

**SKILLS TRAINING FOR DECENT WORK IN THE  
INFORMAL SECTOR OF THE NORTH-WEST REGION OF  
RUSSIA**

**(ST. PETERSBURG AND THE LENINGRAD REGION)**

Case study  
by

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## FOREWORD

The phenomenal growth of the informal economy - including in the transition economies - during the past three decades poses a major challenge for the ILO's decent work agenda. The development of skills and knowledge is undeniably a major instrument for promoting decent work in the informal economy.

This report is one of a series of papers on skills development in the informal economy that were prepared in the framework of the InFocus Programme on Skills, Knowledge and Employability. At the same time this series also fits into the preparatory work for the general discussion on the informal economy to be held at the 90<sup>th</sup> International Labour Conference (ILC) in Geneva in June 2002.

The papers in this series include literature surveys and case studies reviewing various experiences with regards to skills development in the informal economies of developing and transition countries.

The reader will observe that nearly all of the papers in this series attempt to tackle the problem of conceptualising the 'informal sector'. The development of a conceptual framework for the International Labour Conference report was carried out at the same time as the production and finalization of the papers included in this series. As such, it was not possible to advance a single concept for use by the authors of these papers.

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## EXECUTIVE SUMMARY

This paper presents seven brief case studies related to the training of the unemployed and workers in the informal sector.

A definition of the informal sector in the Russian Federation is provided whereby the informal sector covers all economic activities which are deliberately concealed from the authorities in order to minimize costs and avoid taxes. The paper estimates that 615,000 people are employed in the informal sector of St. Petersburg accounting for 26.3% of the employed workforce. Furthermore, over a million people in St. Petersburg and up to 500,000 people in the Leningrad region move between the formal and informal sectors. These include the unemployed, part-time workers and those on leave without pay, refugees and involuntary migrants, marginal population groups with incomes below subsistence level, people with extra jobs, teenagers and students. Out of these, the paper estimates that at least 114,000 persons need training.

As Russia evolved into a market economy, the educational system had to be reorganized. Training and retraining of the adult population became imperative. In the north-west region of Russia vocational training and retraining is provided by a large number of training institutions (totalling 1,365 in St. Petersburg alone). The system comprises state institutions as well as non-governmental institutions commissioned by the employment service to train unemployed adults on a fee-paying basis. In addition, there is a series of specialised institutes of further training and refresher courses in enterprises. None of them distinguish between the formal and the informal sectors. However, a training infrastructure targeted specifically to the needs of actual and potential workers of the informal sector is now emerging in the private sector.

Analysis of the training situation for informal sector workers showed that the current training system is ineffective and does not meet the labour market demand. Very few training providers use modern methods and the majority of teaching staff require skills upgrading. However, many of those willing to undertake a refresher course lack the necessary means. There is a pressing need for expanded and diversified training opportunities and a higher quality of training.

The paper also insists on the need for skills development to be integrated with other tools for the promotion of micro and small enterprises. In this regard, many training centres use the “business incubator” approach to help their trainees set up their own enterprise.

The paper stresses that the north-west region of Russia has the capacity to improve and increase its supply of training to informal sector workers. But this implies the coordination of efforts from all training providers. To address some of the problems identified, a proposal is put forward to establish a Training and Advisory Centre for Vocational Training for the Informal Sector.

# 1. Informal sector and training needs

## 1.1 Informal sector

The informal sector in the Russian Federation covers all types of economic activities which are deliberately concealed from the authorities in order to minimize costs, particularly to avoid taxes. These economic activities are usually unregistered and they operate within the black economy (shadow economy).

Many enterprises which have a legal basis might nevertheless carry out different forms of illegal activities due to defects of legislation and inadequate state regulation regarding:

- official procedures for registration, licensing, filling in accounting forms, etc.;
- redistribution of property in favour of other owners;
- taxes.

The tentative definition of the informal sector offered by the Russian specialists differs from the one adopted by the ILO. The informal sector implies any “normal economic activity of corporate entities, information about which is concealed from the authorities in order to increase its profitability. The means of concealment may be sanctioned by law, i.e. be in conformity with the statutory methods of management”<sup>1</sup>.

This definition makes it possible to take into account all aspects of normal economic activities conducted by entities under examination, and to break down statistical data by the following factors:

- volume of clandestine economic activities of formal (registered) organizations;
- volume of clandestine economic activities carried out by families;
- cumulative volume of concealed activities conducted by both of the above.

When calculating GDP (gross domestic product), the national accounts system allows for “the shadow economy”<sup>2</sup> by the inclusion of:

- i) indicators of legitimate activity concealed or understated by producers in order to avoid taxation or other statutory obligation;
- ii) indicators of informal (unofficial but legitimate) activity, including:
  - activities of non-corporate (i.e. owned by one person, or often a family) enterprises working to satisfy their own needs, i.e. household production of goods or services for own consumption but spread widely enough to influence macroeconomic situation, e.g. family farming on a plot of land in the suburbs;
  - activities of non-corporate enterprises with informal employment, e.g. temporary employment of a team of builders, etc.
- iii) indicators of unofficial illegal activities, including:
  - legitimate types of activities which are carried out illegally, without appropriate licenses;

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1. Institute for Strategic Analysis and Entrepreneurship Development: "Informal Sector in Russian Economy", Supplement to the Journal 'Entrepreneurship in Russia', (Moscow, 1998), p.25.

2. Ponomarev A: "State Statistics of Russia: Approaches to determination of “shadow economy” parameters". Problems of Statistics N1, (1997) p. 23-28.

- illegal activity, i.e. statute-banned production and distribution of goods and services which are in great demand on the market, drug production and drug dealing, smuggling, contract killing etc.

Adjustments for “shadow” (“unregistered”) economy account for approximately 20% of the GDP<sup>3</sup>. The Russian informal sector developed during the period of transition to market economy as an alternative to mass unemployment and now provides jobs outside the regulated public sector.

## **1.2 Small scale entrepreneurship in the informal sector**

One of the most efficient ways to organize the informal sector workers is to develop small enterprises and to encourage their integration into the formal sector. Small enterprises are usually very adaptable, receptive to technical, organizational and social innovations, have adjustable structure and use flexible job management methods. They practice interchangeability of workers and display high labour performance. Their contribution to competitive market formation is invaluable. During the period of transition to market economy they were able to:

- i) take on a big share of production of collapsed major enterprises and thus helped retain many sectors of industry;
- ii) create a considerable number of jobs for the unemployed.

At present (as of 1 July 2000) there are 109,200 small enterprises in St. Petersburg that give jobs to 615,000 people (26.3% of the total number of the employed in the city). In 1992 there were 9,397 enterprises, which employed 12,460 people. In the Leningrad region the number of people working in small business is about 73,000, or 17% of all working people in the region. The biggest number of jobs in St. Petersburg was created in the areas of commerce (40.5%), industry (22.3%), and construction (17.1%).

Most micro-enterprises do not take on much staff – 5.6 persons per enterprise on average. There are 23.2 small enterprises for each 1,000 inhabitants of the city.

In the Leningrad region, small enterprises produce 18% of all goods and services and positive dynamics may be observed (up to 1,500 new ones are created each year). Most small enterprises work in commerce – up to 44%. However, production enterprises are the most sure-footed.

Small business is a high growth sector. Today the number of small enterprises in St. Petersburg is 11.6 times as much as in 1992. They make a considerable contribution to St. Petersburg economy. Thus, during the first half of the year, small enterprises produced goods and services worth 18,479 million roubles, mostly in construction, commerce and industry sectors. Small building companies accounted for 54% of the total output of the construction sector; the share of mercantile businesses was 17.6% of the total retail turnover, while industrial enterprises produced 7.75% of the overall industrial output (Annex 1).

Small enterprises are often remarkably stable, which demonstrates their survival ability in a harsh macroeconomic environment. The programme of state support to small business in St. Petersburg for 1998-2000 envisages growth of small enterprises in hi-tech and industry sectors. A separate programme for creation and support of technical innovation centers in St. Petersburg was adopted for 1998-2000.

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3. Ibid

Encouragement of private initiative and development of small enterprise in labour intensive sectors could help prompt policy reforms. The small enterprise requires regulation and support from public authorities, international organizations and entrepreneurs' unions and associations. The major challenges are the following:

- i) to create a system of training and retraining for work in small enterprises for a number of occupations;
- ii) to support these enterprises in providing hardware for industrial (innovative) enterprises working in the high tech sector.

A sample survey among the heads of St. Petersburg private enterprises conducted by the World Bank with organizational support of the Leontiev Centre showed that most entrepreneurs are men (above 70%), while women form the large majority of the hired personnel; 71% of entrepreneurs are between 30 and 40 years of age; 15% are around 50; the rest are older. There are few women aged between 25 and 34; most of them are in the 40-44 age bracket (30%); 27% are of 50-54 years of age. 52% of women entrepreneurs work in teaching and educational sphere. All in all, up to 40% of women work in the services sector.

The educational level of entrepreneurs in St. Petersburg is very high – 79% of entrepreneurs have higher education (including 10% with a doctoral degree), 16% have specialized secondary education. Most people with secondary education or without it (up to 45%) work in commerce, chiefly in food business. Most heads of small enterprises received no specialized business training and made no attempt to acquire it.

### 1.3 Informal sector training needs

The sample survey of the heads of small private enterprises showed that most of them received no specialized business training. The hired personnel employed in small business may also be considered potential training consumers. Skills' training as well as business training is essential in such areas as promotion of food and industrial products, services, catering, baking, real estate, marketing and insurance. Specialists in construction and transport (especially in commercial passenger traffic) need to be licensed and certified.

**Table 1. Demand for training by sectors**

Sector	Number employed	Estimated number with training needs
Commerce and catering	248,972	98,609
Logistics, marketing and real estate	7,876	5,897
Insurance	1,000	983
Housing and communal services	5,085	3,057
General market services	9,453	5,460
<b>TOTAL</b>	<b>272,386</b>	<b>114,006</b>

Source: Regional Employment Service

Today, over 5,000 St. Petersburg residents are involved in various forms of home-based business; 370 of them are in family business. 2,680 are qualified for home-based work and 2,320 have no such qualification. 3,500 people would like to take up home-based work but cannot afford the cost of the training. 494,000 city residents are unemployed or underemployed in low-income jobs, living far below the poverty line. The State Employment

Service statistics indicate that the latter work chiefly in the informal sector and need re-training.

The World Bank experts found correlations between the level of education, previous experience of entrepreneurs and success of their businesses. This was found to be true for all sub-sectors.

The vast majority of small enterprises are privately owned (94.2%); mixed companies (without foreign capital) account for 2.9%; mixed enterprises with foreign participation for 1.7%; 1.2% represent foreign enterprises. Mixed companies have strong economic ties with their partners who supply raw materials, equipment, and accessories. Many enterprises work on subcontracts. This is one of the methods of convergence towards the formal sector.

Analysis of the socioeconomic situation and employment motives in small business (including small enterprises in the shadow sector) reveals that the absolute majority of hired workforce in the informal sector consists of the unemployed and underprivileged groups. Their incomes are below subsistence level and many of them are women.

The informal sector grows with the influx of people of such population groups as the unemployed, part-time workers and those on leave without pay (4-5 million people in Russia in 1998 irrespective of the season), refugees and forced migrants. It encompasses marginal population groups with incomes below subsistence level, people with extra jobs, teenagers and students.

The estimated number of people working in the informal sector in St. Petersburg is over a million people, in the Leningrad region – up to 500 thousand people<sup>4</sup>. Even though both the megapolis of St. Petersburg and the Leningrad region offer many job opportunities, a great many people are still in need of a job and vocational training.

The number of small enterprises in Russia exceeds one million; they account for approximately 15% of GNP and 12% of jobs. But some estimate that their numbers in fact range from 9 to 12 million.

#### **1.4 Challenges to small scale entrepreneurship**

The development of small businesses is facing numerous problems. The results of the survey conducted in Moscow and St. Petersburg show these to be as follows:

- Inconsistency of laws and government regulations
- Search for clients
- Startup financing
- Getting a loan
- Development of land, building, premises
- Registration/obtaining a permit
- Production process
- Unavailability of qualified staff
- Equipment procurement
- Export and import procedures
- Enterprise management

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4. Doroshenko S.V.: "Socio-Economic Background and Employment Patterns in the Informal Sector". Synopsis of a doctoral thesis (St. Petersburg, 1998).

- Acquisition of raw materials and accessories

The tax legislation with its demand for high taxes compels many entrepreneurs to conceal their income. Among negative factors affecting the development of small enterprises are high business start-up costs, high prices for urban services and resources, monopoly in many fields, limited access to state support and complexity of accounting system. State policy does not differentiate between regions and businesses and can be implemented if there is political will to do so. The potential of small business is underused at present in Russia. The main obstacle to the development of small enterprise is that although they are a key element of the market economy, they often work in conditions inferior to those of big enterprises.

## **2. Vocational training: evaluation of current education and training policy in the informal sector**

### **2.1 Current vocational training policy**

Support of the policy reform is a topical issue in present day Russia. There has been unprecedented transformation of employment conditions and structure. The transition to market economy in Russia has led to reform in the education system and emphasized the role of training and retraining of adults. The wide network of multilevel vocational training is actively developing to include more of the population. A network of specialized training institutions is under formation to meet the demand for qualified workforce in the informal sector.

At present there are up to 2,000 educational establishments working as part of the further training system in Russia. A considerable number of these are fee-paying institutions. Over 1.1 million people take a refresher or retraining course. Among the trainees are the heads and specialists of different organizations and enterprises, the unemployed, graduates of vocational training schools in need of retraining in order to find employment, and informal sector workers.

The current legislation stimulates employers and employees to spend money on education. However, access to training for some is restricted because of financial reasons. Therefore training programmes should be partly financed by the government, and training institutions should be granted tax concessions and other privileges. These incentives for employers and employees are lacking.

The policy of development of vocational training institutions covers issues of timely training and retraining both in the governmental and non-governmental sectors on the federal and regional levels. It is implemented through the system of licensing, certification, and accreditation of training institutions, as well as through the application of state educational standards. These training institutions are organized and equipped in such a way as to provide proper standards and technologies for each stage of training. The required quality of training is facilitated through decentralization, certification of trainers and teachers and expert evaluation.

### **2.2 The Morozov Project**

There are several complex programmes for support of economic development and business in Russia. The Morozov Project, which pursues a complex programme of business

development through training and retraining of personnel and their inclusion into productive work activity, chiefly in small enterprises, is one of the most promising. 2,520 teachers and consultants from 63 regions of Russia have taken 40 training courses within the framework of this project. 30,000 entrepreneurs and experts have been trained in 48 training centers of St. Petersburg, Murmansk, Petrozavodsk and Novgorod. Approximately 7,000 investment projects have been considered, and the best of the proposals have been invested in.

### 2.3 Training and retraining of the unemployed

The informal sector in St. Petersburg is catered for by non-government educational institutions. Most of the training and retraining of the unemployed is being implemented by the State Service for Employment, which concludes contracts with training institutions and which pays for their services from the employment fund.

In the Leningrad region the number of unemployed trained through the Employment Service increases each year. In the year 2000 their number reached 3,949. All trainees have been placed in jobs. The training is offered in 90 professions and is conducted in vocational training centers of the Leningrad region, secondary vocational and higher educational institutions. All curricula and syllabi have been examined by experts. In order to ensure competitive strength of the unemployed trainees, the programmes include training in related trades (e.g. salesperson – controller – cashier; barman – waiter – salesperson; cook – waiter; bricklayer – carpenter etc.). The 22 training centers (consisting of 9 governmental and 13 non-governmental educational institutions) provide training in 194 specialization options for the sub-sectors presented in table 2.

**Table 2. Training of the unemployed by sub-sectors**

Sector	Specialization options
Construction	34
Industry	27
Transport	11
Services	24
Education	19
Social work	2
Commerce	7
Computer engineering	19
Medicine	2
Small business, self-employment, family business and Home-based work	53

Gender mainstreaming is one of the major aspects of training policy. Gender equality is adhered to in training in 124 of the 198 choices. However, discrimination against women in employment is common.

### 2.4 Gender aspects of employment

Improvement of women's employment opportunities remains a pressing issue. Targeted sub-programmes for employment of women, youth, disabled and demobilized military personnel have been implemented for seven years as part of general employment programmes.

Since 1998 the sub-programme promoting women's employment was cut down on account of insufficient funds. It focused on the underprivileged categories of women (the disabled, single mothers, mothers with many children).

The situation of women in the labour market, both in the formal and informal sectors, is determined by various factors:

- Low demand for women workers (since 1998 the level of unemployment among women has been higher than that of men; unemployed women account for 70% of the total number of the unemployed).
- Conversion of military industrial complex has affected women specialists mostly. 54.4% of unemployed women have higher or specialized secondary education which influences their employment ambitions.
- Women with families put forward specific requirements: proximity to the place of living and flexible schedules in order to combine professional and household activities.

Legal protection of motherhood and childhood and related expenses make employers give preference to men.

Gender discrimination on the labour market is quite common. Temporary retreat from work to rear children often leads to partial loss of qualification and professional status. As a result, women are often employed for jobs with lower wages (reports of St. Petersburg Committee for Statistics on women employment and average wages across the sectors show that the women's wages are 30% lower than those of men). In St. Petersburg, as well as in Russia as a whole, men are usually given preference when filling in executive vacancies. The case study showed that women holding executive positions in companies with the number of employees below 500 account for only 28%, chiefly in the so called traditionally "female" sectors: education, health, light industry, food industry and commerce. Only 25 women work in the municipal administration of St. Petersburg with only one of them in the top echelon. There is only one woman deputy in the Legislative Assembly of St. Petersburg.

Gender discrimination in the informal sector is even more obvious. In 15% of the enterprises which had participated in the case study, women constituted less than half of the employed staff. But at the same time, women comprise 86% of those employed in education, culture and health sector, 85%, in catering and services and 69% in retail business. In "infant" industries (real estate, financial services and intermediate trade) 65% of the workers are women. Fewer women work in capital goods industries (35%) and construction (30%).

## **2.5 Regional priorities**

St. Petersburg is a megapolis divided into 21 administrative districts with a population of about 500,000 people. Each district is run by the district administration responsible for development and implementation of the district social and economic development programmes. Support to private enterprise and employment regulation constitute an essential part of such programmes. These programmes cover the issues of training, retraining and further professional development of the unemployed in order to find jobs in small business and private enterprises.

A number of administrative districts (Vyborg, Kirovsky, Vasileostrovsky and Admiralteisky) take part in the programme "District as an Integrated Socioeconomic Structure" which provides support to enterprise start-ups. The programme gives financial,

credit and property support to small enterprises, assists with licensing and rent of premises, offers training, retraining and further professional development of entrepreneurs.

Another promising programme is the State Programme for Small Enterprise Support in St. Petersburg for 1999-2000. The model of SME support infrastructure proposed within its framework is based on the administrative arrangement of St. Petersburg with its 21 districts (see Annex 2). This programme foresees the increase of small enterprises in scientific and industrial areas. A special programme for creation and backstopping of St. Petersburg centres of innovative technologies was adopted for 1998-2000. It is designed to balance the sectoral structure of small business and integrate the informal sector into the formal sector (see Annex 3).

Entrepreneurs and businessmen take an active part in discussion and development of programmes for creation and growth of the market and production infrastructure, the issues of training and retraining of entrepreneurs. The district administration limits its intervention in business activities to contract based cooperation in programmes for social, economic and ecological development of the district.

For each particular district, priority areas have been identified:

- development of market-oriented training and retraining programmes;
- creation of new jobs;
- support to industrial enterprises employing the disabled and other target groups;
- development of small business infrastructure;
- production and supply of food products;
- production of essential commodities;
- domestic services;
- catering;
- production of goods and services to support socially unprotected population groups;
- construction, repairs and housing;
- nature-oriented activities;
- small business strategies, research and development.

It is hoped that the district infrastructure for support and development of small enterprises will create a favourable environment for business development, facilitate networking and provide coordination between companies and executive authorities. The infrastructure will include the following:

- “economics service” of the local administration;
- training centres, centres for enterprise support, business centres;
- local foundation for SME support;
- associations of entrepreneurs of the district (Public Expert Council, NGOs, etc).

The district infrastructure is to provide continuous assistance to enterprises at all stages of their development. Coordination will be carried out by the Public Expert Council, its functions and powers are defined by the executive authorities of the district. The Council includes representatives of the local training centres, the district foundation for enterprise development, employers’ associations and other organizations.

The small enterprise support infrastructure is created within the framework of the State Programme for Small Enterprise Support in St. Petersburg, which allocates resources on a competitive basis (see Annex 4).

## **2.6 Staff training system of St. Petersburg**

The formal vocational training system in St. Petersburg is represented by 62 higher education establishments, 39 non-government universities, 84 government secondary specialized vocational schools, 6 private vocational institutions, 47 technical colleges and 45 lyceums.

In the last 5 years, most universities have developed new programmes in fundamentals of market economy and business and offer refresher courses for accountants, managers, auditors, etc. The programmes were approved by the Ministry of Higher Education of Russia. The new programmes for secondary specialized vocational schools also include elements of economics.

A number of initial vocational training institutions have adopted programmes developed in accordance with the Decree of the Government of the Russian Federation of 4.11.1993, No.1137, on organization of market economy training, the Law of the Russian Federation on state support of small enterprise in the Russian Federation (1994), and the Federal Programme of State Support to Small Enterprise in Russia for 1998-1999.

The state educational and training institutions display the following features:

- the state institutions employ highly qualified teaching staff, specialists in marketing, finance, production control and human resources;
- most specialists have vast theoretical and practical knowledge of the subject but tend to make their courses too specific which is unacceptable for some students;
- the teachers 'transfer' the knowledge but avoid complex problems which the students will face upon graduation;
- most management courses are written in professional language and are meant for specialists with the appropriate educational background;
- the training process is centred around the instructor; students remain passive.

Traditional approaches to training students and trainees of various business programmes are often ineffective due to the imbalance of theory and practice.

Training for the informal sector is carried out by the following institutions:

- i) Twenty-two non-government centres provide training for the unemployed in cooperation with employment services. They are selected on a competitive basis. The training programmes are approved by the Committee on Education of St. Petersburg Administration and include fundamentals of market economy, entrepreneurship, management, audit, accounting, and starting a small enterprise. The content of programmes depends on the sectoral specialization of the institution.
- ii) There are over 60 non-government training centres for the unemployed and those who want to change jobs. These training institutions are licensed to provide

training. Their training programmes have to be approved by the Committee on Education of the St. Petersburg Administration.

These institutions are characterized by:

- the accumulation and application of positive experience of vocational training;
  - the use of active methods of instruction with emphasis on practical training;
  - team work training modality in order to stimulate experience sharing;
  - timely modification of programmes to meet the market demand.
- iii) There exist over 1,000 training complexes and private schools for short-term training which do not need to be licensed. Among the typical features are the following:
- prompt and flexible response to market demand;
  - concentration on 'prestigious' fields of training.

The major disadvantages are:

- lack of qualified teaching staff;
- no responsibility for quality of training;
- lack of quality programmes;
- trainees have problems in finding employment.

In order to make young graduates of vocational training institutions more competitive on the labour market, the Department for Employment of St. Petersburg has, since 1993, arranged shopfloor training for youth in enterprises around the city. 1,500 people participated in the programme in 1999 alone. Most of them were offered jobs at the same enterprises which had trained them.

St. Petersburg is gradually developing the infrastructure for small business support. This infrastructure makes retraining and skills upgrading programmes and an information support system available for start-up businesses. The programme for enterprise support aims to create a single information and legal framework and introduce a coordinated approach to creation of favourable conditions for business development.

Before the reforms and economic conversion started, St. Petersburg enterprises had a well-established system of in-service training. The sector and branch ministries had their own institutes for staff retraining and professional development and industrial organizations had developed an apprenticeship system for vocational school leavers. At present, however, due to financial constraints and considerable reduction of the number of public sector workers, this system has sunk into degradation.

## **2.7 NGOs and the city's gender policy**

St. Petersburg and the Leningrad region have over 84 NGOs offering support to women in social, professional and labour spheres. Among them are: the Union of Women of St. Petersburg and the Leningrad region, which includes 25 NGOs; the Association of Women with Higher Education including 15 organizations; Association of Women Entrepreneurs with 20 member organizations; and the Association for Women with Many Children, which caters

for over 40 families involved in family business, home crafts, etc. All these associations offer training in business communication and business organization as well as legal assistance and seminars in market analysis and taxation, thus contributing to the promotion of women on the labour market. At the same time, not all business women join associations. Their interests could be advanced through unionization, which is now being discussed in the city.

## **2.8 Training and social partnership**

Training, retraining and upgrading of employees' qualifications were included in over 150 collective agreements between employers and trade unions signed in St. Petersburg. There is a special emphasis on participation of social partners in implementation of training and retraining programmes.

## **3. Case analysis**

### **3.1 Home work programme**

Home work, self-employment, small and family businesses are a prominent part of the city's employment structure. Each year in St. Petersburg, thousands of skilled and unskilled workers move to the informal sector, creating the need to establish a special training system for them. A valuable solution to this problem was found by Home Work for Women, a project spearheaded by the City Centre for Career Guidance and Psychological Counselling for the Population of St. Petersburg in 1993. The project was designed to increase women's options for full and part-time employment, to reduce unemployment, boost family earnings and alleviate working women's social and psychological pressures. The steps in programme implementation were: analysis of the demand for female workforce and homemade articles, identification of a target group of women prepared to master folk crafts, the actual training and subsequent marketing management (exhibitions for sale, shows, partnering with interested companies, creation of jobs for women involved in folk crafts).

In 1993 the Employment Committee of St. Petersburg agreed to the proposal of the City Centre to unite efforts in creating a Women's Labour Exchange. From 1993 to 2000 the Exchange trained 2,145 unemployed or underemployed women registered with the employment service in St. Petersburg and the Leningrad Region. In 1999, the Exchange opened an Advisory Centre for Folk Crafts and a number of clubs to provide advisory support and career advancement services for the Exchange graduates.

In the course of seven years, the Exchange has become an important force in the city's co-ordinated attack on unemployment. It uses its position on the labour market to make a difference in women's careers. 'Vacancy fairs' for women, contests such as 'Master-klass' and crafts competitions, exhibitions of homemade articles attracted 40,000 women, prompting them to reconsider their occupational choices, enter the job market, undertake training and become competitive and adaptable. In addition, the Exchange created a training centre which enabled 2000 women interested in folk arts and crafts to develop their abilities, sustain the troubles of market competition and finally start their own business. The centre offers courses in wood and fabric painting and designer leather products. In the hierarchy of occupations, these are considered manual labour occupations requiring creativity and workmanship.

Due to these features, the training is viewed as a dynamic process whereby the learning materials are constantly improved and enriched with new ideas, technologies and products. The learning packages for unemployed women build on the positive experience of

different vocational training institutions. The qualification requirements, curricula and programmes are targeted at a level of knowledge sufficient to perform complex tasks.

The training objectives of the Exchange are achieved not only by means of technical equipment and use of computers but also by counselling services and motivation. Completion of the training programme results in the acquisition of a new profession, the ability to produce articles after standard models and to find new artistic solutions. Because most entrants do not have a background in the arts, the programme includes a lecture course in visual arts. This broadens the scope of the trainees' knowledge and encourages creative thinking and aesthetic sensibility. Prior to enrolling, each entrant receives vocational guidance and undergoes tests and interviews to assess her background, interests and plan the initial steps in the training.

The training itself is a process of mastering the production technology: hand positions, use of tools and accessories, working techniques, etc. Quality standards of raw materials, their combinations, composition and colour form a big part of the curriculum. One of the objectives is to expand and diversify the product range in order to meet the current supply and demand situation and to flexibly respond to changes. Along with applying their knowledge in practice, the trainees learn to order and purchase raw materials, and promote and retail readymade articles. The trainers and trainees conduct marketing surveys and research into the job market situation. A specific feature of the Exchange as an educational establishment is that it prepares trainees for work at home as entrepreneurs, participating in a highly volatile market and managing their activities professionally and independently. Inculcating good taste, efficiency, creative ability and flexibility in the process of learning, the training results in the making of a profession characterised by absolute compliance with occupational standards, mastery of the procurement, design, production and marketing techniques and business management tools.

Production of designer items such as souvenirs can be flexibly organized either in workshops or in homes. This opens extra job opportunities for talented individuals with limitations on their capacity and availability for work (pensioners, physically disabled persons, women with children). Such home workers are commissioned by the Exchange to make small numbers of designer items. The most valuable effect of this type of employment is that it helps to maintain and continue the tradition of folk decorative arts.

Home employment helps families to introduce their children, from a very early age, to the very roots of the unique heritage of the national culture, instilling aesthetic values while helping the family to get by. Upon graduation, women's careers are very diverse, depending on their preparedness, personal mobility and initiative. Many graduates set up small businesses, often on a family basis. Those with an inclination to teaching try themselves as trainers of children and adults, organizing folk craft circles at local community centres, clubs and summer camps.

Retailing is often done at the fairs organized by the Exchange. Participation in frequent local exhibitions for sale is an opportunity to show and advertise, attract customers and seize new contracts. Another important and effective retailing scheme is co-operation with art galleries where unique designer items are readily accepted.

St. Petersburg has a tradition of regular 'vacancy fairs' for jobs and educational opportunities. The fairs are an important element in the city's policy to combat unemployment in that they help to sustain the level of employment among the most vulnerable groups and to assist enterprises in recruiting personnel.

The idea of organizing a special fair for women spun off from the success of the vacancy fairs. The underlying reasons were:

- i) Women make most of the applications to the employment service. Their share is 70%, most of them having higher education.
- ii) Women access a very limited range of vacancies.
- iii) 70 % of unemployed women suffer profound stress and need counselling.

Recognising this, the Vocational Guidance Centre and its Women’s Exchange affiliate launched the Women’s Job Fair project - a new initiative designed to promote employment and social advocacy for women. The initiative was to give women moral support and more job options, enhance their adaptability to the challenges of new careers, accumulate information about educational establishments, enterprises and occupations, collect data on vacancies and educational opportunities and, finally, to set up an efficient job placement mechanism.

The fairs are targeted at women of different ages (18 to 65 years old), occupations and educational backgrounds. Most of the women have completed secondary or college education and the majority come from white collar or technical occupations.

The survey of attendees to the fair found that 50% of them would rather take up a new occupation, while 35% would not. Each fair presents a wealth of information about available job positions, refresher courses and educational establishments catering to unemployed women. The fairs also bring together vocational training institutions from both formal and informal sectors, employers and the city vacancy bank. Realising that 70% of women suffer redundancy stress, the fair organizers launched regular counselling services provided by the Centre of Career Guidance and Psychological Counselling. It turned out that women sought counselling for various reasons; these reasons are noted below in table 3.

**Table 3. Reasons for application to the centre**

Reason	%
Needed career guidance	26
Did not know what their job options were. Some women were unaware of the employment services available	9
Needed care or wanted to share responsibility with somebody else.	11
Suffered psychological problems (poor communication skills, self-consciousness, problems with families/children)	37
Were unable to settle in a group	3
Wanted to assess their aptitudes for occupations other than their current ones (perceived as underemployment)	12
Other reasons	2

In almost all cases, the clients said that the counsellor did a good job helping them. Negative responses were very rare. The Fair also hosts the roundtable “Woman and Unemployment” with participation of employment specialists, scientists, lawyers and counsellors. The Fair is preceded by a city crafts contest. The purpose of the contest is to motivate women to upgrade their qualifications and marketable skills, to promote personal growth, creativity and craftsmanship and to identify highly-skilled professional home-workers as well as to get the public involved in supporting creative jobs for women. After the contest, the winners display their works at an exhibition and are awarded prizes. The inspiring finale of the contest encourages women with creative abilities to choose an interesting option and attempt to turn their lives around. From the opening to the final ceremony, the Fair proceeds

in a friendly, warm and inspiring atmosphere, not least because it is usually held in the fashionable halls of the Anichkov Palace or Belosselsky-Belozersky Palace - a venue conducive to open talk, discussion and socialisation.

The City Centre for Career Guidance and Psychological Counselling routinely surveys the attendees with regard to their age, education, reasons for coming, occupations, opinions and recommendations. As a rule, nearly all attendees agree that women's fairs are necessary and should be held at least quarterly.

In 1999, the Career Guidance and Psychological Counselling Centre and Women's Labour Exchange, together with the St. Petersburg Department of the Federal Employment Service, launched an affiliated Poisk ("Search") centre. The centre was conceived to facilitate the job-hunting process, provide advocacy, legal support and counselling to women from the most disadvantaged social groups. The Poisk centre was launched at the Exchange in February 1999. Since that time, it has been visited by 926 people, 847 women and 81 men.

Most of the Centre's clients are single mothers, mothers with many children or pre-school children and women with a long history of unemployment. The priority activities of the centre are:

- career guidance;
- consultations on family legislation and social benefits;
- consultations concerning job opportunities; vacancy search using the Employment Department vacancy database and the specialized Women's Labour Exchange bank;
- consultations on self-employment, family business, women's small business.

Most of the clients are in the productive age groups. 42.7% had a college degree or went to college for some time. 35.2% received specialised secondary education and 18.8% secondary education. 2.1% had never finished secondary school. 43.5% of all the clients were trained for blue-collar jobs and 56.5% for white-collar jobs.

The most attractive areas of work were: engineering (12.3%), record management (11.7%), economics and finance (18.8%), healthcare (5.8%), building and construction (4.5%), management, dealership (6.4%), retail (13.3%), services (6.8%).

Programme implementation has faced some difficulties. Two of these are:

- i) due to lack of funding, the programme failed to reach all the objectives. Originally training was provided in 12 professions, whereas at present only 3 professions are catered for;
- ii) the programme was to be implemented in stages: from demand analysis to job creation to demand management (through organization of exhibitions and salons). This was not accomplished because of excessive taxes, unreasonable rent and lack of municipal funding.

### **3.2 The International Institute 'Women and Management'**

The International Institute 'Women and Management' is another example of a vocational training institution for the unemployed which serves both the formal and informal economy. The institute offers fee-based courses in training and retraining, and refresher

courses. It has trained over 6,000 women over its 8 years' existence. The central goal of the institute is to help women advance in all areas of social life.

The activities of the International Institute are based on the concept of continuous training of women, primarily for decision-making positions in industry and social life. The concept incorporates Russian and international traditions of women's education. Multilevel training programmes in all areas of business, marketing and self-employment are offered. The ultimate goal of each programme is to empower women through self-employment, small and family-based enterprises, and the creation of new jobs through micro and small enterprises. The Institute has launched its own information and research centre. Over 70 per cent of the women who undergo retraining at the Institute subsequently use this centre to find jobs. The centre conducts annual surveys among its graduates in order to keep track of their careers. In addition, there is a business club for women entrepreneurs providing information, consulting and office services. Short-term (1-2 days) refresher courses for financial managers, managers, market analysts and entrepreneurs, as well as onsite corporate training services, are also offered.

The institute has drafted a project to launch a business centre which would serve as an incubator for women's start-up businesses.

### **3.3 Career guidance and psychological counselling programme**

Career guidance, counselling, and staff recruitment play an important role in the right choice of occupation, industrial sector, or training and retraining programme. Created 14 years ago, the City Centre of Career Guidance and Psychological Counselling assists young people in choosing a profession. The market situation and the increase of unemployment expanded the scope of the Centre's activities. There is emphasis on employment problems of the socially unprotected or under-protected groups such as women, youth, the disabled, families with many children, the elderly, etc. Since these groups cannot often be competitive on the labour market, they are in desperate need of psychological rehabilitation and adaptation to the market environment. Responding to this need, the Centre offers psychological assistance to families and helps to improve relations between the employers and the employees.

The Centre specialists provide career planning and advice on the most advantageous occupations including those in the local informal sector. Testing for would-be entrepreneurs is done at the recommendation of the district administration and employment services. Networking with employers, training providers and employment services is maintained to ensure that comprehensive information on the labour market and training opportunities is accumulated and job placement is carried out efficiently.

The Centre staff teach basic careers guidance for adults, counselling and labour market survival skills to qualified family counsellors and instructors from non-governmental colleges catering for both the formal and the informal sectors. Lecture format is complemented by group tasks, business games and other forms encouraging trainee participation. The Centre carries out marketing analyses for enterprises and organizations willing to keep track of the supply and demand situation in their markets. The Centre monitors the rating of occupations and the labour market situation, identifies careers preferences and value attitudes, tracks the careers of vocational schools graduates, being an active player in shaping career expectations. The administration of St. Petersburg uses these findings to formulate policy decisions concerning employment and youth.

The Women's Labour Exchange project originated as part of the St. Petersburg's Employment Programme. The Exchange contributed to strengthening the position of women on the labour market. In 7 years the vacancy fairs for women have attracted 35,500 attendees motivating them to look beyond their current occupational choices and enter the job market through training on how to become competitive and flexible.

### **3.4 ILO Project "Development of Modular Skill Training Programmes in St. Petersburg"**

The project of the International Labour Organization (ILO) "Development of Modular Skill Training Programmes in St. Petersburg" was launched in 1995. It is sponsored by the Flemish Community of Belgium. The project partners are the International Labour Office (Geneva), the International Training Centre of the ILO (Turin, Italy), the Flemish Service for Employment and Vocational Training (VDAB), the ILO Area Office (Moscow). It enjoys the support of the city authorities and regional Services for Employment and Committees on Education.

The project aims to introduce the modular approach into the practice of vocational training of adults. A package of modular materials is created to form professional competencies. Each trainee is provided with an individual set of materials and can follow the course at his own pace. The mode of training depends on the competence to be built. The training process is finished when the trainee proves that s/he has mastered the necessary skills.

The priority areas of the ILO project activities are:

- analysis of the demand for the project's training services in the St. Petersburg and the Leningrad region;
- seminar training (retraining) of national specialists to develop and implement modular training programmes and manage modular training processes;
- methodological support to implement modular training materials in vocational training and retraining for administrative, commercial and financial sectors;
- information and technical support to the training institutions, dissemination of training and methodological materials for various aspects of modular concept;
- evaluation of modular training programmes in co-operation with the partner training institutions, trade unions and employers.

The national staff of the ILO project has the qualifications to develop modular training and methodological materials and offer advice on management of training institutions using the modular principle and computerized training processes. The documentation centre of the project helps with computer design of the training materials, maintains the data bank and distributes the information and reference publications on modular training programmes.

The ILO project works with institutions offering different levels of vocational training. Its beneficiaries are the socially unprotected population groups (the unemployed, youth, people with disabilities).

At present the project cooperates with 15 institutions for basic vocational training, 10 centres for the vocational training and retraining of adults, 3 specialized institutions for vocational training of the handicapped, the Russian State Pedagogic (Herzen) University, Marine Technical University and other technical colleges in the city.

The leading instructors of training institutions (centres) of the city and the region have access to the electronic database of the project via the Intranet and the Internet.

### **3.5 Soinform Institute of Management and Staff Development**

The Soinform Institute of Management and Staff Development is another example of a non-governmental fee-paying school for the unemployed. The Institute provides legal training to those who want to start their own business as well as employment services.

In over 12 years, the Institute has certified 14,000 students, with both college and undergraduate backgrounds. A survey conducted at the beginning of training revealed that a common problem was the lack of legal culture: only 6 per cent of students had basic understanding of the laws. The survey dealt, among others, with questions like:

- Is the tax officer obliged to act according to the Constitution?
- Can you calculate your income return?
- Are the consumers and manufacturers equal in law?
- Is the employer obliged to defend the interests of his/her company?

Out of 14,000 graduates, over 2,000 succeeded in starting their own business only 2 or 3 years after graduation, due to problems with lease of premises. Over 3,500 gave up while struggling for office space and never registered their businesses. About 1,500 moved to Finland, Sweden, Norway, Germany and the United States and 1,137 of them started businesses over there. Many of these businesses were specific to their country of origin, for example, Russian cafeterias, Russian theatres, Russian holidays, etc.

To overcome the obstacles standing in the way of free enterprise, Soinform established a non-commercial partnership to promote self-employment. Another affiliate of Soinform, the Civil Rights Protection Club, assists graduates in solving legal problems using the mechanisms learnt in the course. The Club has existed for 7 years. Currently it has 838 members, 432 of whom occupy senior managerial positions and 89 are self-employed.

### **3.6 Business Incubator in Volkhov (Leningrad region)**

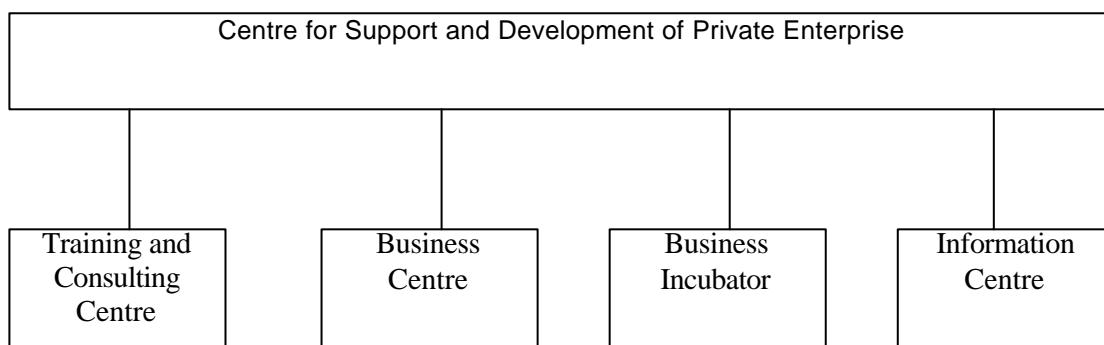
A business incubator was set up in 1995 in the town of Volkhov (Leningrad region) as a result of co-operation between the Union of American and Russian Women and the municipal administration. To date the incubator has trained over one thousand jobless citizens, 2,424 start-up entrepreneurs and 5,256 businessmen. Potential entrepreneurs can attend seminars in self-employment and business planning. Among the topics discussed are: business organization and administration, product mix development, market analysis and forecasting, pricing and marketing, taxation, financial planning and accounting. A special course in effective management was developed for SME managers, comprising audit, assets management, cost analysis, budgeting, and product range optimisation. Entrepreneurs can also participate in the training programme on marketing, sales and advertising, which focuses on market analysis and forecasting, pricing, effective sales and advertising practices. The 'business incubator' offers short-term (2 days) and long-term (4-5 months) seminars, vocational training, interactive training programmes and case study sessions. The services of the incubator include free consultations, answering service, telephone, fax and parking, as well as preferential leasing terms for office/working space, equipment and discounts on business planning services. This helps those embarking on entrepreneurship to get their business started.

### 3.7 The “District as an Integrated Socioeconomic Structure” Programme

The programme was launched in 1993 and covers all administrative districts of St. Petersburg. The “District as an Integrated Socioeconomic Structure” programme promotes the creation of municipal foundations, business centres and business clubs (e.g. ‘Visit-Club’ in Vyborg district), insurance companies, business incubators, social centres, public relations agencies and security agencies. Among the participants are bankers, businessmen, heads of large enterprises, foreign investors, representatives of district and municipal administration.

The club members contribute to the support of small business through business cooperation and direct financing of small enterprises and vocational training system. Information centres created in a number of districts assist in finding jobs for retrained specialists. Training and methodological centres provide training with the use of new technologies (see Annexes 5 and 6).

**Figure 1: Structure of the Centre for the development and support of private enterprise**



## 4. Conclusions and recommendations

### 4.1 Small business development problems

In recent years, small businesses have become increasingly visible in Russia. It is worth noting that two thirds of all inventions take place in the private sector. From this perspective, small businesses have a very promising future. Yet, a whole range of prerequisites should be met until small businesses can develop successfully, namely:

- Improved economy, lower taxation.
- Rule of law, political stability.
- Better legislation to stimulate steady growth and protection of small businesses.
- Safer banking system.
- Enabling start-up environment (funding, credit, lease of premises, simplified registration procedures).
- Availability of information resources (databases on information services, economic and administrative legislation, customs and tax regulations).
- Cumulative support from large-scale businesses (franchising, subcontracting, etc.).
- Qualified human resources.
- Sustainable capacity-building infrastructure (training, seminars, business schools, consulting, etc.).

As Russia evolved into a market economy, the educational system had to be reorganized too. Training and retraining of the adult population became a crosscutting concern.

#### **4.2 Defects of the current system of staff training**

Today, north-west Russia has an effective system for staff training and retraining. It comprises state institutions for primary, secondary and tertiary training and re-training as well as non-governmental institutions commissioned by the employment service to train unemployed adults on a fee-paying basis. In addition, there is a series of specialised institutes of further professional training and refresher courses in enterprises. None of them distinguishes between the formal and the informal sectors. At the same time, a training infrastructure targeted specifically to the needs of actual and potential workers of the informal sector is emerging.

Despite the positive experience of state educational establishments in teaching the basics of market economy at the advent of the reform, there is a pressing need for expanded and diversified training opportunities and a higher quality of training. This would help meet the market demand for a qualified workforce and trained human resources. To this end, ongoing retraining of trainers and university professors should be instituted. This means that, besides theoretical knowledge, trainers should impart skills enabling trainees to apply their knowledge in real life in such areas as business administration, security, partnership development, proper control and accountability, basic taxation, credit, etc.

This, together with the need to update theoretical knowledge, fully applies to training for the informal sector. High quality training for both formal and informal sectors can be ensured by means of a unified accreditation system. Under such a system, trainer certification and curriculum analysis of business training programmes should be carried out regularly and across all levels and attempt to keep up with international standards.

#### **4.3 Innovative training methods**

The experience gained so far leads to the following methodological observations:

- Institutions of vocational training have had positive experience with the development of learning packages tailored for specific target groups (e.g. the unemployed); further work needs to be done on the development of curricula which have the flexibility to respond to the changes in the market and population looking for training.
- The training process should be based on a stage-by-stage progress plan taking into account trainees' response and their motivation.
- The qualification requirements, curricula and training programmes should ensure adequate fulfillment of job tasks of any degree of complexity.
- Psychological counselling, alongside technical equipment and the use of computers, is an essential element of the learning process. It serves to adapt trainees for employment, ensure retention on-the-job, address attitudes and expectations and to impart effective survival skills whenever necessary.
- The modular training concept enables the trainer to structure training materials around the individual characteristics and capacities of the target groups. Thanks to their accuracy and clarity of presentation, the training materials can be studied independently; progress checks and performance tasks enable the trainee to

evaluate the level of knowledge and encourage active participation in the learning process.

- Business and management training takes into account the trainees' psychological characteristics and social roles.
- Up-to-date learning packages in Russian are used; international methodologies are adjusted for the Russian context.
- Training involves a large amount of seminars, business games and case studies with the purpose to develop motivation, creativity, leadership and teamwork skills.
- Optional courses in PC and languages are offered.
- Basic training in law, taxation and credit is offered by a number of training centres.
- Many training centres use the 'business incubator' approach to help their graduates. Various clubs, business communities and resource centres provide support in small-business planning, organization and management.
- In most of the centres training is gender-balanced.

However, analysis of the status of training in the informal sector revealed that the existing system is characterised by a lack of cohesion and low effectiveness. The demand for training is much higher than the range of available training services.

#### **4.4 Creation of the informal sector staff training system**

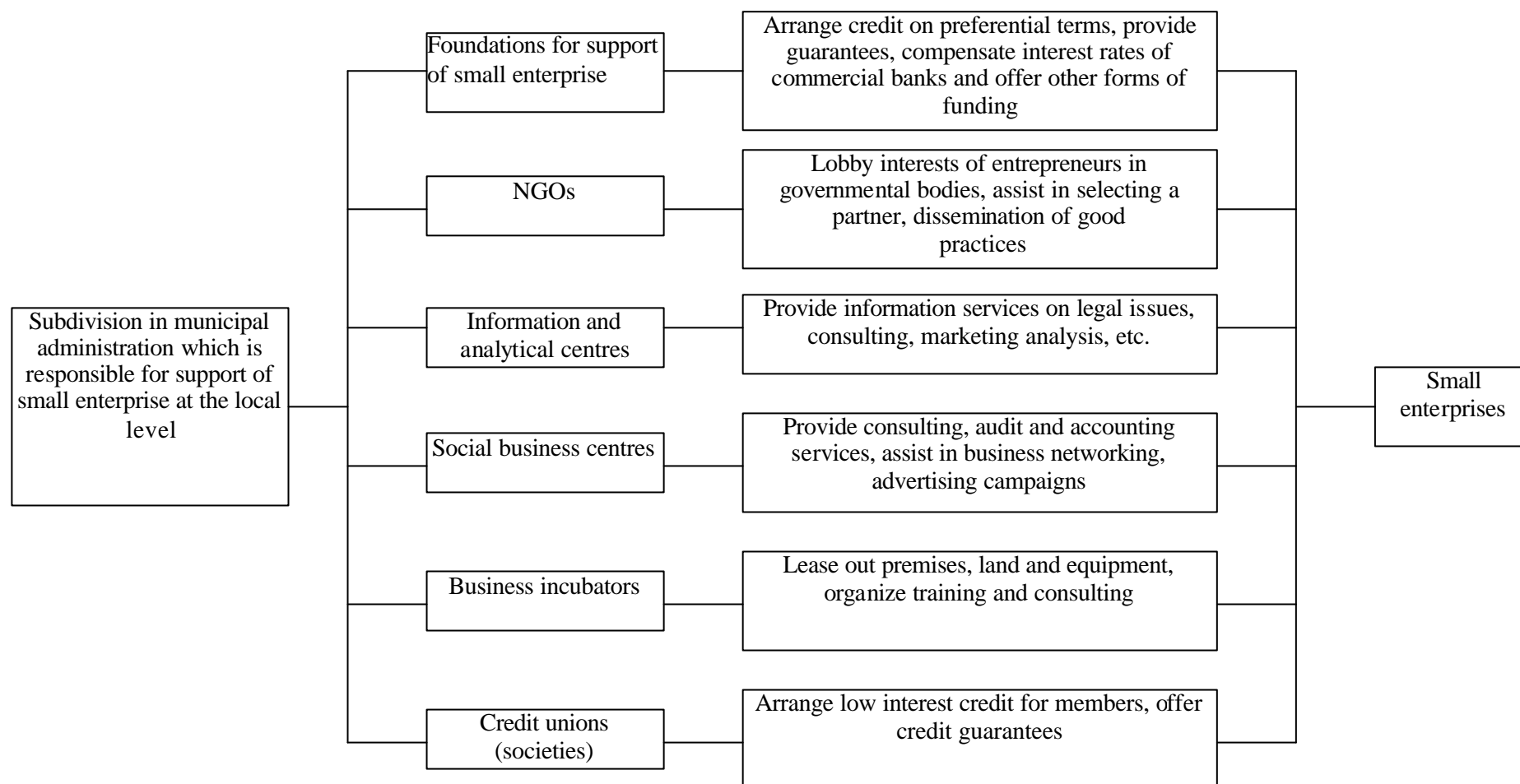
All of the above suggest that in St. Petersburg training for the informal sector has good scope for expansion. Organization and expansion of training services in new areas of the informal sector (such as transportation) require co-ordination and an advisory centre for the development and implementation of training of trainers. Such a centre could design and implement curricula for training of trainers (multipliers) for the informal sector and borrow the best Russian and international practices and stay abreast of cutting-edge training technologies.

The experience of the ILO Modular Training Centre in St. Petersburg demonstrates that in the training of trainers, the use of existing modules and development of new modular programmes can help improve the process of vocational training and therefore train more members of the workforce. Such a resource centre would serve the needs of trainers working with informal sector workers. The centre would function within the framework of the City Centre for Career Guidance and Psychological Counselling for the Population of St. Petersburg, an organization with vast experience in teaching skills for home-based work, family business and self-employment. For many years the City Centre has provided training to school and college trainers, on basic career guidance and psychological counselling. The Centre's programmes, courses, business "games and role plays" in human resource management are actively used by local training centres, employment services and corporate human resource departments.

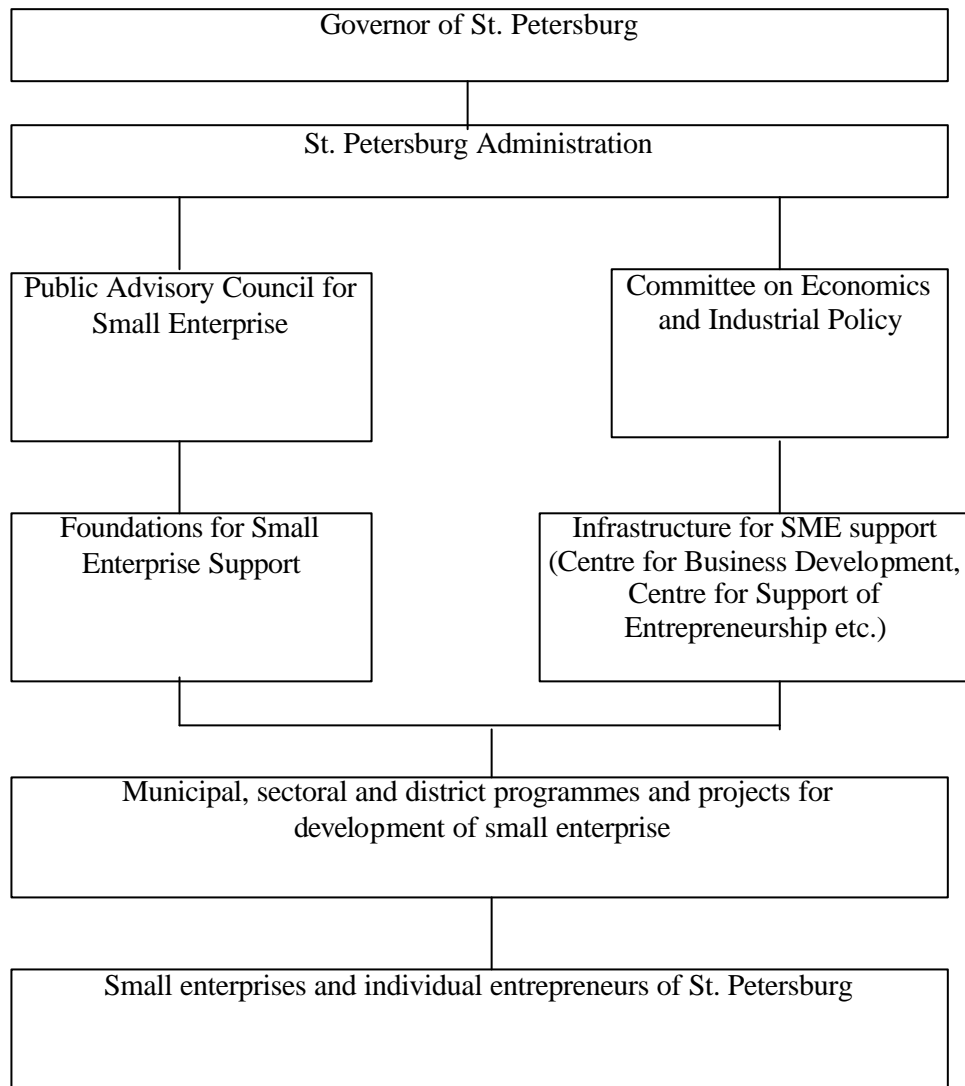
**Structure of product output of small enterprises in St. Petersburg  
(January–June 2000)**

	Products and services	
	In millions of roubles	%
<b>Total for enterprises and organizations</b>	1,8479.1	100
<i>Sectors:</i>		
Industry	4,619.7	25.0
Agriculture	13.0	0.1
Transport	824.1	4.5
Communications	41.7	0.2
Construction	4,598.3	24.9
Commerce and catering	4,761.1	25.8
Logistics and marketing	169.0	0.9
Information technologies	81.3	0.4
Real estate	215.0	1.2
General market services	716.2	3.9
Housing and communal services	63.5	0.3
Social amenities	68.4	0.4
Healthcare, physical training and social security	421.6	2.3
Education	111.4	0.6
Culture and art	135.9	0.7
Science	899.3	4.9
Finance, banking, training, pension plans	100.8	0.5
Other	638.8	3.5

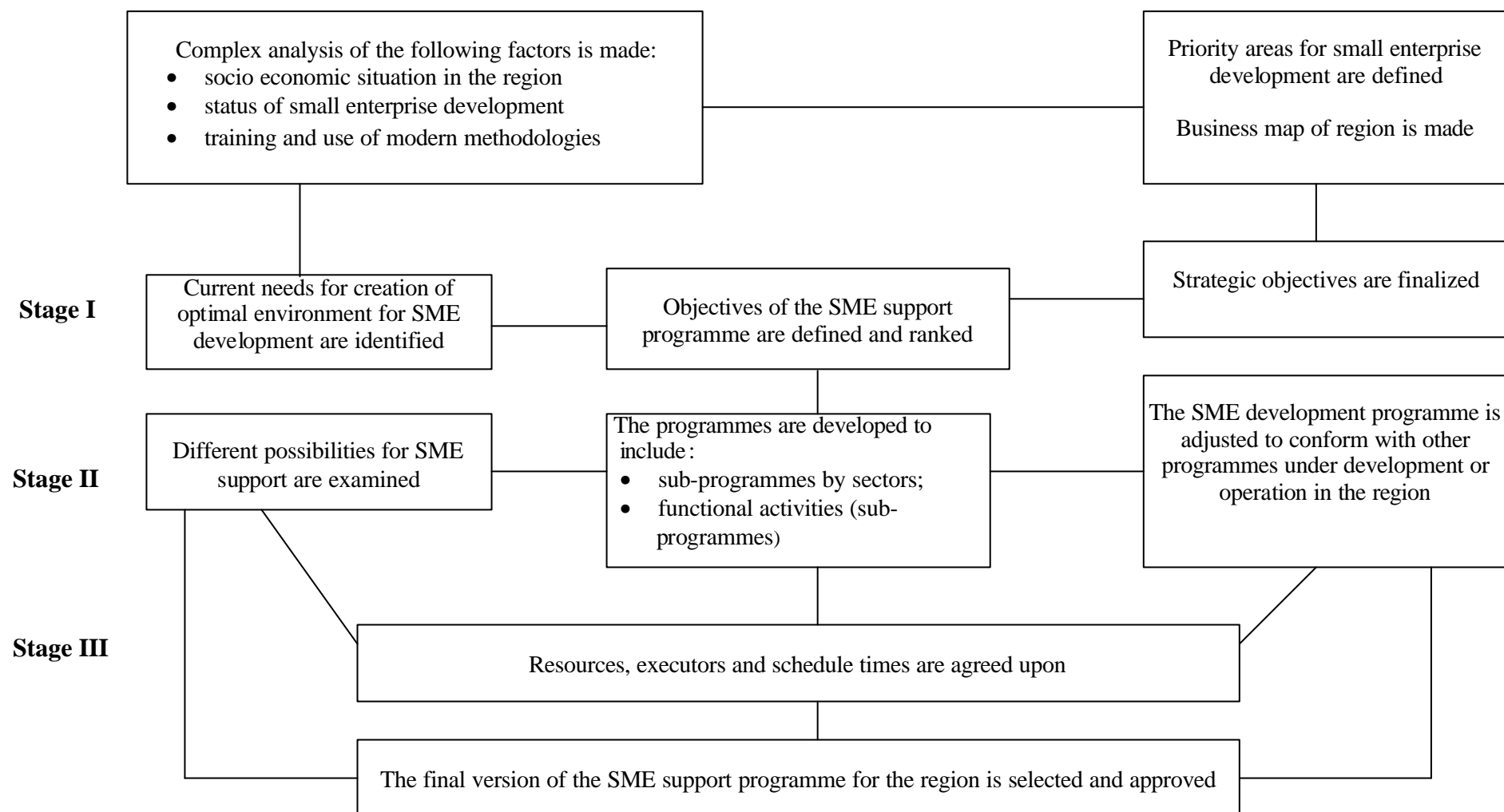
### Infrastructure of small enterprise support on the regional level



**Chart of SME support system in St. Petersburg**



## Sequence of development of small enterprise support programmes at the local level



**Programme of specialized training for entrepreneurs and managers**  
The "District as an Integrated Socioeconomic Structure"

Areas, subjects	Content
<b>1. Management</b>	
1.1 Transition to market economy	Concept of the market economy transition programme. Business planning and forecasting. De-monopolization of economy. Privatization of state property. Market and infrastructure development. Pricing policy in transition period.
1.2 Entrepreneurship	Development of private enterprise. Concept of enterprise development. Commodity market analysis and forecasting. Business mechanisms. American, German and Japanese business methods. Inter-company entrepreneurship. Enterprise and innovations. Investment market. Exchange market. Investment funds. Free enterprise zones. Venture enterprise and finance. Individual entrepreneurship. Financial and tax stimulation of venture enterprise.
1.3. Management	Management: its attributes and functions. Management objectives analysis. Management and free enterprise. Crisis management. Strategic management. Product, market and profit-oriented strategy. Management and power structure. International business and management. Management tools: goal setting, delegation of authority, error-closing control, regulation through supervision, coordination, communication, motivation, system approach. Management styles analysis. Management and organization. Organizational patterns. Manager's workplace engineering. Decision-making in management. Decision-making process. Making a choice. Information management systems. Management and conflicts. Conflict analysis. Settling a conflict. Psychogeometry of a manager.
1.3.1 Management (in industry, energy sector, construction, communications, transport and communal services)	Intra-company management. Business administration. Company life cycle. Management functions: planning (goal setting), regulation, controlling, logistics. Business management. Management strategies. Manager's resources. Networking. Networking efficiency evaluation. Intra-company management in sectors, i.e. management in machine-building industry, management in manufacturing of power generating units, management in construction, municipal management. Office work: documentation, correspondence. Secretariat. Cooperation with secretariat. Protocol and organization of events. Management technologies.

1.3.2 Human resources	Human resources management. Leadership in business. Recruitment and training of executive personnel. Executive competence-building, training in corporate culture, stress resistance, decision making in crisis situation. Debate techniques, fundamentals of persuasion, rhetoric, argumentation, pedagogy, didactics, conference and negotiation methods. Problem analysis, “decision tree” method, morphology, kinetics, brainstorming, creative ideas protection, creative activity method. Qualification requirements for different categories of employers. Executive career planning. Executive reserve. Case studies, business games and discussions, experience exchange. Negotiating. Advisory councils. Personnel recruitment. Individual consultations with employees. Methods of conflict resolution. Delegating authority. Self-improvement and auto-regulation methods. Memory training and stimulation of creativity. Quality evaluation and the employee’s input. Filling executive vacancies (appointment, elections, competition, recruitment procedures, executive teams building, etc.). Fundamentals of business ethics. Diplomatic and business protocol. Personnel training and retraining.
1.3.3 Marketing	Marketing in business administration. Complex consumer studies in marketing. “Consumer – goods – market” chain. Marketing of goods. Trade-fairs and auctions in marketing. Marketing of engineering products. Marketing and licensing activity of the company. Business planning and inventory policy. Quality control. Product competitiveness. Promotion of goods and services. Advertising strategies. Services marketing. Pricing strategy and strategic marketing. Marketing management. International marketing. Marketing in foreign commerce. Computer technologies in marketing.
1.3.4 International business	Organizational, legal and economic framework of international activities of state-owned and private enterprises, state regulation and international business development. Joint ventures. International trade planning and management. International business operations. Pricing policy and competition. Cost analysis of international business activities. International monetary economics. International accounting. International business practices.
1.3.5 International economic activity of joint stock companies	Joint stock companies in market economy. Registration of international business activity. State-aided international operations. International contracts. Fundamentals of international monetary economics. Financing and insurance of international operations. International sale contract. International payment systems. Problems of the rouble convertibility. Equities. International accounting. Customs regulation. Import into countries of Western Europe. International transport operations.
1.3.6 Exchange transactions	Wholesale markets. Rule of Exchange and licensing procedures. Efficiency of exchange operations, board of administrators. Brokerage houses and investors. Broker’s functions and exchange transaction and documentation, methods of settlement and insurance. Auctions, barter operations and trade fairs. Broker’s workstation. Business game “A Millionaire Broker”. Rules of exchange transactions, contracts and other documents.

1.4 Managerial decision-making	Technical and economical aspects of enterprise management. Case study. Feasibility study for alternative solutions. Decision-making techniques and their use in management. Organizational study method. Fundamental principles of mathematical modelling. Information in decision-making. Expert methods. Statistical data processing. Correlation and regression analysis. Linear and dynamic programming, task formulation, problem-solving techniques. Network planning and management. Game theory. Risk assessment in decision-making. Solution testing.
1.5 Quality control	Quality control programme. Quality system certification. Quality standard. Statistical analysis in manufacturing. Product engineering. Assembling facilitation. Methodological quality maintenance. Technology intensive product engineering – projects. Operational planning and control system. New approach to cost analysis: computer-aided design integration. Reliability system models. Engineering approach to reliability.
1.6 Social and psychological aspects of management (manager's psychology)	Psychological aspects of business administration. Psychological tests, analysis of professional and communicative qualities, consulting. Training. SME psychology. Problem analysis of joint venture activities: case study. Business ethics. Training programme: "Business communication, conflict resolution and negotiating".
1.6.1 Applied psychology	Selection and formation of market groups for different purposes. Compatibility issues. Business communication. Interaction models in business communication by type of personality. Relationships at work. Disputes. Sales behaviour. Stress management. Business communication, conflict resolution, negotiating - videotraining.
1.6.2 Psychological aspects of international economic activity	Negotiations as a form of business communication and partnership. External and internal factors in negotiating. Competence and successful negotiating. Stages in face-to-face negotiating. Task specific techniques. Recommendations.
1.7 Business law	Business law. Legislation on private enterprise. Legal regulation of economic and commercial activities in companies and organizations. Legal regulation of labour relations. New labour legislation: regulation of labour relations in leasing, joint stock and small enterprises and joint ventures. Arbitration court practices of settling economic dispute in transition economies.
1.7.1 Practical guidance in conclusion of contracts	Trade unions/entrepreneurs relations. Practical guidance in conclusion of contracts in enterprises and organizations. Samples (forms, texts) of contracts with letterheads of subsidiaries, departments, services, subdivisions. Collective and individual contracts. Contract law.

1.7.2 Legal framework of international economic activity	Legal framework of international economic activity (international agreements, national legislation, etc.). Legal status of enterprise on the international market. Foreign economic transactions. Sales contract. International contracts and commissions. Lease contract. License contract. Compensation agreement. Joint ventures: organization and activities. Dispute resolution.
1.8 Business administration in emergency situations	Analysis of emergency situations. Cooperation with regional and sectoral administration. Forecasting and evaluation of radiation, chemical, fire and ecological situation and their impact on business activity. Rescue and other emergency operations management (in situations of fire, areas contaminated with radiation or chemical agents, during natural disasters, etc.) at enterprises. Resource management. Order for organization and implementation of rescue operations. Safety arrangements.
<b>2. Business economics and new economic methods</b>	
2.1 Business economics	Economics and business strategy. Economic goal setting and motivation. Manufacturing and marketing analysis. Effective manufacturing strategy in competitive environment. Import and export operations. Western banking and finance systems. Forecasting and planning in business and industry. Strategic planning.
2.2 Economics of industrial enterprise	Planning of enterprise activities in market economies. Intra-factory technical and economic production planning. Production assets and turnover means. Depreciation assessment for lease, redemption and tax minimization. Output, remuneration of labour and individual earnings. Production cost composition. Market products cost analysis. Profit, profitability and pricing policy. Production cost efficiency. Capital investments and new technologies performance calculation methods. Methods of economic risk analysis and assessment. Financial relations in market conditions. Commercial banking. Currency regulation. Financing and crediting. Taxation policy. Sales tax calculation. International settlements and banking. Operations with securities. Auctioning. Analysis of economic activity of enterprises. Accounting at enterprises of different forms of ownership. Accounting, finances and taxes in cooperative, small and joint stock enterprises. Accounting: practical training. Analysis of paying capacity and financial stability of enterprises. International finance and financial management.
2.3. Industrial engineering	Enterprise as a manufacturing and entrepreneurial system. Economic systems concept. Organization systems. Organizational forms and patterns. Economic regulation systems. Business consulting. Telephone marketing and consulting. Economic analysis as an effective method to keep the company afloat. Decision-making in enterprise system (tools, alternatives, goals, tasks, regulation). Functional management analysis. Strategic planning methods. Business plan, development and sizing. Planning and coordination. Industrial planning. Industrial planning systems.

2.4. New approaches to industry management	New economic structures. Technical and economic justification of the structural choice. Self-financing concept. Economic and organization principles of lease, lease contract, cooperative, small and joint stock enterprises. Small state enterprise activities.
<b>3. Technological development management</b>	
3.1 Project management	Concept and design procedure in the “On time” system. Innovations and technical development management. Analysis of engineering decisions market. Technical operations in project management. Project life cycle. Case study. Methods of multi-objective optimization. PERT system and the use of computers. Design of joint radiosystems on the basis of complex miniaturizing. Use of expert systems for pre-production models making.
3.2 Modern technologies and automation	Automation of development and production. Modern computer-aided manufacturing. Japanese experience. Manufacturing industry in Japan. Flexible automation. Artificial intelligence and its applications.
<b>4. Ecology and efficient management of natural resources</b>	
4.1. Industry and environmental protection	Classification of hazardous emissions. Case study. Engineering in environment protection and non-waste technology. Labour protection. Industrial noise and vibration control. Noise effects. Industrial enterprises’ responsibility and global prevention of ecological crises. Disposal of detrimental resources, contaminated water and air.
<b>5. IT in enterprise management</b>	
5.1 Computer technologies and software for business management	Computers in management, research and project activities. Computer software for documents management, contract forms, personnel management, production planning, cost analysis, analysis of costs for specific products, calculation of prime cost, calculation of funds, demand analysis for materials suppliers, calculations for short term loans, labour hours tracking and payroll accounting, raw materials accounting, financial situation analysis, short term loan need assessment, wages tracking, raw materials management, ready goods movements records and goods tracking.

### **Assistance to private business development among the unemployed**

With a view to creating an environment in which self-employment and active engagement in entrepreneurial activity of the unemployed is supported, the Federal Employment Service of Russia issued a decree dated 30 March 1993. The decree entitles unemployed citizens to start up grants in the form of non-recurring cash payments issued in lieu of unemployment benefits and to partially compensate for the cost of launching a new business.

In pursuing this policy, employment services give preference to applicants who demonstrate a clear vision of their field of activity and overall organization of the enterprise and express confidence in its implementation plan. An agreement is then concluded between the applicant and the employment service, whereby the client commits to establishing his/her own business and registering it as a small-scale enterprise at his/her place of residence (or to obtaining a permit for self-employment), and the employment service to issuing a fixed non-recurring grant from the redundancy fund. A term of not less than 12 months during which the client is obliged to engage in entrepreneurship is specified, as well as the size of the client's own contribution to launching the business. The start-up money is donated by the client as personal savings and should amount to at least 25 per cent of the grant sum. In the agreement, the employment service may assume the following responsibilities in assisting the client:

- facilitating the registration of a small-scale enterprise and/or obtaining a self-employment permit;
- partial reimbursement of the state fees on company registration/issuance of self-employment permit and/or the cost of a sample package of incorporation documentation, stamp, etc.;
- issuance of a non-recurring start-up grant. Individuals starting a business without employees receive a grant amounting to 12 unemployment benefits as established for them. Individuals whose businesses provide vacancies for job-seekers registered with the employment service centres may be entitled to further grants paid for each job-seeker employed at the recommendation of the employment service (up to 10 such persons can be employed). Each additional employee grant is 75 per cent of 12 unemployment benefits as established for that person. For a group of co-founders establishing a small enterprise, the amount of the grant is determined by summing up all the benefits assigned for each of them. To apply for a grant, an individual/group of individuals should submit a documentation package including: a copy of the small scale enterprise registration certificate/self-employment permit, the business plan outlining the feasibility of the new business, corporate bank account number and bank address with further bank details (in case of small enterprise) or personal bank account number, bank address and further bank details (in case of individual self-employment).

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