

## ARTICLE

# UNIFIED GENERALLY RECOGNIZED RUSSIAN CLASSIFIER OF CONSULTING SERVICES

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## ABSTRACT

Globalization of the world economy and the accompanying processes of internationalization of economic activities of enterprises, active mutual international cooperation of the countries' leaders, changes associated with the consequences of the global financial and economic crisis and other factors have led to significant changes in the economic development of the Russian Federation. The priority objective of Russian companies is the problem of increasing business activity and competitiveness of economic activity; which business-consulting sphere is one of the sources of solution. Despite the increasing popularization of the activities of domestic companies providing consulting services in Russia, international consulting and information companies still have an impact on the mechanism of formation and development of the existing global consulting market. In many ways, this influence leads to the erosion of methodical and practical features inherent in the consulting industry, and determines the peculiarity of the Russian market of consulting services [1]. A deterrent in the development of the Russian consulting market is also the lack of regulation of classification groups of consulting services at the legislative level. Until now, there is insufficient certainty in the definition of consulting services, which makes it difficult to regulate the activities of this service's producers and control the quality of their provision. In this regard, the authors of the paper conduct a study on the existing typology of consulting services, examine the issues of legislative regulation of consulting activities as a separate business sphere, and prove the need of bringing the existing types to their general form. As a result, the authors propose a form of a single generally recognized classifier for the Russian market of consulting services.

## INTRODUCTION

Traditionally, consulting is defined as a type of business activity in which professionally trained specialists analyze the current problems of the enterprise in order to find the most effective strategy and tactics of behavior of the business entity in the market. Besides, the practical recommendations on how to improve the results of its activities are being provided. Therefore, the consulting services should be defined as nothing more than a set of intellectual professional services provided by a specialized information and consulting company and aimed at solving the problems of the effective functioning of the customer organization [2].

To date, the domestic market provides a wide range of consulting and information services to address issues of strategic, tactical and operational levels. According to the official data of the leading company "Ros Business Consulting", there are more than 3 thousand companies providing consulting services in the Russian market [3].

However, due to the lack of proper state licensing and regulation of consulting activities, it is not possible to make and give an accurate assessment of the turnover and the number of such companies, so these values are not absolute. In this regard, among the leading companies there is a widespread trend of expansion of their activities. Moreover, more and more companies from related industries equate themselves with consulting companies and in terms of national legislation have the right to do so. This circumstance leads to a certain ambiguity and a decrease in the "transparency" of the definition of the consulting itself.

## MATERIALS AND METHODS

In the course of the study, the authors used the following methods:

1. Critical analysis of specialized scientific-economic literature with a high citation index on the subject of the study. In particular, the survey among the Russian group of consulting companies was conducted as well as the experience of one of the authors in the Russian information and consulting company LLC "Audit TD" (Nab. Chelny, Republic of Tatarstan) was used.
2. Appropriate statistical techniques and methods were applied in order to create and propose a unified Russian classifier of consulting services as one of the ways of overcoming drawbacks in the sphere of consulting services.

## RESULTS AND DISCUSSION

Based on the study conducted by the authors, the need to create a unified Russian classifier of consulting services was identified and proved. In conclusion, it was proposed to introduce a separate section dealing with consulting services as an independent sphere of business services in the current edition of RCEA, the author's classification of information and consulting services was also proposed. The designed classifier allows to achieve the following goals: self-identification, self-determination of the consultant as a specialist; understanding of the types of consulting services by the client; formation of a general meaning of existing

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consulting terms; institutionalization of consultants; the basis for structuring the market; flexibility, the possibility of expanding the services range.

The creation of a unified Russian classifier of consulting services will increase the awareness of consumers on the matter of the subject and, accordingly, assess the possibilities and direction of the use of these services more completely. The results obtained will also simplify the process of documenting the fact of providing consulting services from the producers' side and regulate the control over the results of the consultants.

The extensive use of information and consulting services by Russian companies to address current issues in various aspects of management and production activities served as the basis for their complication and the emergence of different approaches to their classification. In world practice, all types of existing classifications presented in the scientific-economic literature can be divided into two main types:

1. Subject classification, which is based on the principle of division of existing types of services into sections (elements) of management.
2. Methodological classification, which is focused mainly on the consultants themselves, as it qualifies them from the methods of work [4].

In practice, subject classification is the most widespread, as it is more understandable for consumers of consulting services. As for the methodological classification, expert, process and training types of consulting are distinguished according to this classification. Various authors apply an individual approach to the grouping of consulting services based on process, expert and training consulting. As a result, this leads to the formation of multivariate types of their classification in the scientific and economic literature [Table 1].

**Table 1:** Types of consulting services

Process consulting	Expert consulting	Training consulting
The consultant interacts with the client's staff and management. Communication is reduced to the development and implementation of solutions to optimize the company's economic processes in order to achieve their goals.	The consultant has an access to the necessary information but does not directly interact with the client. The main decisions and recommendations are given after the diagnostics at the enterprise.	The consultant interacts with the client in the form of the educational training, providing some useful information.

Since there is no unification of services in the sphere of consulting activity at the legislative level, many consulting and information companies classify their main types and orientations differently, overlooking the matter of the subject itself. In theory, consultants can alternate and apply any of the above types of consulting in the course of their work in accordance with the stage the consulting project is at. While in the Russian practice the combination of methods, including elements of expert and training consulting became the most popular, in the West the process-expert type of consulting services is used more often [5]. However, despite the unquestionable "maturity" of foreign consulting as a type of professional activity, there is no unified classification in foreign associations of consultants either. Taking into consideration the wide range of fields, which a professional consultant can work in, the number of independent experts whose influx made it difficult to give a definition to a «consultant» in general, has increased dramatically over the past few years [6].

Consulting solves a very diverse range of problems, and the specialization of consulting companies varies from a narrow, limited to one consulting field, to the widest, covering a full range of services [7]. In this regard, the question arises: "Is it realistic to bring consulting services to a single civilized system of classification and is there such an urgent need?"

When Russia joined the World Trade Organization (WTO) in 2012, one of the membership conditions was the liberalization of the Russian market of services and bringing Russian business to the existing international standards. As a result, the use of the classification recognized by the world community within the structure of the WTO has become relevant. However, despite the fact that the General Agreement on Trade in Services (GATS) approves the World Trade Organization classifier, this international treaty does not even contain a definition of such a term as "service" [8].

According to the results of comparative legal analysis of international legislation in the field of conceptual framework and approaches to the classification of information and consulting services, it can be concluded that nowadays many activities of Russian consulting companies go beyond the existing rules of international economic law. Their range is much wider in comparison with the "classic" foreign types of consulting, as the development of consulting services in the Russian Federation follows "its own path" and largely depends on the specific economic situation in the consulting environment [9].

A peculiarity of the Russian market of consulting services is the presence of signs of "The Market for Lemons", which give rise to the contradictions associated with the possibility of concealment and distortion by consultants of the part of the necessary information. In order to "mitigate" the negative impact of such actions of professional consultants, the state should lay down the legal foundations for the progressive development and effective control of consulting activities.

Unified generally recognized Russian classifier of consulting services can be one of the ways of consulting services' control and regulation. In addition, the existence of such a classifier is necessary for both the consumer of consulting services and their producers [Fig. 1].

The presence of the classifier of consulting services is especially important for their identification. In Russian accounting standards, the services contract is the primary document where the accounting and tax records reflect the costs of information and consulting services.

In accordance with chapter 39 of the Civil code of the Russian Federation and the general provisions on contractual works (art. 702 - 729 of the CC of the RF) and the domestic contract (art. 730 - 739 of the CC), the contract for the provision of consulting services is a kind of a services contract. One of the most essential conditions of the consulting contract is its subject matter and all the conditions, which such agreement should be reached on at the request of one of the parties (para. 1 of art. 432 of the CC of the RF). The subject of the services contract in this case is the orientation of the contractor company that is the type of consulting services. In order for the condition on the subject matter of the contract to be agreed upon, it is necessary to indicate what issues the consultation is conducted on. Otherwise, the contract may be deemed imaginary. Then the client will not be able to record the expenses incurred on its basis, reducing the taxable base for income tax. The need for such a Classifier was also proved by the results of the rapid survey (based on the Russian group of companies LLC consulting and information company "Audit TD" in Nab. Chelny, Republic of Tatarstan), in which users of consulting services participated. The results of the survey are clearly presented in the [Table 2].

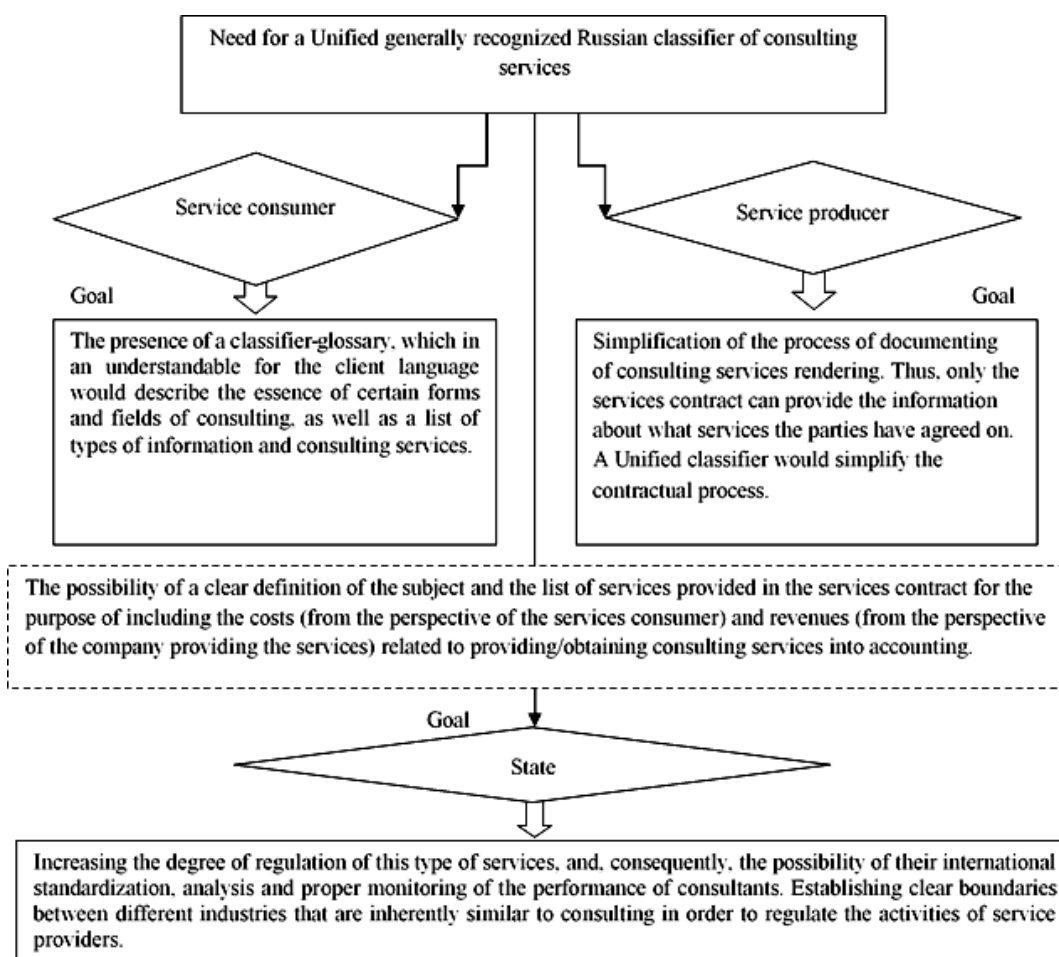


Fig. 1: Need for a Unified generally recognized Russian classifier of consulting services.

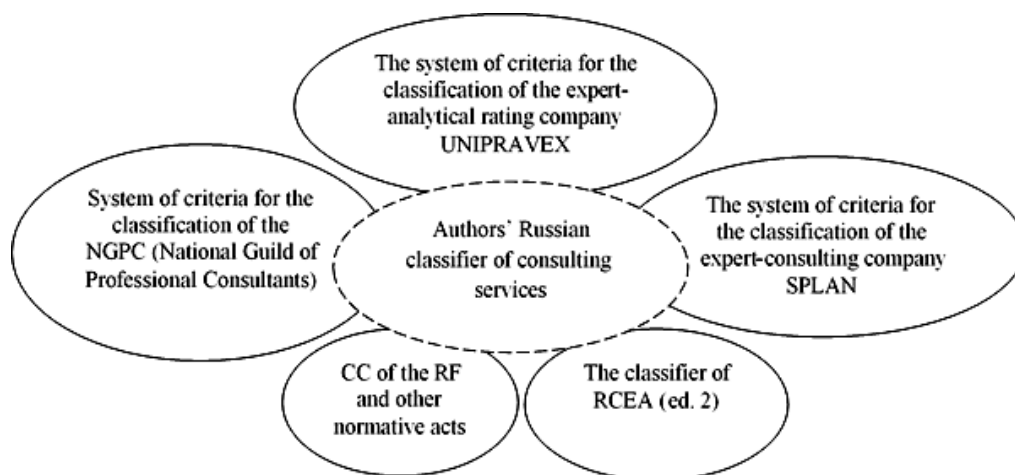
When analyzing the current version of the Russian Classification of Economic Activities, which entered into force in July 2016, it can be noted that the types of consulting services are not grouped and are given in the section under the alphabetic reference "M professional, scientific and technical activities". That is, consulting and information services are not singled out as a separate economic section, despite their increasing popularization as a separate type of business. In order to harmonize Russian legislation and improve legal acts and existing classification systems with market practice and scientific typology of consulting, the authors' classification of consulting services has been developed. The proposed classification is developed based on the Russian Classification of Economic Activities, as well as certain

articles of the Civil code of the Russian Federation, which regulate contractual transactions of a civil nature not only in terms of consulting services, but also in other legal relations.

**Table 2:** The results of the rapid survey

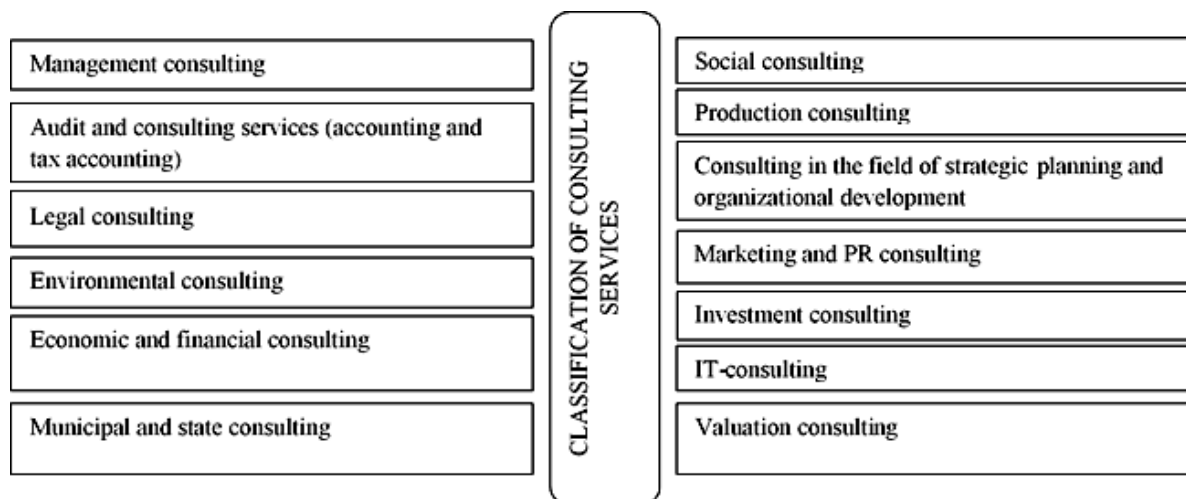
Question formulation	Answer	%
How often does your company have recourse to specialized consulting companies?	Often	71,4
	Not often	28,6
Do you have an understanding of the nature of consulting services?	Yes	87,5
	No	8,9
	Not sure	3,6
Do you have an idea of the range of services provided within the consulting activities (types of services and a list of works of these services)?	Yes	62,5
	No	28,6
	Not sure	8,9
Is it necessary to create a Unified generally recognized Russian classifier of consulting services?	Yes	98,2
	No	1,8
Do you consider it necessary to make additions and changes to the Russian Classification of Economic Activities in terms of consulting activities?	Yes	60,7
	No	30,4
	Not sure	8,9

However, since certain classification groups of RCEA do not always correspond, and sometimes make contradictions in the current realis of the Russian market, the designed classification is supplemented by the data of the annual analytical reports of the rating agency "Expert RA", the results of surveys and questionnaires conducted by the authors of the paper and other independent researchers. In general, the structure of the designed authors' classification and, accordingly, its information and methodological base is presented in [Fig. 2].



**Fig. 2:** General structure of the authors' classification of consulting services.

In order to systematize and regulate the existing types of consulting services, it is also proposed to introduce in the current version of RCEA an additional section in "Provision of consulting (consulting and information) services". This type of services is divided in accordance with the classification groups by the areas the consultant operations in. The proposed classifier makes it possible to identify the main types of consulting services and combines both subject and methodological approaches to their classification, thus satisfying both service consumers and producers with the emphasis on the first approach. The proposed classification is based on the following principles and requirements: clarity of terminology; ease of practical application; comparability with business practice; clarity to the client and consultant of the matter of the classifier; a clear typology of all consulting and information services. Authors' classification is shown in [Fig. 3].



**Fig. 3:** Authors' classifier of consulting services.

Undoubtedly, the process of developing and bringing the existing variety of typologies of consulting services to a single system is time-consuming and long-term. In order to adapt the designed classifier, it is necessary to carry out a whole complex of works on optimization of all types of consulting services in accordance with the current norms of national legislation. However, despite the fact that the form of the proposed Unified generally recognized Russian classifier of consulting services is not the only reliable, the main ideas of it can be used in the development and harmonization of classification systems of consulting services inherent in the Russian market.

### CONCLUSIONS

The analysis of the existing classifications of consulting services allows to draw a conclusion that the majority of scientists-practitioners examine this type of services from their professional point of view. Accordingly, each expert puts their own meaning determined by the orientation of activity of a particular company. This leads to blurring the boundaries between different industries, related to consulting [10]. This drawback in particular can be overcome with the help of the author's designed classifier, which combines different approaches to the services' classification taking into account the peculiarities and realities of the modern Russian market.

#### CONFLICT OF INTEREST

There is no conflict of interest.

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#### FINANCIAL DISCLOSURE

None.

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