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Optimization of Territorial Structure of Rural Municipalities under the Conditions of Competitive Environment Formation.

Key words: *the municipality, rural settlement, local community, local government, self-organization, municipal reform, territorial development, municipal marketing, competitiveness, competitive environment*

Annotation: *The article refers to the improving of territorial structure of rural municipalities under the new economic conditions. The necessity of achieving and maintaining a decent quality of life of local communities requires a search of new tools of territorial development from their local authorities. Municipal marketing turns out to be one of such possibilities. In combination with the optimization of the rural settlements' territories, it can become an effective tool for the ensuring the municipalities' competitiveness.*

The problems connected with municipalities' unification arose simultaneously with the the municipal reform beginning. Subsequently, this reform confirmed the relevance of this kind of territorial processes. Over the last years, regions as well as municipalities have solved these problems differently. In the Omsk region the question of municipalities' unification has been studied intensively for a long time. Still the complexity of some rural settlements' unification requires a considerable amount of organizational work.

Financial and economic component justifies feasibility of inclusion of particular rural settlements (within the same municipal district) in the projects of territories' unification. The basis for this is the need to improve the local budget management efficiency. Another important economic incentive is concerned with the necessity of formation of rural settlements' competitive environment in order to implement the sustainable socio-economic development of municipal areas.

Ensuring the competitiveness of rural municipalities under the market conditions is possible due to the use of strategic methods of municipal marketing. It should be mentioned that while rural settlements are not able to implement these territorial strategies, they need the support of municipal districts or even the region. But this, in turn, will allow solving one of the existing problems of territorial development, namely reducing the inhabitants' migration. In the future, if the marketing strategy is organized well enough, these processes will become the leading direction of the social policy. The practice of introduction of the municipal marketing in the processes of territorial structure optimization will also allow finding answers to such questions as formation and maintenance of a competitive environment for rural settlements.

Issues determining socio-economic viability of the municipalities were raised long ago. Municipal reform did not help to resolve the current situation of regional municipalities' subsidization, on the contrary it actualized this problem taking into account the development

of new types of territorial systems at the municipal level. As a result rural settlements were identified as a separate problem.

Processes of socio-economic local governance of rural municipalities, self-organization and self-governance of local communities are constantly under the influence of external and internal factors, which are actualized by the functioning of municipalities themselves, the state as a whole as well as social practice of local communities' functioning. Finding the corresponding optimum is realized through local social policy. This socio-political mechanism involves not only the functionality of the entities of management, namely local community and local authorities, but also the economic potential of managing objects such as municipal services and municipal property. As social governance practice of municipal managing entities is closely related to their specific economic and business opportunities and powers, the main issues seem to be those ones connected with internal regulation of these relationships that reflect the essence of behavioral and structural contradictions.

The complexity of municipality managing is that the subject matter of such management is, on one hand, functional subsystems of the administration itself; on the other hand it is concerned with the objects of social protection, education, law enforcement agencies, life support enterprises, urban passenger transport, small business, credit and insurance institutions and other organizations. The first subsystem is characterized by the category of local governance, defining municipalities' political functions. The second system correlates with the local council and its administrative functionality and powers (1).

An optimal municipal settlement should be considered as a space for effective social and economic management of the territory and the local community in the competition mode. The competitive environment of rural municipalities generates the process of motivation and stimulation of local council for improving the quality of life of local communities, creating more favorable conditions for the functioning of the municipal economy, community marketing development and consequently the increasing of investment attractiveness. This is followed by the formation and maintenance of sustained interest from various internal and external interest groups, local communities, government authorities, subjects of international law.

The data of the Federal Statistics shows the increase in revenues of local budgets by almost twice from 2006 to 2011 - from 1.52 to 2.96 trillion rub (2). At the same time local budgets differ in structural imbalance of revenue sources and expenditure commitments. Insufficiency and inefficiency of stimulation mechanisms of municipalities in their tax capacity strengthening as well as the lack of preconditions for the municipal competitive advantage formation should be also mentioned. Municipality's competitive advantage represents a comparison of investment attractiveness of one municipality towards another municipality which is its competitor in the strategic management practice (3).

The most difficult questions in finding the ways and resources for their solving are: strengthening of the economic foundations of territorial development; increase of interest of rural settlements' local council regarding the development of their territories' economic potential; the increase of the local budgets' revenue base (4). The problem of self-sustaining of social and economic viability of municipalities is directly related to the local communities' life quality. This caused the optimization process of municipal-territorial structure. The recent

tendency is connected with the downsizing of municipal systems. Thus, according to the Ministry of Regional Development of the Russian Federation in March 2011 there were 23,263 of municipalities of all types, whereas on 1st, January 2013 their number decreased to 23 001 (5). First of all, this process involved unification of rural settlements. It was made to improve the financial security of comfortable living conditions for local communities. The problem of competitive environment formation by rural municipalities, which is concerned with some resource constraints and structural contradictions in economic activity, is becoming more actual.

On 01.01.2010, there were 19,591 of rural settlement. For the last 3 years by January 2013 their number has been reduced to 18,722 entities (6). In the Siberian Federal District the dynamics is the following: on 01.01.2010 there were 3530 of rural settlements; on 01.01.2013 their number was 3461. The reduction was also noticed in the Republic of Buryatia, Altai and Trans-Baikal regions, Irkutsk and Tomsk regions. But there were also some exceptions namely Krasnoyarsk region and the Republic of Khakassia: in each subject of the Russian Federation the status of one urban settlement was changed and became the Rural (in 2013 and 2010 respectively).

The main socio-political trends in Omsk region development are those connected with first, the enlargement of some rural municipalities, which should represent the establishment of a basic level of the local government, and second, with coordinating activity of municipal districts concerning their own settlements (7). It would help to solve several problems. First, improve socio-economic status of municipalities significantly and improve the quality of life of the population. Second, optimize the expenditure part of local budgets and increase of their own revenues (by reduction of the wages fund, fiscal savings due to the reducing of the number of legal acts publications, fiscal savings for the organization and conducting of the elections both of the heads of rural settlements and deputies). Third, it would help to achieve relative financial equalization of territories in terms of their budgetary security and the increase of these territories' manageability.

Table 1
Characteristics of municipal districts of the Omsk region (7)

Characteristics of of municipal districts of the Omsk region							
Municipal districts	Territory, thous. km ²	Population, thous.	Number of settlements	Municipal districts	Territory, thous. km ²	Population, thous.	Number of settlements
Azovsky	1,4	23,5	8	Novovarshevsky	2,2	26,3	11
Bolsherechens-ky	4,3	31,7	13	Odessky	1,8	18,1	9
Bolsheukovsky	9,5	8,6	9	Okoneshnikovsky	3,1	16,3	9
Gorkovsky	3,0	23,3	12	Omskky	3,6	94,1	24
Znamensky	3,7	13,2	8	Pavlogradsky	2,5	20,8	10
Isilkulsky	2,8	46,2	11	Poltavsky	2,8	24,3	11

Kalachinsky	2,8	43,9	12	Russko-Polyansky	3,3	23,2	11
Kolosovsky	4,8	14,5	11	Sargatsky	3,7	21,8	9
Kormilovsky	1,9	26,1	11	Sedelnikov-sky	5,2	11,8	11
Krutinsky	5,7	19,7	10	Tavrishesky	2,7	41,3	11
Lubinsky	3,3	42,2	19	Tarsky	15,6	47,6	21
Maryanovsky	1,7	27,5	10	Tevrizsky	9,8	15,5	14
Moskalensky	2,5	32,3	13	Tyukalinsky	6,4	29,2	16
Muromtsevsky	6,7	25,5	15	Ust-Ishimsky	7,9	15,0	13
Nazyvaevsky	5,9	27,6	15	Cherlaksy	4,3	34,4	10
Nizhneomsky	3,4	18,2	11	Scherbakuls-ky	2,3	24,3	9

14 municipal districts (municipalities) of the Omsk Region: Bolsheukovsky, Gorkovsky, Kalachinsky, Kormilovsky, Lubinsky, Maryanovsky, Nizhneomsky, Omskiy, Russko-Polyansky, Sedelnikovsky, Tavrishesky, Tyukalinsky, Cherlaksy, Sherbakulsky are likely to be unified (Table 1). For example, in Omskiy municipal district instead of today's local government structure consisting of 24 settlements, there are from 15 to 17 settlements. In the Russko-Polyansky municipal district the unification of Russko-Polyansky urban settlement and Solnechnoye rural settlement is planned. The administrative center will be located in the Russko-Polyansky urban settlement, which population is 6917 people. Solnechnoye rural settlement includes 5 villages (Solnechnoye itself, Andrianovka, Nevolnoye, Novoivanovka, Tam-Chilik) with the total amount of people equal to 1784. The desirability of these settlements' unification is caused by the common municipal infrastructure, and the decrease of costs for its maintaining. On the territory of Sherbakulsky district the possibility of unification of Alexandrovsky and Izyumovsky rural settlements is considered. Some experts say that the basis for this unification is low tax potential of Alexandrovsky rural settlement. During the process of enlargement it is also planned to improve street lighting, local roads as well as to repair and restore the water supply networks.

Each rural settlement has some factors of socio-economic attractiveness of the territory. They should be taken into account during the formation of complex short-term and long-term development programmes. The unification of territories and resources of municipalities should be based on public opinion on the scenario developed by the authorities. The rules of territorial marketing should be also paid attention to. Municipal marketing is defined as a complex of actions of the urban community, aimed to identify and promote their interests to perform specific tasks of socio-economic development of the city (8). One of the most important strategic marketing tools is measures which should increase investment attractiveness of the municipality. They are dictated by the necessity to monitor the socio-economic situation of the municipality, which is then transformed into the marketing programme which aim is to create a competitive environment and improve the competitiveness of the current municipality.

Availability and efficient use of development resources has beneficial effects on achieving the strategic goals of the rural community. That is why such resources are becoming objects of competition. For rural settlements human or social capital is becoming

one of the main resources of the territory. It acts as a reserve and as municipal development momentum, including building of confidential mutual relations among local communities and local council. In this regard, special attention in such kind of programme should be paid to the local community of rural settlements, representing the target audience of municipal marketing which includes potential residents and those people who already live on the territory of the municipality. By increasing population and further assimilation the local community will represent a single unit due to the combination of various kinds of relationships of spatial self-organization of people, caused by the territorial identity of territorial interests, needs and requirements for their quality of life.

Local community that lives and works in the municipal entity, always interacts with transport networks, social, engineering and utilities infrastructure. Accumulation of material, cultural and spiritual values, improvement and change in social communications also takes place here. As the main customer and consumer of municipal services local community enters complicated interactive relationship with the objects of municipal services and management entities. The municipal Property rights allow the local community to be a bearer of social power (1, p.42).

Territorial optimization of municipalities will consolidate the efforts to improve the quality of life of their communities and to attract potential residents. From this perspective, during the process of municipalities' unification local authorities should ask themselves some questions. How can local authorities provide a decent standard of living for the members of these communities? How can they reduce the outflow and increase inflow of rural settlements' inhabitants? How can they organize new workplaces and save existing in this area working places? How can they attract professional staff to the unified municipal territory (9)?

One of the main parameters taken into account when choosing a strategy for rural settlements' unification is the number of members of local communities' municipalities. This marketing trend is the most actual for the Russian social practices due to several factors (8). First, the increasing mobility of the population. Territorial and socio-economic living conditions and the implementation of professional interests form a gradual lack of attachment of community members to a particular place. Second, the increasing places' competition for intellectual resources. Here we speak about the workforce quality under the conditions of the new economy, new technologies and new services. Third, the growing depopulation in Russia. Population decline is a negative and sustained phenomenon. In such circumstances, a positive migration balance becomes a competitive advantage fragment of a separate municipality.

According to E. Marquart, the activity of residents themselves in managing municipal services causes preservation and development of their "sense of place" as well as identification with their authorities (10). Such processes are considered to be incentives for building relationship of trust among authorities and local communities, developing of civil initiatives and, consequently, attachment to their place of residence and life.

Competition for human resources in the municipalities revealed a tendency to enhance the role of the municipal territory in the formation of a comfortable and secure living environment of local communities and their civil identification. This led to the occurrence of new factors of urban areas' competitiveness, which will be later used in the unified rural

municipalities' practice (11). The first factor is comfort of life and the attractiveness of the urban environment. According to the second factor, self-organization, not government determines the need to create independent from the city administration public organizations from among interested citizens. They carry out civil control over the the city authorities and assist them in the implementation of strategically important projects which can not be implemented without citizens' and businesses' involvement. Creativity and diversity is the third factor contributing to the formation of a cosmopolitan and tolerant environment during the process of unification of community members, providing from this point of view the sustainable development of the territory. And finally, the fourth factor is concerned with "smart" and not big buildings. The problem is related to the generation of innovative ideas in the economic and social sphere, creation a high-tech places for their production, attraction of professional staff.

The formation of socio-economic policy of rural settlements in the context of determining their own competitive advantages should be started not only with finding out the number of local communities, but also with identification of their needs and interests, which should contribute to an active social behavior of community members and their civil position. The practical result of the rural municipalities' unification policy turns out to be the seek of territorial balance on the basis of quantitative and qualitative contradictions' balance (within a specific period of time), which is caused by the economic and social aspects, strategic and tactical marketing programmes' activities with their further "sliding" adjustment.

In particular, in the Omsk region during the process of unification both the economic component (the potential of budget revenue base, reducing the cost of the local government bodies' maintaining, etc.) and the social component (population size, common borders, pedestrian accessibility to the administrative center, maintaining of developed infrastructure in each village; availability of reliable transport system between the center and peripheral settlements - the distance between them shouldn't exceed 30 km) are taken into account. The distance between the villages of less populated northern regions may be an exception.

Enlargement of rural settlements will allow to manage the territories more efficiently. In addition, a significant reduction in the administrative apparatus will direct the released funds for business needs: repair of roads, water pipes, heating systems. For example, changing the boundaries of villages of the Omsk region will allow to designate the areas of advanced development in the sectoral context within its territorial structure.

Thus, we should talk not only about the feasibility of optimization processes of territorial rural municipalities, but also about changing approaches to the content and the mechanism of its implementation. As the key resource factor in these processes are local communities, it is necessary to develop their managerial activity and identification with their place of residence. Community members should be oriented in the direction and content of municipal education development, learn to identify the key problems of municipal life and affect the quality of socio-economic and political processes occurring on this territory. These activities on the basis of civic activity and support of the development and implementation of marketing strategy of rural settlements' development, in turn, will improve the quality of life on this territory.

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