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**CUSTOMS MANAGEMENT AS A THEORY  
OF CUSTOMS BUSINESS ADMINISTRATION IN RUSSIA**

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***Abstract:** Modern tendencies of state management determine the necessity of forming an innovative theoretical and methodological foundation of managing customs business based on the integrative model of customs management. The authors have described the institutional base of functioning and development of the EuroAsEC Customs Union authorities; have explicated basic assumptions of customs management within the framework of the innovative theoretical model and have defined the principal areas of its implementation.*

***Keywords:** management, development, customs management, methodology, management model, customs.*

The main signs of the present stage of development of the world economy are the processes of globalization of the world trade and international currency relations. Such changes extend and intensify scientific, technical and information exchanges. The migration of capital and labor also increases. Uniform standards on technologies are widely applied. Uniform criteria of macroeconomic policy strenuously take root. There is also a standardization of requirements for tax and employment policies as well as uniform requirements for the procedures, infrastructure and personnel. All this forms a new shape of the global economy and gives new opportunities for its development.

Globalization develops most successfully in the form of regional integration of several countries which turns their economies into a single regional economic complex. The actual aim of such integration is the creation of the Customs Union within the Eurasian Economic Community (hereinafter referred to as the Customs Union). It is a special form of trade and economic integration of Belarus, Kazakhstan and Russia. It is a specific customs institution providing a uniform customs territory within which customs duties and

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restrictions of economic character are not applied in mutual trade in goods, except for special protective, anti-dumping and countervailing measures.

Such an institution is a backbone element and an active regulator of foreign economic activity (FTA) of the Customs Union member-countries. It directly or indirectly influences political, economic, legal, power-producing, informational and other communications in the sphere of external economic relations both in the member-countries and in the world community as a whole. Thereby its mission is to ensure stability and predictability of global and regional FTA processes.

In a broad sense, the customs institution is viewed as a systemic entity which regulates economic interaction in the FTA sphere and ensures the cooperative activity of people for the achievement of a socially significant goal – guaranteeing economic security of the country.

The customs institution in a narrow sense is a set of ideas, rules and mechanisms which define, form or develop a customs organization, i.e. it is an organization per se (customs administration) as an open and evolving system. E.g. the Federal Customs Service of Russia is a special state institution functioning and evolving under changing global economic conditions and particular state development.

Thus, it is possible to claim that the current customs service is a complex and large-scale evolving institution aiming at ensuring economic security of the state and having the status of a leading governmental institution which carries out a package of significant functions and deals with regulating foreign economic activity.

Due to constantly raising requirements for the customs institution made by FTA participants and a global business community interested in the development of foreign trade, it is insufficient only to manage the current processes of customs administering.

At present the problems of managing the development of such a complex system as the customs are coming into the picture. There is an objective necessity of mastering innovative approaches to customs institutional management. It is necessary to develop a mechanism which will provide in the long term a stable and productive activity of the world customs service operating under macroeconomic threats and raising requirements for the security of states.

In the end all this makes completely new demands for creating a modern theory and methodology basis of management conforming to the existing international approaches and standards. In essence, it is a large-scale problem of developing an ad hoc theory which might embrace the progressive evolutionary ideas in public administration and management and integrative tendencies in the FTA, as well as customs administration international practices. The consideration of the guidelines and problems related to the creation of a customs management theory is the main purpose of the present article.

Recently, there were big changes in the conditions of functioning of the public sector in Russia and in the whole world. It, in turn, reflects the general tendencies of development of all the society. Internationalization of economic relations, informatization of all aspects of people's life, development of cognitive technologies (technologies of management on the basis of knowledge), aggravation of competition between organizations and between states, a new role of non-material innovations – this is only an incomplete list of the new phenomena which came into being at the beginning of the 21<sup>st</sup> century.

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There are some changes in the public sector which are similar to the transformations in the commercial sector. The approaches and methods of management which have been successful in the private sector are more and more getting into the management practice of state-owned companies. This also refers to a consumer-centered approach, as well as to strategic planning, delegating powers, marketing, methods of control over corporate culture, and many other management methods and techniques.

The most definitely expressed are the tendencies to correct the basic model of management and to extensively introduce the methodology of management directing toward result.

In case of the former tendency (*to correct the basic model of management*) there is a gradual transition from a conventional administrative system of management, where the central link is the head and the central procedure is the observation of instructions (regulations), to the system of marketing management.<sup>1</sup> In this case the consumer becomes the central element, and all the philosophy and technology of management are focused on satisfaction of his requirements. In this regard the person is no longer considered as a hindrance to the activity of public service, and increasingly starts being perceived as the client and the consumer of services.

At the fundamental level such changes are connected with transition from a conventional model of state administration to an innovative one, i.e. to an integrative model of management which has some features of a bureaucratic model and a marketing management model (Makrusev V. V., 2013). Methods of public administration are being transformed from predominately command and administrative to mainly economical and administrative ones.

On the whole, the conventional bureaucratic management system is being gradually replaced with the integrative one. There are elements of market mechanisms in the latter. Public service is gradually turning into the sphere of specific services. It is especially obvious at lower levels of management. In particular, services are rendered in the customs sphere by both the state and private companies: the state provides information and advisory services, brokerage services, warehousing services, etc. At the same time, some services conventionally rendered by the state start being provided by private agencies.

Notwithstanding the obvious changes, there are still some general and specific management problems to be solved – which principles, forms and methods of management are universal and which ones are typical of a certain organization or public institution (*General and special management*, 2000).

In the latter case (*to extensively introduce the methodology of management directing toward result*), the idea of assessing the head or the organization according to their effectiveness and the extent of attaining the objectives of their activity is opposed to the bureaucratic tradition of complying with rules and procedures.

A transition to the methodology of management directing toward result and the search of rational solutions of problems constantly arising in public service makes rigid demands for adequate identification of the objectives and mission of the organization, for

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<sup>1</sup> Marketing management is a uniform policy of the organization; production, pricing and advance in the market of products and the services directed towards the implementation of the exchanges satisfying all parties: consumers, producers and society as a whole.

harmonization and strict correspondence between the former and the conventional rules and administration procedures.

The practice of formulating the mission (the general aim and specific principles) is gradually strengthening in public service. It uses methods of quantitative measurement of the results, in particular, the efficiency indicator (the relation of the result to the expenses), the performance indicator (the relation of the actual result to the planned one) and the economy indicator (the relation of the planned expenses to the actual ones).

The focus is carried from measuring expenses to measuring results. The traditional approach to state administration constantly centers on public expenditure whereas the end result remains in the shadow. The new approach to public management draws its main attention to measuring and monitoring the results gained by public agencies.

Thus, the new conditions of social development gradually bring into public service the many management methods and techniques that have proved to be effective in the commercial sector. At the same time governmental organizations are characterized by the features distinguishing them from private organizations. These differences are, first of all, found in the significance and quality of their goals, as well as in the degree of responsibility, the type of reporting and assessment of the results of their activity. Therefore not all methods and techniques of management which are effective in the private sector can be successfully applied to public service unless they undergo some changes.

A transition to the integrative model of management sets new tasks before the customs authorities to theoretically consider all the ideas, principles, methods and technologies of customs administration.

The tasks of customs management as a theory is to envisage the development of a comprehensive system of knowledge in the field of managing customs institutions, organizations, processes, personnel and services for the achievement of the objectives of customs activity. The constituent parts of the theory are as follows:

- the system of concepts and definitions of customs management introduced according to certain logical and methodological principles and rules;
- general and specific theoretical models of customs management;
- properties and regularities pertaining to customs management;
- modern theoretical views and provisions of the theory of management and the integrative theory of managing customs facilities;
- methods, tools and techniques of customs management.

The present stage of establishing customs management is characterized by an integrative nature of the changes connected with the transformation of public administration models, customs institutions and managing the customs as it is (fig. 1).

The content of the theory is to be determined by a variety of statements, concepts and ideas about customs business and customs management, as well as the relationships between governmental organizations and private companies, between legal entities and individuals as the subjects of customs administration.

The necessary stage of creating a theory is the formation of an idealized object, *viz.* a theoretical model (for example, a theoretical model of customs business or a model of foreign economic trade and customs activity).

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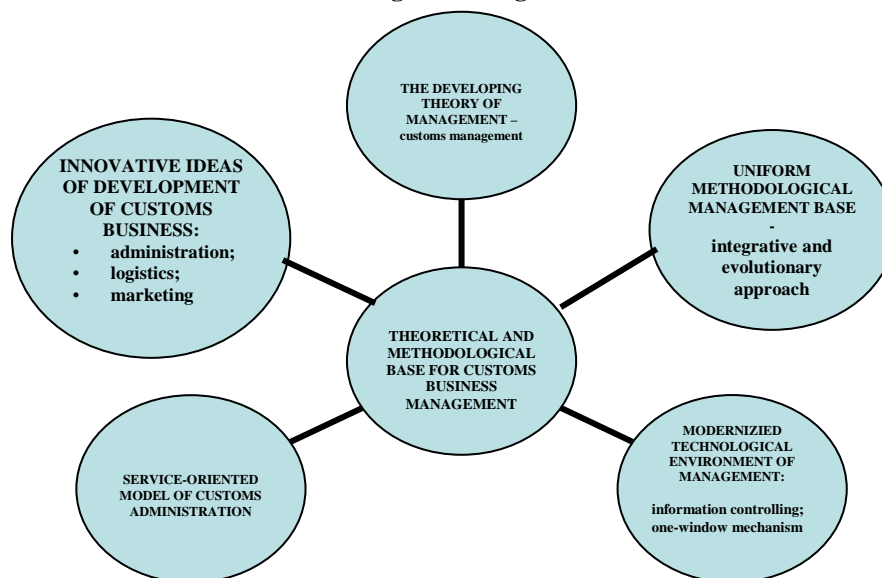
Customs management as the theoretical foundation or the theory of management of customs business is a specific and developing area of study. An important stage of its development is the choice of its theoretical basis from the competing theories whose main components (concepts, theoretical models, methods and technologies) evolve at different rates that is in practice explained by different degrees of demand for them.

Modern concepts of management, despite their seeming diversity, can be united into some classes:

- concepts focused on the subject of management; they reflect a tendency to increase a role of the human person in management;
- concepts focused on the management of processes, activities and technologies, i.e. on the creation and development of tools of operational management;
- concepts focused on the solution of the problems arising in the activity of the organization; their main target is the development of the organization;
- concepts focused on the improvement of organizational culture.

Innovations in the formation of theoretical models are integrative in their nature.

**Fig. 1. The guidelines and the integrative nature of development of a theoretical and methodological management base**



Methods and techniques of management evolve from intuitive methods to information-analytical techniques and the techniques of making collaborative administrative decisions in the form of business games, trainings and expert and analytical modeling carried out in the environment of extended networks in the situational and analytical centers.

On the whole the issues of customs management theory development are complex. They cover all aspects typical of special theories. They include issues of conceptual character, as well as problems of finding adequate models and methods, issues of creating and modernizing the existing technologies and systems of management of customs authorities. The most topical issues in the theory of management of customs authorities are as follows:

- development of a key notion of customs institution by means of integrating customs administration principles, customs logistics and customs services;
- creation of a theoretical model of managing customs authorities on the basis of conventional models of management and the models of service-oriented administration;
- elaboration of a coherent and balanced system of activity objectives, criteria and indicators of customs authorities performance assessment in terms of economic integration;
- working-out of sets of tasks facilitating administrative decision-making based on the uniform principles of administration within the Customs Union; the development of methods and software and technical basis for their automated fulfillment;
- improvement of the quality of information; the development of technology and the creation of a network of situational and analytical centers for information-analytical and administrative activity of the Customs Union.

Thus, customs management as a theoretical base for customs business administration is a specific and developing line of research. The significant stages of its establishment and study include the choice of a theoretical base, the development of the system of ideas and concepts and the creation of a theoretical model of customs business, as well as the development of a methodology of polymodel description of customs systems, their organization, functioning and management.

### References

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### **MENADŽMENT U CARINI KAO TEORIJA POSLOVANJA CARINSKE ADMINISTRACIJE U RUSIJI**

**Rezime:** *Savremene tendencije u državnoj upravi određuju neophodnost formiranja inovativne teorijske i metodološke osnove upravljanja carinom na osnovu integrativnog modela carinskog menadžmenta. Autori su opisali institucionalnu osnovu funkcionisanja i razvoja uprave EuroAsEC Customs Union, obrazložili osnovne premise menadžmenta u carini u okviru inovativnog teorijskog modela i definisali osnovne oblasti njegove implementacije.*

**Ključne reči:** *menadžment, razvoj, menadžment u carini, metodologija, model menadžmenta, carina.*