

SUBURBAN RAILWAY SERVICES: CURRENT STATE, DIRECTIONS OF DEVELOPMENT

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Key words: railway transport, suburban service, suburban complex, passenger turnover, management, services, economic agent, operational efficiency, reengineering, free riders, outsourcing.

Time analysis of data on the suburban service shows variations in the major economic indexes of the economic agents on railway transport such as passenger turnover, average trip distance, the number of passengers dispatched. In order to raise the efficiency of operation, meet the demand of population and improve the quality of service there have been suggested the following major directions of improving the operation of economic agents in suburban railway complex: improvement of management system through the introduction of reengineering technologies, optimization of suburban trains wagonage, development of superfast routes, measures to reduce the number of free riders, development of related services, outsourcing, leasing out sales premises, setting up service centres and "hotline" telephone service. Implementation of the suggested measures shall ensure the balance of interests of both customers and companies providing the suburban railway service.

The transformation of economic, political and social processes, which occurred in Russia during the last decades, affected the passenger transport system considerably. Since the beginning of the 90s the country's economy suffered a decrease of intensity of transport services, including passenger, of all types of public transport.

A certain part of passenger services in the Russian federation belongs to the passenger traffic within the suburban service. Such traffic holds the 2nd place after the intraurban one for its involvement. In the Russian Federation they are represented in the form of railway, autobus, sea and also internal water transport. In the number of the transported passengers the leader is autobus transport, while taking into consideration the passenger turnover the 1st place is snatched by railway transport. The same case is about the passenger transport service in the South Federal district and its largest region - Rostov region where the suburban service is represented by in the form of railway, autobus and also internal water transport. Hence, one can mark that the basic type of transport for people who take everyday trips by the suburban transport to get to work, studies, garden areas, spots of mass recreation, is by trains due to its high transportation capacity, reliability and regularity of traffic.

The most popular type of suburban service is an electric train. It is widely used on all roads and routes which perform all categories of sub-

urban passengers but, due to a great number of its stops, its speed is not high. At the same time, electric trains are surely to be the cheapest type of suburban transport. The Russian railway system now carries about 3,5 mlns of passengers daily¹.

The process of realization of suburban transport service is done in two directions: selling of transport passes for electric trains, services for passengers; passenger transportations by electric trains, maintenance and repair of rolling stock.

Suburban passenger service through the railway transport have got some peculiar features, namely, concentration of transportation in a relatively small number of big cities, administrative and industrial centers; necessity to make frequent stops; weight of electric trains is lesser and number of passengers is higher than that of long-distance trains; nonuniformity of passenger turnover distribution through the whole suburban route; nonuniformity of suburban passengers distribution between seasons and months, days and hours.

During the whole history of the railway transport suburban passenger services were unprofitable because low tariffs for them, caused by their social significance, did not cover the losses. Increasing transport fare, capable to cover such suburban transport losses is not applicable and just impossible due to social reasons and severe competition with automobile transport. Nevertheless, reduction of social prefer-

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ence is out of the question and can be divided into two groups:

- 1) Passengers with the right of free-of-charge fare in suburban electric trains;
- 2) Passengers with the right of 50% reduction of fare in suburban electric trains;

In total the present Russian federal and regional legislation enumerates and defines 43 categories of passengers with the right of free-of-charge fare in suburban electric trains and 6 categories of Passengers with the right of 50% reduction of fare in suburban electric trains. In addition, these are also railway transport workers and pensioners who can enjoy the same privilege.

Some certain categories of passengers are provided privileges to cover the costs of the railway passenger transport at the expense of budgets of different levels: federal and regional. Availability of free-of-charge for suburban services at the expenses of the federal budget is provided for the following categories of passengers: people who receive social privileges; people who perform ministerial functions of law, order and security protection in the railway transport; and also to some other categories. The recipients of social package reserve the right to change money for reduced fare ticket which provides an unlimited number of trips for any distance within the suburban transport services.

The majority of The South Federal District regions and their suburban services are operated by the South-Caucasus railway system which makes suburban transportations on the territory of nine regions of the Russian Federation. These are Rostov, Krasnodar, Adigeja, Kabardino-Balkaria, Karachaevo-Cherkesia, North Ossetia, Chechen and Dagestan regions while Ingushetia and Kalmuikija are nor provide with such opportunity.

A temporal analysis of data on the suburban services within the South-Caucasus railway system shows that throughout all stations of the system can be seen some fluctuations of the functioning basic figure – passenger turnover, the volume of which is directly dependant upon the number of the transported passenger and the average of their trips. For 12 month of 2005 it enrolled 1 980 525, 890 thousand of passenger-km while the next year - 2 267 322, 538 thousand of passenger-km, which demon-

strates the increase by 14,5%. For 12 month of 2007 it enrolled 2 103 666, 035 thousand of passenger-km with an evident decrease by 7,2%.

One of the key factors which enables the financial-economic stability of the railway system is sticking to the rational proportions between the rise of salary and labor productivity. The interrelation between these figures is interpreted through the management principle which is formulated as, firstly, the principle of justice, secondly, the principle of the rational distribution of salaries when extra salary is available with the increase of labor productivity, thirdly, the principle of efficiency which means that the rates of the labor productivity rise should exceed the rates of the labor productivity rise².

The low profitability of the suburban service transportation is caused by the following factors:

- ◆ Inefficient organization of management;
- ◆ Weak control over the ticketless trips;
- ◆ Insufficient analysis of the passenger traffic by routes and time of day;
- ◆ Suburban services transportations is done by the railway system which also provides long distance trips and cargo traffic;
- ◆ And some others, as well.

The most urgent objectives of the suburban services reforming are:

- ◆ Increasing of competition within suburban services transportation;
- ◆ Leading them to the profitable economic figures;
- ◆ Improvement of management;
- ◆ Increase of quality;
- ◆ Energization and raising of economic-technologic potential;
- ◆ Increase of economic stability.

The federal program of the structural reform of the railway transport system in the Russian Federation provides for isolation of suburban services transportation as a separate part of the railway transport with the active participation of federal and regional authorities in establishing local suburban service companies. This is to allow sharing responsibilities for the losses between the public corporation “RZD” and the local authorities. In this case the suburban service company will take responsibility for 100% of profits and 60% of losses, which is designed to ensure a high level of transparency of the finan-

cial resources and the transfer of all management functions to the united economic structure.

In this respect, one can mark some directions of the suburban services development. That would be quite reasonable to make certain changes of the management system by way of introducing re-engineering technologies. Thus, in the suburban services there can be formation of modern business structures on the cooperative and integration basis where corporativity implies participation of many organizations in order to achieve common corporation goals while intergrativity - intensification of their collaboration and development of relations between them. Such an approach makes it possible to formulate the informational management system of the suburban complex in the context of which there is a provision of the data accumulation, analysis, storage and output for making management decisions on utilization of resources including labor force, financial assets, production buildings, rolling stock.

The irregularity of transportation complicates the functioning of the railway system with regard to the organization of the carrying process, complete and exceptional fulfillment of the people's needs in transport. During the summertime with its increase of the passenger turnover, in order to prevent queues problem at the largest railway stations it seems quite reasonable to re-examine the opening hours of the booking-offices, to set up reserve booking-offices in case of mass crowds of passengers. Under the irregularity of transportation, the decrease of the running costs of the railway system can be achieved by way of optimization of the rolling stock which is to improve the quality of the rolling stock functioning, increase the fillability of electric trains, optimize their schedule.

The improvement of the suburban service should follow the principle of reducing of ticketless passengers. On the whole, the passenger turnover can roughly be divided into four main groups:

- ◆ Passengers who pay the total fare;
- ◆ Passengers with the right of 50% reduction of fare in suburban electric trains;
- ◆ Ticketless passengers.

One of the directions of how to reduce the number of ticketless passengers is providing explanatory activities among people who use the suburban services frequently. Such a trans-

formation of the monetary stimulation of the accompanying ticket-cashiers is to ensure the growth of their labor productivity and to give the opportunity to enlarge the average route distance by strengthening of control coming from the accompanying ticket-cashiers.

The suburban service transportation, carried out by the railway system, is characterized by an incredible amount of passengers, which makes it possible to develop the sphere of extra service in this field so that the suburban transport could meet the requirements of the modern transport market. A large scale of the passenger turnover in all directions determines a high demand for all food products, consumer goods, various services and, consequently, allow development of other types of activities, such as commercial activity, installment of video-audio visual advertisement shields at the stations, providing of personal services, providing hotel and accommodation services at the locomotive crew recreation spots, rent, services for passengers at the railway stations (luggage, carry-on luggage storage, recreation rooms, tickets delivery, informational, communal and copying facilities).

The realization of the aforementioned types of activity can be done in two directions:

- 1) Separate development of other types of activity of the suburban railway system sector;
- 2) Realization of the right to perform other types of activity in the electric trains, at the railway stations and the stop platforms by the commercial organizations and companies or individual owners on the competitive basis.

The very first direction is quite an expensive one which requires a large amount of investments, hiring some more high-skilled workers - all that should come from the suburban companies. The second direction proves to be much more perspective and deals with the development of outsourcing within the railway system: the transfer of some business functions to an external specializing organization - an outsourcer³. This enables to re-distribute and concentrate all the resources on the basic type of activity; to reduce the price of transport service; to reduce the staff and increase the level of the labor productivity; to ensure the reliability and quality of the transport services by applying modern technologies and high-skilled specialists in outsourcing. In this case, on the one

hand, there is then the decrease of the suburban railway complex production and non-production expenses while, on the other hand, there is the decrease of the risks that can arouse out of its activity.

The suburban service transportations, along with the development of other types of activity, would take a right step by establishing service-centers. The main directions of such a type of activity are as follows:

- ◆ Providing a wide range of services;
- ◆ Meeting the demands of the solvent part of passengers.

Service-centers are to provide an opportunity not only to buy a ticket for an electric train but also to organize tourist transportations, to book the apartments in hotels, to offer tickets, to call for a taxi, to provide telephone calls, copying of documents.

One of the directions of how to raise the profitability of the suburban railway complex is to examine the possibility to rent the trade premises. The considerable volume of the passenger turnover, which circulates through the suburban railway stations, comes a beneficent factor for installment of the service sphere enterprises on the territory of the stations. Their number and size depend upon the amount of the passing passenger turnover while the price of the rent - upon the location of the railway station.

For more flexible and multilateral development of the suburban complex of the railway transport and in order to identify and trace all kinds of passengers' dissatisfaction it seems quit reasonable to set up the so called "hot line" which would receive the proposals and complaints about the organization of the suburban service transportations, services of passengers at the railway stations.

Consequently, the current state of the suburban service transportations within the railway system requires the urgent realization of the basic directions of their development, which is due to the market conditions of running the railway companies, to the interests and demands of passenger and companies as well to be taken into consideration.

¹ Participation of the state and regional institutions of authorities in establishing the suburban passenger companies / P.K. Tchichagov, Y.V. Elizariev, E.V. Belkins and others. // *The railway transport economies. 2003. № 5. pp. 19-29.*

² *Miroshnitchenko O.F.* Participation of the RF regions in establishing the suburban passenger companies // *The railway transport economies. 2002. № 12. pp. 17-26.*

³ *Shantchenko P.A., Stepanetz V.A., Voronin E.I.* Perspectives of using outsourcing throughout Перспективы использования аутсорсинга at the public corporation "RZD" // *The railway transport economies. 2004. pp. 17-23.*