

# **The Role of Leadership in the Context of Modernization of Housing and Utilities Sector of Russia**

**Yulia Posvyatenko**

Institute of Fundamental Education  
 Moscow State University of Civil Engineering  
 Yaroslavskoye sh. 26, 129337 Moscow  
 Russian Federation  
 e-mail: posviat@mail.ru

**Abstract** The paper considers the impact of leadership skills on successful housing and utilities sector’s reform in the Russian Federation. It’s noted that at the sharp increase in the number of property owners, the awareness of their rights and responsibilities for the maintenance of their principal residence in proper condition is lingering. The methods of consumers’ participation in property administration adopted from the advanced foreign experience have not got widespread use.

Along with that, while applying these practices, property owners willing to realize their leadership potential should pay attention to the skills-on-demand. Practical experience in property management participation in the sphere of housing and utilities sector could facilitate further success of the leaders realizing their potential in business administration that usually takes form of a condominium association. We should take a notice that the success of modernization of organizations falling into housing and utilities sector in the current context also depends on the extent of leadership development and shrewd management.

## **1 Introduction**

Under conditions of permanent transformations of the post-Soviet countries, in particular in the Russian society, personal skills described as leadership attributes are developing and becoming dominating ones. Firstly, the new conditions arose due to introduction of private property relations; privatization of housing has been implemented; the new opportunities for realization of personal right to property have appeared. All this has affected the human need for being active and force people to take independent, well-considered and even non-standard decisions, i.e. to cut corners. The system of housing and utilities sector created during the Soviet period and its further modernization requires extensive development of these specific skills from Russian citizens. Even the presence of the boards of trustees in apartment blocks and senior tenants in compliance with the clause 19 of the Housing Code of the Russian Federation, whose authorities were not reinforced by legislation, nevertheless, laid significant groundwork for development of leadership traditions in tenants’ relationship in housing and utilities sector forming the relevant expectations in the society. Unlike many post-soviet countries, Russia has demonstrated a quantum leap in the number of property owners; such a growth is hardly in evidence in foreign countries throughout post-soviet decades.

**Table 1.** Privatized dwellings in Russia ((since the beginning of privatization, at the end of the year)

	Years															
	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Privatized residential premises as % of the total number of residential premises to be privatized in Russia	36	47	63	66	69	70	73	75	76	77	78	79	77	81	81	82

Source: Federal State Statistics Service (2019)

New property owners were not ready neither to their role change, nor to the new forms of interaction with property management companies in the sphere of housing and public utilities. The real conditions of comfortable

and beneficial enjoyment of property in the framework of apartment's blocks with various list of owners have appeared much later. Only when the new Housing Code of the Russian Federation got into effect in 2005, not right away but since 2011, the new notions of 'a council of tenants' and 'a chairperson of a council of tenants' with the precise well-defined authorities have been introduced. Thus, since 1990-s, the Russian conditions for development of personal initiative have changed immensely, however, the extent of people's participation in the communal problems' solution does not correspond to the realities of the legal practice. The present paper is devoted to identifying the tendencies of leadership development in housing and utilities sector in Russia as well as finding the high-demand skills attributed to the participants of these relations.

## **2 Social leadership of consumers**

The study of the leadership concept is related to the previous experience and theoretical considerations in the research sphere of the ability of a person to perform certain activity, the ability to take responsibility for the transformation of the environment, to improve their knowledge and make the right decisions (Tsvetkova 2015). There are many definitions of leadership. For instance, some researches identify leadership and influence. Thus, Ilyin, Lukmanova, Nemchin (Ilyin at al. 1996) defines leadership as 'ability to project influence on particular personalities and groups directing their efforts aimed at the goals achievement'.

In this regard nowadays, the issues of leadership development in housing and utilities sector could be addressed by means of two approaches. On the one side, from the point of realization of leadership skills of housing and utilities sector organizations' administrators, their activity should be maximum efficient under current conditions of marketplace. On the other side, owners of multi-family residential houses exhibiting their active position and competences could result in the radical change of their living conditions in the owned property as well as well-being and urban environment safety.

In many countries, dwelling occupation of property owners in multi-family residential houses has statutory requirements of their participation in administration of the residence's affairs (Doynikova and Gribov 2013). The owners of multi-family residential houses, quarter or town could be active participants in a house's (quarter/town) life. On the local, regional and national levels, the activists establish public institutions with the purpose of living environment enhancement. When combined with authorities of municipal administration, such a behavior serves as an indicator of high level of urban culture development facilitating recommendation of new personalities willing to follow the lead. 'Support centers for local initiatives of the population providing information and financial support' created on the municipal and state levels are the essential constituent part of these processes (Komissarova 2014). Gained experience of the involvement of property owners' associations in residential areas management in foreign countries is widely used for making decisions related to modernization of housing and utilities sector in Russia (Abramova and Kozhevnikova 2018).

In the studies dedicated to social leadership, it's noted the 'social leadership comprises not only personal and professional features but also the conditions and factors of interaction as well as the result expressed in sociocultural environment change, in self-enhancement and self-development of a leader and his/her followers' (Gizzatullin 2015). Social leadership in the sphere of multi-family housing residence administration has gained its momentum on the base of the council of tenants organization in compliance with the legislation of the Russian Federation in the sphere of housing and utilities sector' s relations. The conditions of leadership formation in the present social groups are primarily related to the whole host of existential issues driven by reality. Existential constituent part is of crucial importance in this issue as human's health is directly connected with the quality of housing and communal services not only in physiological aspect but also in social-psychological one (Morov 2014).

Not only dwelling overcrowding but also low quality or just missing services could change the human's quality of life drastically. Long shortage of capital investments into the sphere of housing and utilities sector in the RF at the turn of 20<sup>th</sup>-21<sup>st</sup> centuries under the conditions of transition towards a market economy has resulted in arising numerous material and organizational issues not solved up to now. Discomfort created by living conditions in multi-family housing residences presents with a dilemma for residents whether to tolerate the low level of housing and communal services threatening health and well-being of people or to be active trying to achieve social satisfaction. The most active of them are united in the Association of chairmen of apartment buildings and significantly affect the conditions of the urban environment (for example, Association of chairmen of apartment houses of the Moscow region). Those who have chosen the second option exhibit to different extents their leadership attributes expressed in the whole set of characteristics.

Firstly, these are willingness and ability to influence other members of society and its institutions with the purpose of quality of life enhancement for all the property owners of a multi-family housing residence. The qualities of such kind are formed on the ground of intended needs of a potential leader combined with understanding of the fact that they should be based, at least initially, and more likely permanently on the position of altruism. We should agree with the Spencer's opinion (1892) regarding the fact that «egotism precedes altruism» as every person is primarily seeking satisfaction of his/her personal needs. However, in this case, having become

a property owner of a multi-family housing residence, a consumer becomes aware that while realizing his/her personal needs one faces the necessity of the joined actions with neighbors. However, the above-mentioned neighbors are not willing to take charge of leaders and are ready to tolerate the existing order of things simply by evaluating the situation emotionally. Such behavior could be characterized as imperfect habit formed throughout the decades to wait for a problem's solution from 'above', i.e. consumer's absenteeism of its kind. In Russia, the major part of property owners of multi-family housing residences is not willing to exercise their rights to use a dwelling in the relations with facility managers and is passively encouraging voluntary initiative of neighbors-self-nominees. Thus, there is a reason why altruism of leaders could be considered 'an essential element of solidarity in the modern community' (Bykov 2015).

Acting as a leader for solving problems of his/her multi-family housing residence, a person has to influence and encourage other members of the group to active actions much needed for realization of leadership goals. Along with that, his basic knowledge, for example, in the legal part of these relations could have a great impact on the efficiency of his activity. This is related, in the first instance, to conducting the joint sittings of property owners when for decision to be accepted, the quorum of 50% of property owners' votes is needed.

The practice shows that many people taken the function of a leader do not possess the necessary knowledge and expertise. That is why associations of the chairpersons of multi-family housing residences established in many constituent territories of the federation are trying to join the efforts of these leaders to achieve the goals by means of education and consulting. In this respect, a leader should be ready to broaden his knowledge and skills in the sphere of housing and utility sector on the continuous basis and spend his private free time on acquiring the relevant information.

Secondly, another important leader's quality is the ability to identify short-term and long-term goals of his and common activity and to put it into the group's awareness. This requires from a leader the large volume of competences, understanding of organization structure of housing and utilities sector, good skills of communication with various institutions and authorities, stating his position, representing, and discussing it with property owners.

Thirdly, a leader must have the knowledge of psychology and experience in order to organize such sittings of property owners otherwise, they could become timewasting. Any discussion of the issued not included in the agenda could bring all the organizational efforts to naught. That is why such personal qualities as power of observation, adherence to principles, coherence, tactfulness, public speaking skills, persuasiveness, shrewdness and humanism are regarded as invaluable components of leader's characteristics.

Fourthly, a leader should be able to listen to the opinions of group's members and find the solutions of the problems satisfying the interests of the whole group but not of its discrete members in the framework of existing paradigm of the development of housing and utilities sector in the country. Only on this basis, such person could win the trust of people and succeed in his activity. In such scenario, 'a leader become implementation of group feelings and expectations. In the result, strong emotional bond is formed between a leader and his followers' (Romanova 2011) gradually attracting a team essential for decisions making. Similar charismatic type of leadership is much sought-after among property owners.

Fifthly, a leader should be responsible for actions performed by him and under his guidance, regardless their success. In his activity, a leader should factor in potential opportunities and foresee the future basing on his self-reflection skills.

Sixthly, a leader should achieve the recognition of formal leadership in the form of a chairperson of tenants' council and should start realizing his authorities aimed at the common purpose of the group, coordinated the tenants council's activity that is to become an official leader ideally. Thus, even at the initial stage of realization of leader's potentials, the sufficient number of competencies is required. These competences could transform a regular member of a group into an official manager. Along with that, institutionalization of leadership becomes the form of legitimation of authoritative relations accompanied by material assets for which leaders undertake the significant part of responsibility.

Seventhly, some other qualities are essential for such a manager in order to interact with numerous organizations and their representatives, including, authorities. Primarily, this is an ability to carry out balanced and levelheaded dialog in the existing problem field basing his opinions on the knowledge of his rights and contractual relationship. The ability to prove, to identify the others' misconceptions, the skill to demonstrate plausible arguments facilitate defending the interests and rights of his group. At the same time, over emotional expression of his ideas and the lack of reasoned plausible arguments could complicate the implementation of set tasks.

Successful leadership stories represent a fundamental ground for altering the management techniques in housing and utilities sector and transition to, at the property owners' consent, to establishment of condominium partnership based on the positive results achieved by leaders of multi-family housing residences under the guidance of management companies. Experiences have shown that this is one of the most efficient management methods developing on the base of well-established relations between the council of tenants and property owners in multi-family housing residences (Prokofiev et al. 2015). Such a form of management is practically business technique when special competences are needed from both management company and leaders-managers.

### 3 Leadership strategies of managers

Consideration of the leaders' role in the development of housing and utilities sector would be incomplete if we do not mention the specific features of the leaders of the organization carrying out the activity in this sphere. Dynamism appropriate to economy of the post-soviet countries, high risks level and unpredictability of the situations seriously affect development of business in the sphere of housing and utilities sector. Under these conditions, there is a great demand for people with creative thinking and able to react rapidly to transformations of external environment.

Refocusing not on the planned figures but on consumers' needs and demands, especially organized councils of tenants, forced to change, primarily, the attitude towards the quality of services provided by housing and utilities sector and the terms of their provision. Regardless obvious modernization issues and numerous problems with consumers' bad debts, since 1992 market mechanism of housing and communal services provision has started to form, the principal directions of future reforms have been identified. However, the pitiful state of housing and utilities sector in that period of time and the transition to unsubsidized financing on the basis of citizens' reimbursement for housing maintenance and communal services has resulted in extremely negative attitude of population towards the officials employed in the sector and the quality of their work as wells as outflow of qualified employees (Doynikova and Gribov 2013). Even maintaining significant part of the state-ownership and monopolization within the sector, traditional tactics of economic business management of such enterprises were facing radical staff changes. All this preconditions high demand for people with creative thinking and responsive to external environment transformation. After all, leadership is a trigger the mechanism of the quality system, Deming wrote in the Preface to Neave's work (Neave 2005).

Among the most sought-after skills essential for a potential leader there could be distinguished the following: managerial professionalism, entrepreneur's skills, and responsibility for short-term and long-term business targets, strategic thinking and business acumen (Adler and Lipkina 2010).

Along with that, it's necessary to distinguish the notions of a 'leader' and a 'manager' (Ilyina et al. 2017). In fact the idea of the importance of the presence of certain set of leader's personal skills supposes that these skills are realized only in some particular situations, that's why 'a person does not become a leader only due to his possession of a certain set of personal traits', said Stogdill (1974). Though synonymy of these notions is obvious, it should be noted that leadership attributes help a leader to involve his subordinates with realization of set goals, to build up a team, timely react to the challenges of external environment, to mobilize the given resources for solving arising problems (Savenkov 2010). The essential factor of coordinated teamwork under the influence of leadership skills is job satisfaction and the presence of consent and trust to leader and his decisions.

Successful leadership stories represent a fundamental ground for altering the management techniques in housing and utilities sector and transition to, at the property owners' consent, to establishment of condominium partnership based on the positive results achieved by leaders of multi-family housing residences under the guidance of management companies. Domestic and overseas experiences have shown that this is one of the most efficient management methods developing on the base of well-established relations between the council of tenants and property owners in multi-family housing residences. Such a form of management is practically business technique when special competences are needed from both Management Company and leaders-managers.

It's no doubt that leadership comprises the process of influence, along with that, full identification of these two phenomena is not justified as in any organization each member has an impact on other members to one degree or another, to all intents and purposes. The essence of leadership as a skill to influence others could be regarded as a phenomenon of power derivative. Blondel (1987) considers leadership in this aspect. According to this position, leadership is the synonym of power in its essence. Leadership is power as it comprises the ability of one or few people at the helm force other people to do something positive or negative that the latter could not otherwise implement.

Unlike a manager, a leader is able to influence people and the results of their common activity regardless a position occupied, that is why it may be no accident that for a manager it's important to support and develop the leadership attributes of his subordinates, and skillfully distribute the spheres of company's activity between them. Thus, leadership at all levels creates the best conditions for the successful work of the organization.

The leadership issues continue to be relative in the researchers' environment and ignite various concepts related to the real-life conditions.

### 4 Conclusions

Development of marketplace in the Russian society has led to radical change in the relationship system between the property owners and their neighbors as wells as the institutions providing housing and communal services. Anticipated active position of property owners turned out weaker than policymakers expected it.

However, due to personal initiative of discrete consumers, the process of institutional structures formation in civil society has commenced and is based on the leadership attributes facilitating modernization of housing and

utilities sector. Agreeing with Campbell's opinion (1984) that 'leadership is a mysterious, fleeting quality. Its existence is easy to accept, difficult to describe, even more difficult to put in practice and impossible to ignite this quality in other people' it is safe to say that the more Russian citizens become aware of the importance of their partaking in housing and utilities sector's problems solution, the more comfortable living conditions in their residences would become, the more safe and favorable the environment would be.

Our results have proven that the sources of positive changes, in particular, in organizational structures of housing and utilities sector, are the people's awareness of their needs for enhancing their quality of life and identifying the qualities to be developed for implementation of the modernization ideas.

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