

Oksana Kyrylenko

Validities of necessity for establishing the department of management of activity of low-traffic lines

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VALIDITIES OF NECESSITY FOR ESTABLISHING THE DEPARTMENT OF MANAGEMENT OF ACTIVITY OF LOW-TRAFFIC LINES

Adres do korespondencji:

e-mail: ons@ua.fm

ABSTRACT

The problem of increasing the efficiency of railway lines and stations with low traffic remains quite relevant. The effectiveness of the low-traffic areas of rail transport depends largely on the possibility of creating the separate structural unit that would deal exclusively specialized issues connected with the activities of such areas. There is the offer to create the Department of management of activity of low-traffic lines (cont. DMALL).

KEY WORDS: LOW-TRAFFIC LINES; OPERATING METHODS; DEPARTMENT; SERVICE; COSTS; REVENUES; ORGANIZATIONAL STRUCTURE.

JEL CLASSIFICATION. O32, O38

1. INTRODUCTION

Railway transport is the priority kind of transport in the transport system of Ukraine. However, its current state does not meet the required standards. It is characterized by imbalance of various activities, lack of efficiency of economic activity and the significant level of depreciation of fixed assets. At present, the question arises of its reorganization especially taking into account its strategic importance in the economic development of the country.

Decision-making on strategic development requires to understand factors influencing trends and their changes. The profit of economic activity of the railway transport is generated by cargo shipment. The main task impacting its further development is the identification of key cargo areas of transportation and possible changes in these flows taking into account low-traffic rail lines.

The aim of the article is to prove the necessity of creating the Department of management of activity of low-traffic

lines and to describe its structure, production connections and tasks.

It has been suggested in the article the creation of the separate Department of management of activity of low-traffic lines (hereinafter DMALL).

2. MAIN TASKS OF THE DEPARTMENT OF MANAGEMENT OF ACTIVITY OF LOW-TRAFFIC LINES (HEREINAFTER DMALL)

DMALL has to solve a range of problems:

- Carry out market research to determine the effectiveness of functioning the low-traffic lines, depending on the amount of movement of trains taking into account the seasonal factor and frequency of trains plying;
- Justification of the choice of methods of operation of the rolling stock and transport infrastructure in the low-traffic lines (simplified operating modes);

- Organization of work on the account and the analysis of the costs and revenue mobilization in the low-traffic lines;
- Development of methods of calculating prime costs and tariffs;
- Development of normative documents regulating the functioning of the low-traffic lines;
- Organization of interaction of low-traffic lines with other modes of transport and local authorities;
- Organization and implementation of advanced technologies: the automation of collection processes for the provision of information;
- Improvement of the transport of passengers and cargo technology to low-traffic lines for the use of modern rolling stock;
- Ensuring the safety of movement of trains on the low-traffic lines;
- Definition of the development trends of the modern market of passenger transportation;
- Decision on perspective of future performance in certain low-traffic lines.

According to the tasks mentioned above, we can identify possible production ties that will arise between DMALL and Departments of Railway transport administration.

3. COOPERATION BETWEEN DMALL AND OTHER DEPARTMENTS

When executing tasks DMALL will be working with a number of departments at different levels of governance. At the branch level in the implementation of activities in accordance with the DMALL's tasks following divisions will interact: service of commercial work and marketing, transportation service, legal service, the service of wagon economy, passenger service, and the service of suburban passenger transportation and other industrial departments of branches.

Department of commercial work supervises and coordinates the work of the service of commercial work and marketing and commercial departments of directions of rail transportation and their divisions of regional branches of the railways in the operational, technological, and regulatory and procedural matters.

Commercial work and marketing service will provide information for DMALL for researching marketing environment and forecast traffic volumes on these sites. Analytic functions of the marketing department can be divided into two areas. Within the first direction will be

carried out to study the demand of shippers for transportation, analysis of the factors which affect it, with a view to short-term forecasting. On the basis of the forecast develop transport plans for freight. At the end of the plan period volumes of analysis and dynamics of cargo transportation in the context of the individual product groups and categories of shippers will be held. The second direction of the marketing department will provide information for the study of the quality of customer service and identify ways improving them.

Regarding passenger transport department should deal with the study of the structure of passenger traffic in areas with a simplified mode of operation and the quality of their service. To consider and justify possible areas of cooperation with other transport modes, in particular road transport. All necessary data service of commercial work and marketing will provide to the higher spheres of government, that is, to the Department of commercial work, and from there to the Department of the organization of the low-traffic lines to make effective management decisions.

Commercial work and marketing service includes a department of contracts and tariffs. This department develops calculations of material and labor costs in the provision of railway services to enterprises and organizations, works and transportation at negotiated rates. The list of services that can provide railway at negotiated rates (level of profitability is set within the railroad) is approved by the Tariff management. Department of contracts and tariffs, among other functions is also involved in the preparation and conclusion of contracts for the rental car fleet, and contracts for the provision of additional services, and monitors the implementation of the conditions of the concluded contracts and conducts mutual reconciliation. This information will serve as a basis for marketing and logistics costs in the low-traffic lines, and analysis centers to develop methods of calculating costs and tariffs.

The composition of the traffic management department includes a structural unit of transport services, which is a technical department. Its specialists are developing technologies to ensure meeting the demand for passenger and freight transportations, provided that they will be safe, have financial revenues and minimize costs. Also, the service provides information for the analysis of the frequency of trains plying on the low-traffic lines, the efficient use of infrastructure and drafting train schedules, is the actual information base in the DMALL to improve the efficiency of their operation.

The structural unit of the Legal Service with the help of specialists of department of contracts is engaged in the development of regulatory documents and the organization of interaction of transport companies with local authorities. For activities DMALL need to solve the following problem issues: amendments to the Standards of instructions for shunting work on the railways of Ukraine; legislative regulation of the order of closure of inactive sites and compensation for their expenses.

The corporate information of the Department include the branch and the branch of General department of calculations (GDC) to ensure, with the help of automated systems, their implementation, operation and development of, and control of production activities on the railways. Main issues that require solutions for DMALL is the introduction of simplified of automated systems for rapid collection of economic, organizational, technical and technological information in the low-traffic lines.

Service carload economy based on the work of the technical department solves the issues and provides information for DMALL for improving technology of transportation of passengers and cargo in low-traffic lines with the use of modern rolling stock.

Security Department motion will provide information and advisory support in improving traffic safety in the low-traffic lines, as well as to monitor the technical condition of the rolling stock and infrastructure. For activity of the department of work organization for low-traffic lines the decision of next problem questions is needed: making alteration in norms of instruction on mobile work on the railways of Ukraine; legislative adjusting of order of closing of little active areas and indemnification of charges on their maintenance. The branch of GDC is included in department of corporate informatization, providing, by means of department of the automatic systems, their introduction, functioning and development, and also control of productive activity on railways. By a pressing question, requiring a decision for the department of work organization for low-traffic lines there is introduction of simplified of CASs for rapid collection of economic, organizational, technical and technological information on little active.

The service of car fleet based on the work of the technical department solves the issues and provides information for the department of work organization for low-traffic lines to improve the technology of transportation of passengers and freight on low-traffic lines with the use of modern rolling stock.

The department of safety will provide information and consulting support in questions of increase of safety of traffic of trains on low-traffic lines and to monitor the technical condition of rolling stock and infrastructure.

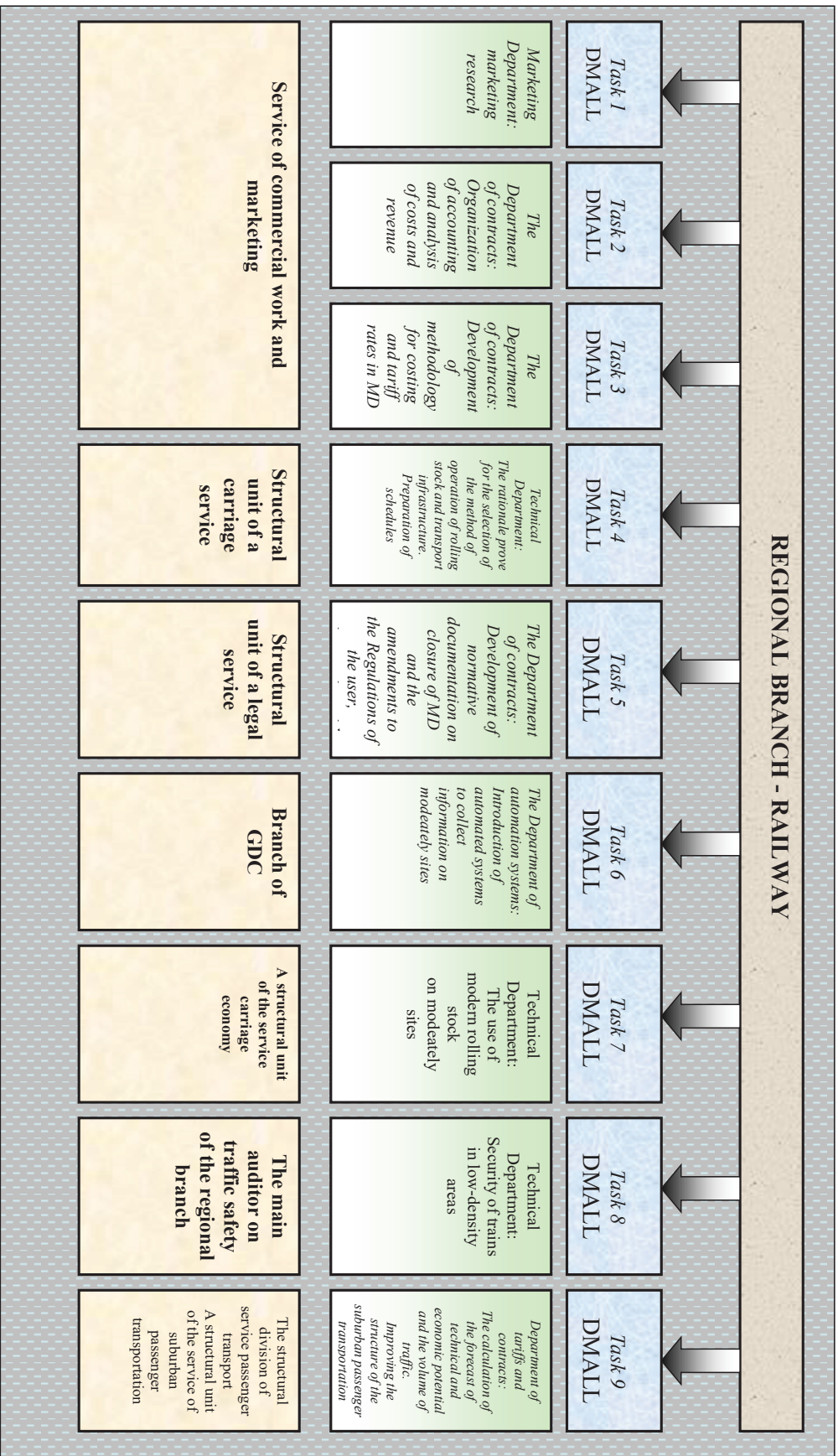
To ensure the effective functioning low-traffic lines on the services of passenger transportation and commuter service of passenger's transport, namely the department of contracts and tariffs, to impose one of the most important tasks – providing information and consulting support for:

- the defining trends of the modern market of transport services the passenger transportation segment;
- prediction of traffic volumes of passengers on low-traffic lines;
- calculation of technical and economic parameters of their work;
- define time periods for the operation of trains on sections with a simplified mode of operation and approval of tariffs on transportation of passengers;
- improving the structure of management of suburban passenger transportation;
- contracts for the carriage of passengers and compensation of losses from passenger transportation in suburban and so on.

4. STRUCTURAL MODEL OF INTERACTION

Of the above material is a structural model of interaction of the department of organization for low-traffic lines with other units at the level of the railway (figure 1).

Fig. 1 Structural model of the interaction of the Department of organization of activity in low-traffic lines with other departments at the level of the railway



Analysis of tendencies of development of railway transport shows that the existence of low-traffic lines of the railways is an inevitable process, so the problem of increasing efficiency of their usage is very relevant. Further, the content of such sites increases the cost of transportation, which significantly reduces the competitiveness of rail transport. The majority of low-traffic lines connecting the regions of the country are unprofitable [Кириленко О.Н. (2014), p. 81].

Practical principles of planning costs of low-traffic lines are [Аксёнов, I.M. (2012), p.73]:

- the systematic approach to costs management;
- the methodological unity of costs management at all stages of the life cycle of transportation;
- improvement of information base with the subsequent creation of centers of responsibility.

However, researches of scientists do not contain a single interpretation of essence of concept planning costs of low-traffic lines taking into account the principle of system approach. Using the systematic approach it would be advisable to allocate the following elements of the costs planning system [Разумова, К.М. (2015), p. 227]:

1. the system input – labor, material, logistics and information flow;
2. the system of cost management of low-traffic lines where planning, control and cost analysis;
3. the output of the system – the financial result of the transportation of goods and passengers on low-traffic lines.

The system envisages the involvement of resources (financial, material, etc.) necessary to convert expenditures to ensure the transport process of low-traffic lines. Managing and controlled subsystems interact with each other through information flows. The purpose of the controlling subsystem is the development and management decisions arising from the implementation of expenses planning. Managed subsystem must ensure the implementation of management decisions [Кириленко О.Н. (2014), p. 82].

The reform of the Railways has caused the adaptation of costs accounting in accordance with the changed in Nomenclature. In rail transport all expenses are accounted for in a single Item of expenditure by main types of economic activity. The range of costs represents a list of grouped costs by certain of their characteristics that arise during the activity.

The main economic activities are:

- passenger transportation on domestic routes (excluding commuter and regional) and international communications;
- passenger transportation in suburban and local messages;
- cargo transportation in all directions of motion;
- infrastructure maintenance;
- locomotive haulage;
- repair of rolling stock.

To carry out the necessary analysis of transportation costs in areas with a simplified mode of operation are recorded in the following economic elements:

- 1 – wages;
- 2 – wages deductions for social insurance;
- 3 – materials;
- 4 – fuel;
- 5 – electricity;
- 6 – depreciation;
- 7 – other expenses.

The group of expenses on the specified economic elements is carried out for each article of Nomenclature of expenditure.

The total costs of transportation of goods on low-traffic lines consist of the total costs associated with the total pass transit freight trains of loaded for empty wagons with unloading and loading of local cars at stations, the passage of local freight trains, with a pass through low-traffic lines train locomotives. A detailed study of all components of costs and revenues showed that their amount depends on passing transit freight trains through low-traffic lines a lots, and in the second place – the costs of cargo operations [Генний О.М. (2013), p. 124].

Planning of expenses on railway transport it is necessary to take into account the specifics of each enterprise. The issue in all economic formations is very important and ambiguous, the neglect of which may lead to inefficient functioning not only low-traffic lines, but also the entire industry of railway transport.

5. CONCLUSIONS

Management of business processes separately in low-traffic lines has not previously been carried out, and a special unit was absent in the organizational structure of the railways. Gradual increase in the number on low-traffic

lines plots leads to increased loss of the entire industry. These negative results indicate the imperfection of the work at various levels of management. Therefore, to solve this problem we proposed the creation of the department of work organization for low-traffic lines. This will allow the department to effectively coordinate at all hierarchical levels of management and to increase efficiency not only low-traffic lines, and all rail transportation.

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