GLOBAL VECTORS 2014: FROM THE TECHNOLOGICAL PARTNERSHIP TO THE SYSTEMATIC INTEGRATION

Global Vectors 2014: from the technological partnership to the systematic integration


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PREFACE

Russian Economic Kaleidoscope

What are Russian economists thinking of? What is the subject of their concern? What problems bother their minds? In what areas did they moved forward, and what they feel lack for? The present compilation of materials by Russian economists from the leading university of the South of Russia, Southern Federal University (Rostov-on-Don), gives answers to these questions.

Materials contained in the first part of this edition have given an understanding on broad scope of issues Russian economists are interested in. They include unshared love of European liberalism to Russian economy, institutional change, intellectual services, Russian graduates’ competitiveness, structure of public activities, corporate responsibility, credit rating of regional banks, economic integration in globalizing world, economic policy and innovations in banking.

But what, indeed, do the Russian economists themselves think about the issues listed? The easiest way to understand is to take a closer look at the following articles. Along with the unique aura of intellectual efforts, you’ll sense the climate of the Great epoch that lasts in Russia since the collapse of totalitarianism, coming to life from time to time and falling upon a liberated society with new vigor.

Do you want to know what are the Russian economists concerned with? If so, – this book is for you!

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EUROPEAN LIBERALIZM AND RUSSIAN ECONOMY – DRAMA OR UNREQUITED LOVE?

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European liberalism - an ancestor of all subsequent liberal ideas– has faced hard resistance in Russia making an impression that it is the archenemy of the modern Russian society. Moreover, denunciation of explicit and imaginary vices of liberalism gets so heated with high-intensity emotions that one might exclaim: “Hannibal at the gates!” Meanwhile, there are no reasons for such hardheaded and therefore intentional excitement. Why?

KEYWORDS: liberalism, economic analysis, policy, ideology, economic history

PROBLEM STATEMENT

Scientific sociology accepts objectivity of the three-layer social structure: economics – politics – ideology. Accordingly, there are “ideological”, political” and “economic” liberalism.

Ideological liberalism stands no chances to succeed in a society where high moral standards of the population are interpreted as an inherent quality, and an ineradicable respect to traditions supports a natural drive to conservatism of the majority of participants of local historic process.

The chances of political liberalism are similarly illusive: the many-centuries, unshake-able institution of strong power demonstrates the firmness of the established archaic social architectonics.

The picture becomes very different, however, when it concerns economic liberalism: this is where the real and probably irremovable danger for the system of the winning conservatism is hidden. Economy is not ideology where a treatise can be put up against another treatise; it is not politics when political PR can be beaten by another political PR. Economy is the only field of social being where economic forms are rated honestly and the winner is not a more convincing treatise or a politician but the more convincing reality named efficiency.

A society, that for a long period of history demonstrates a sustainable superiority in productivity and organization of social labour, in the mechanism of solving social problems and in the quality of everyday life, will inevitably win in competition with all other, less efficient methods of „team work”. If economic liberalism determines the above advantages,

1 See, for instance, (V. Isaichikoiv, 2010, A. Yanov, 2005). M. Shevchenko, one of ideologists of militant Russian anti-liberalism stated that “our ideal is a man who withdraws to caves from the society, and in caves fights with ills, evil and demons” (Echo Moskvy, 2013); indeed – why does the cave man need liberalism? Perhaps, we should respond to Shevchenko’s appeal and return to the caves instead of living in a liberal society, especially if liberal democracy is actualized by the namesake Russian political party?
no matter how heavily it might be defeated in politics and ide-ology, all will be temporary since it stands for something nations dream of at all times. Only one thing remains – to make sure that it is economic liberalism that ensures su-periority in productivity and organization of social labour, in the mechanism of solv-ing social issues and enhancing the quality of the everyday life.

**HOW DIFFERENT IS ECONOMIC ANALYSIS FROM POLITICAL-AND-IDEOLOGICAL ARGUMENTS?**

A hasty, shameful rejection of scientific methodology of social studies, represented by Marxism, above all else confirmed a pretty superficial understanding of that method-ology by Russian social scientists who, due to that shallowness, imagined themselves the masters of the society. That fallacy was very costly – not for them, quickly enlist-ed in the neophytes of empirical positivism (Economics) – but for Russian society. Today’s battle of conservators with liberalism might have even a higher historic price. Nevertheless, a victory of anti-liberals over liberals in political or ideological spheres has no real value: it is a victory of some words over other words. Scientific social analysis has a different basis – revealing and analyzing the objective trends in development of public production. Only these trends and not political-and-ideological charms form the meaning of economic history, leading on politics and ideology.

In the modern obliviousness of the basic principles of social science it should be re-called that economic development is a natural history process, the nature of which is no less objective than physical or chemical processes. Denying this fundamental principle is equal to denying social science itself. Unfortunately not all Russian social scientists (especially those who do not have even a basic economic background) un-derstand it: naively (or maliciously?), they try to sell an idea to non-economists that social laws obey national (or even worse – ethnic) boundaries. Those scholars of “commercial conscription” do not guess that this is the same if physicists would di-vide atoms into “French”, “Chinese” or “Brazilian”.

An understanding that economic analysis is not reduced to econometrics comes late (sometimes too late): economy is not simply production or technology, but a histor-ic form of its organization programmed by the imperatives of the preceding and current levels of production development (mass production technologies). Therefore, ideology and politics are always secondary, economic derivatives, a battle-field of reflections and views about the objective world, while economy constitutes the objective social reality.

**WHAT DOES “EUROPEAN LIBERALISM” MEAN?**

The history of European liberalism extends back over at least five centuries, descend-ing from the Renaissance. Its evolution during this period was quite complex, liberal-ism was rejected multiple times and called back again, and turned into a complex ide-ological system with many trends and connotations. The core, however, remains solid – the key point of economic liberalism is the demand for a greater freedom for economic agents through decreased intervention of the state in the private life of the society.
Everyone who shares this demand as the main imperative of social progress is a liberal. Everyone who has a different understanding how social drivers work is an anti-liberal. That is all there is to plain demarcation in Russian and, by the way, foreign, public life and thought.

In terms of economic liberalism, the gist of developing social formations is in the objective need for the maximum possible – for a particular stage of economic development – degree of freedom to economic agents (on the basis of deepening the system of social division of labour through its two permanent forms – specialization and cooperation of labour and production). As soon as the maximum degree of economic freedom of economic agents for a particular level of development of production forces is reached (the main source of increasing production efficiency), as soon as the historic “limit of economic freedom” is exhausted, economic stagnation began, transforming into a subsequent crisis of production.

A transition to a new production technology eliminates the contradiction and opens the way to new forms and a new level of economic freedom for the participants of social production. This approach enables understanding that at each turn of economic history competition between national systems is in a continuous search and building up a socially efficient mechanism of providing the maximum degree of freedom to economic entities. The winning national economy does it in reality rather than by assurances and slogans. However, due to its relative independence, political-and-ideological “superstructure” can resist this objective economic regularity and accuse economic liberalism, dooming the country to the inevitable economic catastrophe in the global competition between national economies.

The history of mankind development is a long and painstaking transformation of the crowd of impersonal, restrained producers in a constellation of free and, therefore, efficient individual creators. The material basis of this transformation is permanent liberalization of the system of economic organization of national production. Such liberalism is especially needed for the emerging “knowledge economy” that cannot be created by administratively pushed “cogs in the machine”.

At some point, History set a cruel but irrefutable argument – dividing the economy of a single nation into the “capitalist” and “socialist” models – the Federative Republic of Germany and the German Democratic Republic, North and South Vietnam, North and South Korea. And everywhere economic superiority was won by the system that in Russia is called “liberal”. Understanding this circumstance explains the aspiration of the former socialist countries to join the European Union (even Serbia that, it seems, must turn away from the EU after the air bombardments, not to mention Ukraine, that with ins-and-outs but also claims to be choosing the road to European liberal-ism).

CONCLUSIONS

1. Objective economic trends are invincible. They do not give way to words or spells and are indifferent to new and old theories, and are ruled by their own logic – moving to new levels of efficiency, which is the economic core of social progress. Since economic liberalism supports such efficiency, sooner or later it will transform the economic organization of domestic production in Russia.

2. Russian economy has always been a mixed system. Therefore, economic liberalism based on state-of-the-art production technologies, so far is present in Russian economy to a limited extent, matching development of the advanced technological mode in Russia. It is this “epicenter” (the “breeding-ground”) of liberalism that must have been expanded as a result of a geared-up modernization of Russian economy. Liberalism (let’s not indulge a vain hope)
will never disappear until the problem is solved and the summits are conquered that can only be solved and reached with its help.

3. The future, indeed, is in the “economy of knowledge”. Such economy requires a new scale of liberalization. “Computer production” technology revolutionizes all aspects of society, including higher education. Here the liberal revolution will mean overcoming an unsubstantiated “gigantomania”, pretty alien to this field, as well as “vertical” in-house hierarchy destructive for academic freedom at universities.

A humiliating centuries-long model of “catching-up development” is the penalty for age-old ideological violence over the economy. And it’s about time to comprehend: economy, especially market economy originally emerged as a space of freedom, as a system of liberalism, as a realm of civil society and private law. Historically, today’s “victory” over economic liberalism will inevitably turn into a strategic defeat tomorrow. This cannot be allowed.

Economic trends cannot be “invented” or “implemented” because of the continuity of historically determined economic development, growing out of the given level of technology. Economic trends do not need interpreters or protection; if the trends are economic, which means objective, they will carve their way because they represent general economic regularities of social development.

A choice between liberalism and its rejection is not an issue of ideology or politics, it is an economic imperative, and, as history teaches us, economy is a no-nonsense game: it sends a message to the society once – no response, again – no response, and the third time may never come.

It is not for the institutions of power to determine which ideology the economy needs - the economy is beyond ideology and is guided by an intrinsic logic of its development. Should not we, who in the XX century built up the most ideocratic economy in the world, know how destructive it can be?

The great economists make it a common knowledge that one cannot judge historical epochs by what is written and said about them by politicians and ideologists. The essence of a historic period is shown only through its economic trends. It allows us to state that the modern period for Russian economy is a transition from conservatism to liberalism, the way that many countries have travelled along and that is followed by those ones that have not yet had a chance to do it (due to various historic deviations).

The economy “talks” to the society in a special language: if the latter hears it, understands and helps actualizing the economic trends, the economy responds with increased production efficiency and national well-being, if it is prevented, the economy protests with economic crises and stagflation.

Although moving to liberalism is a sort of an “atemporal” breakthrough for Russian economy, today is an especially good moment since we are going through an exceptionally rare period in economic history - a transition from one production mode (“industrial”) to another, a more efficient one (“post-industrial”). The uniqueness of such transitional epochs is that all countries, regardless of the level of their development under the frame of the previous mode of production are leveling-up their starting positions with regard to mastering the technology of the new production mode. It is significant that nowadays practically all countries across the globe are building up the post-industrial “knowledge economy”, and all are novices in this new economy. To actualize the production potential of the economy of knowledge not only new technologies but also a different economic organization of production is required. The
country that can do it earlier than others will win in the global competition between national economies. And what stands behind the definition “different”? The new level of liberalizing activities of primary economic agents! If Russia manages to make a real move to such liberalization combining it with the “computer technology”, we would get a chance to break into the group of the world leaders. A “one-way love” of European liberalism to Russian economy will become “mutual” only when modern technologies and management will prevail as the material basis of domestic production. The question is when?

In 1936 the greatest Russian poet Alexander Pushkin passionately wrote the lines that lit up the lives of all generations of Russians: “…And long the people yet will honour me Because my lyre was tuned to loving-kindness And, in a cruel Age, I sang of Liberty And mercy begged of Justice in her blindness…” Extraordinary, but in the original Russian version only Liberty is written with the capital letter out of all other feelings. Pushkin was a Genius in-deed!

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INSTITUTIONAL CHANGES IN THE CONTEXT OF SOCIAL VALUES AND INTEREST GROUPS

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Abstract: This paper is an attempt to analyze institutional changes in the economy synthesizing the original and new methodologies of institutional economics. The concepts of social values, interest groups, and social capital are applied in this context in order to create a theoretical framework based on a qualitative study of evolutionary dynamics of various economic orders. Researching social values and actions of interest groups, the author underscores manifold behavioral dimensions associated with the given behavioral pattern formation and habits. The long-run evolutionary vector of development of institutions and economic systems is determined by the values supported by the prevailing economic order – either ceremonial or instrumental. Analyzing the phenomenon of ceremonial dominance facilitates devising the measures of economic and social policy aimed to enhance the quality of human and social capital.

KEYWORDS: institutional economics, institutional change, social capital, social values, interest groups

INTRODUCTION

Institutional changes constitute one of the fundamental problems of the modern institutional economic theory. Under the frame of today’s academic discourse, however, the problem of institutional changes is analyzed predominantly in light of the theories of new institutional economics. Note that in the mainstream economic theory the issue of institutional changes for a long time was outside the domain, or, at least at the research periphery. Global economic processes in the 1980-1990s compelled scholars to think of the importance of institutions for economic development, especially in the countries in transition from the centrally planned system to the market economy.

An approach to institutional changes in line with the traditions of new institutional economics makes an emphasis on institutions as an exogenous factor influencing behavior of economic actors (Greif, 2006). The modern institutional theory, however, offers two approaches to understanding the nature of institutions. Some scholars think that institutions are endogenous and comprise believes (about behavior of other actors) that are included in individual mental models. In contrast, another group of scholars define institutions as exogenous, linking rules that constrain individual actions. Under this approach, creating rules is a purely strategic process, the focus must be on the tactics applied by various agents or their alliances to manipulate them or, at least, affect the “rules of the game” (Brousseaua, Garrousteb, Raynaude, 2011, p. 4). Thus, the first approach emphasizing endogenous nature of institutions is typical for the original (old) institutionalism, while the exogenous approach – for neo-institutionalism.
In the context of the paper, using the concepts of social values, groups of interest, social capital and path dependency for studying institutional changes is based on the methodological synthesis of the new and the original (old) institutional economics as well as economic sociology. This approach is employed as part of deliberative discourse (Volchik, 2013) in economic – and broader – social sciences, enabling to move forward to a more rounded understanding of the complex and equivocal phenomenon of institutional changes.

INSTITUTIONS AND SOCIAL VALUES

Shaping an institutional system (structure) of the society depends on the dominant social values. The latter are related directly to behavioral patterns. Traditionally, social values are divided into two groups: ceremonial and instrumental. It should be noted that real societies have complex combinations of mixed values, when in some cases instrumental values become dominant, and in other cases – ceremonial values tend to prevail.

Most frequently social systems have an institutional system (structure) that without due regulation and government policy inevitably evolves to the dominance of traditional values. Such instrumental structure cannot support the processes of social modernization and reproduction of instrumental values. Therefore, social-and-economic policy must not inculcate myths and ceremonial values (Bush, 1987).

Traditional institutionalism interprets the key importance of institutions for the society as determining behavioral patterns. A broadly used behavioral classification comprises three elements: ceremonial behavior; instrumental behavior; and mixed behavior (Bush, 1987; Elsner, 2012). Behavioral patterns are closely connected to a system of social values, where ceremonial and instrumental values are of the key importance.

Ceremonial values give preference to possessing power and high social status, while the opposite, instrumental values favor economic and technological efficiency. Ceremonial values form the basis of various privileges, determine social status, power relations in the context of social classes and strata, relations between superiors and subordinates, and are based on the myths and traditions rooted in a particular society (Bush, 1987, p. 1079).

Instrumental values, on the other hand, are a fundamental factor underlying modernization and development of an institutional system. They are designed to solve the current problems of a society closely related to the mastery instinct, and are created and adopted by the population through a well-thought social policy, by expanding knowledge and education.

Traditional values (evolutionary formed combinations of instrumental and ceremonial values) are related to the quality of social relations and, subsequently, social capital. If education is not developed within a society, ceremonial values will dominate. The level of education is inversely related to archaic values, social capital and institutions. In theory, institutional changes in the structure of values are captured in the institutional context of ceremonial dominance that reflects a wider dissemination of ceremonial values in comparison with the instrumental ones. In practice it means that domineering and imposing traditional (ceremonial) values prevents efficient institutional changes. P. Bush points out that the institutional structure of a society often is unable to maintain vital social processes and support instrumental knowledge; that is why social-and-economic policy must not inculcate myths and ceremonial values (Bush, 1987, p. 1091).

Traditional institutionalism emphasizes the importance of studying institutional changes through the lens of their discretion nature; which does not mean, however, that all changes are deliberate and intentional. Studying institutional changes, demographic policy, development
of demographic institutions, self-regulation, trust and confidence, freedom of speech, self-expression and associations should be of considerable importance. Social capital not only conditions possibility and efficiency of social-and-economic interactions; it also is one of the most significant factors that determine an innovative nature of operations exercised by economic entities. The main elements of social capital in this context are confidence and corporate norms (routines) in (Zheng, 2010).

Analysis of social capital is a different level of research in comparison with studies of the individuums – institutions dichotomy. Social capital studies focus on the networks of individual relations and interactions, where trust and emotionally-colored behavior patterns of partners are especially important. Certain forms of social capital, for example, long-term social interactions, are based on trust and, for instance, religious norms, and can regulate creating and distributing public goods in local communities (Fafchamps, 2006).

A SYNTHESIS OF THE THEORIES OF SOCIAL CHANGES

D. North outlined the conceptual framework of institutional changes in new institutional economic theory. However, institutional changes are also an important problem in the old (or original) institutionalism. Due to the specifics of academic communications in economic theory, theoretical constructs of old institutionalism have been replaced with new institutional theory. In spite of it, the old institutional school has relevant theories that one can successfully apply to researching institutional dynamics.

Analysis of institutional changes presumes that history matters. New economic history (cliometrics) became an important component of neo-institutionalism, while the works of such scholars as North (1981), Fogel (1989), Mokyr (1990), Greif (2006), and Nye (2007) built up a powerful research program. Although it is possible to point out that for instance, North’s ideas evolved considerably towards an inter-disciplinarian synthesis, which is some aspects brings his later works closer to the concepts of traditional institutionalism (North, 2010; North, Wallis and Weingast, 2011).

The fact that market metaphors are not always applicable to analysis of changes and selection of institutions is important for analysis of institutional changes (Maucourant, 2012). Under the North’s tradition of analyzing institutional changes, evolution of economic orders can be considered as a transition from the natural state (limited access) to the open-access order in developed democratic countries with the market economy (North, Wallis and Weingast, 2011). The range of these problems can relate to Veblen-Ayres dichotomy (Volchik, 2008).

Inertial institutions are associated with rooted values and social capital. Changing as well as accumulating them is linked to socialization, education and technologies used in production. On the other hand, regulatory mechanisms can change rather radically during reforms. For harmonious evolution of a social order it must include the necessary procedures that transform regulatory mechanisms, for instance, in the course of law enforcement, into some universal rules, on which the institutions of the open-access order are based. Commons showed how institutional foundations of capitalism are formed in the legal system where the common law dominates (Commons, 2011).

Analysis of special interests groups plays a considerable role in the neo-institutional modification of the theory of institutional changes. In this context institutions are analyzed in relations with the problems of cooperation and opportunistic behavior in small and large groups, for example, the free-rider effect and actions of special interests groups as institutional innovators (Olson, 1995b).
Actions of narrow special interests groups result in income redistribution and ultimately delay economic development. A negative effect of narrow special interests groups is not limited by influence upon economic development indices. Special interests groups restrict access to establishing organizations and also form an institutional structure preventing the existing ones functioning.

Groups of interests can also be analyzed using the social capital theory. Indeed, social capital concepts emphasize the two key elements: trust and establishing social links by creating voluntary associations. Groups of interests (both formal and informal) can exist as voluntary associations, which along with trust indices determine the quality of social capital in a particular economic order.

In the academic literature social capital is associated with three most important components: trust, behavioral norms that encourage cooperation, and social networks (Polischuk and Menyashev, 2011). Social networks formed in a society can result in a considerable, increasing return that determine a particular quality of social capital. If the norms that were the reasons for establishing social networks were inefficient or suboptimal for economic development, they can be formalized for a considerable period of time due to the lock-in effect and path dependence (Arthur, 1989).

In the market economy, which corresponds with the order of open access, it is the quality of social capital that forms the basis for establishing and functioning of the institutions that support impersonal generalized exchange. Seligman points out the importance of analyzing social capital taking into account generalized trust within groups. Such trust transforms an association of social actors into a moral community since trust is a type of social capital gained and used only by a group as a whole, which enables developing generalized trust across its members (unlike individual capital gained by individuals and used by them to achieve private goals such as education, professional training, etc.) (Seligman, 2002).

Group of interests have incentives to formalize the existing social capital in created public institutions and statuses. For example, such institutions as casts, estates, nomenclatura, or localism are manifestations of institutionalization of social capital (trust, associations) of a particular group. Such groups are interested in reproducing the existing social groups as the select few under a particular category: kin, national, religious, etc.

As a result of cultural evolution and functioning of a legal system, open-access societies established institutions that do not allow (prevent) social capital to be institutionalized in the form of rigid hierarchical social structures. On the contrary, the dominant interest groups in restricted-access orders by all means are interested in reproducing the restrictions bases on statuses, social roles or, for instance, belonging to the elite.

Elite organizations restrict possibilities to create competitive structures – political parties and corporations in the present-day context. They can set such restrictions in written law, for example, by introducing a one-party system or state property for all big economic enterprises. Pretty often, however, such restrictions tend to be less formal: regulatory obstacles for market entry or expansion of new companies, arrests and physical pressure upon resisting individuals and organizations or depriving the latter of the access to media and financial resources (North, Wallis, Webb, and Weingast, 2012, p. 9).

Establishing strong interest groups is related to political and economic sustainability. The sustainability factor can have a double impact upon economic development. On the one hand, sustainability enables the main economic actors to make more long-term investments. On the other, sustainability is related to the dominant position of special interest groups inclined towards rent-seeking behavior and redistributing resources to their benefit, characterized by Olson as social sclerosis (Olson, 1995a).
Special interest groups can have positive as well as adverse impact upon economic development (Hoenack, 1989). Positive impact can be related primarily to united actions of entrepreneurs aimed at decreasing administrative barriers and improving business infrastructure. A positive effect of interest groups can also be associated with their efforts to introduce technological innovations, for instance, by attracting big corporations involved in science-intensive production with considerable increasing return to a particular region. Establishing interest groups that have positive impact upon economic development, however, is related to the dominant social values in a particular region.

CONCLUSIONS

Traditional institutionalism contributed to analysis of institutional changes, first of all, by studying predominantly qualitative factors that determine economic behavior of actors, the central of which are social values dominating an economic order. Analysis of social values and behavioral patterns enables integrating the theory of institutional changes with studies of social capital and group actions, broadly used in modern social sciences.

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INSTITUTIONAL ENVIRONMENT FOR DEVELOPING INTELLECTUAL SERVICES IN RUSSIAN ECONOMY

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Abstract: The paper analyses the modern structure of intellectual services, basic institutional conditions and restrictions for their development in Russia. Possibilities for further expanding the market of intellectual services are discussed through examples of companies that render such services using IT-technologies. Factors and conditions for intensifying the institutional environment for intellectual services in Russian regions are defined.

KEYWORDS: intellectual services, innovations, institutional environment IT-companies, consulting services, regional service complex.

DEVELOPING INTELLECTUAL SERVICES IN THE INSTITUTIONAL ENVIRONMENT SHAPED IN RUSSIA

With expanding the scope of Internet usage, upward trends for developing intellectual services have an increasingly stronger impact upon making managerial decisions at all levels: state, regional, or municipal. To a considerable extent they also predetermine decisions in management, marketing, information services, personnel training. New opportunities emerge for attracting investments, introducing innovations, disseminating information about new management models, conducting marketing studies, establishing strategic alliances, etc.

At the same time, a need for favourable institutional environment to develop such kind of services, providing them through electronic means, becomes stronger. The sphere of intellectual services is one of the most prospective “fields” of a service complex in the world as well as in Russian economy. According to many analysts, development of such services for economic entities that constitute the quaternary sector of the modern economy is one of the conditions for a transition from strictly raw materials orientation of Russia to an innovative model of its development, a dramatic transformation of the quality of the national business climate. [13, p. 9]

On the one hand, intellectual services are recognized as a generator of innovations, on the other – as their reflection since they are “created” and provided to consumers by highly skilled professionals, and are formed in the areas in market demand.

In Russia intellectual services are referred to: consulting (all areas), marketing and advertising services, design, personnel selection and management, IT-support, engineering, audit, financial intermediation and legal services, property management, appraisals. Overall it conforms to the classification adopted in the Western Europe and North America. In those countries, however, education and health care also are included in intellectual services.

Intellectual services are very knowledge-intensive; moreover, market participants that supply...
such services need much diversified knowledge. Frequently, providers of intellectual services must keep abreast of management, business administration, IT-technologies, and at the same time be able to carry out integrated legal, assessment, PR and other types of activities practically simultaneously. In Figure 1 shows the structure of the main types of intellectual services by proportion of standardized or customized services: consulting, audit, IT, financial intermediation, legal, real estate, engineering, advertising, personnel recruitment, marketing, design.

Figure 1 The main types of intellectual services in Russia with a ratio of standardized / highly customized and customized services [8, p. 36]. The findings of the surveys, conducted by specialists of Higher School of Economics and “Romir” Research Holding in 2010 (Fig. 1), carry some important inferences.

1. Intellectual market generates considerably less standardized services and goods than any other market. Although standardized services (including customized services based on a “standardized platform”) on average account for around 50% of the total services, they gain only 30% of revenue for companies. Besides, one of the signs of classifying a service as “intellectual” is its exclusivity, low replicability.

2. It is due to this particular quality of intellectual services - their uniqueness, maximum possible orientation towards customer needs and values – that such services enable transition from marketing 2.0 (established in the “information age”) to marketing 3.0. It means that three forces create the “business landscape” of a new generation of marketing: first, production technologies; second, the information field; third, consumer values, their spirituality, and drive for cooperation. [5, pp.19-21]

Intellectual services can perform such a mission because consumers want customized services, in the form most suitable especially for them. According to Fig.1, 40% of the rendered services are customized, and up to 30% are standard services with a high degree of individualization. Cases when two different customers receive the same service without a sound adaptation to the individual needs of a particular physical person or a company (legal
entity) are quite rare. Even services with a medium level of individualization (based on the standard services) are on average 31% more expensive. Therefore, a concept of common market price cannot exist on the intellectual market. It is not possible to specify the price precisely even in a single contract between a producer and a consumer since it is predetermined by a considerable number of factors.

Electronic business has a special place in intellectual services. It is exercised as buying-and-selling goods and services on the Internet, penetrating all spheres of business activity – from procurement on B2B market to purchasing consumer goods. It became possible due to non-cash electronic payments for goods and services and global networks for operations across the world. The scope of electronic commerce reached $US 680.6 billion in 2011. It is estimated that e-commerce will be increasing and by 2015 shall hit $US 1.5 trillions. [6, p.113]

The described specifics of intellectual services requires special institutional environment. It involves at least three aspects.

First, establishing a reliable system for **protecting intellectual services** as special products generated by a “collective brain” (frequently – individual brains), accumulating various scientific, technical and everyday knowledge of staff members rendering such services as well as their intellectual property, the gained experience, information, positive image, etc. As justly pointed by E. Miller, the problem of ensuring such protection is that the legal norms and mechanisms of intellectual property protection are being developed in full uncertainty of subject-object relations, while the legal norms of the Civil Code seem to be alleviating measures. As a result, such property rights regimes as the patent law and copyrights proved to be viable in developed countries but tend to be deformed under the conditions of Russian economy. [10, p. 108]

It undoubtedly hampers creating an adequate legal field adapted for a system of intellectual services. The importance of resolving the issue is obvious.

Second, Russia must have a **flexible system of sale of integrated intellectual services**, particular, the customized ones that ensure not only “transparent conditions” for rendering them but also possibility to set prices in line with the market principles. According to I. Berezin and A. Milekhin, a notorious federal law on public procurement, FZ-94, put the skids under development of intellectual market. When it concerns a relatively simple, standardized service, a contract price as the single selection criterion probably can be justified; however, price minimization as the criterion for integrated, knowledge-intensive intellectual services is absurd. [2, p. 36]

FZ-94 caused a considerable decrease of contract prices for intellectual services in Russia, as well as market shrinking and limited offers. The Presidential Address to the Federal Assembly in December 2011 emphasized the importance of changing the conditions of public procurement in Russia. It means that a speedy solution of the problem is of a pressing importance.

The major step would be adopting a new federal law (to replace FZ-94) providing for establishing an integrated federal contract system. The new procedures of state and municipal procurement must support high quality of government order execution, transparency of the process, and prevent multi-billion corruption schemes [10, p. 4].

Third, the government must **support Russian companies rendering intellectual services**. At the stage of establishing, any new market, especially a knowledge-intensive one, requires some “financial cushion”, on the basis of which its development fund is formed. Reduced prices in the past 1.5-2 years (as a consequence of FZ-94) undermined considerably the quality of intellectual services and simplify them as such services are being offered to customers by staff without proper qualification. The criticality of the situation is that in the
period of economic crisis the state stopped shaping effective demand for intellectual services, which happened at the exact moment when the sector of such services was very much in need of state support. The state showed to other potential customers: when procuring intellectual services you must be ultimately guided by prices which should not be high”. Private customers got the message and also started using tenders and electronic tenders, where the lowest price became the key winning criterion. Such practice became especially wide-spread in the period of crisis - 2008-2009 and still continues. The sphere of intellectual services lost its financial capacity – funds for development. Unfortunately, out-of-the-box nature and uniqueness of intellectual services became an additional factor of a high level of corruption in tenders and popular tax evasion schemes typical for this market.

Thus, the institutional environment formed in 2009-2014 in Russia and economic realities of 2008-2009 economic crisis certainly do not encourage development of the market of intellectual services. Moreover, a wave of building up the scope of intellectual services market was stanchéd, and market shrinking became apparent. Leading experts of “Romir” Research Holding, I. Berezin and A. Milekhin, who monitor this market, concluded that the falling demand for intellectual services predetermined their considerable curtailment.

For instance, in 2009 services in certain fields (architectural design, personnel recruitment, etc.) decreased to 75-80% of their peak values in the second part of 2007. Overall, in 2009 the sector of intellectual services lost 30 - 40% of pre-crisis level, while GDP in Russia fell by 8%, industrial production - by 12%, and investments – by 18%. The share of intellectual services sector in GDP reduced from 3 to 2% - by 1.5 times [2, p. 35].

According to the available estimates, the nominal growth of the intellectual services sector in 2010 was around 10-15% (in Rubles) to 2009. At the same time, the nominal GDP increased by 13% in Rubles and by 17% in dollars (in comparison with 2009). In the first six months of 2011 an accelerated growth rate on the markets of intellectual services was not observed. [2, p. 36]. Another serious issue is that particular segments of the intellectual market are already under control by large international players, predominantly with American roots. For instance, six out of the seven leading marketing research agencies are foreign firms that control around 70% of the market. A considerable share of the advertising market is served by western advertising companies; the audit market is controlled by four leading western companies. Other segments can fall under foreign control within the next 3-5 years. In particular, it may concern the architectural sector, if a decision is made to apply foreign architectural projects in construction practice in Russia without adaptation and coordinated approvals.

It should be noted that it does not seem realistic to obtain reliable information about the market position of Russian companies across the full range of the rendered intellectual services.

Therefore, for the research purposes the authors used official data on operations of the largest, most significant IT companies (rendering IT-services) from the ranking of 400 largest companies of the Russian Federation in 2010 and 2011.

Having analyzed the data, we arrived to the following conclusions:

Russian IT-companies are not considerably large: in 2010 eight such entities, recognized as the leading IT-service companies, took the positions from 105 to 390 in 400 largest Russian market players (from different sectors of the economy). The largest national computer corporation (NCC) was on the 105th position in 2010 and on the 80th – in 2011. In the US, and even more in Japan and South Korea the largest IT-companies are among the top ten.

The analyzed companies are characterized by positive trends. In 2011 the situation even improved slightly, most companies pushed their ranking up (by 5 - 25 points) except “I-Teco” and R-Style Group, whose ranking went down a little bit. These and other IT firms, however,
had a high turnover growth rate in comparison with 2009: 5 - 68%.
The trends seem encouraging because the efforts of IT-companies can make a serious impact upon the scope of innovations and attracting investments to the knowledge-intensive sectors in Russia, modernization of the entire economy. These companies, however, do not focus only on intellectual services and are also involved in large-scale buying-and-selling of electronics and software products, their development and market promotion, etc.
The situation with the firms operating only in the field of intellectual services is different. A significant part of them is simply pushed away from Russian market by foreign companies (most frequently, their subsidiaries), which predetermined bankruptcy or reconfiguration of early active companies.
As a result, rebranding, advertising campaigns for our largest corporations are typically organized by foreign companies. It is often happen even in the sectors that are covered by the law on official secrets. Formalizing the priority of the data from Russian rather than foreign ranking agencies to be used and accounted for in tenders has been discussed for a long time to no avail. It is obvious that uncontrollably transferring the market of intellectual services to foreign companies is not only short-sighted but simply insecure for Russian economy. Also, foreign players at best are not interested in quality market development, putting an emphasis on standardized network services while customized services often remain unsolicited.
Thus, the market of intellectual services in Russia is one of the most prospective and important. It includes a lot of innovative, financial, designer and other services which matches global trends and confirms an accelerated expansion of investment, technical-and-technological, information spheres. The service sector of Russian economy is the most knowledge-intensive, that generates and simultaneously is an active consumer of innovations in many areas. In spite of relatively high growth rates in some blocks (for instance, IT-services), overall market of intellectual services in Russia is in stagnation. To a considerable extent it is predetermined by the institutional environment which clearly does not facilitate operations of domestic companies.
Departmental and regional segments of the market have obvious specifics. The geographic specifics of developing intellectual services is clearly observed, for instance, in the regions of the South Russia.

ESTABLISHING THE MARKET OF INTELLECTUAL SERVICES IN THE REGIONS, INSTITUTIONAL CONSTRAINTS FOR ITS DEVELOPMENT (THE CASE OF THE SOUTH RUSSIA)

Under the modern conditions, regions in the South Russia follow the overall vector of developing Russian economy, particularly, achieving the objectives of overcoming raw materials orientation, decreasing sensitivity to the volatile state of the markets of raw materials (although the share of raw materials sectors is not large). They associate their future with accelerated development of wholesale and retail trade, creating adequate diverse infrastructure of logistics networks, with traditional focus on intensifying performance of agro-industrial, food products, textile and chemical clusters. Production of construction materials and building up modern infrastructure modules and corridors, various junctions, major highways, etc. are also of importance. To a considerable extent the latter is predetermined by building up module tourist and transport clusters, mass construction of the Olympic facilities in the Krasnodar region, developing related industries across the South Russia and beyond. [9, pp.10-12].
Nearly all of the above-mentioned geographical-sectoral complexes are real or potential consumers of intellectual services. It is absolutely necessary in order to increase competences of companies in the key industries, attract direct investments – Russian and foreign, as well as for the best use of the richest natural resources (first of all, soil and climatic), developing SME, etc.

The market of intellectual service in South Russia suffers from the same above-listed “sore spots” that hamper its development on the national scale. They are coupled with the “local” problems caused by a periphery position (in relation to the Centre) as well as pretty specific “South Russian” conditions and traditions, economic characteristics.

It would be correct to include in the first group insufficiently enabling institutional conditions; a less robust grant support for the companies rendering intellectual services than, for instance, in Moscow, St Petersburg and other cities in the ”Centre”; no adequate forms of regulating their activities in regional laws and by-laws. There are also weak mechanisms of attracting investments to the projects on developing targeted innovative service centres, an evident lack of qualified personnel that have the necessary competences and experience of rendering intellectual services.

The “problem zones” formed in the economy of the South Russia include: an insufficient demand for such services (so far) due to a relatively high share of country-side population (43.2% in contrast to 26.9% in Russia), whose mentality and traditions are dominated by the rural way of life. A considerable number of goods producers (especially in the Republics of the North Caucasus) are oriented towards agrarian market, production of agricultural products, or such products as knitted cloths, home-made footwear, cheese, jerky meet and other items typical for an ethnic economy – a primary sector of the economy characterized by a low demand for intellectual services.

Relatively low positions of the majority of Southern Russian regions in the national ranking should be seen in a similar vein as predetermined by poor social-and-economic development. For instance, 6 out of 7 regions of the North Caucasian Federal District are on the 70th and lower positions (among 83 subjects of the Russian Federation) by the unemployment level. Gross regional product per capita – at the 71st and lower positions. A similar situation is with such indices as the “volume of goods, works and services in the processing sectors”, “per capita investments in fixed capital”, “the number of PC per 100 employees”, etc. [1, p. 34-35]

The volume of innovative goods and works in the regions is a rather accurate indicator of demand for intellectual services. It characterizes, albeit indirectly, the level of innovations in the regional economy, generating and transfer of innovations typically accompanied by intellectual services. In 2010 the share of innovative products in the total goods, works, and services in the South of Russia was close to the figures for Russia – 7.0%. However, data for the Southern Federal District and the North Caucasian Federal District differ significantly. In 2010, indicators for Ingushetia and North Ossetia – Alania were 0.1 – 1.8 %, while for the Stavropol region – 9.1%, the Republic of Karachaevo-Cherkessia – 12.0%, the Volgograd region – 13.5%, and Chechnya – 13.6%. Based on these data, one can conclude that the real level of innovations in the economy of the South of Russia remains low. Apart from Ingushetia and North Ossetia – Alania, the shares of innovative products, for example, in the Krasnodar and Rostov regions are 4.2 and 4.8 accordingly, that seem to be true-to-life and are obviously low. High indicators for the Stavropol region, Karachaevo-Cherkessia, the Volgograd region and Chechnya cast doubts whether reporting is correct.

Like in Russia in general, regions in the South lack reliable data regarding development of all (or most of) sectors on the market of intellectual services. A particular survey published in
“Expert - Yug” regional business journal has credibility (based on the criteria of reliability and professionalism).
The survey concerned consulting firms operating practically in all regions in the South of Russia in 2010. Importantly, it covers market players offering varied services: valuation, expert examination, training, transaction support for business purchase-and-sale, consulting in the field of marketing, PR, etc.
The main findings on the activities of the analyzed companies reveal the following emerging trends in this sector of the market of intellectual services in the South of Russia.

1. A half of the analyzed companies have been on the market for quite a while, since the 1990s (longer than 10 and even 15 years), which confirms that such services are in demand. During 2008 crisis a lot of customers refused to use services of outside consultants to minimize the costs and tried to solve by their own efforts the problems that earlier they had tried to outsource. At that period the demand for consulting went down, but such self-guided work formed some capacity (that is difficult to measure yet) for correcting errors made by customers themselves [7, p. 22].

2. Some consulting companies failed under an intensified competition and a sharp decline of revenues due to a narrowed “field” of servicing in 2009 caused by the economic crisis and either went bankrupt or changed the field of activities. Over 80% of market participants, however, continued their work in 2010 – 2011. Some firms managed to perform well in 2010. For instance, a Krasnodar company “Audit BEZ Granits” increased its revenue from consulting services by over than 50%, “Vash Sovetnik” Audit Consulting Group - by nearly 50%, “AUDIT BEREAU” from Taganrog - by 38%. The ranking leader, “A-KOSTA” Consulting Group earned nearly 67 million RUB which was 22.3% more than in 2009. Revenues of other companies, on the contrary, dropped at a comparable level; among all rated market players at least 9 became less profitable (their share is about 30% of the consolidated revenues). All companies that survived the crisis, however, have far-reaching plans and a long-term vision.

3. Geographically, consulting companies are located across all provinces, regions and Republics of the South Russia. The highest concentration and companies of a larger size are observed in the Krasnodar, Rostov and Volgograd regions, which can be a true evidence of a demand for intellectual services in a rapidly growing economies in those regions. Summarizing the survey findings [7 p. 22-24], it is possible to conclude that in spite of some decreased activity in the crisis period consulting companies survived it and are successfully growing up their activities, diversifying them and mastering innovative technologies. Extrapolating this conclusion to the work of all companies specializing in intellectual services, one can state that the scope of their activities is quite broad.

It is also corroborated by an increased share of the economy of the South Russia in the national economy: in 2010 their position clearly improved even in comparison with 2008 (the “pre-crisis” year). Production of industrial products, retail turnover, fixed capital investments, commissioning residential houses increased [1, p. 13].

A high potential for a growing demand for intellectual services is confirmed by an impressive number of investment projects included in the Catalogue of the investment projects for developing the real sector of the economy and social sphere in the Southern Federal District [3, p. 33]. The Catalogue comprises 207 projects, 71 shall be completed no later than 2014. Such a powerful application for attracting investments to the economy of the South of Russia, coupled with developing a network of industrial parks (only the Rostov region alone has 6 such parks), technological platforms, innovation centres, business incubators, and other principally new facilities in terms of organization, technological and information dimensions means that social-and-economic complexes in the Southern regions of Russia are moving to a
brand new level. They are clearly losing their traditional image of the “gold field” and the “golden fleece” of Russia and are gaining the status of an “intellectual field” and an “innovations growth point” in the south of Russia.

In 2013-2014 consulting services in the “South Russia” macro-region were developing actively, including: tax consultations, IT (development and system integration), valuation, legal consulting in economic law, and financial management [14, p. 36]. Some prospective areas are legal consulting in debt practice and bankruptcy, management consulting, personnel recruitment.

CONCLUSIONS

1. Orientation of Russian economy towards an innovative model of development means organized, system-wide, continuous searching for new opportunities and values, technologies and innovations control system. It forms the basis for an explosive growth of the market of intellectual services, broad prospects for innovations, overcoming institutional, economic personnel and other restrictions preventing innovations.

2. To provide intellectual services, adequate institutional conditions are required. It stimulates development of an extensive network of informational-computational complexes in Russia and modern information-and communications technologies implemented through various Internet-services. The underlying factor is innovative, diversified nature of intellectual services that comprise: consulting (all areas), valuation, marketing and advertising services, design, personnel recruitment and management, IT-services, engineering, audit, real estate management, financial intermediation and legal services.

3. Advancement of intellectual services in the regions of the South Russia requires not only an adequate institutional environment but also enhanced incentives for creating innovative businesses in provinces, a reliable system of protecting intellectual services as special products accumulating various scientific, technological and day-to-day knowledge of staff members rendering such services as well as the attained experience, information, positive image, etc. It implies devising legal norms and mechanisms of intellectual property protection, observing the patent law and copyrights, control over state and municipal procurement aimed at achieving high quality execution of public contracts.

REFERENCES


MODEL OF ASSESSMENT OF GRADUATES’ COMPETITIVENESS LEVEL

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Abstract: In the modern economy there is a sharp need for competitive specialists that conform to professional standards and fit mobility and flexibility of a labor market. A pressing problem is assessing the competitiveness level of future professionals for the purpose of its advancement when the higher education system is being transformed, achieving efficient performance of higher educational institutions and in a context of "business – education - labour market" relations. The paper analyses the structure of graduates’ competitiveness and its components. Assessment tools of graduates’ competitiveness level, including the indicative method (comparing the actual values with the threshold values), a comparative analysis of competitiveness factors, and an expert assessment method are applied. In order to develop competitiveness assessment methods, a model of competitiveness as a socio-economic phenomenon is presented, and the calculation formulas of competitiveness index are obtained by constructing a function that describes the graduates’ competitiveness level. Mathematical modeling allows calculating the competitiveness index of young experts. The results of validating the assessment model of the competitiveness level of graduates in the Rostov region are presented

KEYWORDS: graduates, unemployment, competitiveness level, assessment tools, mathematical model, competitiveness indicator.

INTRODUCTION

Any developed society gives priority to progressive advancement of young people – the group of the population that forms the society’s economic backbone and drive. Special attention is paid to shaping youth human capital, the level of actualizing human and labor potential of college graduates and young professionals. As a social-and-demographic group, young people in Russia are characterized by several sustainable trends, including: a negative demographic situation, young family problems, poor physical and mental health of young people, criminalization of the youth environment, an increased gap between the rich and the poor, lack of labour incentives for young workers, absence of skills in community activities and self-governance, low engagement in the public administration system and a consistently high level of youth unemployment. According to the Federal State Statistical Service (Rosstat) in July 2013 the average level of unemployment among young people in 15-24 age group was 14.8%, in 2012 – 13.2% (Fig. 1). The level of unemployment in the 20 - 24 age group remains quite high in comparison with the general unemployment level in Russia – 5.2% (August 2013).
Overall, according to the Ministry of Health Care and Social Development of the Russian Federation, the youth position on the labour market is characterized by economic activity and mobility – desire and ability to work, readiness to various types of activities (studies, work, community activities, etc.); a considerable part of university graduates (up to 60%) are hired in the field of their education (Fig. 2).

Therefore, slightly over half of the respondent graduates are employed in the field their specialty; however, the situation in general cannot be considered favourable because the percentage of those not employed in the field of their specialty is quite high – 28% (one third), which means a misbalance between the number of graduates and demands on Russian labour market. The modern economy has a sharp need in competitive specialists that conform to the professional standards and fit mobility and flexibility of the labour market. Therefore, the problem of assessing the competitiveness level of future graduates for the purposes of further advancing is one of the important tasks of the system of higher education in the period of its transformation, achieving
efficient performance of higher educational institutions and in the context of “business – education – labour market” relations.

THE STRUCTURE OF GRADUATES’ COMPETITIVENESS

The modern economy has a sharp need in competitive specialists that conform to the professional standards and fit mobility and flexibility of the labour market. Therefore, the problem of assessing the competitiveness level of future graduates for the purposes of further advancing is one of the important tasks of the system of higher education in the period of its transformation, achieving efficient performance of higher educational institutions and in the context of “business – education – labour market” relations. Methodologically, our study of graduates’ competitiveness is based on: the theory of competitive advantages (Porter, 1990); a theory of human capital (Becker, 2003); a theory of competences (Spencers, 2005); some theoretical findings on competences of specialists (R. Boyatzis, 2008, and David C. McClelland, 2005); a social capital theory (Ben-Porath, 1980), (Stone, 2002) etc.

The authors also used the works of Russian researches on characteristics of competitive ability and competences of university graduates (Y. Dmitrieva, 2009, and A. Kara, 2011).

The structure of graduates’ competitiveness can be broke down into four components: personal, professional qualifications, incentives and social-and business element.

Substantially, the personal component determines successful performance of a graduate in practically all spheres of life and affects competitive behavior. Social and psychological qualities are intrinsic in graduates as human beings – social creatures; nevertheless, some social-and-psychological qualities (self-actualization, adequate self-evaluation, inter-personal skills, stress-resistance, etc.) (A. Kara, 2011) are useful not only for success in the every-day life but also in professional activities.

Professional qualifications are on the central position across other components of graduate’s competitiveness. They are directly related to professional work and are reflected indirectly in the nature of other components of competitive ability.

Incentives form the framework of other competitiveness components because, on the one hand, they are some kind of a trigger that determines which qualities and abilities should be developed, and, on the other, incentives are related to the system of goals, values, and norms concerning, in particular, professional life.

Separating a social-and-business component is reasonable because without it analysis of the essence of graduate’s competitive ability will be incomplete. This approach is described in research literature. For example, A. Kibanov (2008) emphasizes business and social skills along with qualifications and personal characteristics because social and business qualities are necessary to behave competitively.

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<th>Components</th>
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<td>Business communication skills</td>
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Table 1 Components and elements of graduates’ competitiveness and their characteristics

A MATHEMATICAL MODEL OF ASSESSING THE LEVEL OF GRADUATES’ COMPETITIVENESS

Guided by the above components of graduates’ competitive ability, it is possible to outline several elements of competitiveness components and describe their characteristics. The elements of graduates’ competitiveness are summarized in Table 1. In our opinion, to advance the methods of competitiveness assessment, it is necessary to develop a competitiveness model as a social-and-economic phenomenon and calculate formulas using some f function that describes the level of graduate’ competitiveness. Based on the statement that competitiveness is an increasing function of the arguments, let’s construct f function that describes the level of graduate’ competitiveness assuming perfect competition. Further on let’s call f the competitiveness index.
Let’s assume that the competitiveness index \( f \) depends on \( x_1, X_2, \ldots, x_n \). It is natural to presume that the following axioms hold: the competitiveness index \( f \) is an increasing function of its arguments (when graduates’ characteristics improve, competitiveness should be higher), the competitiveness index \( f \) must have the higher values the more characteristics a graduate has, the competitiveness index \( f \) depends on time as characteristics of graduates and their number change with time. We propose the following model of the competitiveness index:

\[
f (x_1, x_2, \ldots, x_n, t) = \sum_{k=1}^{n} c_k (t) x_k + \sum_{k \neq j} c_{kj} (t) x_k \cdot x_j + \ldots + c_{12\ldots n} (t) x_1 \cdot x_2 \cdot \ldots \cdot x_n
\]

(1)

It is natural to consider the model (1) poly-linear because the index linearly depends on each argument, however the function is not linear by the totality of the arguments. In some conditions described below, axioms 1), 2), 3) are satisfied by the function (1). Let’s describe one of the variants of such conditions (obviously, other conditions are possible).

Each parameter \( x_1, x_2, \ldots, x_n \) is a dot product of vectors \( \overrightarrow{y}_i \) and \( \overrightarrow{z}_i \):

\[
\overrightarrow{y}_i \cdot \overrightarrow{z}_i = \sum_{k=1}^{m} y_{ik} z_{ik}
\]

(2)

Where \( \overrightarrow{y}[y_{i1}, y_{i2}, \ldots, y_{im}] \) – is a qualitative characteristics of a graduate on \( i \) competitiveness component which is a set of elements of \( i \) component in employers’ assessments \( \overrightarrow{z}[z_{i1}, z_{i2}, \ldots, z_{im}] \) - a qualitative characteristics of a graduate on \( i \) competitiveness component which is a set of elements of \( i \) component in evaluations by graduates.

The set of parameters depends on the number of graduate’s competitiveness components. Each component element is given some numeric value. Graduate’s competitiveness elements can be defined in numeric values using various methods of expert assessment: ranking method, direct estimation and the method of paired comparisons (S. Beshelev, 1996).

It is convenient to consider parameters values no less than 1 due to the following circumstance. If a graduate has two or more qualities described by our parameters that in model (1) this circumstance corresponds to the product of parameters. Naturally it should be higher that each parameter separately. As a result \( x_i \in [1, a_i] \) with some \( a_i > 1, k = 1, 2, \ldots, n \).

At a fixed moment of time functions \( c_i (t), c_{ij} (t), \ldots, c_{12\ldots n} (t) \), further referred to as switches have only two values: 0 and 1, determined under the following rules. In the formula (1) only one switch is 1, other equal 0. A switch different from 0 depends on the number of valuable parameters \( x_1, x_2, \ldots, x_n \). If there is one such value, for example, \( x_j \), then \( c_j (t) = 1 \), and the values of other switches equal 0. If \( x_k, x_l \) - are significant values, then \( c_{kl} (t) = 1 \), and other switches are 0, etc. For instance, for four parameters function (1) is as follows:

\[
f (x_1, x_2, x_3, x_4, t) = c_1 (t) x_1 + c_2 (t) x_2 + c_3 (t) x_3 + c_4 (t) x_4 +
+c_{12} (t) x_1 x_2 + c_{13} (t) x_1 x_3 + c_{14} (t) x_1 x_4 + c_{23} (t) x_2 x_3 + c_{24} (t) x_2 x_4 + c_{34} (t) x_3 x_4 +
+c_{123} (t) x_1 x_2 x_3 + c_{124} (t) x_1 x_2 x_4 + c_{134} (t) x_1 x_3 x_4 + c_{234} (t) x_2 x_3 x_4 + c_{1234} (t) x_1 x_2 x_3 x_4
\]

(3)

This mathematical model enables calculating the level of graduate’s competitiveness as its integral characteristics. The results of calculating the competitiveness level is a
competitiveness index which is a definition of a qualitative characteristic of the study subject as scalar observation– competitiveness units.

THE RESULTS OF VALIDATING THE MODEL OF ASSESSING THE LEVEL OF GRADUATE’S COMPETITIVENESS

The proposed model of assessing graduates’ competitiveness level was validated through a sociological survey. Respondents included graduates from several universities with different legal status, number of students and potential employers of graduates. The names of the universities are not quoted; instead conventional signs are assigned (university M, university N, university K). The order of symbols does not match the order of the above universities. The model validation took three stages:

At the first stage assessment criteria groups were defined in accord with the competitiveness components: professional qualifications, personal and social-and business characteristics, and the proportion of the elements under the three components in terms of their importance for employers were determined (Table 2). Respondent employers ranked components and elements of competitive ability. The proportion of competitiveness elements was calculated as quotient of the number of employers that voted for the relevant element rank to the aggregate number of answers by the employers voted for the rank across all elements. The accuracy of calculating element proportions was up to three decimal points after comma. The results are given in Table 2.

<table>
<thead>
<tr>
<th>Elements of graduate’s competitiveness</th>
<th>Assessments of the importance of competitiveness elements by employers (scores)$^2$</th>
<th>WF value of a competitiveness element ($y_i$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Professional qualifications</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Professional competence</td>
<td>107</td>
<td>0,134</td>
</tr>
<tr>
<td>2. Work experience</td>
<td>99</td>
<td>0,124</td>
</tr>
<tr>
<td>3. Average graduation score</td>
<td>94</td>
<td>0,118</td>
</tr>
<tr>
<td><strong>Personal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Ability to make decisions</td>
<td>69</td>
<td>0,086</td>
</tr>
<tr>
<td>2. Self-actualization</td>
<td>56</td>
<td>0,070</td>
</tr>
<tr>
<td>3. Internality</td>
<td>55</td>
<td>0,069</td>
</tr>
<tr>
<td>4. Self-assessment</td>
<td>39</td>
<td>0,049</td>
</tr>
<tr>
<td>5. Interpersonal skills</td>
<td>36</td>
<td>0,045</td>
</tr>
<tr>
<td>6. Moral imperative</td>
<td>33</td>
<td>0,041</td>
</tr>
<tr>
<td><strong>Social and business skills</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Social capital</td>
<td>106</td>
<td>0,133</td>
</tr>
<tr>
<td>2. Culture of business communication</td>
<td>106</td>
<td>0,133</td>
</tr>
<tr>
<td>$\sum 800$</td>
<td>$\sum 1$</td>
<td></td>
</tr>
</tbody>
</table>

Table 2 Proportion of competitiveness elements based on ranking by employers

$^2$1score is equal to 1answer by an employer.
At the second stage, the development levels of competitiveness elements were determined. Elements of graduates’ competitiveness (Table 1) and the principle of three-level development of characteristics (high, medium and low) were accounted for. The high level of development was assigned 3 scores, medium — 2 scores, and the low level — 1 score.

At the third stage the level of graduates’ competitiveness was assessed by validating the mathematical model for calculating the competitiveness index. At that stage it was reasonable to calculate the highest possible level of graduates’ competitiveness was calculated in terms of assessments given by employers. Let’s calculate the highest value of the competitiveness index \( f_{\text{max}} \) using the described method and data in Table 2. Therefore the highest value of the competitiveness index equals:

\[
 f_{\text{max}}(x_1, x_2, x_3, x_4) = x_1 x_2 x_4 = 3.76 \cdot 3.6 \cdot 2.66 = 36
\]

Let’s specify the dimensionality of the competitiveness level according to the developed method and the calculations, with the following interval values of competitiveness levels:
- 26 – 36 competitiveness units – high level of competitiveness
- 16 – 25.5 competitiveness units – above average level of competitiveness
- 6 – 15.5 competitiveness units – average level of competitiveness
- 0 – 5.5 competitiveness units – low level of competitiveness.

The interval in 6 – 15.5 units is the allowed level of graduates’ competitiveness which matches the average competitiveness level. If a graduate has competitiveness level below the allowed interval, (s)he cannot be recognized competitive.

To calculate competitiveness indices for graduates of several universities and compare their levels of competitive ability (Table 3), the data from Table 2 and the formulae (3) were used.

<table>
<thead>
<tr>
<th>No.</th>
<th>Graduate’s competitiveness elements</th>
<th>Competitiveness level</th>
<th>University 1</th>
<th>University 2</th>
<th>University 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional qualifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Professional competence</td>
<td>0.096</td>
<td>0.077</td>
<td>0.07</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Work experience</td>
<td>0.071</td>
<td>0.041</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Average graduation score</td>
<td>0.084</td>
<td>0.09</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The development level of the professional qualification component (x_{1,\text{cp}})</td>
<td>2.51</td>
<td>2.08</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Decision-making ability</td>
<td>0.086</td>
<td>0.074</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Self-actualization</td>
<td>0.063</td>
<td>0.037</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Internality</td>
<td>0.066</td>
<td>0.062</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Self-assessment</td>
<td>0.04</td>
<td>0.035</td>
<td>0.03</td>
<td></td>
</tr>
</tbody>
</table>
According to the data in Table 3, graduates of the analyzed universities can be tentatively divided into two groups based on their competitiveness levels.

The first group include graduates from M university whose competitiveness level is above the average ($f_{\text{grad M}} = 17.1$), all three competitiveness components are developed practically at par. The second group comprises graduates of N and K universities with the average competitiveness level. Graduates’ ranking of the competitiveness level is shown on Fig. 3

Assessing the competitiveness level of university graduates gave the values of the competitiveness index for graduates of the analyzed universities that fall within the average value (6 – 15.5 scores). The levels of graduates’ competitiveness, however, can be improved, first of all, N university (see Fig. 3).

![Figure 2](image-url)  
**Figure 2** Comparing the values of the competitiveness indicator for graduates of the analyzed universities
CONCLUSIONS

The proposed model of assessing competitiveness of university graduates has a number of considerable advantages. First, the model takes into account a broader range of characteristics that determine the level of graduate’s competitive ability, making the assessment method systemic and complex. Second, it considers the time factor modeling competitiveness structure in the course of time. Third, if the values of the competitiveness index are close, the proposed approach enables to differentiate graduates accurately by the level of their competitiveness.

The results of calculating the competitiveness level is quantification of a qualitative characteristic of the study subject in scalar values – competitiveness units. Based on the mathematical representation of the competitiveness model, the competitiveness index shows the rank of an analyzed object.

REFERENCES

THE ECONOMIC NATURE AND STRUCTURE OF MUNICIPAL ECONOMY

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Abstract: The paper outlines the essence of communal activities as an economic activity, aimed at providing the essential services for the population to enable normal living conditions in a particular area: natural and social reproduction of individuals. The authors analyze the economic nature of utilities as a type of public goods with such fundamental characteristics as special monopoly, based on the inability of the population to refuse these services, a high social importance, local production and consumption of services. A network of communal services in a territory is understood as a pool of service providers, regardless of the form of ownership and the legal form of the organizations serving the population of a local territorial entity. Dimensions and characteristics of a municipal complex are defined by a set of various factors: geographical, demographic, economic, social, industrial and environmental.

KEYWORDS: utilities, communal activities, network of communal services in a territory, municipal economy

INTRODUCTION

It is not a coincidence that economic theory and practice pay attention to the issues of increasing efficiency of organizing communal activities. First, municipal economy forms human habitat, determines the civility level of the life of modern individuals, their psychological well-being, and to a considerable extent is the guarantee of the high-quality personal creative activity. It means that municipal economy forms the basis of normal development of the society in general as well as particular social groups (Report “On the Measures for Increasing the Quality of Housing-and-Utility Services”, 2013). Second, utilities sector is one of the factors of sustainable performance of the national economic system in general as its fixed asset value is around 2.5 trillion RUB (1.6% of all fixed assets in Russia), the sectors comprises over 34,000 enterprises and organizations (around 38% of all enterprises and organizations in the Russian Federation), and employs around 2.5 million workers (approximately 3.5% of the employed in the national economy). (E. Agitaev, 2013). In 2013 utility services exceeded 4 trillion RUB (over 8% of GDP). Third, due to wide-scale utilities payment arrears of the population, around 65% of housing-and-utilities companies were loss-makers at the end of 2013. It is translated in numerous accidents. For instance, in recent years accident rate on housing-and-utilities facilities has increased by two-three times. The main reasons underlying the increased accident rate are: a high degree of equipment wear-and-tear; operational shortcomings and human errors; defects in repair; faulty or switched-off safety devices and protective equipment; violations of water-chemical conditions; use of non-standard fuel. According to expert estimates, a significant portion of basic utilities networks needs urgent replacement: heating networks – 19% of their total
length, water supply networks – 33%, sewage networks – 30.4% of the total length (S. Boulyarsky, S. Boulyarskaya, A. Sinitsyn, 2013). Overcoming the above problems will cost around 15-17 trillion RUB, which changes considerably the reform paradigm and requires new urgent measures for adapting different, more efficient mechanisms for managing municipal economies in particular regions.

In this context it seems expedient to define the types of economic activities that constitute public utilities, as well as the structural elements of municipal economy as part of regional economic systems. elements; (b) simplified micro-modelling, where the behaviour of the mortar joints and the unit-mortar interface is lumped in discontinuous elements; (c) macro-modelling, in which units and mortar are smeared out in continuum through an homogenization technique. In the first approach, the mechanical properties of bricks and mortar are associated to different elements, and the interfaces represent a potential crack/slip plane. The computational effort required in this case is very hard to supply. In the second approach, the properties of the mortar joints are lumped in an interface element [5,6] and the units are expanded in order to keep the original geometrical dimensions of the panel. This method has more or less the same computational weight of the former. The last method considers the masonry as an anisotropic continuum, homogenising the mechanical properties of units and mortar with an analytical technique [7]. The computational effort required is a bit lesser than the first two methods, but a full building model remains still prohibitive. In all cases, a plasticity criterion has to be employed, and the results obtained are in almost all cases limited to the capacity curve of the sub-structure studied. Finally, the accuracy of this kind of analyses is enough to obtain the crack pattern in each panel.

The third family of modelling method is populated by the macro-elements, which are in general developed on the base of the equivalent frame approach [8]. In this approach each pier and spandrel is represented by an assembly of 1D elastic elements and rigid links for the nodal regions. Non-linear plastic hinges [9] or plastic elements [10] are, used in the macro-elements to represent the capacity of each masonry panel; an URM buildings can be thus easily modelled as an assemblage of macro-elements and the full building capacity curve can be obtained. Some models such as [11] allow also to obtain the cyclic response of a masonry wall with an assemblage of diagonal springs and rigid links to represent a single panel. All these methods require a very limited computational effort, and the results obtained with them can be considered accurate, especially in the cyclic field, where they are the almost unique alternative. The modelling proposed in this work belongs to the macro-elements family, and it has been developed to be of very simple application on all the masonry buildings modelled with the equivalent frame method. An assemblage of elastic beams and elastic-plastic springs are, used to simulate the monotonic and cyclic behaviour of each masonry panel, through two specific hysteretic laws suitable for flexural and shear behaviours, respectively. The effectiveness of this model is demonstrated on single experimental tests made on piers and spandrels, and then on a whole façade for which a lot of literature is available.

MUNICIPAL ECONOMY AND PUBLIC UTILITY SERVICES

In its long history municipal economy went through considerable changes in understanding of its scope and objectives.

The most common interpretation of municipal economy comes down to work of enterprises, service operators and units that provide services to the populations in cities / towns, townships and villages within the structure of municipal facilities. It includes efforts aimed at building
and reconstructing houses, structures and elements of engineering and social infrastructure, as well as managing, developing and repair of the housing stock.

The existing Russian law, however, slightly narrows the field of municipal economy, defining it as activities of the utility providers of cold and hot water supply, water drainage, electric power supply, gas supply, and heating to ensure comfortable conditions for the dwellers in residential premises. (The Federal Law “On the Fundamental Principles….‖, 2002)

Thus, municipal economy consists of utilities services providing comfortable living conditions in residential premises. The common feature of the most of such services is that they are exercised by feeding resources to residential premises via a connected resources network (hot and cold water, gas, electric power and heating) and communal wastewater disposal.

Recent studies show that utility services cannot be associated only with executor’s efforts to transport communal resources since it describes the goal rather than the scope of such activities. Thus, it is customary to break utility services into the three main types (R. Siradzhanova, 2014):

1) Providing resources via a connected network to residential premises (cold and hot water supply, electric power supply, gas supply, heating)
2) Sale of household bottled gas and solid fuel
3) Water drainage services: this type of activities is not related to resources supply and wastewater is not included in communal resources. Therefore, the value of such activity lies directly in exercising the activity.

The basic social-and-economic importance of municipal economy is that it (V. Pisachkin, V. Kozin, 2013):
- Forms human habitat
- Determines the level of civility of life
- Determines the level of psychological well-being of the residents.

There are multiple approaches to classifying utilities services that form municipal economy, but all of them come down to two characteristics: a) the scope of activities, b) the economic nature of utility services.

In terms of the types of rendered services the structure of municipal economy includes:
1) Production of material products for the population and service companies:
   - Water-, gas-, electric power and heating supply
   - Producing physical products for public utility companies
2) Providing special services:
   - Housing management to create favourable conditions for living in residential houses
   - Urban public transportation
   - Sanitation and cleaning service.
3) Urban public amenities and improvements in the populated areas:
   - Building up roads and pavements (sidewalks), bridges and cross-overs, under-and over-ground pedestrian crossings and flyovers
   - Building up a drainage/ sewage networks, embankments, hydraulic engineering installations to prevent landslides and flooding, drainage, bank protection /shoreline stabilization
   - Plant green spaces in general use
   - Street lighting.

In terms of their economic nature, utilities are public goods. It is explained by several factors (D. Yedelev, P. Melnikov, 2010):

First, consumers of utility services cannot refuse them or reduce their usage due to their unique and irreplaceable nature. Fluctuations in consumption of utility services are not price-based and practically do not affect the price of the provided services.
Second, utilities are characterized by regular, reliable provision of services. They are fully available at any moment when there is a need for them. Restricting access by increasing prices does not put the market of such services in equilibrium through the demand-supply mechanism but results in discriminating those groups of the populations that are unable to consume the services at this price.

Third, the market of utilities is in equilibrium. It means that production systems generate the amount of utilities that exactly matches consumption.

Forth, in this field relations between service production and consumption are rigid, interconnection and interdependence are typical, fixed production assets of utility companies cannot be moved. It makes free choice of services impossible.

Fifth, utility consumption is mostly impersonal and collective: each consumer benefits to an extent that conforms one’s needs and desires. These services bring different benefits to different groups of consumers. Consumption is inconsistent, changing at different times, and it is influenced by external factors. For instance, this quality of purely public goods is typical for such municipal services as street cleaning, outdoor lighting, etc. Their costs practically do not depend on the number of consumers.

Sixth, consumption of such services is joint and indivisible. For example, cleaning up and maintaining proper sanitary conditions of the area surrounding houses, rubbish removal, cleaning up staircases, elevator servicing, maintaining communal equipment and premises, regular maintenance and capital repair of a house and its elements – all such services satisfy the needs of all residents in an apartment block. The scope of production and consumption of utility services vary only depending on the weather and seasonal factors. Engineering services, such as hot and cold water, heating and electric power, gas supply, and water drainage form an element of amenities for every housing unit. At first glance, the nature of their consumption is individual but even this cannot classify them as private goods because all life-sustenance facilities of the population need them so the public nature of the need is observed.

Overall the above description of municipal economy is reduced to three fundamental characteristics: a special monopoly, high social importance and the local nature of services production and consumption.

THE STRUCTURE AND SCOPE OF A MUNICIPAL ECONOMY

Production and distribution of utility services takes place under the frame of a particular municipal economy. As stated, municipal economy is a set of enterprises, service providers and units serving the populations of cities/towns, townships and villages within the structure of municipal facilities. In some cases municipal economy also serves industrial enterprises supplying water, electric power and gas.

In terms of economic relations, municipal economy comprises multiple social-and-economic relations associated with providing life necessities to the population and satisfying its needs in relevant services. Municipal economy consists of a considerable number of independent and interrelated enterprises and organizations, social and industrial sectors involved in satisfying the needs of the population in utilities.

Municipal economy includes enterprises, agencies and organizations regardless of their organizational legal form and departmental subordination that render housing-and-utilities services to the relevant categories of consumers.
Such organizations form a very important element of regional infrastructure that determines the conditions of human livelihood. First of all, regional infrastructure determines housing comfort, engineering facilities, the quality of transport, household services, communications services and other services, on which public health, the quality of life and social climate in localities depend.

In each locality the structure of municipal economy depends on a number of factors, the most important of which include: (Zhukov D., 2003)
1) Geographic: location, nature and climatic conditions, availability of natural resources and raw materials, bodies of water and their location, woodlands, fuel-and-energy resources, etc.
2) Demographic: density of the population, gender and age structure, number of families, number of children in families, etc.
3) Production: industries, their sectoral structure, transport networks, infrastructure, etc.
4) Economic: intensity of the available financial flows, the degree of economic independence of a region, the labour output ratio and the costs of resources and end products in a region, the amount of local taxes, the average income of the population, financial soundness and creditworthiness of the companies in the region, payment capacity of the population, etc.
5) Social: social stability in the region, the level of unemployment, social structure of the population, national specifics and traditions, lifestyle pattern, etc.
6) Environmental: the maximum allowed air and water pollution, the environmental standards for locally produced products, preserving the environment, etc.

These factors determine not only the structure and nature of operations in municipal economy but also influence the technical-and-economic parameters of enterprises in municipal economy.

Municipal economy develops and performs under a clear set of constraints:
- The structure and size of municipal economy depend on the local conditions and the size of the service area
- Service parameters and the quality of products are strictly regulated by the construction norms and regulations (the so-called National Codes and Standards of Russia, SNiP), technical specifications, the environmental standards
- Development of municipal economy is limited by financial resources in the region and the size of the population.

CONCLUSIONS

Based on the findings, several conclusions can be made that are essential for studying municipal economy. For example, municipal economy in its narrow sense means the efforts to supply resources to residential houses of the population in a particular locality, sale of household gas and solid fuel and water drainage services. The main objectives of communal services are to develop comfortable habitat for humans, supporting their natural and social reproduction, and guarantee a certain level of creative activities of the population, particularly, in research. Municipal economy can be characterized in terms of its scope (types of activities) and economic nature (according to which utility services are considered public goods). Utility services produced in a particular area are rendered by companies and organizations of different types of ownership and legal status that form the utility sector of a regional economy and the national economy in general. The scope and structure of utility sector in a particular region is determined by economic, demographic, production, geographic, social and environmental factors.
REFERENCES

CORPORATE SOCIAL RESPONSIBILITY: THE MAIN FORMS AND THE ROLE IN SOCIAL-AND-ECONOMIC POLICY

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Abstract: The paper analyzes the main forms and the role of corporate social responsibility in social-and-economic policy. The author studied various forms of conducting social-and-economic policy and was able to prove that under modern conditions the main activities of private companies tend to have a strong social dimension. External factors force private institutions to become transparent: not only by performing social functions provided for by the legislation but also being increasingly engaged in social activity.

KEYWORDS: corporation, business activity, business, social responsibility of business, public requirements, corporate nationality, social and economic policy, civil society.

INTRODUCTION

Mainstreaming and prioritizing the problems of social corporate responsibility are determined by the growing importance of tangible factors of economic growth related to development of human potential. Today competitive ability of companies operating on the global markets and, therefore, national economies are increasingly determined by the factors on the side of quality rather than price. The most important of them is ability to innovate and adapt state-of-the-art technological achievements that is based on human, intellectual and social capital. It is that circumstance that sets economic imperatives of business socialization.

As one of the reasons for mainstreaming social functions of big business, politicians and scholars indicate that is should become an equal partner in social development along with the state. To a considerable degree competitive ability and efficiency of business in general will much depend on how successfully corporations will be able to combine efforts with the authorities and non-government organizations in shaping a robust social development strategy.

CORPORATE SOCIAL RESPONSIBILITY: CONCEPTS, APPROACHES AND FORMS

Social aspects of entrepreneurial activity are analyzed in fundamental works of such prominent scholars as A. Smith, R. Owen, and E. Carnegie. They recognized that business must exercise social functions (in the form of charity), since business possesses finances “by proxy” from the society that expects business to invest resources in solving the most pressing social issues and servicing social needs. Those ideas were further developed by Niv and David (Niv, Henry R. 2005, David, Item., 2008); and among Russian scholars, for instance,
Degtyarev (Degtyarev, A.N., 2004), who supported the corporate social responsibility doctrine: business aspiring long-term success must take into account human lives and consider whether all their corporate objectives support common good; becoming aware of broader social objectives in making managerial decisions will bring benefits to both society and business.

Market economy does not automatically guarantee sustainable democracy, in fact, both are predetermined by social capital factors. If the latter are plentiful, the market as well as democracy will be developing successfully; and corporations will be able to truly undertake the role of a school of social communications, strengthening efficiency of democratic institutions. The consequence of such actions was institutionalizing the concept of corporate social responsibility at the national level of countries as well as the global community.

As is well-known, the process of institutionalization means shaping, building up, establishing some new social institutions as sustainable forms of organizing people's activities in the society; determining and formalizing social norms, rules, statuses and roles, systematizing them, to satisfy particular social needs.

Under an approach adapted in many developed countries, socially responsible corporation has the following characteristics: corporation as a civil entity must observe the laws and social standards; corporation as a producer must produce safe, reliable goods and set fair prices; as an employer corporation must take care of the financial standing of its employees and prevent their discrimination; as resource managing entity it must use resources efficiently and handle plots of land where the company is located; as an investment entity it must protect investors' interests and give truthful information about its standing; as a competitor it must avoid unfair competition and do not restrict competition unreasonably; as a participant of social development a corporation must stimulate and support innovations and recognize responsibility for the impact it makes upon the quality of life of the broader public (N. Blint, 2010).

In recent years the problem of social activity has becoming increasingly important and sought-after in social, economic and political practice in Russia. At the same time, there are many terms describing social activity and socially responsible behavior of business, yet modern science still lacks their unified interpretation.

The most popular understanding of social responsibility means that business must voluntarily adapt and execute the statutory norms to develop social, economic and environmental aspects of society.

The scientific term “corporate social responsibility” emerged in mid-1970s in the US and Europe and is defined as a philosophy of behavior and a concept of building up their activities by business community, individual corporations and companies in the following areas:
1) Producing quality products and services for consumers
2) Establishing attractive work places, paying salaries officially, making investments in developing human potential
3) Complying with the law: tax, environment, labour, etc.
4) Doing business efficiently: creating the added economic value and increasing shareholders’ well-being
5) Accounting for public expectations and generally-accepted ethical norms in business practices

What is notable in the above extended definition that majority of the outlined areas of business efforts include economic principles of entrepreneurial activity, ethical and legal
standards of doing business. In this definition the social element includes investments in developing human potential and contributions to shaping civil society through partner programmes and projects for local community development. The Association of Russian Managers gives a more narrow interpretation of the concept of corporate social responsibility: voluntary contribution of the private sector in public development through social investments. We think that developing corporate social responsibility becomes an important social objective, which is emphasized by special attention given to the issue in the Concept of Strategic development of Russia by 2020. In this document social responsibility is understood as a complex phenomenon comprising business obligations specified by the Russian law as well as non-binding elements:
- Creating conditions for reproducing work force
- Developing and co-financing social facilities
- Timely payments of decent salaries and wages and mandatory social payments
- Providing secure and safe work conditions
- Supporting the employment level, taking part in retraining programmes when closing work places
- Co-financing systems of professional training and advancing qualification
- Timely paying taxes in full
- Providing normal employment and extra-occupational conditions for the employees required to work in a location different from their permanent place of residence
- Insurance payments under retirement, medical and social insurance programmes
- Developing corporate professional retirement insurance
- Co-financing voluntary insurance of employees
- Social support for employees (preferential loans and credits, family allowances, etc.)
- Charity.

According to various surveys, Russian business spends 2 - 4% of GDP for social needs. Expert assessments show that the figures are heavily underrated. Large corporations can spend $20 - 30 millions and more per year for financing various social programmes. It should be noted that in Russia managers, consumers, officials from the regional authorities understand the essence of corporate social responsibility differently. A survey conducted by the Association of Managers showed that managers and general public believe that corporate social responsibility means:
- Producing quality products (47.5% of the respondents – managers and 46% of the population)
- Observing the laws (35% and 35.5% accordingly)
- Paying taxes (29.5% and 30.4%)
- Preserving the environment (31.5% and 30%)
- Improving work conditions (33.5% and 22.5%)
- High salaries and wages (11.5% and 19.1%)
- Investing in production (19% and 14.8%)
- Helping the poor (2.5% and 10.5%)
- Helping regions to solve social problems (10.5% and 10.4%)
- Supporting education (3% and 9.3%)
- Honesty, transparency of accounting (13.3% and 8.7%).

Thus, managers and the general public associate corporate social responsibility mainly with corporate ethics and in-house social policies. Improving working conditions and investing in production development is more important for managers, salaries and wages – for the population.
According to the survey, regional officials define corporate social responsibility as socially oriented behavior due to wide-spread poverty. They emphasized the importance of: first, legal enforcement of business to be socially responsible; and second, encouraging socially responsible business through access of socially responsible companies to privileges and credits.

International approaches to the elements of corporate social responsibility are completely different. For instance, the Centre of Modern Business Technologies (SATIO) sees corporate social responsibility as a broad concept comprising complex responsibility of all subjects: as a business partner, employer, citizen and participant of social relations.

The concept of corporate social responsibility is developed under an impact of globalization which intensifies the influence of big companies upon economic processes. National states are gradually losing their ability to form domestic social-and-economic policy independently, giving way to multinational corporations. Nowadays the arguments put forward by the followers of this approach only get stronger: 500 largest corporations in the world control a quarter of the entire world production. Adverse social and environmental effects of activities of powerful transnational corporations upon sustainable regional development can be prevented only by coherent international efforts aimed at gradually shaping socially concerned behavior under a concept of “corporate citizenship”.

In this context corporate citizenship is the most large-scale and consolidated phenomenon of social activity of business, under the frame of which corporation is understood as a citizen of a particular region, a local community aspiring to improve the area where it is located (Smirnova E. V., 2010). One can talk not only about protecting the environment but also developing social infrastructure, carrying our projects and social programmes together with the local authorities. Big business can consider themselves as a citizen of a country or a nation and then they act as public figures and community leaders.

According to Craig Smith, a patriarch of corporate citizenship, this term means a process when corporations bring added value to the society in the course of their daily business operations, which means that companies a typically add values to society unconsciously. Corporate citizenship is when they do it conscientiously.

Recently a concept of “venture philanthropy” was introduced into scientific use (Fukuyama F. TRUST, 2012). The core and the principles of that concept are similar to social investments. Differences are not significant, and they exist only because those concepts were developed by different schools. The concept of venture philanthropy implies not just donating funds, but also facilitates organizational / institutional development of the beneficiaries through partnership.

Like social investments, venture philanthropy is not intended to solve current social problems and fund social projects, even if it takes place on an ongoing basis. It is aimed at strengthening financial stability and organizational development of an object of philanthropy, institutional development, reinforcing social infrastructure, creating self-developing, duplicating mechanisms of solving social problems. Venture philanthropy encourages introduction of market principles and mechanisms in managing social and charity programmes, orienting them towards increasing efficiency and achieving self-financing in the long-run.

Summing up the described approaches to understanding corporate social responsibility, it is possible to outline the following evolutionary stages of changing the attitude to the essence of this category:

1. Indulgence. Social responsibility means giving back social debt.
2. Liberal. Corporate social responsibility is inherent for business and a result of achieving
business goals. In this context, paying taxes, creating jobs, satisfying consumer needs, partnership are understood as implementing such responsibility.

3. Utilitarian. Perhaps, for the first time, the concept of corporate social responsibility goes beyond statutory activities of companies because corporate social responsibility programmes are understood as a factor of competition. At this stage of evolving the concept various forms of sponsorship and charity developed as a factor of popularity, reputation, and corporate image.

4. Internal, projective understanding. Social responsibility becomes a condition of business existence. At this stage of development, the concept of corporate social responsibility truly becomes a societal force influencing the frame of mind of civil society.

Effectively all above-mentioned stages in understanding corporate social responsibility are utilitarian. Business is rational by nature so it is obvious that business strategy is minimization

CONCLUSIONS

As a result of a long, continuous process of market development of the economy a complex, well-balanced system of regulating relations between private business, the authorities and the society in social-and-economic development of countries and particular regions is formed. In developed countries participation of business in solving social issues is either strictly regulated by commercial, tax, labour, environmental laws or is exercised independently, induced by special incentives and privileges.

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THE INDICATIVE APPROACH TO STUDYING CREDIT POTENTIAL OF A REGIONAL BANKING SYSTEM

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Abstract: The paper analyses the traditional (institutional) approach and the indicative approach to evaluating the state and efficiency of a regional system for crediting legal entities in a federal district. The authors propose a system of indices enabling a deeper and differentiated approach and objectification of evaluating a potential of a regional banking system. The most important indices are: the ratio of customers (legal entities) funds to consolidated loans to legal entities in a Federal District, gross loans per small or medium company in a Federal District, the ratio of regional banks in the credit portfolio of small and medium business in a District in the overall credit portfolio of legal entities within the Federal District. The paper analyses the current state of regional banking systems in the South and Central Federal Districts, formulates the main proposals on implementing the indicative approach to monitoring the banking sector in a Federal District. The findings of system-wide monitoring of credit potential of banking organizations based on the indicative approach should be taken into account in devising development scenarios of banking operations as well as the banking sector in a region.

KEYWORDS: banking sector in regions, federal districts, crediting legal entities, development indices

INTRODUCTION

Studying performance of regional banking systems becomes especially important in the context of the problems of finding financial sources for regional self-development. Increasing the role of the banking system in investment processes and intensive use of the economic potential of a region is a priority.

Current institutional studies of regional banking sector focus mostly on a constituent territory of the Russian Federation while finances and credits in such macro-regions as Federal Districts are analyzed to a much less extent, precisely because Federal Districts are not the subjects of administrative-and-territorial division. Originally, however, Federal Districts were established in order to coordinate and control regional development by the central authorities and ensure territorial unity and integrality. The modern system of integral territorial-and-economic division comprises Federal Districts as a new form of territorial cooperation. That is why studying regional banking systems as a financial characteristic of a Federal District becomes quite important. Regional banking sectors analyzed at the level of Federal Districts have some specifics determined by social, economic, political and other conditions of their
performance. Another factor underlying specifics of banking sectors in the macro-regions is that Federal Districts are served by small or relatively small bank in terms of the size of their inner capital that, however, know the needs and capabilities of their customers [6, p. 28]. The official statistical data of the Bank of Russia as well as specialists from expert rating agencies evaluate the state of the banking sector in the Federal Districts, including system of crediting legal entities, use the following institutional indices (Table 1).

<table>
<thead>
<tr>
<th>Indices</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of credit organizations registered in a region</td>
<td>Shows how credit organizations are allocated across Federal Districts, unit.</td>
</tr>
<tr>
<td>The concentration level of bank assets in Federal Districts</td>
<td>1. The sum of consolidated bank assets of credit organizations operating in a region, billion RUB. 2. The ratio of the total assets of the five credit organizations with the largest assets to the total assets of credit organizations operating in a Federal District, %</td>
</tr>
<tr>
<td>Gross loans per company</td>
<td>“Per unit” index characterizing the average amount of loans per company operating in a region regardless of its organizational legal form and sector, thousand RUB.</td>
</tr>
<tr>
<td>Gross loans per 1 resident in a region</td>
<td>“Per unit” round up index shows the average amount of loans granted in a region per 1 local resident, RUB.</td>
</tr>
</tbody>
</table>

Table 1 Institutional indices of the state of a system for granting credits to legal entities in a Fed. District

Let’s consider dynamic performance of a system of granting credits to legal entities in the Southern Federal District (SFD) using the above indices system (Table 2).

<table>
<thead>
<tr>
<th>Indices</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of registered credit organizations units/ percentage of the national index</td>
<td>115/10.4</td>
<td>113/10.7</td>
<td>47/4.7</td>
</tr>
<tr>
<td>The concentration level of bank assets, billion RUB. / percentage of the national index</td>
<td>1128.3/3.7</td>
<td>1209.9/4.0</td>
<td>1089.6/3.1</td>
</tr>
<tr>
<td>Gross loans per company, thousand RUB</td>
<td>1429.8</td>
<td>1519.4</td>
<td>895.4</td>
</tr>
<tr>
<td>Gross loans per 1 resident in a region, RUB</td>
<td>12,658</td>
<td>11,666</td>
<td>9,839</td>
</tr>
</tbody>
</table>

Table 2 Characteristics of the system of legal entities in the Southern Federal District [11, pp. 9-16].

The data presented in the above Table show a sharp decline of all indices in 2011 some of SFD provinces formed a separate North Caucasian Federal District (NCFD) in 2010. Thus, a meaningful analysis of dynamic trends is possible only since 2011. It seems interesting to conduct a comparative analysis of the systems of crediting legal entities in the Southern Federal District and the Central Federal District as the financially dominant macro-region, with which SFD has solid economic relations.
Geographically, the main bodies of the banks are not spread equally. Most of them (over half) are concentrated in the Central Federal District. 88% of the credit organizations operating in the Central Federal District (CFD) and half of all Russian banks (52.5%) are registered in Moscow. Bank assets are also distributed across Russian regions extremely unevenly. The level of bank assets in the Central Federal District is 1.8 times higher than on average in Russia, credits – 1.2 times, per capita deposits – 1.5 times.

Empirical analysis proves that during the post-crisis period a sustainable trend to increase the concentration level of bank assets maintained. Approximately two thirds of the banking business is accumulated in CFD, mostly in Moscow and the Moscow region. The share of the Moscow region throughout the entire period was 94% of CFD bank assets [9, pp. 9-16]. In comparison, the share of bank assets in SFD was slightly over 3%.

Statistical data confirm that the banks and their branches located in the Central Federal District grant more than half of loans in Russia. Loans to the real sector of the economy by credit organizations in SFD do not exceed 5%. Gross loans per company (organization) in CFD exceed the average national index by 1.7 times and are 2-4 times higher than similar indices in other regions. For instance, in SFD the average index is around 1,500,000, so SFD has the 4th rank. Analysis shows that in CFD 1.5 more loans are granted per resident that on average in Russia. In Moscow the amount of loans per resident is already 4.2 times higher than the average national index (the trend prevails in the past 10 years). In SFD loans per resident in a region are about 10,000 RUB, so the figure for SFD is 3 times lower than the average national index and 12-15 times lower – than in Moscow. Thus, the regional banking sector in the Southern Federal District has marginal resources against insufficient banking potential of the macro-region. With the shortage of credit resources the banking sector of the Southern Federal District cannot be expected to support strategic development, modernization and intensive growth of the scale and structure of crediting legal entities.

The main instrument of a crediting mechanism capable to concentrate temporary available cash assets in the most important areas of economic and social development of a macro-region is loans to legal entities. Its structural components are corporate loans, loans to SME and individual entrepreneurs. According to the official publications of the National Institute of Systemic Studies of Entrepreneurship (NISSE) obtained by monitoring development of small and medium business in Russia in the first six months of 2012 [13], the Southern Federal District was ranked in the middle of other Districts on the patterns of developing small and medium companies. Based on NISSE data, in six month the number of registered small and medium companies in SFD increased by 5.4%. Currently there are 131.9 registered SME per 1000 residents, which is 11% below the average in Russia (166.47).

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corporate customers</td>
<td>SME</td>
</tr>
<tr>
<td>CFD</td>
<td>83.53</td>
<td>15.73</td>
</tr>
<tr>
<td>SFD</td>
<td>66.5</td>
<td>28.78</td>
</tr>
</tbody>
</table>

Table 3 Structural trends in the credit portfolio of legal entities (by credited entities) in CFD and SFD [14]

Analysis of the structure of a credit portfolio of legal entities by credited subjects can be
supplemented with sectoral assessment of the economies of the Federal Districts. Studies revealed that indices used in analytical banking practice do reflect geographical distribution of credit organizations and capacity of a system of granting loans to legal entities. They cannot, however, fully reflect availability and coverage of loan services to customers. It seems useful to add specific indices to the generalized traditional index system. Such specific indices can be calculated using basic statistical data and will enhance considerably the efficiency and validity of analysis of regional banking systems (Table 4).

<table>
<thead>
<tr>
<th>Indices</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The number of bank “sales outlets” in a region</td>
<td>Determines the region’s position by the level of availability of banking services to companies, organizations and the population, etc., units.</td>
</tr>
<tr>
<td>including:</td>
<td></td>
</tr>
<tr>
<td>1.1. The number of credit organizations and their branches in a region</td>
<td></td>
</tr>
<tr>
<td>1.2. The number of branches of credit organizations from other regions located in a particular region</td>
<td></td>
</tr>
<tr>
<td>1.3. The number of branches of non-resident credit organizations located in a particular region</td>
<td></td>
</tr>
<tr>
<td>2. Density of bank “sales outlets”</td>
<td>The ratio of the number of sales outlets in a region to the area of the region. Characterized the density of covering the region with banking service.</td>
</tr>
<tr>
<td>3. The ratio of funds of the customers (legal entities) to the total loans to legal entities in a Federal District</td>
<td>Indicates the ratio of inflow (outflow) of deposits of legal entities and increase (decrease) in credit granting: raised funds of legal entities per Ruble of granted loans, RUB</td>
</tr>
<tr>
<td>4. The ratio of the share of regional banks in the credit portfolio of small and medium business to the total credit portfolio of legal entities in a Federal District</td>
<td>Shows the degree of satisfying the need of SME legal entities in credit resources by the banking sector of a Federal District</td>
</tr>
<tr>
<td>5. Granted loans per SME company in a Federal District</td>
<td>“Per unit” index characterizing the average amount of loans, per SME company in a Federal District, thousand RUB.</td>
</tr>
</tbody>
</table>

Table 4  Specific indices of the state of crediting systems for legal entities in a Federal District

Let’s calculate the above indices using official data supplied by the Bank of Russia and make a comparative assessment of the system of crediting legal entities in the Central and Southern Federal Districts. A special place in the proposed index system is given to assessment of a branch network, since if a bank has a sufficient number of “sales outlets” in a District it determines to a considerable extent its ranking on the quality, availability and attractiveness.
of the banking services provided to companies, organizations and the population. Quantitative characteristics of a branch network in the Central and Southern Federal Districts are summed up in Table 5.

<table>
<thead>
<tr>
<th>Qualitative parameters of a branch network in a Federal District</th>
<th>CFD</th>
<th>SFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of credit organizations in a region</td>
<td>547</td>
<td>46</td>
</tr>
<tr>
<td>The number of branches of credit organization in a region, whose head organization is located in the region</td>
<td>75</td>
<td>15</td>
</tr>
<tr>
<td>The number of branches of credit organization in a region, whose head organization is located in a different region</td>
<td>322</td>
<td>209</td>
</tr>
</tbody>
</table>

Table 5 The number of operating credit organizations, their branches and business units in a geographic breakdown (as of 01.01.2014) [15]

Studying the banking sector of a Federal District, it is necessary to account for a branch network operating not only where the head organization is located but also in other regions. Therefore, the balance between the numbers of branches whose head organization is located in the same region with the number of branches the head organization of which is located in a different region should be evaluated. We estimate that in CFD there are 4.3 “alien” branches per 1 “own” branch, and in SFD the figure is 14. Interpreting the findings, it is necessary to consider the areas of regional policy pursued by the head organization in “remote areas” that either encourage development of the credit potential of such macro-regions or form the channels for withdrawing credit resources from them. The degree of development of a bank branch networks in Federal Districts can be assessed using a second index - density of bank “sales outlets”. A clarifying initial index was used in calculations, which allowed to more accurately measure the density of credit organizations covering the analyzed Federal Districts with banking services. Significant differences in the index values are not so much due to different size of the Federal Districts (CFD – 650,205 km2; SFD – 41,684 km2 ), but rather differentiation of the branch network in the macro-regions. Branch networks of banks are insufficiently developed in one of the analyzed macro-region – SFD as well as in the Russian Federation in general.

<table>
<thead>
<tr>
<th>Indices</th>
<th>CFD</th>
<th>SFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attracted funds of legal entities (deposits), million RUB</td>
<td>4239588</td>
<td>3999324</td>
</tr>
<tr>
<td>Loans to legal entities, million RUB</td>
<td>12455047</td>
<td>13459307</td>
</tr>
<tr>
<td>The ratio of the customer funds (legal entities) to the total loans to legal entities in a Federal District, RUB</td>
<td>0.3403</td>
<td>0.2971</td>
</tr>
</tbody>
</table>

Table 6 The ratio of customer funds (legal entities) to the total loans to legal entities in a Fed. District [17]
For instance, in Russia there are on average 4 banking centres (branches) per 100,000 people and in some regions – less than three (Southern – 2.7, Siberian – 2.5) [16]. Next important index of a crediting system for legal entities in a Federal District is the ratio of customer funds (legal entities) to the total loans to legal entities in a Federal District. Overall, the proportion of the attracted funds of legal entities in the granted loans in CFD and SFD tend to reduce: in CFD - from 0.34 to 0.297 and in SFD - from 0.054 to 0.049 as a result of a decelerated inflow of deposits of legal entities and an accelerated increase of loans. The differences in the index values are evident: in CFD there are 0.297 RUB of granted loans per 1 Ruble of the attracted funds of legal entities. In SFD this index is negligible – 0.049 RUB.

Since development of small and medium business secures sustainable performance of market economy within a large territorial entity – a Federal District, the system of a regional banking sector for crediting small and medium companies must conform to the parameters of demand for credit resources.

<table>
<thead>
<tr>
<th>Index</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of regional banks in SME credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>portfolio</td>
<td>CFD</td>
<td>SFD</td>
</tr>
<tr>
<td>Proportion of regional banks in the credit</td>
<td>93.52</td>
<td>27.15</td>
</tr>
<tr>
<td>portfolio of legal entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of regional banks in the credit</td>
<td>95.17</td>
<td>11.7</td>
</tr>
</tbody>
</table>

Table 7 The ratio pattern of the regional (local) banks in SME credit portfolio in the overall credit portfolio of legal entities in CFD and SFD, % [18]

The estimates show that in SFD the banking sector satisfies the need of legal entities in credit resources by 11-12%; in CFD - by 94-95%. For instance, the proportion of the local banks in the credit portfolio of small and medium business in the Krasnodar region reaches 16% against 9% on the total portfolio of legal entities; in the Rostov region the figures are 18% and 9% accordingly, in the Volgograd region – 6 and 12%, and in the Astrakhan region – 3 and 6%. In the regions with traditionally good social-and-economic situation the presence of federal banks prevents regional credit organizations to control more than 10%. For instance, the credit portfolio of the legal entities in SFD (the Krasnodar and Rostov regions) is on average 9% and in North Ossetia – Alania and Dagestan – 29 и 26% accordingly.

In some Republics of NCFD, however, the North-Caucasian Bank of the Saving Bank of Russia grants the overwhelming majority of loans. Overall, the share of the North-Caucasian Bank of the Saving Bank of Russia on the market of crediting legal entities reaches nearly 32.9%. Therefore, the indicative approach to studying the regional systems of crediting legal entities in a Federal District provides for a deeper and more differentiated approach and assessment of credit potential and facilitates revealing specifics of the bank efforts on the markets of crediting legal entities in a macro-region.

Systemic monitoring of the state of the system of crediting legal entities in terms of generalized and specific indices should be taken into account generating scenarios of social-and-economic development of Federal Districts which will objectively make them more substantiated and balanced.
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CAUSES, DIRECTIONS AND CONSEQUENCES OF THE TRANSFORMATION OF A LINEAR – MULTI-STAGE MODEL OF INTERNATIONAL ECOPNOMIC INTEGRATION IN THE PERIOD OF GLOBALIZATION

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Abstract: Globalization, intensified internationalization of the world economy, an incomplete multi-sided trade system (WTO), the need for sustainable economic growth and challenges of innovative development bring essential adjustments to the ideas of the economic integration based on B. Balassa’s model. The purpose of this paper is to conceptualize the reasons which have influenced changes in the mechanisms of integration, identify the forms of new-generation integration associations and their consequences for the world economy. Integration groups of new generation (intermediate, interblock, interregional, transcontinental) differ from classical integration associations by the “globalized” nature of their activity, extra-regional subject structure, the power of mega-subjects of the international economic and political relations and the qualities of a multidimensional system characterized by an internal multi-level system, external poly-vectors, and a spatial multi-levelness of integration directions. As result of the transformation of integration mechanisms and changes in the global economic architecture, new geo-economic alliances of regional and interregional nature are being formed.

KEYWORDS: international economic integration, a linear multi-stage model of international economic integration, a multidimensional model of integration, integration associations of new generation.

Since 1990s the world economy has changed considerably, which transforms the understanding of international economic integration based on Balassa’s linear – multi-stage model. In reality integration is not reduced to prevalence of linear – multi-stage development of an integration system from its lower forms to more progressive stages of integration, but implies establishing a complex, multidimensional system characterized by an inner multiple-level system, external poly-vectors of development, and spatial, multiple levels of integration cooperation. The purpose of the paper is to conceptualize the reasons influencing changes in the integration mechanisms, identifying the new-generation forms of integration associations and their consequences for the world economy.

The main reasons underlying considerable trasformation of conditions, incentives, principles, forms, and international economic integration are intensifying globalization, internationalization, cross-nationalization, non-completeness of multi-sided trade systems (WTO), the need for a sustainable economic growth, and challenges of innovative development. Under the impact of the above reasons not only the number of integration...
associations is increasing; but their priorities, development strategy and subjects change that distinguish them from integration associations of the pre-globalization stage of development of the world economy. The changes are displayed in picking up non-aligned trade (with other subjects of the world economy); extrapolating integration cooperation to increasingly more fields of cooperation; sharpening technological competition between integration groups; strengthening rivalry for new participants, particularly, from the CIS, including aggressive forms of impact; which creates new forms of integration and allows to emphasize new-generation integration associations adequate for the globalization stage.

Before the 1990s integration theories assigned significance to the general boundaries and roughly similar levels of development of the countries entering an integration alliance. Intensified globalization, internationalization, cross-nationalization, increased openness of economies, however, shape opportunities for engaging heterogeneous countries with varied economic performance in the processes of integration through a full membership in the existing associations; preferential agreements or associated agreements with available integration alliances; establishing common economic spaces; creating free trade zones by a state with a functioning integration group. As a result, since the 1990s nearly all countries in the world are engaged in integration, and the number of integration agreements is soaring. (According to WTO, over 500 integration associations were reported in 2013, of which 370 were operational). This way, the states guarantee themselves the advantages brought by major multi-subjects of international economic relations. A building up trend for consolidating the incumbents and emerging new integration associations changes the global architecture, the core of which is now member-states of regional and mega-regional commercial-and-economic agreements rather than separate countries. With internal heterogeneity the only option for cooperative integration within a group objectively is a multi-level, multi-speed integration model. At the same time, the most efficient integration associations purposefully form around themselves “external reserve” pool from partner countries with varied levels of development, gaining additional advantages from expanding their market space.

In the theory of international economic integration developed by B. Balassa [1], J. Viner [6], J. Meade [7], and others one of the mandatory conditions was geographical proximity of the member-states. Today, even if countries are located on different continents but have common interests and a sufficient political will, inter-regional economic integration is possible, going beyond the narrow framework of a particular geographic region. [1, pp. 59-60] In this sense the concept of “regional integration associations” become obsolete as a characteristic of international economic integration. At present majority of regional groups are effectively “not-regional” as they comprise states not simply from different regions but from different continents, and regional relations are not dominant. In 1990 - 1999 there were 68 interregional trade agreements across the globe, and by 2011 - already 183 [8, р. 59].

Changing geographic and economic conditions of integration facilitated new-generation integration associations, adequate to globalization of the world economy: intermediary, interregional, transcontinental, and non-aligned, the main objective of which is to increase economic might, a broad intra-integration market that stimulates self-reproduction and growth.

For some groups comprising countries with a varied economic potential, the decision to deepen integration is often related to the structure of a particular state of integration being penetrated elements of a different level. It is typical for free trade zones (FTZ) +. The mechanism of their functioning is based on agreeing upon not only trading with goods but also selling services, movement of investments, competition policy, transparent public procurement, simplifying trade procedures and environmental protection without coordinating
supranational institutions. Therefore, the areas of cooperation are considerably expanded beyond a standard free trade zone matching more comprehensive stages of integration, and FTZ+ gets elements of an intermediary integration stage. In the Asian-Pacific Region (APR) they are formed due to heterogeneous participants, active involvement in production and sales networks of transnational corporations, incomplete multi-side WTO rules that force the states to find solutions to their own pressing problems in a narrower format and support deeper cooperation and economic advantages within the frame of integration associations. [9] In line with new directions of cooperation between APR economies, FTZ+, in its turn, can be divided into free trade zones with extended competences (provide only some of additional areas of cooperation) and deep-integration free trade zones (include agreements on all additional issues including environmental protection, development of small and medium business, etc.). The latter are widely practiced in Japan, South Korea and Singapore. In 2011 around 100 FTZ had elements of deep integration, of which 1/3 had Clauses on regulating labour market and protection of the environment. [8, p. 11]

The “interregional nature” of integration is displayed in interregional and transcontinental alliances (associations) that began to emerge since mid-1990s and in recent decades are actively approved by the EU, EFTA, Gulf Cooperation Council, NAFTA, MERCOSUR and some others. In interregional integration associations instead of national sovereign states one of the parties are multi-subjects in the person of independent, already functioning integration associations (for example, MERCOSUR – India, EFTA – Israel). In the inter-block forms, both parties are operational integration groups (EU – MERCOSUR, EU – ASEAN, MERCOSUR – Southern African Customs Union). In 2013 the USA and the EU started negotiating an extended FTZ comprising movement of services, access of companies to public procurement, with exceptions for agriculture and the aviation industry. According to expert estimates, if successful this mega-agreement will increase mutual trade by $120 billion with an additional growth rate of the participating economies by 0.3-0.7%. [10]

Therefore, new-generation integration groups (intermediary, inter-block, interregional, transcontinental) overcome narrow framed alliances within a geographic region and are different from classical integration associations by a “globalized” nature of their activities, their subjects, and gain the status of mega-subjects of international economic and political relations. At the same time, their impact upon international trade is debated [11, 12, 13, 14].

The structure of regional integration associations has changed fundamentally in terms of the criterion of member-states development. At the end of the 1970s, agreements between developed and developing countries (North - South) accounted for nearly 60% of the total number of preferential trade agreements; by 2011 “South – South” agreements prevailed (60%). It means that developing countries are changing their priorities for integration cooperation and their role as subjects of global economy is strengthening. In 2001 the share of export from southern countries was 13% of the global export; while in 2011 it reached nearly 25% of the global export - $4 trillion. [15, p. 1] Today developing countries look at other economies from their group as the main integration partners. In the 1970s the major goal of trade agreements concluded by developing countries was to get access to the markets of developed countries. Currently the basic rationale for integration across developing countries is to be able to jointly solve the problems of industrialization and industrial development. Intra-industry trade in South-South integration associations increases thanks to transnational cooperation, which is measured by Grubel-Lloyd index. In MERCOSUR and ASEAN it increased from 0.05 in 1990 to 0.15 in 2011, characterizing growing intra-industry trade in these groups between member countries. GL index in SAARC and SADC also demonstrated a smooth upward trend, but still remains low – below 0.05 in 2011. [15, p. 5] Entering regional production and sales networks of transnational corporations of more developed countries in a
particular region is not a less important incentive to integrate. As a result, the export structure of South-South agreements modifies towards increased share of high-tech goods. Thus, more developed states among developing countries become new growth points of the world economy as well as the locomotives of economic relations for less developed countries in the South that are able to eliminate their backwardness and be involved in international labour division. As a result, the “centre – periphery” model of the world economy is being replaced with a more complex structure – multi-polar global centres, around which periphery and semi-periphery economies are positioned. Another integration objective of developing countries is asserting the common standpoints in negotiations with WTO and accelerated ascending to WTO. Through participation in ASEAN since the 1990s, Cambodia and Vietnam promptly joined WTO and gained the status of booming economies.

The outlined modifications change the principles of cooperation between integration associations and other subjects of the world economy. Their activities go beyond the regional dimension and are characterized by poly-directional external economic operations and globalized nature. Poly-directional external economic cooperation means that modern integration associations overcome standalone activities and become increasingly more oriented to external markets in comparison with the integration groups of the 1960s-1970s that put priority on bilateral cooperation. The poly-directional nature of integration associations is confirmed by: an increased share of non-aligned trade in their GDP; the rate of trade growth with the third countries exceeds the rate of growth of intra-integration trade or is the same in the leading integration groups (EC, MERCOSUR, Andean Community, ASEAN, Caribbean Community, ECOWAS, ALADI); [16, pp. 50-52] decreased import tariffs for the third countries and participants of integration associations. Some associations (ASEAN, Andean Community, SAARC) created practically identical conditions for both intra-integration participants and economies not included in an association. [17, p. 90] In 2011, 52.3% of international trade had 0 import duties, of which 25.3% are used under the frame of integration associations and 27% on the most favoured nation basis. [8, p. 79]

The “globalized” nature of integration associations is displayed in the efforts of each integration group to expand its integration field, increase the market space through new members.[18] The EU, NAFTA, the leading economies and groups of APR are the most active subjects intended to enter into a considerable number of free trade agreements both inside and outside a region. It is especially typical for Singapore, South Korea, China, Japan and Thailand. Practically all members of WTO are members of one or several trade blocks that vary by objectives and directions of development, participants, the nature of an adopted integration strategy, fields of activity, the number of member-states. On average, there are 13 trade liberalization agreements per each WTO member.

The described changes determine new integration trends, including: 1) expanding and deepening integration cooperation without linear – multi-stage scheme, which is confirmed by above-described intermediary, inter-block, interregional, transcontinental forms of integration; 2) increasingly complicated meaning of integration agreements, that apart from liberalizing trade with goods comprises the issues of liberalizing trade with services, investment movement, labour migration, protection of the environment, access to public procurement, intellectual property protection, etc.; 3) sharpened contradictions between economic content, political form and methods of integrating the leading integration associations and countries (the EU, the USA, Turkey) translates into a focused, aggressive influence upon potential integration participants, especially from the Eastern Europe and the CIS, provoking a breakdown of relations with the Russian Federating, that leads to escalating relations between the EU, Ukraine and Russia.
The analyzed transformations and trends in developing integration associations change the Balassa’s understanding of integration as a linear multi-stage process. Integration becomes multidimensional as a totality of an internal multi-layer system, external poly-vectors and spatial multi-layer integration cooperation.

A multi-level system characterizes the state of a separate integration association when integration engages micro-, macro and mesa-level subjects with different integration potentialities that are linked into an integrated system by vertical and horizontal relations buildup at different speed as a result of integration interaction.

Poly-vector development means deepening and broadening integration: a parallel development of interregional and foreign economic relations with the third countries. It is not limited to the member-countries; simultaneously priority partners from various regions across the world are engaged into the integration orbit of a particular integration group, while deepening intra-regional forms of cooperation.

Multiple layers means that integration association simultaneously has various integration subsystems as classical and new forms of integration, their intersecting and interaction on the field of mutual interests [19, pp. 73-74]. The multidimensional model of an integration system is based on the integration kernel (a country, a group of countries), that forms around it complex, multidimensional geo-economic spaces, where classical and new forms of integration cooperate, creating new points of regional growth for the global economy. Such an approach coupled with the established understanding of economic integration supports extended theoretical explanation of modern integration processes adequate to a particular stage of economic globalization. Modification of conditions, principles, incentives and forms of integrating economies results not only in developing a new type of integration associations enabling member economies to find acceptable variants of integration cooperation but also in changing the architecture of the global economy, demonstrated by emerging new centers for multi-polar world and regional growth, altering the structure of the existing integration associations, shaping new points of integration attraction, and building up new geo-economic regional and inter-regional alliances.

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REGIONAL ECONOMIC POLICY WITH REFERENCES TO GLOBALIZATION

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Abstract: The paper analyses the problems of developing and conducting re-gional economic policy influenced by the factors of globalization. The authors focus on two key aspects of global integration of Russian regions: diversification of external trade and strategic investments in regional social-and-economic growth as the priorities.

KEYWORDS: regional economic policy, strategic investments, factors of globalization, global integration.

INTRODUCTION

The territorial specifics of production, economic and social structure in Russia are heterogeneous due to geographic, climatic, historical-and-cultural and re-sources-and sectoral characteristics, which differentiate regions in industrial and social-and-economic aspects, and, therefore, predetermine different vectors of regional economic policy. S. Badoev justly believes that although in the re-cent decades various strategies of economic development of Russian regions were tried, none has encouraged levelling interregional social-and-economic in-equality. On the contrary, economic development of provinces, their produc-tion and social infrastructure, the structure of social growth facilities were characterized by unequal distribution. As a result, regions were permanently divided into those with dynamic economies and the depressed regions. Subse-quently, the trends of developing regional economy in Russia became more complicated since different groups of regions were governed by different “eco-nomic imperatives” (Badoev, 2013, p. 85). Changing the status of Russian regions in the global economy can be possible through institutional modernization of regional economic policy. Many Rus-sian researchers share the opinion that the main objective of regional policy is to support life necessities in a region (in many RF subjects – through a system of inter-budget transfers). For instance, scholars point out that “overcoming crises in troubled regions is typically possible only with a robust regional eco-nomic policy, in particular, by redistributing finances across regions” (Vaza-gov, Vazagova, 2012, p. 150). In our opinion, however, in the globalizing economy regional growth is facilitated by a principally different model of eco-nomic policy designed to surpass institutional barriers and encourage de-concentration of economic activities within the geographic boundaries of a par-ticular region. Since the existing strategies of economic development of Russian regions are inefficient, eliminating the misbalance in regional development across Russia by incorporating global factors become a very important objective of regional economic policy.
FACTORS OF GLOBALIZATION AND REGIONAL GROWTH

Efficient regional economic policy under the conditions of globalization is determined by setting the goals of strategic development of particular regions, engaging them into global integration and formalizing the institutions enabling social-and-economic growth in the regions. As N. Zubarevich rightly noted, “regional policy must be aimed at maximizing competitive advantages of the regions, coordinating regional strategies of the government agencies with corporate strategies, alleviating market failures through efficient redistribution” (Zubarevich, 2009, p.173).

That is why developing a system-wide approach to regional economic policy is a factor of institutional modernization of regional development. Differentiating concentration of resources and industrial specialization across the national economic space requires maximizing advantages of globalization for regional production structures. An economic position of a particular region is determined by three groups of factors: inter-regional (industry production structure of a region, capacity for entrepreneurship and innovations, business environment); macroeconomic (fiscal, monetary, political); and global (international integration). Therefore, the system of regional economic policy has two main lines of development.

Inter-regional regulation, efficiency of which depends directly on the actions of regional authorities. Developing a mechanism for adapting to the changing external environment (determined by macroeconomic and global factors as regional authorities cannot regulate them). On the practical side, regional economic policy is a system of measures undertaken by relevant authorities to direct intraregional economic processes and adapt the region to external conditions of macroeconomic and global environment. At the moment, Russian regions have over 80 models of economic policy for communities united by such traditional factors as geographic proximity, common language and culture. The objective of state intervention is to mainstream the inner (endogenous) factors of regional development (Ignatova, Cherkasova, 2010, p.110).

Under the modern open economy, regional development to a considerable extent is shaped under the influence of global trends, including:
- Diversification of industrial structure
- Increasing the proportion of services and reducing “non-tradable” types of services
- Increased importance of technological and science-intensive segments of regional industrial complex
- Reducing labour input in production
- Establishing regional industrial clusters
- Organizational changes in business strategies (intensifying franchise, consulting and outsourcing practices) (Edward Feser, 2007).

Modernization of the institutions of regional economic policy under intensifying global integration presumes developing such regulatory mechanism when priorities should be: regional assistance to establishing business incubators; implementing programmes for transferring technologies and business practices; facilitating commercialization of technologies for small and medium business; establishing technological zones with high-quality infrastructure and preferential taxation; defining a system of grants and targeted investments. Increased capital mobility is an objective imperative of globalization, which predetermines expanding financial and tax incentives in the system of regional economic policy for
attracting Russian and foreign firms in regional production branches.
An increased impact of globalization processes upon regional development also sharpens
the problems related to creating regional clusters in order to strengthen interregional and
international relations, which predetermines the priorities of modernizing the institutions of
regional economic policy.
A growing integration of regions into globalizing world economy strengthen interregional
relations in production and exchange so measures of regional economic policy must, first,
support conditions for placing foreign production facilities in a region and, second, attract
foreign investments in a region.
Industrial specialization and geographical concentration of regions as well short- and long-
term entrepreneurial, innovative and managerial potential of a region ensure the competitive
ability of regional products on the national and global markets, which means that regional
economic policy must form and pursue such strategies that maximize the advantages of
globalization for the regional business.

THE SOUTH OF RUSSIA WITH REFERENCES TO GLOBALIZATION

Structural and institutional modernization of regional economic policy in the regions of South
Russia is necessary because production, sectoral and institutional differentiation of Russian
regions demonstrates a faster growth in central districts and the periphery status of regions in
In terms of globalization, the regions in the South of Russia (the Southern Fed-eral District
and the North Caucasian Federal District) are on the periphery of the external trade system,
considerably below similar indices for other Federal Districts of the Russian Federation. For
instance, in 2012 export to non-CIS countries from the Central Federal District reached
$199,703 million while consolidated export from the Southern Federal District and the North
Caucasian Federal District was $18,096 million (Regions of Russia, 2013, p.984).
The situation across the South of Russia is even more complicated: in the Southern Federal
District Krasnodar, Rostov and Volgograd regions are involved in external trade, with export
prevalence; in the North Caucasian Fed-eral District nearly all subjects are mostly product
importers. Therefore, as K. Belokrylov points out, “in the mid-term horizon efficient regional
strategy means increasing export on the markets of traditional products for the South of
Russia and import substitution or, at least, decelerating domestic market loss, simultaneously
building-up pre-conditions for a transition to innovative development. Otherwise adverse
effects of deindustrialization will show up earlier and stronger than positive effects from
developing new sectors of the economy will appear” (Belokrylov, 2012, p. 76).
The regions in the South of Russia are poorly prepared for integration in the global economic
space, which requires adequate measures of regional economic policy. As O. Mamedov
emphasizes, “the most part of the real (not “statisti-cally described”) economy of the North
Caucasus (meaning the North Caucasian Republics) is an informal sector — economic
activities that are not (do not wish to be) legalized” (Mamedov, 2014, p. 8).
In the context of globalization, regional economic policy must be aimed at stimulating social-
and-economic growth of regions with unbalanced develop-ment mostly due to targeted
strategic investments. Majority of the regions in the South of Russia, face objective problems
of adapting to new global busi-ness trends. Under these conditions, the strategic goal of
regional economic policy is related to such areas that would encourage direct investments
from all sources of financing, including foreign ones, support regional economic growth and
strengthen cluster elements of regional production.
Investment capacity is a special factor of regional economic policy; its qualitative and quantitative characteristics reflect an ordered set of investment resources and facilitate development of the game-changing, fixed production sets as prospective innovative-technological systems (Martin Armstrong, Jim Taylor, 2000, p. 28).

In recent years, regional development in the Russian Federation is characterized by positive trends of investments in fixed capital: in 2007-2012 they increased nearly twofold in Russia in general and in nearly all Federal Districts. Most investments in fixed capital are formed from own funds and funds from the federal budget. I. Frolova analyses the problems of investment capacity in terms of its specifics as a controlled object. She justly emphasizes the importance of systemic, targeted investment management at the meso-level, which strategically is not possible without taking into account the specifics of accumulating and unlocking investment potential as the basis for investment activity (Frolova, 2008, p.53).

Under the modern conditions of global integration, attracting foreign investments in a region is a priority of regional economic policy. It is especially important for the regions in the South of Russia where foreign investments in the economy of the Southern and North Caucasian Federal Districts are the lowest among the Federal Districts of the Russian Federation. According to statistical data, foreign investments in the Central Federal District in 2012 reached $91,913,059; the North-Western Federal District – $17,959,660; the Privolzhie Federal District – $6,931,263; the Urals Federal District – $15,871,998; the Siberian Federal District – $3,951,760; the Far East Federal District – $13,582,578; the Southern Federal District – $3,866,770; the North Caucasian Federal District – $493,207 (Regions of Russia, 2013, p.948).

Such state of affairs is determined not only by several objective reasons (the geopolitical position of the regions, a mono-profile specifics of industry structure in the regions of the South of Russia, etc.), but also poorly developed institutions of regional investment policy. As justly pointed out by T. Kashnikova, at the moment “one can hardly expect many strong foreign investors. They, however, can risk investing in “regional growth points” that have innovative technological capacities. An experience of enabling such capability shows that in some cases a “chasing” strategy is employed - mastering competitive products and strengthening market positions using available resources, particular innovative and intellectual potential of a region. There is also a leading-edge strategy, oriented to use the achievements of scientific-and-technological progress to create new products and technologies, shape demand and new markets” (Kashnikova, 2013, p.58).

Under these conditions creating an effective mechanism for attractive investments in the regions of the South of Russia is one of the areas of institutional modernization of regional economic policy and the key element of support of economic growth and engaging the regions of the South of Russia in global integration.

CONCLUSIONS

The mechanisms of regulating regional growth in the current model of economic policy demonstrate a low level of efficiency since they do not facilitate overcoming regional differentiation of social-and-economic development.

The instruments of redistributing financial resources through a system of inter-budget transfers do not create the necessary incentives for entry of depressed Russian regions into the global economic space.

A more effective model of regional economic policy is a mechanism of regulating regional
growth based on the principles of considering globalization factors: engaging regions in the system of global integration through diversification of external trade and expanding the instruments for attracting strategic investments in a region.

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INNOVATIVE ELECTRONIC-REMOTE FORMS
OF BANKING SERVICES

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Abstract: The paper analyses specifics of financial innovations in the form of electronic-remote forms of obtaining banking services that improve flexibility and mobility of customer access to the funds, customer-bank interoperability, accessibility of non-cash operations and the speed of real-time banking operations. Use of the offered tools in the banking sector will allow increasing quality of administrative decisions which will positively affect development of the national economy as a whole. Application of the proposed balance sheet derivative instruments in the banking sector will improve the quality of management decisions in this area, which has a positive effect on the national economy in general.

KEYWORDS: banking products, financial innovation, remote forms of banking services, banking technologies, remote banking service, cash flows, electronic calculation.

INTRODUCTION

Innovative products in the banking sector are designed to maximize the use of electronic technologies, facilitating mobility of banking services, customer-bank interoperability, accessibility of non-cash operations and the speed of banking operations in the real-time mode.

For banks their relations with customers is one of the main objectives: as result, services to customers are expanded – the state-of-the-art informational and Internet technologies are introduced. Banking services are rapidly coming closer to customers, getting beyond bank offices. A lot of financial products and services can be obtained without visiting banks but simply using PC at home, a telephone or the nearest terminal. There is a good reason to consider various remote forms of banking services to customers and identify advantages and specifics of obtaining electronic remote banking services.

TYPES OF REMOTE BANKING SERVICES

Remote Banking (RB) (V. Kopytin) – is a service package for remote access to banking operation offered by banks to their customers (both legal entities and physical persons). Remote Banking (RB) means banking services are provided on-line, via e-channels, on-line. RB includes:

1) Customer – Bank, electronic banking systems (PC-banking, remote banking, direct banking, home banking). It means systems accessible via a PC. A bank provides technical
support and guidance to a customer in system installment, initial training of customer’s staff, upgrading software and customer support. Electronic banking systems offer full settlement and custody services and national and foreign currency account management from a remote work station. Through electronic banking systems customers can create and send any types of payment documents to a bank and receive account statements from the bank (information on account activity).

2) “Phone – Customer” systems (phone-banking, telebanking, Phone – Customer, SMS-banking). Typically, such systems have a limited number of functionalities in comparison with electronic banking systems:
- Information about account balance
- Information about in-payments
- Entry requests for a facsimile copy of account statements
- Entry requests for payments, cash orders
- Entry requests for transmitting facsimile copy of a payment order
- Entry requests for a standard remittance order.

Banking technologies are rapidly developing and, from a vast variety of services a company must chose the most suitable and necessary ones based on specifics of its operations. To improve performance, companies should, first, install an automated electronic banking system, which would simplify its work with the bank significantly. There will be no need any more to come to the bank each time when it is necessary to pay taxes, make social security contributions, etc., all operations can be performed in the office, and it will be easier to control receipts and expenditures. Even better control can be achieved with sms-messages received on the phone of the General Director. This hardware-software package supports drawing and exchanging electronic financial documents and information materials between customers and the bank. Confidentiality is ensured by cryptographic protection; information authentication - by the means to calculate electronic digital signatures, that is why it is convenient and easy to use.

The Savings Bank on-line. – A form of e-settlements.
Positive aspects:
- No need to visit the bank – everything is on-line
- Working on-line, one can see the account balance immediately
- Time saving.

A customer files an application to the Bank; the Bank concludes an agreement with the customer who receives a distribution kit that can be installed by the customer or by an employee of the Savings Bank, and the lock codes and can start working.

System functionalities include:
1. Internet-banking:
- Accepting and processing electronic payment documentation
- Providing full information about account transactions and actual balance
- Accepting electronic documentation in accord with the terms of particular contracts, for instance, Registers for replenishing accounts of physical persons
- Exchanging messages in a free format as e-documents with a possibility to attach files.

2. SMS-banking:
- Accepting information for drafting electronic payment documents on the given patterns
- Providing information to the Customer via SMS-messages about account transactions and actual balance.
System advantages:
1. Simple connection:
   - To conclude an agreement for joining and connecting to the system a 1-page application must be filed
   - Just one visit to the bank is required to connect (submitting all necessary documents)
   - Special software is no necessary to start the work.
2. Convenience:
   - User-friendly interface
   - Document statuses enable follow up their processing
   - A flexible system of filters and sorting enabling document search under various parameters
   - The systems keeps updated bank details reference books, there is a possibility to create one’s own reference books, for instance, counteragents
   - Automated creation of standard documents using patterns
   - Import / export of documents in 1C
   - There is a special stamp on the printed forms of the documents on account transactions so there is no need to visit the Bank to stamp.
3. Mobility:
   - To work in the system, any computer with Internet-connection and sufficient security level can be used (in the office, at home on vacations)
   - SMS-banking allows account management from any location covered by cell communications
   - Ability to work in the system 24 hours a day, 365 days a year.
4. Security:
   - User authentication and documents confirmation with once-only passwords sent via SMS-messages that achieve sufficient security level with the minimum costs.
5. Flexibility:
   - Provides for a special role of customer’s representatives that are authorized to draft documents
   - Connection is possible even without opening an account
   - System functionality is constantly expanding.

Second, it has 1:C accounting software. There are plenty of other accounting software programs on the market but 1:C is the most widespread and majority of organizations work with it.

“1C Accounting 8.0” is a universal program for mass use, it is designed for automated accounting and tax registration, including drafting mandatory (regulated) reporting. It is an out-of-box solution for accounting in organizations involved in any types of commercial activities: wholesale and retail trade, commission trade (including sub-commission), services, production, etc.

"1C: Accounting 8.0" solves all tasks faced by corporate accounting department since the latter is fully responsible for corporate accounting, for instance, drawing source documents, sales books, etc. Also information about particular types of activities, commercial and production operations can be entered by personnel of related corporate departments that are not accountants. In this case, the accounting department remains responsible for methodological guidance and control over setting up a data base automatically reflecting documents for accounting and tax registration.
Third, having analyzed how much money remains in the account, one can deposit some of them in the Bank to make an additional income. Bank deposit - placing of temporary disposable monetary resources. Money can be put on a fixed-term deposit account on the basis of a special agreement for a bank deposit that must be in writing. Banks draft the form of a deposit agreement independently; the form is standard for every type of deposits. Under a bank deposit agreement, the party (bank) that accepted money (deposit) from another party (depositor) or money for a depositor undertakes an obligation to return the deposit and pay interest under the terms and conditions and according to the procedures specified in the agreement. The objects of deposit operations are deposits – money that are subjects of deposit operations put in the bank and that are accumulated on bank accounts for a specified period of time under the existing procedures for banking operations.

Forth, if additional funds are required, a legal entity can obtain a loan from a bank. Loans are granted for up to 1.5 years (for certain categories of customers as specified in the Bank in-house normative documentation – up to 3 years) in Rubles in foreign currency, in cash as well as bills of exchange and promissory notes, against the types of security determined by the bank. The bank requests security, its structure and amount on a case-by-case basis depending on whether a customer meets the parameters established by the in-house normative documentation of the bank. The interest rate is determined based on financial market trends as well as the individual credit conditions and a borrower’s solvency margin. The amount and structure of the commission are set in view with the credit regime, specifics of the credited operation and other factors. The source of loan repayment is cash flow generated by the current production and financial activity of the borrower.

Bank offers the following credit regimes based on the specifics of a credited operation, the borrower’s cash flows and the company’s needs:
- Single granting of credit resources
- Revolving line of credit with a flexible schedule of using credit resources
- Non-revolving line of credit with a flexible or fixed schedule of using credit resources
- Framework facility when loans are granted under separate loan agreements and agreements on opening a revolving (non-revolving) line of credit, under the framework.

Crediting principles include (N. Lebedeva):
- Recoverability (repayment)
- Maturity
- Differentiation
- Security
- Interest payment. In modern conditions commercial banks offer various credit (loan) schemes to their customers. The most wide-spread ones in the world banking practice include credit lines, revolving (back-to-back) credit, current account, and overdraft.

Credit line (V. Kopytin) – is a bank consent formalized in an agreement to grant loans to a borrower within a designated period of time up to the maximum amount specified in advance – the credit limit. Within the period of credit line validity a borrower can obtain a loan at any moment of time without drawing up credit documentation. The amount of debt can vary depending on whether the actual customer’s needs have changed but the overall outstanding amount cannot exceed the limit.
Revolving credit – a loan granted by a bank to a customer with a set debt limit, used fully or by installments, which resumes with repaying the earlier granted credit. Revolving credit is a recoverable open-end credit. Revolving credit is often granted as a blank loan. Revolving credits typically include loans to physical persons on their credit cards.

Current account is the classical loan method in the market economy. This type of bank loans is granted to those customers that opened an account with the bank. Current account inherently combines credit and payment-and-cash management services to a customer who opens a single nominal current account. The bank is responsible for all operations of its customer on current orders and liabilities.

The amount and period of current account are determined by the customer’s business needs but within the limit specified in a credit agreement. The credit limit is set on the case-by-case basis depending on the financial standing and reputation of a particular customer. Using one’s current account, a customer can promptly replenish its current account for a required amount without making arrangement with a bank.

Overdraft is a specific type of current account; it is the amount within which a bank credits the current account owner. When overdraft facilities are opened, a bank makes payments for its customer within an agreed limit for the amount exceeding the balance on the account. As a result the debit balance on the borrower’s account shows the debt to the bank. A bank charges the interest on the negative balance as for a standard loan. The overdraft rights are granted to the most reliable bank customers. Overdraft is typically used in the modern banking system for crediting the current needs of private persons.

CONCLUSIONS

The paper analyzed the main trends on the market of banking services. Based on bank capabilities and the offered options for improving and simplifying corporate operations, it is evident that acquiring and installing an accounting software and an electronic banking system is a must to facilitate the work of any company and, particularly, a corporate Accounting Department.

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