint social and infrastructure projects.

N. Lapina, specialist in the sphere of business social policy studying made anonymous questioning of top managers of large Russian enterprises, and as a result of this questioning some other reasons for participation in social programs were revealed. The following types of motivation were described:

- altruistic motivation and local patriotism, that is desire to improve neighborhoods where managers live

or where the head enterprise is situated;

- motivation of business protection. Very often participation in private-state partnership is a kind of insurance and a compromise between public opinion and financial results;
- motivation connected with business promotion. It is oriented towards reaching the goals of long-term development, increase of brand awareness and accent on the social role of the enterprise;
- motivation of political status when business sees social policy as a means of reaching a new high political level, establishing trust with political elite and means of self-promotion in power structures.

But the last type of motivation is considered by the authors of the book the most dangerous and ineffective. Experience of business participation in social projects in Russia shows that the greatest effect from such coordination is obtained when representatives of business don't have political ambitions. Naturally there are Russian where the political influence of strategic enterprises top managers is higher than that of the authorities. But in the regions where there is a definite balance between political elite and business elite the intention of business elite to occupy leading positions in power bodies and to define the strategy of the region development leads to the increase of political tension and sharp struggle between the above-mentioned subjects that results in the lack of effectiveness in the realization of private-state projects.

The main principal of functioning of any modern company is obtaining maximum profit that satisfies shareholders. Obviously holding company doing business in the region cannot provide the same level of profit in all districts and municipalities. There are some distant regions where the level of profitability is lower than in the company as a whole or zero or even the activity of the company in this district is unprofitable. That is why in market conditions company has several ways of solving the problem—to increase prices on its services or to terminate activities in this region. Increasing of prices is not always possible as the level of living there can be low. And termination of activities will leave the population without definite products and services which they need. In such situations the scheme of private-state partnership is the only way of solving the problem. Regional authorities will reach an agreement with the companies and provide the population with communication, heat and energy supply and other services in distant regions unattractive for business and will create new vacancies together with holding companies. So, power elite will fulfill its social functions without substantial financial loss.

In its turn the population of such areas gets the necessary services for adequate price and doesn't need to migrate in search of jobs. It creates good social, economic and political situation in the region satisfactory for population, business and local authorities. The main goal of the company's management in such a situation is to focus the attention of the population on the role of the regional holding companies in solving the problems of the territory.

Business also has certain benefits from such partnership. The main types of preferences made by regional authorities can be defined:

Tax preferences. Such activities are justified when enterprises realize large-scale social programs influencing the life of the whole region. Now many companies support the development of youth sports in a concrete region, help sport teams and clubs, organize sports or cultural performances. In such cases regional authorities can decrease rates of land tax, property tax, regional component of profit tax, etc. So, by decreasing tax burden authorities compensate profit loss for business structures.

Administrative preferences. Authorities can grant some administrative preferences to socially-oriented companies. It can accelerate confirming of documents or to provide more profitable terms of rent of land or property of federal or municipal subjects. It can create optimum interaction with controlling bodies and some other preferences. For example, a company selling oil products in some distant area can receive a profitable place to build petroleum station in the regional centre. It lets the company to decrease costs because it doesn't need to attract judicial and consulting organizations, to save time and focus attention on its main activities, not on paper work. At the same time it is necessary to preserve optimal balance and the principal of rationalism in giving such preferences in order not to break competitiveness of other enterprises of the region. But it is also important to stimulate large regional holding companies realizing large-scale infrastructure and investment projects.

Organizational preferences. For companies working in unattractive districts of the region there can be granted some special possibilities in the districts with high operational profitability in order to compensate their losses. For example additional places for selling products and services can be given to them. They can also be invited to take part in competitions on realization of state and municipal orders. Company's managers can be also invited to take part in different meetings and conferences on the regional or federal level. That is some

telecommunication companies participating in the project of connecting schools to the Internet and their transition to digital communication systems get prerogative right to service them in future.

Reputation preferences. Constant mention of regional companies in connection with realization of infrastructural, socially important projects creates the image of socially responsible enterprises oriented not only towards getting maximum profit but also towards creation of conditions for the economic development of the region. In modern conditions when external environment is very variable and competition is very high company and brand loyalty is very important. It is difficult to estimate the profit from such preferences in money equivalent but it is obvious that it is not possible to reach success in XXI century without creating company's image.

An important aspect of creation and functioning of projects on the basis of private-state partnership is transparency and openness of power elite and equal possibilities for all companies to take part in such projects.

As our research showed in modern Russia there is no single coordination centre which will make it possible to coordinate the needs of society with the possibilities of business and authorities. Social projects that must be realized are discussed as a rule at government meetings without participation of business representatives. All the interested parts – businessmen, authorities and population sometimes work on the plans of development and solve problems independently of each other. Different commissions and comities in the Chambers of Commerce are oriented towards realization of other functions within the framework of the Federal Law "On the Chambers of Commerce in the Russian Federation": representation and defense of business in government bodies, participation in the development of normative and legal acts, establishment of foreign ties and formation of positive image of Russian companies.

The way out of the situation can be creation of coordination council in the form of a permanent conference acting as a mediator between authorities, business and civil society in the process of formation of changes management system in a holding company. Coordination council will unite the interests of local community, business and authorities and works out a list of social projects for participation of commercial structures. It also makes it possible to take into account the influence of a changes management system in a holding company on institutional environment by means of realization of these projects. Public institutes will be able to express their opinion on the advisability of such projects, to define priority projects and influence actively on social and cultural spheres of the life in the region. Constant scheme of functioning should become an important characteristic of such council. It means that such conference must be hold periodically when it is necessary. The participants should be permanent. To solve certain problems experts should be attracted.

The subjects of this method are power structures, business structures and public institutes. In the process of interaction the participants of this permanent conference pass subsequently 12 stages from selection to the evaluation of the social project:

- the delegation of representatives from the subjects (power structures, business structures and public institutes) to coordination council;
- the development and approval of regulations of the meeting;
- representation priority list of projects by the subjects;
- making proposals and conditions of cooperation;
- determination of project conditions, the volume of social burdens and preferences by the authorities with the suggestions of the business community and public institutions;
- the expression of public institutions' own opinion about the need to implement these projects, filing requirements for businesses and government;
- choice and adjustment of projects to be implemented according to the wishes and changes of the subjects of the permanent conference and approved by its executive body;
- the selection of companies for projects on the basis of their applications. The choice of companies to offer optimal conditions in terms of investment volume and time of realization;
- drawing up a detailed plan of implementation of the project for each of the subjects of the permanent conference;
- the implementation of the projects. Organization of monitoring and discussing the implementation of approved projects;
- the detailed report on the implementation of the project with an indication of the volume of investments and the amounts compensated by the authorities due to different preferences;

- brainstorming results of the project for building a portfolio of projects on subsequent stages of the development of the region. Presentation to the public of the results and advantages derived by the region on this stage of development in the context of private-state partnership.

As a result of public access to the discussion of the priority projects and the possibility of both business structures and public institutes to influence the process of decision taking public confidence in businesses, and government increases and political and civil position of people strengthens. It is necessary to mention one more reason of the importance of such discussion centre creation. Regional holding companies play a significant role in regional economy and should plan their activity without any contradiction to the development strategy of the territory. In fact, now business structures rarely develop a business plan in conjunction with the municipal or regional strategies for socio-economic development. It is extremely important to delegate representatives to coordination council. It seems that it is appropriate to delegate to coordination council not the first persons or companies in the region but people directly dealing with these problems. For example, it is advisable to delegate deputy director on corporative and strategic development from a business community.

It is also necessary to attract experts in the field of finance and law on the final stages of the project realization for the coordination of mechanisms and schemes for its implementation. Power elites may delegate vice-governors or vice-premiers in charge of discussed projects and directions or specialists responsible for territorial strategic planning. On the final stages it is advisable to attract professionals in the area of budgeting and financial forecasting. Finally, from social structures there should be delegated experts and public figures who are experts in a particular field or issues and whose opinion expresses social and scientific positions.

4. Conclusion

Thus, analyzing the specificity of the interaction of the power elite with the management of the regional holding companies, it should be remembered that the profit for these companies is not the only criterion for choosing a development strategy. Such business structures due to the dominant position occupied by them on the various markets of the region should coordinate their future development plans with the concept of socio-economic development of the region. Without the participation of major regional businesses authorities cannot fully realize its public tasks. And for business in its turn it will be very difficult to implement its projects without the support of the local power elite.

Therefore, a compromise mechanism for creating private-state partnership, which takes into account the concerns and interests of each party, as well as the population of the region is optimal. In this respect, the standard of living and welfare of the citizens of a particular region depends largely on the efficiency of interaction of local authorities with the management of the regional holding companies operating in strategically important industries.

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