

## New Management Model of Modern Russian Economy: Regional Aspect

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### ABSTRACT

Theoretic-methodological bases for the research of innovative development of the Russian economy. Proved the need to find effective approaches to scientific development and practical implementation of the concept of strategic management. Asked to abandon the current model for managing commodity economies and ensure transition to innovation model of economic development of Russia as a result of a major change in strategy, the objectives and the means of economic policy, which would provide domestic and external problems. The main trend of the new model must be in high technology management, production and dissemination of knowledge, which provides a mechanism for the effective growth of industry clusters. Stressed that the current economic development outside the institutional changes cannot develop fully, or might, but in an imperfect form. It is revealed that the institutions cooperating with the production and penetrates into it, provide the dynamism of economic management. The necessity of interaction between science, business and government from a position of selecting priority areas for regional development in terms of national development with the aim of identifying determinants of the competitive advantages of the Russian economy to ensure economic growth through the development of a cluster of regional sector of the Russian economy.

**Keywords:** Economic Policy, Priorities of Economic Policy, The Model of Economic Management of Raw Materials, Non-oil Sector, Innovative Model of Management of the Economy, The Multiplier Effect, Development Institutions, Regional Economy, Cluster Arrangement of Russian Territories

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### 1. INTRODUCTION

The most important condition of Russia's economic growth is its innovative component. It plays a key role in the implementation of effective reproduction processes in the economy. The innovative component could realize themselves, need to intensify the activities of the institutions of financing of innovative activities, in particular development bank, investment fund, Russian venture company, bank of innovative development, which enjoys significant tax preferences, and of the institute of consolidation of interests of the state and private business. The difficult conditions of restructuring of the Russian economy in the current financial and economic crisis led to the deterioration of the socio-economic

situation in the country. There was a decrease both in investment and innovation activity of Russian companies due to the lack of potential innovation resources of the economy.

In these circumstances, it is necessary to search effective approaches to the scientific development and practical implementation of the concept of development of innovative institutions as strategic direction of economic development of Russia. The result is a radical transformation of the economic functions of the state, which is practically reduced to his "leaving the economy," there is a need to develop an innovation strategy, which requires creating a new system of economic management with the aim of stimulating innovation processes. The policy of accelerated replacement of

the state's role in economy in connection with the privatization of state property in the years of perestroika have resulted in severe socio-economic consequences.

## 2. DISCUSSION

### 2.1. The Liberal Model of Socio-economic Development of Russia Requires Changes

In today's Russia, bared all the signs of the economic crisis. The reason for this is the fall of the ruble, the decline in oil prices and the dominance of imports in the heavy industries, which is the basis of material production. In Russia the share of exports of machinery and equipment in January 2016 amounted to 2.6% (in January of 2015 – 3.6%). Cost volumes of export of this commodity group in comparison with January of last year fell by 55.9% ("FCS: Export-import of Essential Goods in January 2016", 2016) the same is observed in electronics, light industry, etc. This is the result of implementing socio-economic development of Russia the recommendations of the Washington course of transition to a market economy in the 90-ies of the last century. Until the Russian government will follow these recommendations, nothing in Russia will not change.

As rightly noted academician S. Glazyev "we missed the chance to become the core of global economic development... not enough to create a common market, it is necessary to create a common development strategy" (Vardul, 2015) to continue his idea: We must abandon the current Russian economic model and provide a transition to the modernization of the economy through the restoration as a priority of innovative development and justice. Today there is renewed hope for a paradigm shift to liberal monetary approach to the new management model – The model of innovative development. The statement that "the current device resulting from the present liberal Constitution of Russia is incompatible with its success and its viability. Crises are not accidental, the degradation of almost all spheres of life is programmed" (Sulashkin, 2014).

That is, in this context, current socio-economic situation in Russia is characterized by a complex position. Clearly, today Russia needs a new model of economic growth, since, according to the President of the Russian Federation, Vladimir Putin, said in 2012, "reserves have been exhausted" (Putin, 2012).

Russia needs serious changes in the strategy, the goals and means of economic policy, which would provide the solution to internal and external problems. The main trend of the new model should be in the field of development of high technologies. This will ensure the creation of new technological bases of material production.

In his speech on December 3, 2015 to the Federal Assembly Russian President Vladimir Putin said: "I propose to make the growth of non-oil exports one of the key indicators of industry-related agencies and the government as a whole" (Putin, 2015). I also believe, said the President of the Russian Federation, "and, of course, need to break stereotypes, to believe in their own capabilities. If you go forward, the result will be required" (Putin, 2015).

So, we have a dilemma: Which way out of the crisis 2014-2016 the most preferred in modern Russia?

### 2.2. Innovation as the Core Strategic Tasks of Modern Russian Economy

All the modern Russian economic literature is replete with the "fetishization" of innovation development of economy. Innovations are considered as a panacea for overcoming the economic crisis. Innovation is a priority national program. We should not forget that their effectiveness depends on their framing a high-tech infrastructure, first of all, information, not to mention hackneyed, energy, transport, etc.

Innovative development is the managerial paradigm, the mechanism of the strategic objectives of the Russian economy. The main goal of the new innovation economy is the creation of a knowledge Bank, which would become the basis of future innovations.

In the current socio-economic conditions, taking into account the prevailing world market for resources (material and human), it can be argued that the most promising areas for the development of high technologies in the domestic socio-economic system is the scope of the production and distribution of knowledge, which provides an effective mechanism of increase of production of mining and manufacturing, construction, transport, agriculture, tourism, information and telecommunication technologies and services.

Industrial policy can be good, bad, but without people science it may not be high-tech. Even if today appear knowledgeable mathematicians, physicists, engineers (Kunelbayev et al., 2016) it does not the fact that they will find a sphere of activity in our country. Often their knowledge is unclaimed. They are just not the right country. So they are forced to leave Russia. In this sense, the intellectual potential of the country is the basis for economic growth in other countries. World practice shows that Russian science is the breeding ground for the sustainable development of other countries. Developing countries, which now applies to Russia, using outdated technology and innovative production methods, which hinders their development in the system of world economic balance.

The results of the historical analysis of the causes and consequences of economic growth in many developed countries suggests that a sufficiently long period of time they use "brains" to ensure profit maximization and growth of competitiveness in the global economic system.

Russia also wants to get out of the crisis at the expense of own new technology, as there are sufficient funds to attract Western intellectual capital. The inflow of foreign no brains. This is evident from the following indicators. The government appreciated the anti-crisis program 2015 – 2016 with 2172 trillion. However, 1 trillion rubles is allocated for the recapitalization of the banking system ("The Government Estimated the Anti-crisis Program in 2015", 2015; Silnov and Tarakanov, 2015). And how much is allocated to science and education in this program? It's a great

question. In such conditions, transition to innovative development of the Russian production in the coming years in our country is unrealistic. This direction with all the variety of ways its implementation could not be achieved, as an innovative way of development requires a substantial development of fundamental science. Without it, the modern development of production cannot be.

A key part – knowledge. We must not forget that knowledge appears in the process of research activities and the scientific knowledge becomes flesh and blood of the educated worker. In modern society, the necessary integration of science and education into a single system, which then acts as a premise of a practical re-industrialization of our economy, and then the major element of modernization in the modern globalized world, where competition is one of the important factors of economic growth. Hence science, technology and innovation should be seen as the main engines of competitiveness at any level: From microeconomics to the level of the world economy.

As the results of scientific research in the global economic system there are many different sources of competitive advantages. In our opinion, one of the main sources is the opportunity and ability to develop, transform and apply knowledge, skills (Zakharov et al., 2016), and also to carry out continuous search and use of new methods and spheres of their implementation in the conditions of unstable external environment. In the private sector it's time to prioritize economic development and to answer the question: What is the rent of the natural or intellectual – for the benefit of societal development? As is known, quantitative and qualitative indicators of achievements of science and technology largely determine the dynamics of socio-economic growth, but not only.

We must admit that the modern economy is developing not only on the basis of the transformation of resources into finished product. At the end of the twentieth century and the beginning of the third Millennium, it became clear that socio-economic development of each country in terms of globalization without the institutional change cannot develop fully, or maybe but in an imperfect form.

### **2.3. The Cultivation of New Institutions Takes on Primary Importance in the Formation of Innovative Development of Modern Economy**

Emphasis on the role of institutions in economic development since the middle of XX century is connected with the criticism of neoclassical economic theory, ignored the non-economic environment in which individuals make decisions. Neoclassical economic theory has focused on direct production, and institutional economics – organizational relations, which accompany the production and get into it. This is “skate” institutional economic relations (Nosova, 2016). Institutions, interacting with production and getting into it, ensure the dynamism of the economy and society. The set of institutions, in fact, constitute the Foundation of institutional Economics.

Institutions constitute the structure of circulation (exchange) of food, income and expenses based on different forms of agreements. A model of exchange in modern economies raises the need

for institutional robustness. Thus, the function of institutional relations is to facilitate the exchange, particularly the exchange of innovation.

Innovations by their nature have a pronounced multiplier effect, which manifests itself in a close relationship with the economic and social component. Innovation contributes to market development of new technologies, new products (goods and services). The shaping and efficient development of the market of innovations is one of the important mechanisms for innovative sustainable development of society. The construction of complex architectures and innovative segments of the modern market economy is currently in a stage of active formation. Active subjects of the market of innovation, on the one hand, the creators and patent holders of scientific and technological innovation, and on the other their potential consumers. Intermediates in this system there may be different market actors, including intermediaries, the spread and use of innovations, various financial and credit institutions, venture capital, consulting, advertising, educational companies, and many public and private entities.

For the implementation of innovative policy of the enterprise and its activities, the development and implementation of high-tech innovative industries, minimize possible risks, the necessary, on the one hand, a sufficiently high level of security of economic entities fixed assets, on the other – the optimum specific gravity of intellectual capital in total structure of capital investments, as well as the presence of institutions that reduce transaction costs, increase resource efficiency through the creation of new opportunities for raising capital through the reduction of information costs through the distribution and risk pooling. In modern economic practice the new institutions are an integral part of the strategic socio-economic programs, develop and implement many business entities.

### **2.4. Integration in a Certain Area of Business, Science, Development Institutions and Authorities as a Generator of Growth for Regional and Innovation Economics**

Through the prism of innovation, there is a clear convergence of interests of business, science, institutions and authorities at the regional level. The implementation of innovation, ensuring adoption of new technologies (Arzhakov and Silnov, 2016), creates a powerful Foundation to increase the effectiveness of not only the economy as a whole, but also at the regional level. Unfortunately, the domestic economy began to actively explore the role of regional innovation much later than many developed countries. The current situation in the regional economy has a negative trend. Currently, Russia still has not overcome the revolutionary catastrophe, which began in the early 1990-ies, in which we rejected the planned economies and with instant speed began to build a pseudo market system, which led to the destruction of the existing effective system (Sergeevich and Vladimirovich, 2015) of research and development (R and D) at the regional level. The result of Russia's reforms was the reduction of the innovation capacity of the domestic economy. In this regard, market innovation, especially regional innovation in Russia is in its infancy and only beginning to develop. Based on

the research results of many domestic scientists we can distinguish the following reasons for weak implementation of innovation at the regional level.

The first group of reasons is connected with shortage of financial resources.

The second group of reasons is connected with underdevelopment of innovative infrastructure. In the strategy of innovative development of the Russian Federation up to 2020, the emphasis is on development of innovative territorial clusters. This means that designated areas should be created special conditions for R and D contributing to the growth of competitiveness of a certain territory, the so-called regional economy. Therefore, the characteristic feature of modern spatial development of Russia is to build an economy based mainly on the dissemination and use of intellectual capital as an accelerator of innovation in all industries. Therefore, it is necessary to create conditions for intensification of innovation activities in engineering, construction, aviation, aerospace, electronics, nuclear and other industries, and complexes. It allows to speak about economic development in the coming decades on the basis of the new system of management of enterprises and the introduction of modern economic mechanisms of state and private partnership, long term rental, leasing and diversification of sources of financing of the clusters.

The third group of reasons the most important is the almost complete absence of venture capital and venture capital activities in the regions. According to official data, the scale of venture activity in Russia is incomparably small scale of many of the advanced industrial countries. However, the domestic venture capital market is developing rapidly.

Now to build the innovation economy of modern Russia, the integrated management of education, science and production that is clearly indicated in the creation of innovative territorial clusters, which are closely related to forecasting the development of breakthrough technologies. They synthesize long-term and strategic vision, based on the interaction of science, business and government.

**Key features of ITC:** Innovation is the main “highlight” of the clusters defined territory is the Foundation of the cluster; a specific industry focus.

From this develops the concept of innovative territorial cluster. The choice of ITC as a new tool of economic management required in-depth research cooperation between R and D, business development institutions and governments. In this aspect of ITC, this is the driver that defines modern economic development.

ITC takes on the mission of “core” scenarios of socio-economic development of the country. To ITC developed, should be used as breakthrough (radical) innovations and support (improving) innovation. It is known that the development of ITC is due to business development, core competencies, innovative infrastructure. They help to ensure balance in the three types of activities – investment, innovation and financial (methodology for practice development).

Choice (justification) the optimal way of development of ITC at this time when resource constraints are possible based on the concept of network planning, design methods and tools development – outsourcing, franchising, benchmarking and other methods (Mindlin et al., 2016). Ultimately, it is the only form of competitiveness of the regional economy for a long period of time.

The process of developing ITC allows you to evaluate the availability and timeliness of access to necessary resources, difficulties of access to the markets of the future production, to identify the real, promising approaches and necessary actions to enter these markets, increase its presence in the market. The specificity of the approach lies in the possibility of harmonization of cooperative interactions of participants, refinement of the financial component and linking the interests of technology developers, industry and the social sector.

Thus, the function of ITC is to identify potential market needs and social spheres in technologies and creation on their basis of the plan for the development and promotion of technologies in production.

Despite the fact that the elements of the innovation cluster approach gaining traction in our country, there is still no regular and unified mechanism of selection, refinement and implementation of priority directions of development of science and technology and technology. The current list of priority areas and technologies – The result of the application of disposable non-formalized procedure. A clear mechanism for the regular selection and implementation of priority directions of scientific-technological development have not been developed.

The list of priority areas and technologies, the current poorly aligned with government priorities in other sectors and to the needs of innovative development of economic system of Russia, which leads to inefficient use of budget funds.

Unfortunately, in the government there is no understanding that the choice of a scientific-technological priorities should not be limited to periodical inventory of research topics to determine the directions of preferred financing.

The current situation of rapidly increasing complexity and alternative pathways of innovation in various spheres of activity, their interaction with other components of the development of society determines the need for a new approach to the model of innovative development, creation of information systems designed to deliver high-quality knowledge about the priority and criticality of competing scientific and technological fields.

When developing the organizational principles of the innovation cluster should focus on what he needs:

- At the same time to solve the problem of how demand-side and supply-side;
- To work with technology at various levels of aggregation;
- To promote the “connection” of the producer and the consumer.

But the selection of critical technologies was not an end in itself and turned into a ritual, the cluster should be focused on:

- The problems and the needs of business and society has a real chance to be transformed into innovation;
- Embeddedness in the innovative contours of the economic system and the optimum effect on their formation;
- The complex of measures and mechanisms.

In addition, it is necessary to create structure, organize innovative cluster process. The purpose of this structure is to assist in the interaction of business areas and industries, brings to life the state priorities.

In organizational aspect, this means creating analytical and communicative structures at the meso-level between the political level, determining the scientific and technical policy and operational level that performs R and D activities. Under the proposed meso-structure the interests of the cluster will be measured against the interests of society and business, which, in our opinion, will lead to a consensus among them, agreed definition of development priorities of science, technology and society.

In this context, innovation cluster, it seems appropriate to accumulate the functions of organizing, developing and maintaining cooperation between government, the scientific sphere, business and society, which will be a whole network – A national system for the development and support implementation of priority scientific and technical directions.

In our view, the objective existence of these preconditions gives the basis to assert that rational innovation strategy of the state aimed at stimulating innovation activity, will allow to identify new and strengthen existing competitive advantages related to scientific-technical potential, both the state and business. To market economy of Russia to make effective, it is necessary at an accelerated pace to ensure the growth of innovation in all its spheres. In this aspect it is useful to distinguish between innovation economically profitable and socially useful, it is often economically disadvantageous. Innovation can be very different: Consumer, consumer, technical, organizational, managerial, bureaucratic, humanitarian, political, ideological, social etc. In this regard, it is particularly important to actively develop and constantly improve the Russian market of innovations, or innovation resources (Askerov et al., 2016).

## 2.5. Rebooting of the Branch Control Method

Taking into account the spatial aspect, i.e., the consolidation of activities in a certain area, reboots the branch control method. It belongs to the past. Replaced the cluster approach as a method of crossing sectoral and territorial development management of economic entities. As rightly pointed out, cluster management is the set of actions (cooperative, focused, documented) business, government, educational and research institutions, and other members of the cluster for the formation of a favorable business environment for development of clusters and improve the effectiveness of all their elements. The implementation of the cluster method of management of the economy driven by the necessity to resolve the contradiction between the opportunities and needs of development of society in conditions of globalization

(Putin, 2015). The cluster management is the new form of regional governance. Objectively there is a necessity of developing new mechanisms of regional management based on modern strategic planning of spatial development of the country.

The cluster control system is a system consisting of active elements involved in the complex processes. In practice the active elements of the system have the functions, resources, strategies and goals, which can change over time to adapt to changes in environmental conditions. In this aspect, the cluster management system has a property of synergistic integrity and related synergy potential – the possibility of confrontation between cluster systems challenges and conflicts in the external environment. By our definition, synergy potential cluster system management is what makes the system resilient to shocks and changes in the external environment. It is also what gives an additional synergistic effect – the effect of corporate interaction of the active elements.

Cluster strategic management as a new management model of modern Russian economy will overcome intermittent turbulence in the economic development of both individual regions and the country as a whole.

## 3. CONCLUSION

For enhanced and effective development of domestic innovative activities to meet global trends and requirements within existing complex systems of economic governance need in the shortest possible time to carry out a complex of measures aimed at improving management tools according to the main directions:

- Formation of economically viable and appropriate mechanism for the assessment of innovative base of the territory is the definition of the economic value of territorial resources in the process of social reproduction, and the reproduction of innovation type;
- Active promotion of Russian corporations to develop their own innovative and research departments (in-house);
- The establishment of specialized administrative structures to commercialize innovative technologies, including their transfer;
- Development of system of stimulation of innovative activity, contributing to a multiple increase of its effectiveness;
- The formation of cluster-based management of the interaction of science, business, development institutions and governments, providing scientific, technological, and demographic progress, the growth of defense and social justice in society.

This allows you to talk about the development of the economy in the coming decades on the basis of a new control system, which will facilitate the revival of Russia as a great Power.

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