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MANAGEMENT OF DEVELOPMENT EFFICIENCY OF THE RUSSIAN ECONOMY

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Abstract

In the management theory, the problem of efficiency was the first to be discussed. Despite the fact that the term "efficiency" originated in the economic literature, it is used in evaluating the actions of a management entity, for example, a government as a subject of power. The executive focus of public administration involves the formulation of rational goals and objectives, determined by the need to obtain the maximum possible results while using minimal resources. The article deals with management problems as an opportunity to achieve the goal set by the managing authority in the unstable state of the Russian economy. Achieving the goal is the main result of the managerial action, evidence of its effectiveness. Demanding efforts are evaluated in frames of efficiency. While doing the research, a retrospective analysis of the efficiency category was carried out and the problems in its assessment related to differences in comprehension and diverse classification were analyzed. The authors outline the management theory of economic development efficiency (Management Efficiency of Economic Development, MEED) and propose to launch the process of developing and making management decisions with the principles of "structural functionalism". The authors elaborate on deterministic elements of MEED assessment in Russia. They show general possibilities of applying the structural-functional approach to MEED Russia, which allow the use of territorial disproportions for the sustainable development of the country.

Keywords: Potential, risk, system, management, economy, efficiency.

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1. Introduction

The MEED problem of determining the optimal parameters of its functioning and sustainable development, is one of the oldest and most acute, existing as long as the division of labor. However, efficiency as the main economic function and the purpose of carrying out any economic activity is rarely analyzed due to the vagueness of its criteria.

It is generally accepted that the term "efficiency" appeared originally in the economic literature in the works of William Petit (McCormick, 2006) English economist, the founder of classical political economy, founder of the labor theory of value, and Francois Quesnay, the head of the school of physiocrats, French economist (Barna, 1976; Negishi, 1989). They used this term in terms of effectiveness and used it to evaluate authorities' decisions.

The representative of classical political economy, David Ricardo (Samuelson & Turner, 2015; Maneschi, 2004) attempted to evaluate the efficiency of capital. He used the term "efficiency" not in the sense of effectiveness, but as a relation of the result to a certain type of expenses.

At the end of the 19th century, the term "efficiency" partially lost its purely economic significance and was used to evaluate a variety of actions and movements. This was facilitated by changing economic activities. Firstly, the economy itself ceased to be the lot of only economists. Expanding machine production produced a shift in the tasks, functions and responsibilities of the engineers. Secondly, theoretical developments related to actions in general have contributed to the expansion of the concept of "effectiveness" to other areas: the general theory of effective organization of activities; effectiveness as a fundamental or initial orientation (Ha, Kaneko, Yamamoto, Yoshida & Zhang, 2017).

In economics, the concept of "social productivity" was actively used, which was characterized by a complex and well developed system of economic indicators. At the macro level, production efficiency was economic and social. At the level of branches of material production, efficiency is defined as the ratio of the industry's benefit and production factors (Salas-Velasco, 2018).

The essence of economic efficiency is in minimizing the cost per unit of produced goods. The need to minimize costs is due to the limited economic resources for the production of such quantity of goods that fully meets the needs of people. Finding opportunities to meet needs through the efficient use of economic resources is problematic (Scheele & Haftor, 2018; Cherchye, De Rock & Kerstens, 2018; Azar, 2008).

The following types of efficiency can be distinguished: internal - the focus of organizations on the rational use of internal resources; external - the focus of economic processes on the effective use of external incentives; total - modal synergy of internal and external efficiency; strategic - a method of using the resources of the economy, which determines the direction for the integrated development of the economy; global - metaphysics of economy' effective organization in the configuration of a harmonious set of social, economic, political, cultural and other spheres.

2. Problem Statement

MEED in Russia is relevant due to the objective need to identify opportunities for its improvement. To identify the resulting provisions of the problem under study, the following tasks were set: to analyze the problems in evaluating management effectiveness; consider the theory of MEED and propose a way to

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implement the process of developing and making management decisions; disclose deterministic MEED evaluation elements; show the general possibilities of applying the proposed method to MEED in Russia.

3. Research Questions

While the Russian economy is unstable, the main requirement for the management process is to maintain an optimal regime ensuring the maximum efficiency of the economy. If management is an activity, then the implementation of this activity is a function of the control system. The MEED system includes goals, functions, a management process and a systematic set of tools to influence economic determinants. The management process related to the development and implementation of management decisions is within the framework of the management system (Carvajal & Song, 2018).

To control the operation of the MEED system, it is necessary to define its diagnosis. In control theory, there are a number of approaches containing a simplified solution to this problem. Firstly, one can try to replace the results of management with quantitative indicators of economic development or economic activity. Secondly, the costs of management are identified with the costs of maintaining the administrative apparatus, which, in principle, makes it possible to determine the costs of the "production" of one administrative act, law, decree, decision.

Simplifications do not allow to establish the share of management decisions in the overall effect of the activities of a managed agent (Abubakar, Elrehail, Alatailat & Elçi, 2017; LitvajM & Stancekova, 2015). In this regard, it is necessary to form complex methods in the "economy - system" format. The MEED system should function optimally in the format of the uniform principles of existence and operation of complex systems.

The main provision in the implementation of the MEED process is the adequacy of response to endogenous and exogenous stimuli, thereby creating background for improving the efficiency of management and giving the economy adaptive capacity. The process of management should be considered as a set of actions leading to the formation and improvement of links between parts of the system. As a phenomenon, it is the combination of goals, programs, and means for mission realization.

The process of developing and making management decisions should be based on the principles of "structural functionalism". This is reflected in the understanding of individual economic objects of any level of management as special systems organically connected and actively interacting with other systems within the national economy complex, in identifying the role of each of them in the overall process of the economy.

The MEED process should be carried out in the form of a hierarchical organization, which is associated with the concept of relative isolation of subsystems' different levels. The hierarchy is a consequence of the need for specialization, while rational are such structures and mechanisms for managing the organizational system, for which any allowable change in centralization leads to a decrease in management efficiency.

Targets of the MEED system are formed by all authorities and are presented in the state economic policy. The main task of state economic policy is, on the one hand, the removal of artificial restrictions on the mobility of resources, thereby stimulating the development of the most competitive and efficient industries; on the other hand, creation of a special mechanism to restrain the growth of interregional

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asymmetry. Significant components of the state economic policy are: social - increasing incomes of the population and overcoming poverty, improving the population' health condition and the demographic situation, developing and maintaining social facilities and infrastructure in an appropriate condition, ensuring environmental safety; economic - increasing production efficiency with the possible use of natural, financial and material resources, as well as developing and supporting small and medium-sized businesses, exporting, stimulating investment activity.

4. Purpose of the Study

The purpose of MEED assessment is to theoretically substantiate the doctrine of sustainable socio-ecological and economic development, study the possibilities and specifics of a market-oriented mechanism' (which uses natural resources) formation, and verify the calculation and analysis tools designed to optimize the management of the recreational processes of this potential. The MEED assessment process is focused on:

1) potential:

- production - identifying the costs of production resources, optimizing industry rates and development projections, identifying investment policy directions. Knowledge of the production potential of enterprises will allow to determine the total potential of industries, will create the basis for ensuring the functional interdependence of industries;
- consumer - analysis of the income level of the population;
- infrastructure - transport system (provides transporting of people and goods and is one of the most important areas of public material production), communication complex (enterprises and organizations engaged in the production and sale of telecommunications and communication facilities, computer equipment, providing information, telecommunication and consulting services) recreational zone (areas for the organization of recreation places for the citizens, including parks, gardens, urban forests, parks, beaches);
- institutional - stands out in the process of forming the level of the economy' self-development, defining the role of administrative and constitutional law, defining the formal rules for the activities of government bodies;
- innovative - determination of conditions for increasing the efficiency of the economy, using all its capabilities;

2) risks:

- economic - the probability of a decrease in economic performance and efficiency, depending on the management decision;
- political - the possibility of a loss or reduction in the size of the profits resulting from government policy;
- social - identifying the degree of risk of an established hazard to a person and / or his environment;
-environmental - the possible adverse effects on the environmental sphere of any anthropogenic changes in natural objects and factors; the possibility of environmental degradation or its transition into an unstable state as a result of current or planned economic activity; the possibility

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of losing control over environment; the possibility of civil liability for damage to the environment, as well as to the life and health of third parties;

- criminal - is directly dependent on the volume of criminal activity. Criminal activity must be seen as an alternative to entrepreneurial activity. People decide to become criminals for the same reasons that others become entrepreneurs - they expect that the "profit" from the decision to become a criminal exceeds the "profit" from business activities.

5. Research Methods

The structural-functional approach to MEED Russia will allow the use of territorial imbalance for sustainable development. Determining structural anomalies and problems will make it possible to determine the optimal set of management decisions that contribute to the development of the Russian economy. It is necessary to investigate the factors and identify stimuli that ensure the growth and realization of the economy' productive capacities, and the effectiveness of management decisions aimed at sustainable economic development.

Economic development involves the rational use of limited resources in the context of increasing production capacity, more efficient distribution and exchange, and optimal satisfaction of the population's needs in the established reproduction cycle (Lee, Nunez & Cruz, 2018), (Afshar-Nadjafi, Karimi, Rahimi & Khalili, 2015). It is necessary to ensure a qualitative increase in the production of material goods, the reproduction of production factors and the improvement of the quality of life at the maximum productivity of production and the maximum usefulness of goods produced using these factors of production.

Structural-functional approach includes a methodology for assessing the deviation of MEED constituent entities of the Russian Federation

$$\Delta = E_{\max} - E$$

$$E = \frac{I_{\text{Gross Regional Product}}}{I_{\text{Average Annual Number of People Employed in the Economy}}} \times \frac{I_{\text{Gross Regional Product}}}{I_{\text{Industrial Production}}} \times \frac{I_{\text{Gross Regional Product}}}{I_{\text{Physical Investment in Fixed Asset}}},$$

где Δ – deviation from the maximum efficiency value; E – economic efficiency of the constituent entity of the Russian Federation ($E_{\max}$ – maximum efficiency rate); $I_{\text{Gross Regional Product}}$ – volume index of gross regional product (in constant prices; in percentage as against the previous year); $I_{\text{Average Annual Number of People Employed in the Economy}}$ – change in the average annual number of people employed in the economy sector (in percentage as against the previous year); $I_{\text{Industrial Production}}$ – industrial production indices (in percentage as against the previous year); $I_{\text{Physical Investment in Fixed Asset}}$ – index of investment volume in fixed assets (in constant prices; in percentage as against the previous year).

6. Findings

The results of the assessment of the deviation of the MEED of the constituent entities of the Russian Federation (from the maximum value of the Russian Federation, Federal districts) revealed a significant

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deviation for a number of regions of the Far Eastern Federal District (Amur region, Magadan region, Sakhalin region, Jewish Autonomous Region).

State authorities are actively involved in recovering from this situation - the State Program for the Development of the Far East is being implemented, which includes five subprograms and three federal-targeted programs. The subprograms are aimed at creating conditions for advancing social and economic development of the Far Eastern Federal District, supporting investment projects, increasing the investment attractiveness of the Far East and balanced territorial development. The implementation of the State Program for the Development of the Far East allowed, at the initial stage, to reduce the deviation to an average level due to the rather low values of the Chukotka Autonomous Region, Primorsky and Khabarovsk regions.

The effective impact on the structural-functional elements of the Russian economy is an integral part of MEED. In order to effect impact, it is necessary to solve the following tasks:

1) to strengthen the process of interregional cooperation, which will expand the possibilities of increasing the volume of goods of local production, work performed and services by diffusing the advantages of the interregional economic space;
2) to provide targeted state support in its various forms for enterprises investing in fixed capital, as well as to establish a system of state guarantees for legal entities and individuals involved in the investment process;
3) to form a rational and optimal legal field for interregional competition and, as a result, create conditions for attracting investments in fixed capital and encourage manufacturers to increase the cost of technological innovation;
4) to effectively use economic regulators to create a competitive environment in the marketed services sector to the population, taking into account the dynamics of per capita cash incomes and the level of consumer spending of the population over a long period of development;
5) to create optimal conditions for economic activities, to determine the criteria for the government assistance;
6) to optimize investment flows in the real sector of the economy to the volume of shipped local goods, completed works and services, thereby increasing their efficiency.

For effective MEED, it is necessary to increase the financial and economic independence of constituent entities of the Russian Federation in the format of the imperative fiscal federalism, relying on the unity of the fiscal and tax systems in the procedure for concluding agreements of federal and regional authorities; the functional role of regional budgets in the country's public finance system; rational mechanism of regulation of regional budget flows and optimal redistribution of income between the links of the budget system in such a way that the fixed spectrum of incomes in the budget of the subject is predominant.

7. Conclusion

Solving the problem of MEED Russia is related to the formation of a set of regulations implemented through the development and implementation of a set of management decisions in the framework of mutually agreed development projects in the spheres of the Russian economy, in accordance with federal

and regional interests involving the use of necessary resources, with certain stimuli and deadlines. The MEED process is a purposefully organized set of economic, social, political, legal, institutional and other impacts on the conditions of the structural and functional development of the subsystems of the economy and the interconnections between them to ensure the optimal activity of economic agents.

While Russian geo-economic state is changing, the main method of state influence on the MEED process in Russia is a set of measures systematized in the form of state economic policy. The goal of state economic policy should be to achieve an effective and uniform distribution of economic activity in the country for the expanded reproduction of capital and optimization of its structure.

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