

PEDTR 2019

18th International Scientific Conference “Problems of Enterprise Development: Theory and Practice”

PROSPECTS OF THE VOLGA REGIONAL DEVELOPMENT IN GLOBALIZED ECONOMY

J. D. Ermakova (a)*

*Corresponding author

(a) Samara State University of Economics, 443090, Soviet Army Str., 141, Samara, Russia, ermjul@yandex.ru

Abstract

The total global paradox has the growing tendency which is focused on regional economies developing at their subnational stage. Nowadays scientific papers allocate different directions which establish relationship-building processes between global and regional improvement. One of them is spotlighted on external enterprise structures, determining their capability to assist the cooperation with global market. The second direction focuses on the study of global commodity chains, or global value chains (GCCs/GVCs), as well as the research of regional integration into globalized productive nets and how it changes industries in general. The latest ideas on regional development is pointed out local conditions, preceded the regional economic growth. In opposition, it indicates how clusters at regional level and its industries are implemented into production systems all over the world and to what extent this process influences the development of local economies. The article follows the reasonable concept of interaction between regional success development and global challenges expressed in the production system round the world. Their interference, which is usually called as strategic coupling, is considered one of the most important indicators of development in the region. This process creates the added value, increases manufacturing capacity and improves it due to the strength determination of such interaction. The article highlighted the key conditions to develop region successfully, analysing the globalized interaction and deep the study of some factors considerable for local development at regional level and for the federal in total.

2357-1330 © 2020 Published by European Publisher.

Keywords: Economic development, globalization, regional integration projects, regional policy.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Outdated ways of organizing production, being an acute economic problem, affects not only the regional development in different spheres of life as health, education and culture of citizens, but is also associated with a decrease in the living standards level and the crime growth at federal level. In the conditions of the fragile economic situation, state regulation of the regional enterprise development according to principals of global digitalisation became one of the main priorities for the Russian Federation. Particular attention was paid to the challenge of developing various kinds of local economic indicators. In the body of scientific information, regional enterprise development at various levels of globalization was studied by a number of authors: Korshunova, Kuzmina, Litovchenko, and Babayeva (2017), Kvach, Frolova, and Vasilkova (2017), Veretennikova, Petinenko, Redchikova, and Levin (2017). Globalization in different categories of households was analyzed in the works of the following authors: Trifonov, Ivanova, Daneykin, Kozirev, and Nesteruk (2019). The problem of outdated ways and its scope has been investigated by Belomestnov, Khardaev, Dorzhieva, and Dugina (2019), Bakumenko, Malyshev, Makhotaeva, and Nikolaev (2019).

2. Problem Statement

Regional enterprise development and globalization processes in conditions of economic challenge provide the existing out of date system of collaboration among cities and towns that hardly could provide insure adequate economic performance but allows risks of social instability in different regions of the Russian Federation. To overcome such economic problems local governments should put priorities on domestic socio-economic policy.

3. Research Questions

The conception of interference between local improvement and global challenges represented in the manufacturing systems in the world. Such interactions at regional and global levels, called as strategic coupling, considered one of the most important indicators in local development. The success of such relations maintained the strength to create added value, increase production capacity and optimize it.

Regional development in the context of globalization is recognized as durable results aggregate interaction between globalized productive nets and networks at regional level. Three the most essential conditions for valuable local development, provide the data to analyse the factors of regional improvement both at regional and federal levels.

Globalized productive nets might be characterised as the interdependent action among business and non-commercial organization to form the goods and services distribution on interconnected dimension. Local enterprises head the organization process globalized production nets (Fursov & Lazareva, 2016).

To analyse the Volga region development and its dynamics the author used the comparative approach, allows to investigate the issues and further circumstances of achieving considerable success in the region, in spite of the fact that some ones don't take this opportunity.

4. Purpose of the Study

The research is targeted at the comprehensive statistical analysis of regional development of enterprises in conditions of general implementing principles of global digital economy in Russia and its regions. The proposed information and methodological approach should be combined with the application of valid decision to overcome socio-economic problems simultaneously at the federal and regional levels.

5. Research Methods

The scientific validity of the obtained results is determined by the application of information resources from the Federal state statistics service using the software of statistical processing in the format to direct information technologies implementation and to apply several statistical methods: method of the general indicators, time series analysis, structural dynamic analysis, statistical typological groupings.

The study was investigated using complex methods inserts the adoption of an idea to involve three main types of strategies: sequential mixed methods, current mixed methods and transformative mixed methods (Cresswell, 2009). Such complex approach considered especially very useful to find an adequate rate of the phenomenon studied in the article. This technique is especially acquitted when different methods are applied simultaneously.

6. Findings

The policy of the region is targeted to balance state economy and to develop relationship among the subjects in the Russian Federation, to decrease the difference within the Volga region in socio-economic influence and the life quality on local citizens.

The balanced local development of RF is oriented to concentrate on guaranteeing conditions that provide each region an ability to use updated and adequate resources to enable decent living conditions for local residents, significant development and the growing competitiveness of the economy.

To achieve this goal, it should be implemented the state regional policy that aimed to realize the potential within each region, eliminate infrastructure and institutional current restriction, creating equivalent opportunities for all citizens and promoting human growth, carrying out deliberate perspectives of federal improvement, as well as reforming public administration and local self-government systems (Khairullov, Belyaeva, Kokh, & Bodrov, 2015).

Ensuring a balanced socio-economic local development as one of the most important priorities of socio-economic advancement in the Russian Federation requires synchronization of such areas of regional policy as:

- Improving economic strategy by creating new opportunities for economic growth in the regions based on competitive advantages and some competitive disadvantages (Table 01 & Table 02);
- Coordination of national infrastructure investments and enterprise investment strategies in the regions, taking into account the priorities of regional development (Figure 01);
- Reduction of differentiation in the life level and quality among the population in the regions to optimize mechanisms of social and budgetary policy (Table 03).

Table 01. Unemployment rate (according to the minimum wage methodology) 2018-2019

| | 2016 | 2017 | 2018 | 2019 |
|---------------------------|------|------|------|------|
| Volga Federal District | 4,4 | 4,7 | 4,8 | 4,7 |
| Republic of Bashkortostan | 5,2 | 6,0 | 5,78 | 5,5 |
| Republic of Mari El | 4,7 | 5,2 | 6,10 | 6,2 |
| Republic of Mordovia | 4,3 | 4,3 | 4,32 | 4,1 |
| Republic of Tatarstan | 3,8 | 4,1 | 3,78 | 3,4 |
| Udmurt Republic | 5,2 | 5,1 | 5,1 | 4,7 |
| Chuvash Republic | 5,1 | 5,2 | 5,2 | 5,2 |
| Perm Region | 5,7 | 6,1 | 5,7 | 6,0 |
| Kirov Region | 5,2 | 5,2 | 5,3 | 5,2 |
| Nizhny Novgorod Region | 4,1 | 4,4 | 4,2 | 4,1 |
| Orenburg Region | 4,5 | 4,7 | 4,8 | 4,5 |
| Penza Region | 4,7 | 4,6 | 4,5 | 4,4 |
| Samara Region | 3,1 | 3,5 | 4,2 | 4,2 |
| Saratov Region | 4,5 | 4,6 | 5,2 | 4,7 |
| Ulyanovsk Region | 4,7 | 4,8 | 4,7 | 4,3 |

Source: author based on Federal State Statistics Service (2019).

Table 02. Dynamics of gross regional product (per capita 2018-2019)

| | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-------|-------|-------|-------|
| Volga Federal District | 102,5 | 102,1 | 98,8 | 100,1 |
| Republic of Bashkortostan | 102,5 | 101,8 | 98,3 | 100,6 |
| Republic of Mari El | 102,2 | 106,2 | 103,4 | 94,9 |
| Republic of Mordovia | 103,3 | 108,8 | 101,4 | 103,6 |
| Republic of Tatarstan | 101,9 | 101,7 | 99,6 | 100,6 |
| Udmurt Republic | 102,7 | 101,0 | 99,8 | 101,7 |
| Chuvash Republic | 98,4 | 100,4 | 97,4 | 100,7 |
| Perm Region | 100,7 | 103,3 | 99,6 | 96,8 |
| Kirov Region | 101,2 | 102,8 | 99,7 | 100,1 |
| Nizhny Novgorod Region | 102,2 | 103,2 | 96,8 | 103,3 |
| Orenburg Region | 102,6 | 99,7 | 96,4 | 99,4 |
| Penza Region | 105,2 | 104,0 | 104,3 | 97,5 |
| Samara Region | 104,2 | 101,9 | 97,1 | 97,9 |
| Saratov Region | 104,5 | 100,5 | 99,2 | 101,2 |
| Ulyanovsk Region | 102,6 | 101,0 | 98,5 | 102,2 |

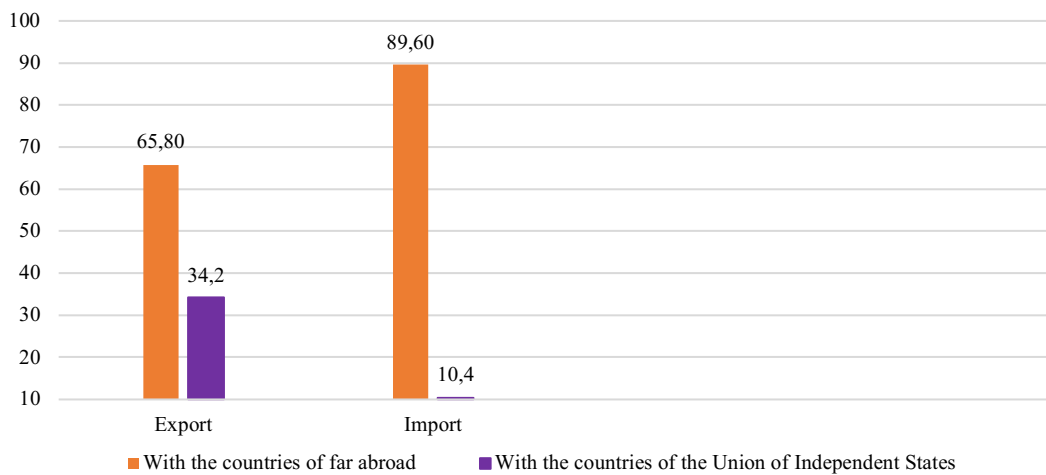
Source: author based on Federal State Statistics Service (2019).

Table 03. Dynamics of real average monthly accrued wages (2018-2019)

| | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-------|------|-------|-------|
| Volga Federal District | 101,6 | 91,1 | 100,4 | 103,8 |
| Republic of Bashkortostan | 104,0 | 90,8 | 102,2 | 105,1 |
| Republic of Mari El | 103,0 | 92,8 | 99,5 | 105,2 |
| Republic of Mordovia | 104,1 | 94,7 | 100,2 | 102,2 |
| Republic of Tatarstan | 101,2 | 91,2 | 98,2 | 104,1 |
| Udmurt Republic | 104,3 | 92,1 | 103,6 | 105,6 |
| Chuvash Republic | 100,1 | 89,0 | 101,4 | 104,4 |

| | | | | |
|------------------------|-------|------|-------|-------|
| Perm Region | 102,2 | 92,1 | 99,8 | 104,5 |
| Kirov Region | 100,8 | 92,2 | 99,6 | 104,7 |
| Nizhny Novgorod Region | 99,7 | 90,1 | 101,1 | 102,5 |
| Orenburg Region | 101,2 | 92,1 | 102,1 | 101,4 |
| Penza Region | 100,8 | 90,6 | 103,3 | 101,2 |
| Samara Region | 102,3 | 89,8 | 98,9 | 104,7 |
| Saratov Region | 99,2 | 89,3 | 99,2 | 102,3 |
| Ulyanovsk Region | 102,5 | 91,7 | 100,3 | 103,8 |

Source: author based on Federal State Statistics Service (2019).



Source: author based on Federal State Statistics Service (2019).

Figure 01. Foreign trade in Samara Region 2018-2019

Diversification that brings digitalization of the economy, increase competitiveness of industries and agriculture in the region. In the economic structure, the share of the machine-building cluster will be 23% in 2020 contrast to 14.9 % in 2007, the chemical industry - 12 % contrast to 6.9 % in 2007, with a significant decrease in the fuel and energy complex share (Federal State Statistics Service, 2018).

Further industrial rebuilding and diversification are ascertained tackling the following problems:

- Ensuring the perspective development in petro-chemical and gas industries, the transformation to up to date manufacturing technologies and fuel-processing, as well as growing demand from petro-chemical and gas industries to internal machinery and facility;
- Accumulating the growth of high-and medium-technologies in industrial spheres, as well as operating at both (foreign and home) market segments, providing new competitive items, in the hi-tech advanced engineering, the manufacturing unique specific components, which could reduce local infrastructure and make it possible such exported goods and services that focused on preferable added value;

The impact to the advanced increase of rate according to the gross domestic product of science-driven products and the knowledge-based economy in 2014-2017 can be compared with the contribution of the oil and gas industry. The largest impact is going to have the investment production (about 20% - engineering) by 2020. The growth level of the fuel and energy clusters after 2010 decreased to 101-103 %

per year. The greatest increase in production was presented in the electric power industry due to its development of manufacturing and services, which, in turn, led to the demand for the products of the coal and gas business.

After 2015, the growth potential will increase due to an increase in exports of competitive products of processing industries. In addition to the external economic situation, the high demand for the products of the raw materials sector went up due to constant rising of domestic demand from the machinery engineering and construction.

Some industries engaged in producing consumer products developed at a level not less than 105 % per year. In 2019, the growth of producing volumes ensured growth in internal demand, due to the growth of household profits, approximately the consumption among the local citizens led standards and improved consumer lending. In the coming years, high rates in car production and household appliances is going to change the production chain between Russia and foreign companies. The further extreme growth of the industrial consumption of such trends as trade and catering, financial operations for all segments of the population, could also stimulate the development.

7. Conclusion

The key factor to implement innovations in the region is accompanied with speed changes in the employment structure and manufacturing in favour of the high-tech development. The main macroeconomic parameters innovative development until 2020 includes:

- Advantages of innovative scenario of social and economic development;
- World economic Outlook;
- The main macroeconomic parameters of innovative development of the Russian Federation;
- Formation of supply and demand;
- Diversification of the economy, increasing the competitiveness of industries and agriculture;
- Dynamics of incomes of the population;
- Energy saving and dynamics of prices and tariffs for products and services of companies in the infrastructure sectors of the economy.

The concept is based on an innovative scenario local enterprise development, which, along with the use of competitive advantages in different economic areas (energetic-power industry, transport and agribusiness), as well as in new knowledge-driven segments and the knowledge-based economy, implies a breaking through improvement in efficiency of human capital, high - and medium-technological development, the reconfigure of innovative components into the leading factor of economic transformation. The increase economic changes until 2020 is projected to reach 106.5 % per year. The implementation of the advanced programmes allows to achieve socio-economic level which is common for successful post-productive period in foreign countries.

References

- Bakumenko, O. A., Malyshev, D. P., Makhotaeva, M. Y., & Nikolaev, M. A. (2019). Mechanism of export oriented import substitution management at a regional level. In O.P. Ivanova (Ed.), *Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of*

- Russia. *The European Proceedings of Social & Behavioural Sciences*, 77 (pp. 60-70). London: Future Academy. DOI: 10.15405/epsbs.2019.12.05.8
- Belomestnov, V. G., Khardaev, K. P., Dorzhieva, E. V., & Dugina, E. L. (2019). Integration role of national projects in the formation of innovative economy. In O. P. Ivanova (Ed.), *Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia. The European Proceedings of Social & Behavioural Sciences*, 77 (pp. 24-30). London: Future Academy. DOI: 10.15405/epsbs.2019.12.05.4
- Cresswell, J. W. (2009). *Research Design. Qualitative, Quantitative and Mixed Methods Approaches*, SAGE Publications. Retrieved from <http://www.jopafll.com/uploads/issue9/>
- Federal State Statistics Service (2018). Regions of Russia. Main characteristics of the subjects of the Russian Federation-2018. Retrieved from https://www.gks.ru/bgd/regl/b18_14s/Main.htm Accessed: 01.11.2019.
- Federal State Statistics Service (2019). Regional statistics. Retrieved from https://www.gks.ru/regional_statistics Accessed: 09.11.2019.
- Fursov, V. A., & Lazareva, N. V. (2016). Global labour market trends and developments. *Bulletin of the North Caucasus Federal University*, 4(55), 164-168.
- Khairulloev, D. S., Belyaeva, M. N., Kokh, I. A., & Bodrov, R. G. (2015). Theoretical approaches to definition of regional economic stability. *Mediterranean Journal of Social Sciences*, 5(28), 86-89. DOI: 10.5901/mjss.2014.v5n28p86
- Korshunova, L.A., Kuzmina, N. G., Litovchenko, A. I., & Babayeva, F. G. (2016). Development of Russia at the contemporary stage. In F. Casati, G. A. Barysheva, W. Krieger (Eds.), *III International Scientific Symposium on Lifelong Wellbeing in the World WELLSO 2016. The European Proceedings of Social & Behavioural Sciences*, 19 (pp. 370-376). London: Future Academy. DOI: 10.15405/epsbs.2017.01.50
- Kvach, S., Frolova, N., & Vasilkova, E. (2017). Constitutional rationale of international standards in local self-government. In F. Casati, G. A. Barysheva, W. Krieger (Eds.), *III International Scientific Symposium on Lifelong Wellbeing in the World WELLSO 2016. The European Proceedings of Social & Behavioural Sciences*, 19 (pp. 411-415). London: Future Academy. DOI:10.15405/epsbs.2017.01.55
- Trifonov, V. A., Ivanova, O. P., Daneykin, Y. V., Kozirev, M. M., & Nesteruk, D. N. (2019). Predictive models for the development of a single-industry town. *Modern Tools for Sustainable Development of Territories. Special Topic: Project Management in the Regions of Russia. The European Proceedings of Social & Behavioural Sciences*, 77 (pp. 8-15). DOI: 10.15405/epsbs.2019.12.05.2
- Veretennikova, N., Petinenko, I., Redchikova, N., & Levin, S. (2017). Wellbeing of rural areas and family farming in the agro-industrial economy. In F. Casati, G. A. Barysheva, W. Krieger (Eds.), *III International Scientific Symposium on Lifelong Wellbeing in the World WELLSO 2016. The European Proceedings of Social & Behavioural Sciences*, 19 (pp. 593-602). London: Future Academy. DOI: 10.15405/epsbs.2017.01.80