



Features Sub-Regional Localities in the Structural-Level Organization of the Economic System

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ABSTRACT

The new paradigm of development of Russia poses the problem of sub-localities identify promising opportunities for economic growth. Municipalities in the region operating in difficult circumstances of post-crisis development, with the majority of undecided strategic guidelines of the Federation, are experiencing an acute shortage of new tools, mechanisms, resources for development. Mixed trends in the development of sub-regional areas, the differentiation of socio-economic potentials of municipalities necessitate the creation of methodological support and develop practical recommendations to identify the most productive areas of the territories of the shortage of resources.

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1. INTRODUCTION

Due to the market paradigm field financial results for the first position in the territorial and economic management practice severely restricted freedom of territorial management of social and economic processes, targeting all elements of the organizational structure of the regions and municipalities in the performance. This circumstances forces to scientific development and implementation of new approaches to the organization of sub-localities and municipal level on municipal - settlements, cities, districts, and their groups formed on the production, territorial and economic or other basis. Requirements for growth in living standards necessitate use of territorial and economic practice the new form and content of organizational and economic structures (Goldin, 2016; Leitão, 2013), which on the one hand susceptible to the dynamics of the external environment on the other - are powerful enough to

implement systematic innovation in the process of functioning and development of territories.

It is clear that many issues of sub-areas lies in the powers of local governments, it is difficult to currently implemented, as Most localities (especially the settlements) lacks all kinds of resources, and are threatened by the loss of social and industrial infrastructure. Find the best ways of territorial development, reinforce the social orientation of strategic development, enhance the living standards of the population, especially in rural areas, one of the most urgent problems of modern science and practice.

The role of sub-regional level management of the economy is extremely high: It is with this level of power interacts most companies, their local units and the population. From the efficiency of the organization of interaction directly affects the quality of the public agency to its primary function - providing the highest

standard of living and the most favorable conditions for doing business.

Providing forced to seek an acceptable compromise between the interests of the higher authorities, the public and business, sub-regional bodies produce certain models of management of territorial economies (Mukhaev, 2010; Bogolubova et al., 2013). These models can be both traditional (historically developed) and new (formed sub-regional authorities during the term of their mandate) and regular (taking into account the inevitable election of rotation) are reviewed. It is obvious that the formation of the model of economic governance at the sub-regional level, significantly affected by higher levels of government (in the case of Russia we are talking about the federal and regional levels).

2. THE MAIN PART

The theoretical approach to the problem develop the most adapted to the specifics of the region's economies in the territorial management model requires a preliminary analysis developed in Russia and abroad, management practices, drawing up a list of advantages and disadvantages of these models and principles to minimize the negative effects of flaws. The region, on one hand, is part of a larger territorial entity (Federal District, the state), and on the other - is made up of smaller territorial units (municipalities).

At the federal level, the region is perceived as a single territorial unit, and the central authorities seek primarily to ensure ongoing compliance in the area of economic policy challenges facing the country as a whole - in some cases with possible damage to the region itself. Such an approach is fraught with enlarged (with the authoritarian style of the federal administration) insufficient taking into account the interests of both the region and the individual economic agents, leading it operates (Akhobadze, 2009; Auer, 2015).

Sub-regional locality at the regional level is perceived as a territorial entity, included as a single entity in the region. Regional leadership is the focal point of interest of the municipal level of government and at the federal level.

Under the direction of sub-regional economies locality means the totality of methods and tools of the impact on businesses locality.

Economic Management sub-locality is aimed at achieving the following objectives:

- Ensuring a high level and quality of life of the locality;
- Creation of favorable conditions for doing business in the sub-region (including through the creation of appropriate infrastructure);
- Identification of priorities for economic development;
- Provision of conditions for the formation of a stable financial base for the sub-region.

In order to prevent possible conflicts of interest between different levels of government (and by the subjects of management), we developed a specific set of principles (Table 1).

Obviously, the content of socio-economic processes at the level of the municipality, its forms and methods defined on the one hand, the national economic policy (macro), on the other hand, regional policy, taking into account the peculiarities of a particular region and the municipal economic policy, reflecting the peculiarities municipal development (meso-level control). All this, in turn, has a direct impact on the activities of business entities (Zotov, 2010) located in the territory of the municipality (micro-level control).

To determine the nature and content of the sub-locality in the current economic conditions, forms and methods of administering the economy seems necessary to review the practice of public administration development of socio-economic system in the sub-region.

Management problems of social and economic processes at the level of locality as a meso-level management in modern conditions are updated, due to the democratization of life, development of market principles in management. At present, it formed a number of approaches in the various scientific schools, both foreign and domestic, are different interpretations of the goals, objectives, forms and methods of management of social and economic processes of sub-regional locality.

The socialization of the economic system, the strengthening of the economic governance framework lead to the formation model of "controlled company," which reduced the role of traditional attributes of capitalism - private ownership and the market mechanism. As a result, strengthening the role of social, environmental and political factors in the development of a modern economy is the formation of a wide variety of institutions involved in the management of social and economic processes at the meso level (Antonov, 2009; Gurieva, 2015).

Proponents of the theory of business management environment are believed that the optimal impact on the functioning of the state of the economy should be carried out through the external business environment. They see a system of government as the external environment, which provides, first, the safety of goods and services for consumers, compliance with environmental requirements in the production process, the accuracy of advertising information, etc. and, secondly, support for the private sector based on subsidies, protection against unfair competition, enabling access to the markets of other countries, and so on. d. Thus, the forms and methods of governance are considered from the standpoint of the interests of business, the implementation of which will ensure that the interests of the Community social and economic system and society as a whole. The representatives of this area say that the economy operates within a controlled environment, which determines the behavior of actors influencing them in such directions (forms) as intercompany relationships, contractual relationships with other companies, foreign economic relations, market conditions, credit, insurance risks, legal norms, standards and so on. Therefore, governance is a complex system of forms and methods of influence on the environment of business operation, defining the rules of behavior of actors and sets certain parameters within which ensures coordination of the interests of private business and society as a whole.

Table 1: The principles of interaction between levels of regional and sub-regional management

The name of the principle	The essence of the principle	Advantages of the principle	Disadvantages of the principle
The principle of decentralization	The shift decision-making authority from regional to municipal authorities, and from them - the agents of the market	It allows to prevent the monopolization of the right managerial decision-making entities, far from the real situation in the sub-region, and guarantee the interests of the regional and municipal levels of government and the individual subjects of the market	It requires a high level of professionalism of the local authorities and the lack of pronounced conflicts between different levels of government
The principle of partnership	Rejection of rigid hierarchical subordination vertical	It allows you to create a cooperative relationship between the various levels of regional government	May require lengthy approvals in strategic decision that is fraught with missed deadlines for their implementation
The principle of subsidiarity	Allocation of financial resources for pre-defined targets	It makes transparent procedures for the formation of the revenue and the expenditure side of budgets at all levels and ensure the implementation of key projects and also strengthens the responsibility of all levels of government over the expenditure of funds	It reduces the possibility of regional and municipal authorities to reallocate funds within the budget in accordance with the current priorities
The principle of adaptability	The ability to react to changes in the external environment	It provides the right to regional and municipal levels of government to make changes in the economic policy in accordance with the requirements of the current situation	Requires a high level of professionalism of managers at regional and municipal level, is fraught with a lack of a coherent economic policy and the constant change of economic course
The principle of separation of functions	Each level of government is inherent in its feature set	A clear division of responsibilities between levels of regional governance	Imposition of important functions outside the scope of responsibility of the municipal and regional levels of government
The principle of a dedicated competence	Control functions are divided into a certain set of competencies, and each level of the control region is allocated its own set of competencies	Each level of the control region is able to independently carry out all management functions (under the list of competences allocated to it)	Since competence belong to the same set of features, you need a clear description of each competency and unambiguous distribution between levels of government, otherwise decisions will be hampered because of the unavailability of each of the levels of government to assume its responsibility for the unobvious

An ideal system of forms and methods of government social and economic processes at the meso level must meet the following criteria: Be democratic, aimed at achieving the desired results; have sufficient power to influence; be effective and at the same time does not reduce the effectiveness of controlled processes; use a system of socio-psychological motivations; It is fairly easy to understand; based on practical experience; be adaptive; take into account the long-term interests; encourage progressive development.

Starting with almost all Keynesian school of economic theory confirms the need for state intervention in social and economic processes. The need for governance is largely due to imperfections in the market mechanism and its inability to solve the current problems of development at the macro level (the national) and meso-level management (regional and municipal), as well as at the micro level (organizations, companies). One of the main problems of management in a market economy is to create a system of public control over the business, including control at the micro, meso and macro levels. This system includes control over the activities of major corporations, government influence on the mechanisms

of competition and pricing in the commodity markets, financial markets, labor market, and others.

At the level of sub-locality as a meso-level, also highlighted various methods of control. In particular, it can be noted that the mechanism comprises municipal management tools to adjust the public interest, which can be divided into three groups.

In the economic literature describes a wide variety of methods of management of social and economic processes at the meso level. In particular, the Lexin, Shvetsov, Turns, Larina, Kiselnikov, Marshalova, Novoselov, Surnin et al. suggest the following classification of the impact on market processes management techniques are divided into direct and indirect, the breadth of impact - on the overall economic and selective, the channels of influence - economic and administrative policy actions and forms of implementation - on tax, fiscal, monetary, price, antitrust, foreign, institutional and others.

An interesting classification of instruments of influence on the economic actors the territory represented Akhobadze (Akhobadze,

2009) (more complete classification of instruments of influence on the directions of the impact is shown in Figure 1).

- A. According to the mechanism of influence:
- Direct impact tools - can be applied to economic operators which are in state or municipal property;
 - Indirect impact tools - are used for non-public enterprises;
- B. According to the degree of regulation:
- Formal tools - used in accordance with the existing legal framework;
 - Informal tools - used by personal relationships with the leaders of the regional companies, or through the provision of informal pressure on them.

In our view, the tools of influence on economic actor’s sub-locality can be divided into the following groups.

The first group of tools includes the needs of the population: Physical infrastructure - roads, streets, bridges; water supply and canalization; removal of garbage, lighting, heating homes; education, health, nature protection, social protection, public safety. To meet these needs, the municipal authority acts as a special kind of “entrepreneur” organizing and leading their own business activities. Special regulations apply to businesses serving the needs of the public and are local natural monopolies (water and sanitation, heating, telephone, and others). Municipal management in this case is based on the federal law regulating the activities of companies that dominate the local commodity markets, and use its own leverage economic and legal regulation, which allow you to combine the interests of the population of sub-locality, and monopoly enterprises. In the case of inefficient solution to the problem of monopoly local governments can exercise the right of legislative initiative and submit them to the required bill to the legislative bodies (Akmalova, 2009).

The second group of tools provides the adjustment and harmonization of interests of different municipalities (e.g., donors and subsidized), municipalities and entities operating on their territory, municipalities and the Federation to ensure the integrity and the normal development of the local community. In this case, the mechanism of the municipal government carries out planning and regulatory functions (Akhobadze, 2009; Akmalova, 2009).

It should be noted that total dependence on subsidies of many municipalities is a factor that impedes the establishment of an effective mechanism for municipal administration. Municipalities’

donors are not interested to improve the management system, improve the profitability of the territory, reduce costs, and increase efficiency. In modern conditions, increasing yield sub-locality is accompanied by the redistribution of part of its spinoff in favor of subsidized territories and the reduction of tax payments to the local budget.

Uneven economic development of municipal enterprises is an objective factor and should be taken into account and offset by the mechanism of the municipal government. In forming the financial basis of government in the context of cooperation between state authorities and local authorities need to be addressed two issues: How to divide the most efficient sources of income between the budgets of the Federation and local budgets and what are the procedures of interaction levels of government while fixing the revenue sources of local budgets.

The third group refers to the instruments regulating the activities of economic entities, non-municipal property. In this case, the main methods of management are indicative methods. Regulating the activities of the municipal government suggests an indirect effect on the behavior of economic agents and the population of the territory through the application of the system of economic impulses, which would be able to provide effective social and economic development that meets the interests of the population.

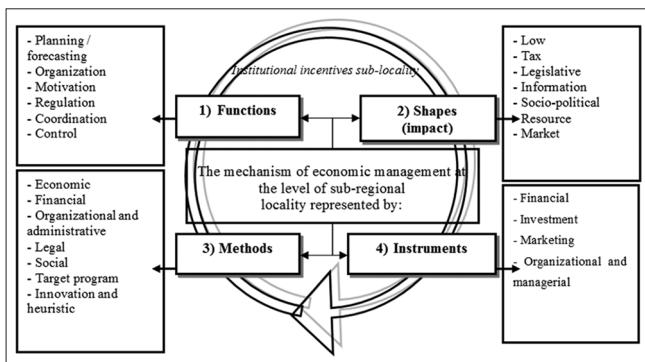
- Regulating the activities of local government must include:
- Study and development of prudential regulations designed to ensure the indicative management of socio-economic, environmental and financial processes;
 - Regulation of economic activities through the development of the overall socio-economic development strategy using predominantly economic methods for the implementation of this strategy.

Stimulating economic activity that meets the objectives of social and economic development, including extensive use of market-based instruments:

- Direct grants and subsidies from the budget in those areas of business activities that provide a tangible increase in the level and efficiency of social and economic development of the area (usually on the equity basis);
- Use of a flexible tax and price policy, which provides entrepreneurs interested in the expansion of the economic activities that meet the interests of sub-locality;
- Use of preferential policies for local tax payments for resources to support the lease of entrepreneurial activity;
- Increasing the responsibility of all the structures for the implementation of the legislative and regulatory environment operating in the sub-locality, the development and application of sanctions for their violation (Avramenko et al., 2015);
- Attracting investment to the territory of sub-locality by creating a favorable climate and an atmosphere of trust in the government (Sevriukova and Trusova, 2015).

Summarizing, one can conclude the following: Based on the above it is possible to formulate a definition of economic categories “sub-regional locality” as of certain principles and a certain way formed the territorial and economic education within the boundaries of

Figure 1: The control mechanism spatial socio-economic development at the level of sub-locality



the public authorities or groups of municipalities, with a range of quality of economic integrity and administrative autonomy, which has a certain organizational structure and bodies management on the principles of contractual parties, indicative planning and synergistic management. As a sub-regional economic integration as a locality can be considered end, focused in a certain range of problems separate settlement (city, town, village, etc.) or a group, a municipality or group of them, as well as territorial and economic education in the municipality, or groups; it can be indefinite or indicating the period of existence.

The main methods of management of social and economic processes at the level of sub-locality should include economic, financial, organizational, administrative, legal, social, and some specific techniques unique to the progressive mechanisms, such as program-targeted, innovative and heuristic methods to ensure the accelerated development socio-economic systems (Rudoj, 2009; Nechaev and Antipin, 2014).

Forms of influence on the processes of functioning municipal services are very diverse and include: Low cost, tax, legal, political, resource, market, information, as well as their variations and different combinations and combinations.

Among the key instruments of municipal management of the economy are as follows:

- Financial management (operations and methods of financial management);
- The production and treatment of municipal securities;
- Marketing of goods, services, consumer organizations, local economic and social processes;
- Competent management of municipal property;
- Involvement of the public to the problems of social and economic development, in particular, to the development and implementation of strategic plans;
- A variety of measures for the comprehensive support of the private sector and, above all, small business;
- Increasing the educational and qualification level of municipal employees;
- Audit and open to the public the results of the activities of the municipal government.

The mechanism of management of social and economic processes at the level of sub-locality can be represented in a simplified form of the scheme (Figure 1).

Thus, a set of forms, methods and tools of socio-economic processes at the meso level is a complex system. Please note that in each sub-localities can apply a different set of tools, techniques, methods of solving various tasks and goals. In practice, as a rule, do not use separate tools and levers, and a certain set of them, a combination of the most effective in a given situation. The changing operating conditions give rise to more and more new instruments and methods of influence on social and economic processes at the municipal level. Therefore, a modern management mechanism of social and economic processes at the municipal level should involve searching, testing and implementation in practice of the local activities of effective socio-economic and

organizational-legal methods most appropriate to the situation and lead to the attainment of the objectives (Rudoj, 2009; Akhobadze, 2009; Akmalova, 2009).

From the above it can also be concluded that the outlines of the mechanism of management of socio-economic development of the sub-locality are defined by a system of levers used by both the federal (macro level) and at the regional and municipal levels (meso) to generate economic space, developing according to the laws market economy.

Operation and development of socio-economic systems of municipalities cannot be done only on the basis of market self-regulation. The policy of non-interference of the state inevitably leads, as international experience shows, to an increase in all sorts of contradictions that can destroy the integrity of the national economy and society (Suntsova, 2012). Therefore, attention to the socio-economic development of territories is an indispensable function of any state. The characteristic features of the state regulation of municipal development are reflected in the history of most countries. In this process are involved in varying degrees, all state institutions as their work, anyway, is tied to a specific territory.

Considering the macro level management may be noted that the state is the guarantor of the stability of the socio-economic system of sub-regional locality. The most important instrument of state influence is the legal regulation, which is expressed in the adoption of the law aimed at bringing into compliance with public policy objectives of various public relations. The central place here belongs to the industry of the constitutional and administrative law.

3. CONCLUSIONS

Functions and controls at the regional and municipal levels (macro-level management) are sufficiently wide and varied and include both economic and organizational forms of influence on the processes of social and economic development of the territory.

At the end of the article the material is advisable to make the following conclusions. For the current levels of economic management in the region, despite the generality of solved problems at all levels, characterized by the objective contradictions associated with the difference in the perception of the object of control. Tools impact on economic operators should be classified not only on the direct and indirect (as it is traditionally done in the economic literature), but also on the formal and informal. This classification is of great importance in view of the specifics of the region, which is characterized by a greater role of informal relations. The effectiveness of the control region is caused primarily efficiency of interaction between different levels of government.

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