

Features of Consulting Development of Tatarstan Republic

A.D. Kolbina and G.R. Chumarina

Kazan (Volga Region) Federal University, Kremlevskaya Str. 18, 420008 Kazan, Russia

Abstract: The main trends and characteristics of the regional market of consulting services in the territory of the Republic of Tatarstan have been considered. The causes and conditions of the current rate of development of the industry have been obtained.

Key words: The market of consulting services, the competitive strategy, diversification, current rate of development, Republic of Tatarstan

INTRODUCTION

The competitiveness of an organization plays a significant role in the current market conditions. Market instability, globalization and unstable political situation have led to the fact that the activities of the organization often become a matter of concern for both the leaders and other participants of market relations.

In this regard, modern management has to objectively assess the capabilities of the company and if necessary to resort to the intervention of external specialists. One of the variants of such “aid” is the consulting service sector being boosted in Russia in recent years.

The Republic of Tatarstan is the subject of the Russian Federation that has featured the development in the consulting industry as compared to other regions.

PROBLEM STATEMENT

This study deals with the processes taking place in the market of consulting services and related to the level of competitive relations of companies.

The current situation in the market economy has tended to the increased significance of the competition. It is often the competitiveness of the organization serving as an indicator of its future development, therefore the goal of any company is to win the competition (Denisova, 2015).

The beginning of 20th century can be characterized by a minimum degree of competition. The companies strove after production of products at the minimum costs. However, already in 50-60s, there occurred a need to assess the activity on both traditional indicators of income and expenses due to changes in the external environment of the organization. Today, factors such as

globalization and integration of state economies has led to the fact that the competition became a natural element of market relations (Chumarina, 2010).

A special feature of the Russian market of recent years is the emergence of a large number of consulting companies which has led to increased competition in this segment of the economy. A narrow segment of the regional market of Tatarstan has been considered in this study.

That fact of current development of this sector in the Republic of Tatarstan allows us to study this industry in detail and identify the problems of each stage of development. In order to proceed to the investigation of this type of activity, first of all we shall define the term “consulting” (Belyaeva, 2015).

Consulting is a kind of consulting services with main task to analyze and justify the perspectives and use the scientific and technological and organizational and economic innovation, subject to the problems and preferences of the client.

Consulting companies are service organizations engaged in the analysis, development of strategic plans and solution of staffing, tax, accounting problems and other issues of the clients.

Thus, the main purpose of consulting is to improve the level of management, performance of the entire organization and if necessary of individual employees (Kurbanova, 2014).

Currently, there is the following situation in this industry: foreign and large companies with the management concentrated in Moscow and St. Petersburg represent the largest share of the industry. Small and medium business mainly accounts on local consulting firms. This leads to the fact that the latter, unable to withstand competition in the consulting industry

are engaged in activities other than professional such as staff training, delivery of business-training, etc.

We should note that the consulting services are most often used when there is a need for “restructuring” of major market participants such as the expansion of the company, the change of scope of activity and technical re-equipment.

Nevertheless, the most important function of the consulting companies is activities aimed at recovery of business reputation of the organization or the complete restructuring associated with the crisis and the lack of experience in major change.

The sphere of consulting services abroad is largely ahead of the Russian market. According to statistics about 80% of foreign organizations has turned to consulting companies. Due to the current trend of market and environmental instability, the consulting services become increasingly popular which is indicated by about 10% annual growth of the market.

Studies conducted by Kennedy information group showed that in the global consulting market Russia ranks 14th in the annual volume of services rendered (Nigmatullina, 2012). Low levels of this market development in our country are due to the fact that this industry started its development quite recently and the implementation of consulting tools requires to carry out a number of adaptive changes. Today, the largest consulting companies in Russia are foreign companies which causes the rapid pace of development of the represented industry in the central part of the country in which they are concentrated. Using their authority on the global market, the latter gain a competitive advantage for the major and government projects (Belyaeva, 2015). We should also note that Russian companies are skeptical about these services and prefer to employ the professional staff needed for remormation of the sphere on a permanent basis.

The political situation as well the sanctions against many companies have significantly complicated and disrupt their financial state. For this reason, many companies have been primarily aimed at the retention of the organization at the current level, maintenance of the market segment and stabilization of internal environment on the background of an unstable external environment (Fajzrahmanova, 2014). The management focuses more on cost reduction, treating consulting services as irrational type of costs. The leading cause of waiving consulting services is the strong opinion of the company management that they understand the challenges of their organization better than external experts.

ANALYSIS OF THE CONSULTING SERVICES MARKET IN THE REPUBLIC OF TATARSTAN

Generally, evaluating the operation of companies in the market of consulting services, it should be noted that the reflection of the negative situation in this market is slow development of companies and the average annual turnover.

For visual reference of the current situation we shall consider the indicators of consulting companies in Kazan for 2014, presented in the form of a rating in Table 1.

This Table 1 shows only a part of the consulting companies and branches; total 500 small and medium companies operate currently in the republic. In Kazan, in particular, 395 organizations of different orientation provide consulting services.

As can be seen from Table 1, the successful Kazan companies managed to increase their turnover in the past year, before this trend has developed in the field of property assessment, land and in the field of staff optimization. An increasing number of references of the individuals from 26-38%, despite the fact that the total revenue from this segment is small, can be considered a significant indicator.

Table 1: Indicators of the consulting companies of the Republic of Tatarstan for 2014

| Company, name of director | Turnover from consulting, mln. rub. | Dynamics by 2013 | First operational year | City of the head office |
|---|--|---------------------|---------------------------|----------------------------|
| Consulting in appraisal activity | | | | |
| “NEO Centre”, A.R. Koryagina | 134.9 | 57.4 | 2007 | Moscow |
| “NCC “SENK”, A.V. Minnakhmetova | 51.5 | -36.8 | 1991 | Kazan |
| “Nezavisimaya Konsaltingovaya Firma” (Independent Consulting Company), L.M. Kazanova | 18.9 | 53.3 | 1991 | Kazan |
| Legal consulting | | | | |
| “Audit inform”, F.V. Bilyaev | 41.6 | 23.6 | 2000 | Kazan |
| “Stroy capital consulting”, K.V. Egorov | 20.0 | 25.0 | 2007 | Kazan |
| Tax consulting | | | | |
| “ANP Zenit”, Yu.A. Zazdravnaya | 21.7 | 73.2 | 2010 | Kazan |
| Financial consulting | | | | |
| “Business project 24” A.Kh. Khaertynov | 14.8 | 42.2 | 2010 | Kazan |
| “Broker Finance” R.G. Dusaev | 10.0 | 42.8 | 2008 | Kazan |

Another important trend of the market is its consolidation resulting in either reducing number of small companies or their exit from the market or their merger by larger ones. The rest of the companies expand their business profile by acquiring other ones and start to compete with organizations equal thereto.

Based on the conducted analysis we can identify a series of factors affecting the competitiveness of the consulting companies in the studied market of the Republic of Tatarstan:

- Qualifications of experts
- Experience of experts in consulting
- Availability of large customers
- The level of company recognition
- Duration of company's activity
- Availability of federal projects
- Participation in tenders and competitions
- Speed and quality of projects execution
- Diversification of activity
- Cost of service provision

These indicators are only a part of all the requirements for the consulting companies. We should also note that depending on the level of a company certain factors will prevail. This stipulates the existence of different competitive strategies.

CONCLUSION

Based on the conducted analysis of consulting companies operating in the market of the Republic of Tatarstan, we determined that upon choosing the most optimal competitive strategy for regional companies one should pay a particular attention to the differentiation strategy which may ensure increase in the cost of services and attract larger clients.

Thus, the consulting companies in the current context are in a difficult situation on the one hand they lose some of their major clients due to economic downfall but at the same time they have the ability to serve smaller companies and individuals.

It follows there from that the market of consulting services at the present moment has the potential to receive substantial development and work both within and out of the region as the republic professionals are known for their expertise and ability to work with the problems of any complexity.

ACKNOWLEDGEMENT

This study is published with the support of ANO "Kazan Open Talent University 2.0" "on the results of the "Talent Cooperation" contest.

REFERENCES

- Belyaeva, O.V., 2015. The financial crisis and management consulting. *Bus. Q.*, 3: 1-92.
- Chumarina, G.R., 2010. Promotional Activities in Competitive Relations. Kazan Publisher, Russia, Pages: 163.
- Denisova, E.V., 2015. Rating of consulting companies. *Bus. Q.*, 5: 10-15.
- Fajzrahmanova, A.T., 2014. On organization of the inclusive educational environment in higher educational institutions of the Russian Federation. *Life Sci. J.*, 11: 59-62.
- Kurbanova, A.T., 2014. Students abilities in explanation and elimination of thinking biases. *World Appl. Sci. J.*, 30: 751-756.
- Nigmatullina, I.A., 2012. Readiness to Studies During the Whole Life. Lambert Academic Publishing, Germany, Pages: 76.