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Problems of Sustainable Development of Public Sector in Russian Economy

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ABSTRACT

There are the current trends in the development of the state sector of the economy during the crisis. The conclusion of the duality of public sector – on the one hand it is based on market mechanisms retribution, equivalence, alienation rights of property, and on the other hand it is based on non-market, the uncertainty of ownership, gratuitous allocation of fixed assets. The factors influencing the decision-making on investments of the state in foreign state-owned company. Substantiates the effectiveness of international financial reporting standards and the concept of integrated reporting in state-owned companies. In the conclusion of the article, one can conclude that the development of modern Russia is the alienation of state property with the aim of reducing overhead costs for the state budget. We also examined the impact of the development of modern Russia on business groups using modern technology and tools for monitoring and analyzing markets. The article shows Rosstat's assessment of the state ownership in the Russian economy and the use of state financial reporting standards in the development of an organization with state participation, as a result of research into the state participation in business support, leads to improved commercial transparency in summarizing the economic performance of enterprises.

JEL Classification: G32, H54, E22, H83.

Keywords: Companies with state participation, state ownership, public investment.

1. INTRODUCTION

The escalation of the economic and geopolitical situation in terms of sanctions opens new opportunities and poses new risks for Russia. In the current financial crisis, the state's role in the economy is reinforced,

consequently, the relevance of search for optimal ways of its participation in the economy is increasing and this participation should be compatible with market mechanisms. Besides the participation of the state in the economy as a regulatory force, it acts as an independent economic entity as public sector, complex entities wholly or partially owned by the public authorities. There are three groups in public sector: non-automatic public-law companies (public school and pre-school establishments, prisons, mints, etc.); independent companies operating under public law (public companies and corporations, post offices, railways, etc.); legally independent companies, operating under private law (in the form of joint-stock companies and companies with state participation).

2. THEORETICAL ANALYSIS

The role and the importance of industrialized countries in the economy of public sector differ in terms of volume and structure. In practice, the reduction of public sector means its extension, which is associated with a number of economic, political, geographical, historical, and other factors. For example, during the transition from a planned economy to a market one the reduction in the role of a state and the expansion of a private sector are observed. However, the systemic crisis and instability in the development of anti-crisis development strategy make the state responsible for the actions, which requires the strengthening of its role in the economy. In Russia, in public sector includes state unitary enterprises, institutions and public companies in the authorized capital of which is under the controlling block of voting shares and the state is the owner. Some contradiction with international practice is an exception public sector from the number of municipal enterprises. Also, the problem of inclusion vertically integrated organizations from public sector of the economy is not resolved. The salvation of this contradiction should be the principle of “state chain”: if the parent company related to public sector and it controls the subsidiary company, then it should be attributed to public sector.

State-owned companies are the necessary tools that can be used by the governments to address such issues as safety and security, health support, education and research, to ensure water supply, communication, transport, etc. There are state-owned companies in every country of the world, they often work in sectors where there is a natural monopoly, or the government has a strategic interest. For example, telecommunications, oil, railroads, airports, public transport, health care, postal services, and sometimes banks. In Europe, the largest number of state-owned enterprises are very often observed in Germany. A large share of government companies can be noted in the first ten top business in the countries such as Russia – 81%, China – 96%, India – 59%.

Recently, there is the tendency of growth in the number of companies with state participation of several countries. It is interesting to study the factors influencing the investment decisions of the state in the foreign state-owned company, conducted under the direction of Jeff Falk, an expert on strategic management at Rice University. Scientists have concluded that the global financial crisis is pushing the governments to take responsibility for the activities of state-owned enterprises, going beyond national borders. They identified five geopolitical factors that influence the choice of the location of these enterprises in the international business (Falk, 2016):

- *geographical distance*: the greater distance is in priority, as close neighbors are a threat to the national sovereignty of the country;
- *similarity of religious belief*: the common religious beliefs can raise the level of confidence;

- *type of government*: the types of government vary from full autocracy to full democracy, with different models in between. Countries with the same type of government are more consistent, which reduces the resistance to foreign investment;
- *complementarity of resources*: when one side needs a resource that foreign investors can offer, for example, technological development, financial flows;
- investment climate in the country, this factor can cut or, vice versa, reinforce the previous four factors.

In the context of the international role of the capital infrastructure providing its operation the rule of this capital has increased significantly. Interests of multinational corporations as bearers of globalization is to eliminate barriers to interstate. In these circumstances, the state has strong competitors, affecting the implementation of its functions, aimed at the realization of national interests, including such international institutions as the World Trade Organization, the International Monetary Fund, the World Bank.

During the period of economic transition from a planned economic system to a market economy in the early 90s of the last century, the Russian State Property Committee (SPC) was created, which shall exercise the powers of ownership over companies belonging to the RSFSR. In 1997, the State Property Committee was transformed into the Ministry of State Property of the Russian Federation.

The gradual privatization of state property began since 1992. The program of privatization of state and municipal enterprises in Russia included four methods of privatization: auction, auctioning, hire-purchase, commercial competition.

There are checks and money privatization stages. In the first stage by 1994, most of the objects were transferred to private owners. On the basis of state-owned enterprises joint stock companies were created. The next stage was the following a significant part of the state property were removed from under the guidance of government and involved in market turnover.

Since 1998, the rate of small-scale privatization slowed down, priority was to optimize the structure of state ownership and active attraction of investments in the real sector of the Russian economy.

Creation of integrated holding structures with predominant state participation was the main trend of the 2000s, along with the privatization. In general, they created large companies with state participation, integrated the assets according to different sectors, formed on the basis of the restructured ministries (JSC “Gazprom”, JSC “Russian Railways”, State Corporation “Rosatom” and others).

At the end of 2012 the top twelve state-controlled public companies traded on the Moscow Stock Exchange were the following companies: Gazprom (50.1%), Rosneft 785.2%), Sberbank (50.1%), VTB Bank (75, 5%), FGC UES (83.2%), RusHydro (60.5%), Transneft (78.1%), IDGC of (63.7%), Mosenergo (85.0%), Aeroflot (51.2 %), the UAC (93.4%) and RAO Energy systems of East (65.6%) (OESD 2013, Table 1, P.19). In brackets, there are the percentage of shares owned directly or indirectly by the state.

At the end of 2013 80% of the shares in the ten largest companies owned by the state, and by three state-owned banks accounted for almost 60% of total banking assets.

In February 2013 the Russian Federation approved the State Property Management Program for the period 2013-2018, which sets goals that should provide a full accounting control process and preservation of state assets, reducing the share of the state or complete loss of participation in non-strategic businesses, improve the efficiency of the order state assets on the basis of introduction of modern corporate management techniques.

In 2014, Russia's economy has suffered from two additional shocks: international sanctions and the decline in world oil prices, which led to an outflow of capital of residents and non-residents of the country. In 2008-2014 years the share of oil accounted for about half the total volume of Russian exports. In 2014, oil revenues accounted for more than half of federal government revenues.

According to a report published by the Russian Chamber of Accounts in March 2015, in whole or in part in 1180 joint-stock companies, 274 of the unitary enterprises were privatized in Russia in last four years. However, the main part of the privatization program was delayed and privatization revenues amounted to only 21% of the planned (Perko, 2012). According to the presidential decree of August 4, 2004 №1009 "On approval of the list of strategic enterprises and strategic joint-stock companies" (as amended), there are about two hundred companies in Russia that can not be privatized because of their national significance. In February 2016, Russian President Vladimir Putin stressed that a controlling stake in strategic companies with state participation should remain in state owners, and that the new owners of privatized assets have to be in the Russian jurisdiction (*Meeting on economic issues with President Putin V.V.*, 2016).

At the same time, in January 2016 during the Gaidar Forum there was a discussion about the role of state-owned companies. Forum participants expressed their confidence in the need to reduce the proportion of state involvement in the economy for a free development of the private sector. It was noted that private business seriously competes with state-owned companies as well as the level of the last access to the resources above, and in their management, there lobbying and reduced liability for erroneous decisions. In its turn this suppresses the small and medium business companies (*"Companies with state participation – the engine or the brake of the economy?"*, 2016).

The medium-sized business is the basis of the economy in developed countries, but it is negligible in Russia. In Russia, more than 75% of workers operate in big business, it is about one percent of the total number of registered companies. According to the report of the Russian President in 2015 "Russian business: a portrait in numbers", in addition to traditional industries in which the state-owned companies have the largest market share (oil and gas, banking, etc.), the state presence is expanding in other sectors of the economy but vent private business.

Currently, in the Crimea there is a process of nationalization of objects formerly owned by Ukraine (the fuel and energy complex, spa complexes, agriculture and others.). There is a change management and inventory of the property in the nationalized enterprises. The legitimacy of the acquisition of the property grounds by Ukrainian oligarchs in the Crimea are checking. Resorts that represent the cultural heritage of the peninsula (public garden and the residence of the first persons of the state near Foros) entered to the number of objects recognized as acquired illegally and returned to the state.

To give a detailed analysis of the development of the public sector and to highlight features of business groups with the participation of the state.

3. RESULTS

Let us analyze the division of the authorized capital of organizations between the shareholders (founders) in the context of All-Russian Classifier of Types of Economic Activity (Table 1). The share of state contributions to the charter capital of the organizations at the beginning of 2014 for the period under review rose by 21 points or twice, while the share of the federal bodies of executive power has grown by 2.3 times. The federal property is a third of the authorized capital (fund) of legal entities in Russia (34.6%). For comparison, individuals at the beginning of 2014 owned 2.1% of the share capital of all companies (in the beginning of 2006 individuals - 7.7% of the share capital of legal entities).

Significant growth of state investments in business can be seen in activities such as fishing, fish-breeding (by 4.3 times); wood processing and manufacturing of wood products (3.7 times); manufacture of electrical and optical equipment (by 1.5 times); production and distribution of electricity, gas and water (8.2 times); hotels and restaurants (by 2.8 times, while the state federal property increased almost 10 times); transport and communication (by 2.4 times, while the state federal property increased by 8 times); operations with real estate, renting and business services (1.4 times); education (1.5 times, but at the same time a decrease in the state investments in the authorized capitals of federal educational institutions); other community, social and personal service activities (increase of 26%, the federal level has to increase by 1.8 times).

Table 1
The division of the authorized capital (funds) organizations between shareholders (founders) in the context of All-Russian Classifier of Types of Economic Activity

Name	Authorized capital, overall	State property, including federal one						Property of commercial organizations except financial and credit		
		2005		2010		2013		2005	2010	2013
		State property.	including federal property	State property.	including federal property	State property	including federal property			
Agriculture, hunting and forestry	100	16,0	4,3	22,69	8,58	18,9	6,2	41,4	49,2	57,0
Fishing, fish farming	100	12,8	10,5	34,21	29,8	54,7	26,0	51,0	49,1	20,4
Mining	100	54,2	51,9	28,09	27,4	2,2	1,1	34,0	67,7	88,0
Extraction of fuel and energy minerals	100	55,8	54,2	28,78	28,6	1,7	1,0	33,0	67,2	87,8
Mining and quarrying, except fuel and energy manufacturing	100	25,7	9,9	15,21	4,55	4,4	1,7	51,4	77,7	89,2
Manufacturing activities	100	14,8	11,0	21,95	20,2	19,3	17,6	69,9	71,7	73,8
Manufacture of food products, beverages and tobacco	100	8,8	3,1	8,36	4,95	6,8	2,5	68,9	82,6	84,0
Textile and clothing manufacture	100	11,0	1,8	11,52	0,4	9,2	0,0	62,6	62,9	61,5
Manufacture of leather, leather products and footwear	100	9,4	0,6	2,07	0,02	0,1	0,0	34,3	53,0	73,2
Processing of wood and manufacture of wood products	100	3,5	1,0	12,28	0,26	13,1	1,9	85,2	79,0	81,8
Pulp and paper production, publishing and printing	100	31,2	10,9	23,68	16,1	22,0	14,1	57,7	68,4	70,0
Chemical production	100	5,	2,3	5,61	4,15	6,4	6,0	81,1	89,4	87,8

Name	Authorized capital, overall	State property, including federal one						Property of commercial organizations except financial and credit		
		2005		2010		2013		2005	2010	2013
		State property.	including federal property	State property.	including federal property	State property	including federal property			
Manufacture of rubber and plastic products	100	2,5	0,7	2,05	1,81	2,1	1,7	89,5	91,8	91,2
Manufacture of other non-metallic mineral products	100	5,4	0,4	1,34	0,16	0,6	0,1	79,0	85,6	87,3
Manufacture of basic metals and fabricated metal products	100	4,	2,5	5,52	2,73	5,2	2,5	74,1	85,0	86,0
Manufacture of electrical equipment, electronic and optical equipment	100	22,2	19,8	30,44	28,2	32,7	31,4	55,2	56,1	60,1
Manufacture of transport equipment	100	22,6	22,0	33,31	22,0	23,5	23,3	66,1	62,8	68,6
Other production	100	25,1	19,8	16,01	14,4	32,1	31,4	61,7	72,7	59,8
Production and distribution of electricity, gas and water	100	6,5	1,2	52,68	46,3	53,4	41,9	87,6	41,1	35,0
Building	100	43,2	5,8	35,2	16,2	29,0	6,8	40,0	58,0	57,3
Wholesale and retail trade, repair of motor vehicles, motorcycles, household goods and personal items	100	30,1	27,9	18,66	14,0	12,6	9,7	57,3	72,0	81,8
Hotels and restaurants	100	6,9	1,3	15,83	4,05	19,1	12,4	86,5	73,2	72,9
Transport and communications	100	27,3	8,5	71,36	65,4	69,9	60,9	67,6	27,8	29,2
Real estate, renting and business activities	100	29,4	20,6	58,05	53,5	40,2	31,7	60,4	35,9	33,7
Public administration and defense, social security	100	61,5	52,6	97,55	14,9	77,8	77,1	30,1	0,0	21,0
Education	100	22,6	13,8	79,4	1,63	34,1	11,6	13,2	1,1	23,1
Health care and social services	100	24,7	8,1	14,66	2,54	15,1	4,2	57,3	1,0	73,6
Other community, social and personal services	100	47,4	11,8	43,84	5,11	59,7	21,6	47,9	2,4	37,1
TOTAL	100	21,8	14,9	48,75	43,4	42,8	34,6	66,3	46,0	45,4

There are five important sectors of the economy, where state-owned enterprises dominate and possess more than half of the authorized capital of the organization, they are fishing, fish farming; production and distribution of electricity, gas and water; transport and communications; public administration and defense, social security; other community, social and personal services.

State-owned enterprises are usually registered as a joint stock company (JSC), Unitary Enterprise at the federal, regional or municipal level (Federal State Unitary Enterprise) and public corporations.

Dynamics of the number of public sector organizations in the context of the organizational-legal forms and forms of ownership indicates drawdown of organizations (Table 2).

This legal form of a joint stock company makes it possible to attract private investors to the stock and bond markets. They should publish statements and they should be the subject of statutory audit. In accordance with the order of the Federal Property Management Agency 29.12.2014 number 524 "On Approval of the recommendations on the development of dividend policy in the joint-stock companies with

Table 2**The number of organizations in the context of the organizational-legal forms and forms of ownership**

<i>Name</i>	<i>2005</i>	<i>2010</i>	<i>2013</i>
Organizational and legal forms			
Organizational-legal forms of legal entities that are commercial organizations, including	98 733	78 033	79 559
Limited Liability Company	32 332	35 646	43 094
Joint-stock companies	29 328	22 565	20 184
Including the number of joint-stock companies with state participation	3481	2950	2337
Unitary Enterprise	28 435	18 189	14 501
Organizational-legal forms of legal entities that are non-profit organizations	12 107	13 897	12 683
Ownership forms			
Public property, including	14457	9344	6233
Federal property	6511	3672	2676
Private property	54572	38958	44319
Ownership of public corporations	–	56	165
TOTAL	111 966	92 007	92 242

state participation,” according to the results of activity for 2015 and subsequent years, companies limited by shares is calculated on the basis of dividend statements prepared under IFRS. The list of organizations that prepare IFRS financial statements (Point 2 of the Federal Law of 27.07.2010 number 208-FZ “On Consolidated Financial Statements”), beginning with the reports for 2015, significantly expanded IFRS including the need to be a federal state unitary businesses, the list of it is approved by the Government and public companies whose shares are in federal ownership and list approved by the RF Government.

The Ministry of Finance submitted to the Government a proposal on raising the level of dividends paid by state-owned companies, drawing on international experience. According to the bill the company must pay to the shareholders (including the state) 50% of net profit under International Financial Reporting Standards, rather than 25% according to Russian.

Accounting information disclosure system at the level of state-owned companies contains the data compiled by the formal requirements stipulated by international and (or) national reporting standards and data provided voluntarily, aimed at complementing the formal requirements for transparency, relevance, reliability and materiality. The higher user demand for information provided by the company, the stricter the rules and standards of disclosure. The value of information in the financial statements of companies with state participation is growing, that stimulates the process of honing the regulatory framework, and the extent of voluntary disclosure of data (Solonenko, 2013). Analyzing the demand for information in the financial statements of public companies on the part of stakeholders, it is possible to draw conclusions about the following requirements: disclosure of financial information in addition to non-financial information, namely, the achievement of sustainable development and environmental protection; detailed disclosures in segment reporting; corporate social responsibility issues.

These problems pose new challenges to the professional accounting community, as in the accounting system of business entities should be treated much more information about the events that affect the amounts reported in than before. For example, the company should reflect the information on transactions and contracts that have a significant impact on the environment of transactions, on social policy, etc.

The state keeps in its hands strategically important objects such as natural monopoly, and it favors state-owned enterprises in the form of joint-stock companies, for example, Russian Railways, Gazprom, AvtoVAZ, Concern “Okeanpribor” Obronservis and others. The state began to sell actively its own stakes in state-owned companies since 2010. On January 1, 2015 on the report of Rosstat federal property complex includes 2008 of joint stock companies and limited liability companies.

According to information on the distribution of the number of joint-stock companies on the size of the share in the authorized capital of the Russian Federation, there is a general decrease in organizations with state participation. If we analyze the year of 2002 on the joint-stock companies with one hundred percent state participation accounted for only 2% of companies in 2010 such organizations were already more than half, on January 1, 2015 there is a decrease of 14.9 points in the proportion of companies with state participation. At the same time, some growth in joint-stock companies with a minority government (Table 3) can be really seen. In addition, the state has a special right to participate in the management of 80 joint-stock companies, without being the owner of the shares.

Table 3
Distribution of the number of joint-stock companies on the size of the share of the Russian Federation in the authorized capital

<i>Russia share in the authorized capital of joint stock companies</i>	<i>2002</i>		<i>2010</i>		<i>2014</i>	
	<i>quantity, piece.</i>	<i>share, %</i>	<i>quantity, piece.</i>	<i>share, %</i>	<i>quantity, piece.</i>	<i>share, %</i>
100 %	88	2,0	1758	59,6	861	44,7
50 – 100 %	648	14,7	139	4,7	90	4,7
25 – 50 %	1401	31,8	356	12,1	203	10,5
Less than 25 %	2270	51,5	697	23,6	774	40,1
TOTAL	4407	100	2950	100	1928	100

The government escapes from such activities as mining (at the beginning of 2014 left 4% of previous investments); extraction of fuel and energy minerals (3% left); extraction of minerals, except for fuel and energy (there are less than 2%); manufacture of leather, leather products and footwear (stayed one percent); construction (decline was 33%, while the state federal property rose slightly, indicating a decrease in the participation of executive bodies of subjects of the Russian Federation in the authorized capital construction companies); wholesale and retail trade, repair of motor vehicles, motorcycles, household goods and personal items (down 58%); health and social services (down 39%).

Privatization of large companies that was planned previously was carried for the future. For example, the reduction in government involvement was planned in such companies as: “VTB Bank” (reduction in the proportion of up to 50% plus one share), “Aeroflot” (up to 25% plus one share), “Russian Railways” (up to 75% plus one share) Sheremetyevo and Vnukovo (termination of participation of the state), NK “Rosneft” (up to 50% plus one share), and others.

The annual reduction in the number of joint stock companies with state participation was planned in 2016 – 6%, in 2017 – 8% and in 2018 – by 18%. However, the delayed privatization of “Mail of Russia” (according to the strategy, the company is to double revenues by 2018 in six years, which will increase the company’s market value of the shares); sell stake “Rostelecom” (more than 51%); privatization of shares of “Russian Railways”.

Unitary enterprises are completely controlled by the Russian government, they have the opportunity not to publish reports, but they are the subject to mandatory audit. The number of unitary enterprises declined for eight years twofold. We agree with the conclusion that “a massive reduction in the number of FSUE had no economic basis for nearly two decades, it had no compulsory basis, it was considered a necessary step in the formation of private property as the basis of a market economy and to address the fiscal problem”.

The third legal form or public corporation has recently become relevant. Every corporation established by a separate law. The government is the founder, it takes certain assets in state-owned corporation, but financial commitments on not taking. The main examples are Vnesheconombank, Rosatom, Rosnano technologies and others.

It is necessary to assess the entrepreneurial activity of the state in the economy (Table 4).

Table 4: The economic index of the public sector

Name	2005		2010		2013	
	<i>Absolute measure</i>	<i>Share %</i>	<i>Absolute measure</i>	<i>Share %</i>	<i>Absolute measure</i>	<i>Share %</i>
<i>The turnover of the company (without VAT, excise duties), mln, rub.</i>						
all state property, including	28 287 321	100	63 540 559	100	95 867 586	100
federal property	3 101 635	10,96	3 848 257	6,06	4 899 577	5,11
ownership of RF subjects	2 472 374	8,74	2 911 591	4,58	3 762 048	3,92
municipal costs	628 991	2,22	934 819	1,47	1 137 529	1,19
ownership of state corporations	538 067	1,90	789 782	1,24	845 830	0,88
Private property	–	-	491 808	0,77	765 952	0,80
Private property	12 224 708	43,22	31 543 431	49,64	49 065 159	51,18
<i>The cost of production and sale of goods (works, services), mln, rub.</i>						
all state property, including	18 152 054	100	38 877 036	100	58 721 916	100
federal property	2 493 308	13,7	3373 724	8,68	4 371 684	7,44
ownership of RF subjects	1 968 331	10,8	2 573 877	6,62	3 373 464	5,74
municipal costs	524 683	2,9	797 250	2,05	998 220	1,70
ownership of state corporations	538 634	2,9	776 996	1,99	854 905	1,46
Private property	–	–	349 494	0,90	623 033	1,06
Private property	7 834 827	43,2	18 725 134	48,17	28 328 989	48,24
<i>Investments in fixed capital by sources of financing, mln, rub.</i>						
all state property, including	3611,1	100	9152,1	100	13450,2	100
federal property	677,7	18,8	15771,0	17,2	2315,5	17,2
ownership of RF subjects	369,1	10,2	1000,5	10,9	1310,8	9,7
municipal costs	308,6	8,6	565,0	6,2	1004,8	7,5
ownership of state corporations	137,6	3,8	294,5	3,2	462,8	3,4
Private property	–	–	111,1	1,2	230,0	1,7
Private property	1623,1	44,9	5213,9	57,0	7252,3	53,9

Name	2005		2010		2013	
	Absolute measure	Share %	Absolute measure	Share %	Absolute measure	Share %
<i>Average number of employees, persons</i>						
all state property, including	24 120 459	100	19 852 194	100	19 631 869	100
federal property	5 032 321	20,86	3 641 399	18,34	3 208 867	16,35
ownership of RF subjects	3 772 820	15,64	2 717 609	13,69	2 482 582	12,64
municipal costs	1 258 961	5,22	923 124	4,65	726 285	3,70
ownership of state corporations	2 091 808	8,67	1 320 481	6,65	993 093	5,06
Private property	–	–	78 541	0,39	171 481	0,87
Private property	10 892 145	45,16	9 918 348	49,96	10 168 781	51,78
<i>The average annual salary of employees, thous, rub.</i>						
all state property, including	114,2		288,4		410,4	
federal property	114,9		280,5		387,1	
ownership of RF subjects	117,4		287,5		401,4	
municipal costs	107,3		259,6		404,3	
ownership of state corporations	73,7		169,6		236,3	
Private property	–		564,6		630,3	
Private property	107,8		276,7		385,4	

Estimates presented in the Table 4 show the decline in the proportion of state involvement in the economy, it should be borne in mind that state-owned enterprises in Russia on average, the largest private, as well as the growth of these indicators according to experts in 2014-2015. This continues the trend of reducing the share of state sector speed in 2013 is 4,899,577 million rubles, which amounts to only about 5% of the total turnover, while the private sector accounted for more than half of the turnover. Average number of employees in the country decreased by 18.6% since 2005, including a decline in workers in the public sector at 1823 thousand. People, accounting for 36%, while in the private sector to 723 thousand. Persons or by 6.6%.

According to Ministry of Economic Development, the share of public sector in the economy is 50% of GDP (the world average is 30%), and only in 2018 the Ministry expects to decrease this figure to 20%. At the same time, according to the Federal Property Management Agency report in 2014, total revenue amounted to 263 billion rubles Rossimuschestva (233 billion rubles are property income, and 29.7 billion rubles are proceeds from privatization), which is only about two percent of the revenue of the consolidated budget of the Russian Federation for the same period. In addition, the average capitalization of state-owned companies is reduced, which again shows the low efficiency of the state-owned companies.

The state in relation to the organization with its participation acts as a regulator of their activities and as a shareholder (owner) at the same time. According to the conclusions of the Expert Advisory Council of the Federal Property Management Agency in 2014, it is possible “conflict situation Goals expressed by various representatives of the state, realizing the function of ownership over companies with state participation” (Vaganov, 2014). This may be one of the reasons for the ineffectiveness of management decision-making, significant workflow coordination of decisions and loss of earnings in the public sector. On top of the state does not target an increase in net assets belonging to it, or rather it is a secondary goal. The main objective of the state’s participation in business is to maximize the public domain, and,

above all, the criterion for the implementation of investment projects are the political and social benefits: the development of knowledge-intensive industries, providing jobs, support the depressed regions, tax revenues.

The data of the Table 5 confirm the uneven territorial government involvement in business activities. The biggest share falls on the Central and Volga federal districts.

Table 5
Distribution of enterprises and organizations of the Russian Federation federal districts by ownership

<i>Federal District of the RF</i>	<i>Total number of organizations</i>		<i>State property</i>		<i>Private property</i>	
	<i>Quantity</i>	<i>Share %</i>	<i>Quantity</i>	<i>Share %</i>	<i>Quantity</i>	<i>Share %</i>
<i>2005</i>						
TOTAL	4 757 260	100	160 424	100	3 837 557	100
Central	1 879 575	39,5	43 969	27,4	1 572 366	40,9
Northwestern	610 736	12,8	17 679	11,0	505 637	13,2
South						
North Caucasus	505 072	10,6	22 940	14,3	391 694	10,2
Volga	697 408	14,7	35 202	21,9	520 086	13,6
Uralian	365 279	7,7	9 794	6,1	299 338	7,8
Siberian	519 567	10,8	19 964	12,4	407 868	10,6
Far Eastern	189 623	3,9	10 876	6,9	140 568	3,7
<i>2010</i>						
TOTAL	4 823 304	100	119 446	100	4 103 583	100
Central	1 870 987	38,8	32 877	27,5	1 622 376	39,5
Northwestern	631 766	13,1	1 272	1,1	552 925	13,5
South	311 626	6,5	9 477	7,9	255 686	6,2
North Caucasus	129 687	2,7	7 648	6,4	98 592	2,4
Volga	740 454	15,3	22 598	18,9	605 314	14,8
Uralian	406 210	8,4	8 090	6,8	360 154	8,8
Siberian	545 920	11,3	15 834	13,3	458 733	11,2
Far Eastern	186 654	3,9	8 650	7,2	149 803	3,7
<i>2013</i>						
TOTAL	4 843 393	100	116 053	100	4 159 501	100
Central	1 900 574	39,2	30 388	26,0	1 661 694	39,9
Northwestern	612 415	12,6	14 033	12,1	538 099	12,9
South	309 042	6,4	8 962	7,7	255 797	6,1
North Caucasus	136 960	2,8	7 875	6,8	104 728	2,5
Volga	766 167	15,8	23 497	20,2	640 920	15,4
Uralian	393 000	8,1	7 745	6,7	349 616	8,4
Siberian	533 580	11,0	15 249	13,1	452 229	10,9
Far Eastern	191 655	3,9	8 304	7,2	156 418	3,8

Consideration of the practice of cooperation between the governmental and nongovernmental sectors of the economy allows to keep the “balance of interests”, which is expressed for public authorities, including in gaining new ideas, projects, and to attract additional funding in the areas of activity, the tasks

entrusted to the State; for the private sector it connected with the aim in getting the property, financial and methodological support of the state (Perko, 2012).

The optimum ratio between the role of the state and private initiative leads to increased synergy. Thus, we should not focus on the state of the market and do not replace it on the full elimination from the market space, and a reasonable relationship with the business of the state, when they interact as allies, not substituting each other, occupying its niche in the economic system. Experience shows that the problem of interference or non-interference of the state in the economy, but in the nature of the intervention.

4. CONCLUSION

1. There are a few key areas of public sector in modern Russia: the alienation of state property in order to reduce the load on the state budget it is necessary to extract the maximum possible profit of its sale, and to be saved in the federal property assets, to increase the efficiency of state property management through participation in corporate legal relations.
2. The crisis is a factor affecting the ownership transformation processes. It may, on the one hand, encourage privatization and, on the other hand, restrain it, provoking the nationalization of loss-making enterprises. The first option offers a quick and massive inflow of revenue, but the state property during the crisis, sold at low prices, while foreign investment appears the threat of capital flight abroad. The second option requires public investment, but in the long run is more favorable, as the nationalized enterprises will be a source of state revenue.
3. Due to the fact that the goals of the state as the owner are more comprehensive than the goals of private investors, evaluation of management in public and mixed companies is complicated. For business groups with the participation of the state it is characterized by most of the features common to all interconnected integrated organizations: confusing non-transparent system of share ownership, informal communication, the use of non-proprietary monitoring tools and so on.
4. According to Rosstat data it is difficult to determine the proportion of state ownership in the Russian economy. For example, subsidiaries of 100% considered private property, but they are completely controlled by the government, regardless of whether there is in their contributions to the charter capital of the state. In Rosstat there is no division into majority and minority stakes in the category of internal and mixed ownership, making it difficult to analyze, since this approach from the subjects of the state sector of the economy falls a considerable number of state-controlled entities. In addition to the official statistical data of Rosstat information on the proportions of mixed Russian and foreign ownership does not provide. This report of Rosimushchestvo contains only a quantitative estimate of the objects. During the privatization of public state companies, it is necessary to evaluate the company's value at fair value.
5. The use of international financial reporting standards in the companies with state participation contributes to the transparency of the organizations created to make informed management decisions objectively evaluate the financial condition and implement forecasts. International standards have a significant influence on the formation of the registration information of Russian companies and the development of national accounting. At the same time the expansion of the

data provided in the financial statements of companies with state participation affects the growth of the demand for information. This leads to an increase in the role of the voluntary disclosure of financial and non-financial information, as well as the formalization of financial reporting requirements by government regulators. In turn, the financial statements of large businesses are becoming more voluminous, which makes it necessary to find a balance between its increasing complexity and value.

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