

The Concept of Regional Economy Restructuring in the Context of a Problem Concerning Overcoming of the Social and Economic Development Inertia

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Abstract: The study analyzes approaches to regional economy restructuring, the increase of stability of regional economic systems. It has considered the existing problems in the sphere of the regional development has revealed the factors generating structural disproportions, inertia of the Russian regions in conditions of instability of the world and domestic economy, the unfavorable external environment, economic sanctions of western countries. The study has offered a concept of regional economy restructuring. It has also proved the need for formation of a regional restructuring strategy which includes mechanisms and instruments of structural disproportions overcoming in the economy of regions. The study has paid a special attention to the analysis of institutional factors providing an optimization and regulation of restructuring and modernization processes of the regional economy.

Key words: Restructuring, development, management, regional economics, strategy, potential

INTRODUCTION

The modern geopolitical and macroeconomic situation creates new operating conditions and the development of the Russian regions. Prospects of the increased volumes of domestic production and import substitution acting as strategic key points of the social and economic development, define a role and value of restructuring processes of regional economic systems, the need for the strategic management of processes of regional economies modernization.

Now the economy of the majority of regions is characterized by unstable dynamics, the decreased of the development, the orientation preservation to the extracting branches that does not allow providing the increased competitiveness of the regional economy, positive structural shifts. The world financial and economic crisis, the West sanctions policy, the inconsistent results of realized reforms and anti-recessionary measures, on one hand have complicated the already unstable economic and social situation of regions and on the other hand have given to the Russian regions additional opportunities for transformation of their economy into competitive, progressively developing economic systems. To realize these opportunities regions must accurately define the strategic priorities, create institutional conditions for the deployment of restructuring economy programs, import substitution, mobilize an industrial and innovative potential for transition to a new type of the development.

The analysis shows that absence of a complete concept and the management strategy of restructuring regional economies processes do not in practice allow to do projects of transformation to solve problems of the increased efficiency and the competitiveness of regional economic systems. Though, at the federal and regional levels a large number of documents directed on reindustrialization and modernization of the economy is accepted their realization was not successful. A share of innovatively active enterprises in the country is still <10% that is much lower than in the European Union countries (for example, in Germany they are about 66%). The main macroeconomic indicators of the development of the Russian Federation have significantly changed in 2014 to 2015, a part from them has moved to a negative zone (Surinov, 2014), investments into the fixed capital, the real located income of the population, the growing rates of GDP (Table 1).

In 2015, the decreased rates of industrial production are obvious. A Ministries of Economic Development

Table 1: The dynamics of the main macroeconomic indicators of the development of the Russian Federation in 2013 to 2014 and the forecast for 2015

Indicators (%)	2015		
	2013	2014	(the forecast)
Growthrate of GDP	1.3	0.6	-3.0
Growth rate of industrial production	0.4	1.7	-1.6
Investments into the fixed capital	0.2	-2.5	-13.7
Realwage	4.8	1.3	-9.6
Real located income of the population	3.2	-1.0	-6.3
Growth rate of the export	3.4	-0.6	-0.1
Growth rate of the import	-0.8	-9.8	-33.9

say, the Russian economy for the period from the first 5 months of 2015 has reduced by 3.2%, the retail trade by 7.7%, the foreign trade turnover by 34%. As the official forecast of the social and economic development of the Russian Federation for 2015 says, the mechanical engineering will be developed in the lowest rates, the production index in this branch will be 93.3%.

The structure of the Russian export has a strongly pronounced fuel and raw focus which does not change for years that conducts to preservation of negative structural effects to strengthening of economic disproportions, deepening the already abnormally expressed social and economic differentiation of regions. Now 2/3 of all industrial investments are made in the fuel and energy and metallurgical complexes (Trukhan, 2015).

The considerable interregional divergences are one of the negative tendencies of the modern stage of the country development. The term "divergence" is used in the economy for designation of the movement on the dispersing trajectories: the increased gap between levels of the development of certain countries and regions, the strengthening of distinctions between various models of the economy their structures and mechanisms. Besides, this term is also used for designation of a deviation of certain countries or regions from the average macro-economic values on any group of countries or regions.

For example, in Russia there is a group of emerging regions which for a number of reasons are not ready to adapt to conditions of the innovative development to changes in the regional and world markets. As a result, the gap between them leading regions their undeveloped areas, i.e., the divergence takes place. As statistical data say, the divergence between absolute sizes of per head income in donor regions and in depressive Russian regions differing in the lowest indicators of the resource security and infrastructure development most of all goes greater.

The regional divergence is shown in the strengthening of a dominant position in the national economy of several large donor regions and the increased dependence of problem regions on external sources of financing. The regional divergence is especially obvious shown in the increased role of capital megalopolises and regional capitals. In 2008, regional centers concentrated a third of the population and investments, >60% of the trade, the public catering and services. By the beginning of 2015, the regional polarization has become even stronger and the problem of the space distribution of the human capital has become aggravated.

The policy of levels alignment of the economic development of regions due to redistribution of financial resources between them does not solve the designated

problem because the considerable volumes of financial resources provided by the federal center to problem regions do not give the expected results, on the contrary all new expenses for the solution of social and economic problems of emerging regions are required. Besides, "zones of the advancing development" emergence in the Russian Federation assigned to the leading regions and assuming providing to them the additional financial support from the federal government to condemn less safe regions to a role of recipients of the social support for providing more or less stable standard of living of the population in these territories. That means that it will also lead to strengthening of interregional distinctions, deepening of problems of the development of emerging territories that does not promote the solution of strategic problems of the country modernization and regional economies restructuring.

Experts consider that at these conditions when saving the imposed economic sanctions, the situation in the Russian regions will become worse an access to external financing for the Russian companies and banks remains actually closed or very expensive. It will have a negative effect on the economic situation in the Russian regions because the growth of unemployment will take place because of first of all, reduction of a sector of small and medium business and also leaving from the Russian market of foreign producers. The Government of the Russian Federation develops together with regional authorities various programs of the social support of the most vulnerable categories of the population in order to soften for them consequences of the present economic crisis in particular in the sphere of providing with the medicine and food. Let's remind that at the medicinal Russian market the share of import production is >70%. A number of large manufacturing plants of the food are closed in Russia. So for example, only Danone in 2014 has closed three plants in Russia: in Smolensk, Tolyatti and Novosibirsk.

A serious problem is the capital outflow from the country. As the Bank of Russia says a pure outflow of the capital from the Russian Federation in 2014 as data of the balance of payments say has grown by 2.5 times to \$151.5 billion from \$61 billion in 2013.

The volume of goods import in 2014 has reduced in value terms by 9.8%. In 2015 goods import and services reduction is predicted at the level of 33.9%. Such high dynamics of import reduction, on one hand, aggravates the problem of providing the country with necessary goods and services and on the other hand, creates favorable conditions for processes activation concerning the import substitution and raising in regions of production of goods of domestic production. The matter will first of all be about providing the population of

regions with the medicine and food which are the most important criteria of the economic stability and the social situation of territories.

Now as different estimates show, about 40 million hectares of the ground in the Russian regions are absolutely not used. In the 1990th years about 130 million hectares all over the country were occupied with crops, now only 90 million hectares. Meanwhile, in the sphere of food supply the dependence on import of the food is enough high. The import forbidden by Russia makes a very essential share in its food consumption. In total about 36% of retail food commodity turnover falls on the import and on the import from countries which experienced anti-sanctions a half of this share, about 18% (Afonasova, 2015a, b). Meanwhile, providing the population with the food is the most important factors of the economic stability determining the level and the quality of life of the population and also criterion of the economic and social situation of the country and its regions.

The regional system of the import substitution has the difficult structure and is subjected to actions of the state by the system including economic, social, technological, institutional, etc., components which must be harmoniously balanced on order to carry out effectively structural and institutional changes in the social and economic, regional, industrial policy in unity all of their components, forming vectors and trajectories of the sustainable development of regions.

The regional system of the import substitution of production of any branch must include such subsystems, as: determination of the need for production, formation of production (industrial, food, etc.) funds, production of various branches, distribution of resources, management of providing with products (services), etc. The requirement of the development of all specified subsystems forms the need of functioning for regions of the whole complex of branches of the national economy interconnected in parameters, trajectories and dynamics of the development. Therefore, the question of the need for the development of the interconnected complex of questions such as formation of a strategy of the import substitution in production sectors, industrial policy, territorial planning, infrastructure and institutional reforms, etc., points expediency of the search of the binding mechanisms capable to provide the effective regulation of difficult social and economic processes at a stage of transformation and regional economic systems restructuring.

MATERIALS AND METHODS

To solve the problem of formation and realization of new strategic approaches to the process of regional

economies restructuring to ensuring their stability and ability to adaptation in changing environmental conditions, it is necessary to create the scientific and methodological base including modern tools, allowing to solve the problem of creation of the state restructuring strategy including programs of the development of own import-substituting productions capable to satisfy requirements of the domestic market in conditions of the proceeding sanctions policy of the West and the remaining tendency of a stagnation of the Russian economy.

Despite, the used efforts and statements of the government for the need for transition from the economy excessive openness to the import substitution strategy, for the period of the last 10 years in Russia the tendency of deindustrialization of economy is going. Meanwhile, only the industry, first of all, the domestic engineering industry and machine-tool construction are capable to provide a technological progress, a real import substitution, the labor productivity growth to create workplaces in the production sector.

The development of theoretical and methodological bases and scientifically based approaches to the strategy formation of restructuring of the regional economy including programs of the import substitution identification and the analysis of mechanisms of the economic rehabilitation of branches and productions which have lost for the last 20 years, will allow to find the solution of the problem concerning the formation of the state economic policy which is adequate to the present stage of the development directed on inertia overcoming, restoration of the industrial and technological basis of the economy, its increased competitiveness. Such approach must contain a new treatment of the essence and the content of the economy restructuring strategy, mechanisms of the industrial acceleration. It will allow proving a hypothesis of the possibility for inertia overcoming of the regional development and realization of the restructuring policy on the basis of the economic rehabilitation of hi-tech productions, first of all in a sector of the machine-tool construction and mechanical engineering.

A set scientific task in the modern Russian economic science is new. The problem of creation of the complex theoretical and methodological base defining the scientific methodology of formation and realization of the economy restructuring strategy, the import substitution, the development of mechanisms of the economic rehabilitation and the industrial acceleration is not solved at the moment. There are separate researches concerning questions of the economy reindustrialization, the structural deformations elimination, etc.

Relevance of the solution of the specified task is caused by almost total absence of scientific works on problems of the industrial acceleration and the economy sovereignization, the institutional support of projects of the development of the domestic engineering industry and machine-tool construction. Available works in the field of research of problems concerning the import substitution do not touch the decision on such fundamental issues as formation of prerequisites, conditions and mechanisms of the economy acceleration, overcoming of its inertia, the increased stability to risks. Programs of restoration of the industrial and technological bases of the regional economy at the expense of measures of a macroeconomic, institutional and organizational, legal, structural and investment character concerning not only industries but also the auxiliary infrastructure, the financial system, social sectors must become the most important components of the restructuring strategy.

One of the main obstacles in a way to the real modernization and the economy restructuring is the regional social and economic inertia. Now there is not the general scientific concept of inertia and the general methodology of its research. This term in the most general sense means the inability of an object without the influence of external forces to change its condition of rest or movement. Inertia property of all systems including social and economic. Inertia is a feature of all systems including the social and economic ones. The inertia is introduced into the scientific circulation as a certain abstraction for reflection of a matter property to keep steady, uniform motion as a result of absence or equilibration of external influences. The social and economic inertia is internally inconsistent and appears as steady preservation of certain changes. Any acceleration of the social and economic or the social development is mediated by inertia. On condition of elimination of all braking forces and involvement of all opportunities of the development the maximal social and economic progress is provided.

The economic inertia in general reflects a stability degree of the economic relations development and a ratio of interacting social and economic forces. The research of the economic development process from a position of inertia assumes the stocktaking in the economy of all variety of interacting forces, looking onto the way how transformations in the economy can generate by themselves not only driving but also constraining them forces. So, for example, the transition to an innovative type of the development can create not only stimulating factors in the development of the economy but also obstacles in the form of administrative barriers, opportunistic behavior of participants of the market, a low

level of the innovative culture of the population, the undevelopment of the institutional and enterprise environment interfering a fast realization of scientific results and finishing them to the competitive product. Preservation of structural disproportions in the economy of the Russian regions also represents a manifestation of the social and economic inertia and demands serious efforts from the management and the society for its overcoming.

The analysis of the economic inertia assumes not only consideration of separate obstacles and contradictions in the economic development but also, mainly, the search of ways and mechanisms of a rupture of inertial chains reflecting the whole systems of interconnected contradictions.

Modern researches and developments on problems of crisis phenomena overcoming in the economy represent certain opportunities for identification of reasons and prerequisites generating the inertial tendencies. The main prerequisites of emergence and fixing of a tendency of economic inertia are:

- Low rates of the economic development
- A change of the quantity and quality of social and economic communications
- A ratio of interacting factors (stimulating and discouraging, driving and constraining), advanced and conservative, innovative and traditional, arising and dying
- The impropriety of permission of economic contradictions

The reasons of the economic inertia reflect an inconsistent nature of the economic development of regions. They are closely connected with each other. It is obvious for example that ignoring of problems at the micro level of the economy leads to the delay of permission of meso and macroeconomic contradictions and the preservation of structural disproportions does not give the effect from investments and generates limiting factors in the development of the technology and technologies in the Russian regions. That means that the economic inertia is connected with economic contradictions, the speed of their identification and permission.

Native and foreign experts have the same opinion that the inertial scenario is the most probable in the medium-term and the long term for the social and economic development of Russia and the majority of its regions. It is important to understand that this scenario by its nature always leans on already developed tendencies. It proceeds from the fact that these tendencies in the future will remain dominating. The analysis of the inertial

scenario is extremely important because, first, it gives an idea of long-term consequences of the development within the inertia and second, allows to understand what mechanisms and what scale of expense must be involved to overcome the growth restrictions to break off inertial chains. It especially should be noted that owing to the power of operating tendencies and restrictions, the probability of implementation of the inertial scenario of the development is enough high and the main characteristics of the scenario are defined by parameters of inertial trends.

The budgetary investments at preservation of the inertial trend in regions will stagnate, therefore, an expansion of investments into the fixed capital will happen generally mostly by the private sector. The consumer inflation will grow, thus, a decrease of the inflation rate will be interfered by the accelerated increase in prices and tariffs for production and services (natural monopolies and instability of the ruble exchange rate).

Realization of the inertial scenario of the regional development will lead to the following social and economic consequences:

- A refusal from realization of new long-term priority projects and programs realizing comparative competitive advantages of regions
- The strengthening of the economic differentiation of regions constraining the processes of modernization and restructuring
- A decrease in technological competitiveness of the processing productions and the remaining import of knowledge-intensive production
- The preservation of existing adverse conditions of business climate for the enterprises, first of all for the small and medium business
- A decline in the quality of the human capital
- The growth of a social and interethnic tension in regions

In the inertial scenario, the gap in productivity of the majority of branches of the economy and the enterprises, located in regions from the level of the best domestic and foreign producers will remain or even increase (Afonasova, 2015a, b) that will lead to preservation or deterioration of the structure of the economy of regions towards a decrease in its share of high-tech industries. Agriculture and raw branches will not experience modernization and they will not be able to provide higher rates of the economic growth in comparison with existing ones.

The inertial scenario of the development of the economy of regions assumes also preservation of existing

infrastructure problems, a passive participation of the state in stimulation of the economic growth and also the insignificant enterprise activity in a production sector of the economy.

RESULTS

The analysis of the economic inertia assumes the stocktaking of not only progressive but also regressive economic and institutional forms. Problems of the economic inertia cannot be understood without taking into account the mechanisms interrelation of acceleration and braking in the economy, progressive and regressive changes. At a present stage such regressive phenomena as the decline in production, the high inflation, the unemployment growth, the decline in the rate of national currency, the outflow of the capital from the country, the prolongation of economic sanctions are observed from the Western countries, the restriction in access to markets of investment resources.

It should be noted that the economic inertia amplifies in the course of the economic development at preservation and manifestation of less perfect economic and institutional forms. In the economic movement, the progressive development is always initially and emergence and fixing of less perfect forms is always a factor of delay, braking or preservation of the inertia. Therefore, the regional, economic and financial policy of the government has to proceed from understanding of the need for serious institutional and structural changes in the economy in the context of prospects of the global and regional social and economic development.

It is necessary to recognize that the problem of optimization of the economic structure should be solved in conditions of the institutional environment which is absolutely unadapted for this purpose. Institutional imperfection of the state regulation of the economy restructuring process is expressed, first of all, in the lack of an all-federal concept of restructuring, in strategic weakness of the state due the solution of key questions in the sphere of the industry modernization declared as a strategic priority of the development of the country. It is obvious that the strategy of restructuring and import substitution must also receive institutional registration. That means that this strategy must be developed and issued as the constantly operating institute of management by the social and economic development of the country and its regions.

The institutional transformation about which need is recently within hearing, assumes creation in Russia of the market and public institutes meeting requirements of the present stage of the economic development and formation

of necessary trust to them. The problems which the Russian regions in the course of implementation of reforms have faced with all evidence have revealed a role of institutional factors in implementation of the economy restructuring process. The experience of the Russian reforms has showed that market mechanisms cannot effectively function in the institutional environment which is inadequate to them. The old dysfunctional institutional structures which remained owing to the institutional inertia and also practical impossibility of the direct import of relevant effective structures of successful economies of the western countries, cause the need for the formation of the progressive institutional environment taking into account historical features of the difficult transformational processes happening in the Russian economy.

Institutional changes define how the society develops in time and thus exactly they are a key to understanding of a vector of changes. It is known that the institutes reduce the uncertainty of the economic environment, reduce administrative risks and by that promote the increasing efficiency of made decisions, providing conditions for the expanded reproduction. However as experiment shows, the institutes not always promote a choice of the best options of the systems development. For example, in a number of the Russian regions the considerable efforts are spent for strengthening of the institutes which quite often run counter to the interests of their own development.

Therefore, now there is the expressed need for the system analysis of institutional factors providing the start and development of restructuring processes. For example, the problem of coordination of heads' efforts of different levels in the sphere of regional economy restructuring, the problem of attraction of financial resources to this sphere and also more and more wide circulation of self-organizational processes which are most often shown through the inclusion of the population in the solution of priority problems of the development of a territory the demands institutional registration. Institutes have to provide broader participation of the population on the corporate beginnings in public and economic transformations, in implementation of the program of restructuring of economy.

A feature of a situation in which Russian economy restructuring is made, means that the general logic of economic and institutional transformations is not quite defined. As a result the separate "non-market" institutional forms not only do not die off but also in a certain sense are fixed and continue to operate. Therefore, the need for transformation of developed institutional systems during the transition to an innovative way of the development increases and complexity and scale of institutional changes allow speaking about their system character.

It should be noted that regional economy restructuring is the complex system problem because it has all characteristic signs of problems such as: uncertainty, ambiguity, weak structure, complexity, multi-dimensionality.

Uncertainty of the problem is shown that economic agents' reaction character to large-scale structural transformations in various sectors of the economy is not rigidly determined and can be simulated and described only by scenario options of the development. Besides, also external operating conditions of the function and development of the economy which were developed in a concrete region, connected with the impact on the economic development of formal institutes, measures of the federal policy, regulating influences of regional governing bodies, etc. are not determined.

The weak structure of this problem is shown in that that it contains a big set of both quantitative and qualitative parameters which cannot be quantitatively formalized and described. Therefore, it is impossible to construct the strictly formalized theory allowing defining unambiguously optimal institutional and economic conditions and means of their impact on restructuring processes. At the same time, the use of quantitative methods of research allows more serious to make a choice of tools and mechanisms of the impact on structural proportions of the economy and optimization of resources distribution for these purposes.

Ambiguity consists in several available potential versions of the solution for this problem. The economy is always characterized by existence of several ways of the development, different potential opportunities determined by the environment, institutes and other factors of an endogenous and exogenous character which can quickly and considerably change and depending on it various options of the system development can be realized.

The multi-dimensionality of the problem is that made decisions in the field of transformation of the regional economy structure will inevitably affect all other aspects of the functioning and development of the economy: social, scientific and technical, infrastructure, etc. It should be noted in this regard that attempts of simplification of the problem due to ignoring any of specified aspects will inevitably lead to adoption of wrong decisions and respectively will not allow coming nearer to the achievement of goals. On the other hand, the aspiration to the fullest accounting of all aspects of economy restructuring can result in the complexity in modeling of these processes to the loss of visibility of a model and problem in general and on this background to impossibility of the adoption of optimal administrative decisions.

DISCUSSION

Complexity of the problem of economy restructuring is expressed that attempts of its decision were made by the most various directions and branches of the economic science: macroeconomic, institutional economy, state regulation, regional economy, management of the enterprises, etc. However, any of these scientific branches is not capable to offer effective ways of its complete system research and decision. Therefore, it is necessary to proceed from the need for the search of adequate approaches to the solution of the problem of regional economy restructuring for the plane of use of interdisciplinary approaches, attraction of a wide range of scientific methods from the most various fields of knowledge allowing investigating the most essential aspects of this problem.

Thus, only the competent solution of the complex system problem of regional economy restructuring on the basis of modern scientific methodology will allow providing overcoming of the economic inertia, the restoration and development of an industrial sector of the economy, preventing possible surges in new economic and structural crises.

CONCLUSION

In conclusion, it should be noted that now the regional and municipal level of management does not fatally have new technologies and instruments of processes management concerning realization of social and economic changes, in particular, the process of regional economy restructuring.

Therefore, the formation of the special tool, national strategy of restructuring of Russia including mechanisms and instruments of structural disproportions overcoming in the economy, measures for minimization of a speculative component in functioning of the domestic

financial and credit system, the development of methods of channels blocking of penetration into the country of the crisis phenomena in the economic sphere, arising outside the national borders, etc. is actual. The strategy must provide the gradual withdrawal from the system of the predicted inertial development of the Russian economy (without noticeable efforts of the state on the breakthrough acceleration of modernization processes), to the model of the economy development assuming mobilization of industrial, technological and intellectual potentials and also the ability of domestic production to develop in the future successfully to provide itself with necessary capacities and resources and the society with qualitative competitive goods and services.

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