



Organizational and Economic Mechanism of Services Spheres Innovative Development Maintenance as a Component of Management of Regional Economy

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ABSTRACT

The relevance of the study is conditioned by innovative development of services spheres by improving their competitiveness, investment attractiveness and growth of the objectively existing advantages of regions, reducing the cost of doing business. Services sphere is one of the most dynamic and fastest-growing segments of the regional markets, as well as one of the characteristics of the effectiveness of social and economic policy in the region. The growth of the profitability through the services spheres' assets while diversifying risk, aimed at innovative development of services spheres, meeting the needs of the population in public goods and improving of life quality provides a balanced socio-economic development of the territories in a federal state. The purpose of the article is to develop the organizational and economic mechanism for innovative development of service sphere. The leading approach is an institutional approach that allows to consider the organizational and economic mechanism of maintenance of innovative development of service sphere like purposeful system of government measures that lead to the creation of conditions for more efficient use of assets by business entities operating in the regions, the development of social sectors of the economy to create equal opportunities of citizens and to facilitate the reproduction of the human potential. The paper defines the content of the organizational-economic mechanism of maintenance of innovative development of service spheres, providing coordination of the interests of the federal, regional and municipal governments, different ownership entities, national and regional communities and citizens in order to reduce the level of inter-regional differentiation in the socio-economic conditions and quality of life; gives the characteristic of structure-forming components of the organizational-economic mechanism of maintenance of service spheres' innovative development (goals, objectives, principles, entities, objects, forms, methods, tools, criteria) at the federal, regional and municipal levels of government; establishes regularities in the maintenance process of innovation development of service spheres. Paper submissions can be useful for specialists of federal and regional authorities, local authorities, ministries, scientists who are interested in the regional economy and management of services sector.

Keywords: Innovative Development, Economic Systems, Regional Services Market, Service Spheres Management

JEL Classifications: C15, F15, H43

1. INTRODUCTION

1.1. The Relevance of the Study

The relevance of the study is conditioned by the innovative development of services spheres by improving their

competitiveness, investment attractiveness and growth of the objectively existing advantages of regions, reducing the cost of doing business. Services sphere is one of the most dynamic and fastest-growing segments of the regional markets, as well as one of the characteristics of the effectiveness of social and economic

policy in the region (Kuznetsova, 2009; Dzhandzhugazova et al., 2015; Sabirov et al., 2015; Malysheva et al., 2016; Shurkina et al., 2015). The growth of the profitability of the service sector's assets while diversifying risk, aimed at innovative development of service spheres, meeting the needs of the population in public goods and improving of life quality provides a balanced socio-economic development of the territories in a federal state (Polynov, 2010). It is found that the balanced territorial development of the federal state provides for the creation of conditions that enable each entity to have the necessary and sufficient resources to ensure decent conditions of citizens' life, comprehensive development and increasing competitiveness of the regional economy (Kolomyichenko and Rokhchin, 2003). This leads, firstly, to the increasing of the complexity and balance of socio-economic development of the entities of the federation (Lunev et al., 2014b; Zaitseva and Chernikova, 2013; Zaitseva et al., 2014), and secondly, the integration of the obligations of the federal, regional and municipal authorities and their financial capacity for environmental and sector development in order to reduce the level of inter-territorial differentiation in the quality of life (Satarov, 2004). The purpose of the article is to develop the organizational and economic mechanism for innovative development of services spheres.

1.2. The Essence of the Organizational-economic Mechanism of Maintenance of Innovative Development of Services Spheres

It is found that the essence of the organizational-economic mechanism of maintenance of innovative development of services spheres is system integrity of goals, objectives, principles, actors, objects, forms, methods, tools, criteria aimed at creating conditions for a more efficient use of assets by business entities operating in the regions and the development of social sectors of the economy. It is found that the synergistic effect of the system integrity of the goals, objectives, principles, actors, objects, forms, methods, tools, criteria is expressed in creating of equal opportunities for the citizens and the promotion of human potential reproduction, as well as the achieving of quality development of services spheres, determined by management entities.

2. MATERIALS AND METHODS

2.1. Methodological Approaches to the Study

The leading approach is an institutional approach that allows to consider the content of the organizational-economic mechanism of maintenance of innovative development of services spheres like purposeful system of government measures providing for coordination of the interests of the federal, regional and municipal governments, different ownership entities, national and regional communities and citizens to reduce the level of interregional differentiation in the socio-economic condition and quality of life.

2.2. Methods of the Study

During the research the following methods were used: Analysis of regulatory documents, content analysis, foresight, faceted method, systematization and generalization of facts and concepts, modeling, method of expert evaluations.

2.3. Testing of the Study Results

Testing of the study results was carried out in the developing process of the concept of long-term socio-economic development of the Republic of Tatarstan, Russia up to 2020. The identified methods and tools of organizational and economic mechanism are introduced in the program of innovative development of enterprises and institutions of the tourism industry, housing and communal services and consumer services spheres.

2.4. Stages of the Study

The study was conducted in three stages:

- The first stage of the study analyzed the current state of the problem in economic theory and practice.
- The second stage determined the nature and content of the organizational-economic mechanism of maintenance of service spheres' innovative development, providing coordination of the interests of the federal, regional and municipal governments, different ownership entities, national and regional communities and citizens in order to reduce the level of inter-regional differentiation in the socio-economic condition and quality of life; compiled characterization of structure-forming components of the organizational-economic mechanism of maintenance of service spheres' innovative development (goals, objectives, principles, actors, objects, forms, methods, tools, criteria) at the federal, regional and municipal levels of government; established patterns in the process of innovation development of service spheres.
- The third stage was devoted to the systematization, interpretation and synthesis of the research results; theoretical conclusions' refining; processing and presentation of obtained results of the study.

3. RESULTS

The main results of the study are: (1) The characteristics of the structure-forming components of the organizational-economic mechanism of maintenance of innovative development of service spheres (goals, objectives, principles, actors, objects, forms, methods, tools, criteria) at the federal, regional and municipal levels of government; (2) establishment of regularities in the process of innovation development of service spheres.

3.1. Characteristics of Structure Forming Components of Organizational and Economic Maintenance Mechanism for Services Spheres' Innovative Development at the Federal, Regional and Municipal Levels of Government

It is established that the purpose of the organizational-economic mechanism of maintenance of service spheres' innovative development at the federal, regional and municipal levels of government is to create conditions for more efficient use of assets by business entities operating in the regions, and the development of social sectors. Achieving of this goal will create equal opportunities for citizens and optimize the reproduction of the human potential.

It is found that to achieve this goal it is necessary to solve several tasks. At the federal level it is necessary to create a multi-level

budget system; stimulating of the territories' development which cannot develop on their own; coordination of measures for the development of service industries, adopted at the federal, regional and local levels, taking into account the competitive advantages of the region; development of areas' infrastructural security; taking into account of territorial differentiation, providing for the calculation of transfers taking into account regional specificities; taking into account of the differentiation of socio-economic development's level aimed at taking into account of the level of socio-economic development both in the calculation of transfers, as well as in determining of the co-financing level of appropriate expenditure obligations of regional budgets; program funding, providing for the granting under long-term (federal) targeted programs of subsidies for the implementation of appropriate regional programs.

At the regional level is necessary to create a favorable investment and innovation climate; growth of investment attractiveness of the service spheres; creating of conditions for the emergence of state-significant "growth points" in the service spheres; the formation of regional socio-cultural and regional industrial clusters; the growth of population's territorial mobility; promoting for voluntary resettlement of compatriots and foreign labor resources, taking into account the projected demand in the labor force.

At the municipal level it is necessary to ensure decent standards of living; improving the competitiveness of service spheres. It is determined that the organizational-economic mechanism of maintenance of innovative development of service spheres is based on a set of principles of remediation, coventatism, allocation. The principle of remediation is the basis of organizational and economic mechanism for innovative development of service spheres at the federal level of government and provides for a system of measures on capitalization of service spheres with a view to the welfare growth of the population of the region. Principle of coventatism is the basis of organizational and economic mechanism for innovative development's providing of service spheres at the regional government level and causes an increase in commitments of regional and municipal authorities for the proper and efficient use of inter-budget transfers from the federal budget. Allocation principle is the basis of organizational and economic mechanism of innovative development's support of service spheres at the municipal level of management mediates the increase of investment attractiveness of service spheres' objects to ensure decent living conditions of citizens.

It is found that the entities of organizational-economic mechanism of service spheres' innovative development are: Bodies of public authorities and local self-government; the business community, scientific organizations, participating in the development and implementation of programs and projects for the development of services spheres; a population expressing its attitude through the bodies of territorial public self-government, public organizations, as well as through participation in elections and referendums.

It is found that the objects of the organizational-economic mechanism for providing of service spheres' innovative

development are different forms of capital, expressed through various types of assets.

It is found that the objects of the organizational-economic mechanism for providing of service spheres' innovative development is presented in different forms at the federal, regional and municipal levels of government. It is established that at the federal level of management of the organizational-economic mechanism for providing of service spheres' innovative development includes the following forms: The redistribution of resources between regions using the Federal budget; the provision of financial support to regions to ensure the current statutory minimum standard of living associated with the provision of opportunities to obtain quality education, medical, culture and leisure service; the provision of financial support to regions in order to reduce the differentiation in the conditions of changes under state policy; mechanisms' improvement to encourage regional bodies of state power and bodies of local self-government in the effective implementation of their powers and create favorable conditions for comprehensive socio-economic development of the managed areas.

At the regional level of management of the organizational-economic mechanism for providing of service spheres' innovative development is represented by such forms as restructuring of the economy of the region; the formation of complex target programs adequate to the situations in the region; making of a socio-economic forecast of the region; balances integration of specific business entities, municipal and regional authorities; the development of infrastructure security in the region and creating of conditions for increasing of the competitiveness of service spheres.

At the municipal level of management of the organizational-economic mechanism for providing of service spheres' innovative development includes the following forms: Assistance to development of small and average business; stimulation of social responsibility of business, as well as the participation of non-state institutions in the formation and implementation of social policy.

It is established that methods of the organizational-economic mechanism for providing of service spheres' innovative development are represented by several groups: (1) Administrative legal ones, defining administrative-legal norms and relations in the management of service spheres (normative-legal acts, standards, legislative tasks, centralized distribution of resources, contests, etc. (2) (a) financial-economic ones providing financial assistance and support to the management process of service spheres (i) grants (budget funds provided to the budget of other level on gratuitous and irrevocable bases to cover running costs); (ii) subventions (budget funds provided to the budget of another level or to a legal person on a gratuitous and irrevocable basis for implementation of certain target expenses); (iii) subsidies (budgetary funds provided to the budget of another level <http://www.budgetrf.ru/Publications/Glossary/Glossary110.htm>, person or entity on terms of shared financing of target expenditures); (iv) transfers (transferred in budgets of subordinate territorial level from the Fund of financial support of regions, in which the proportion of each entity requiring financial assistance is determined by

calculation); (3) program-targeted ones directed towards setting of managerial goals by service spheres, and the concentration of resources, coordination and systematization of entities' activities to achieve them (target programs, program-target planning of the budget); (4) information and communication conditioning the provision of information, "feedback" between actors and objects of service spheres' management (e-government; foresight).

It is revealed that the organizational-economic mechanism for providing of service spheres' innovative development uses different tools at the federal, regional and municipal levels of government. It is established that at the federal level of management of organizational-economic mechanism for providing of service spheres' innovative development uses the following instruments: The system of inter-budget transfers the federal, regional and municipal level, as well as budgetary credits to legal entities; the mechanism of selection of the most needy areas and evaluation of the effectiveness of state support for the development of socio-cultural sphere of services; development of a unified procedure for the selection of regional issues for resolution at the federal level; coordination of infrastructural investments of the state and business investment strategies in the regions taking into account environmental development priorities and resource constraints; the electoral impact of the state on the establishment of regional conditions for the territories' independence strengthening to ensure quality of the social environment; taking into account of differentiation of socio-economic development's level aimed at taking into account of socio-economic development's level as in the calculation of transfers, so in determining of co-financing level of the appropriate expenditure obligations of regional budgets; program funding providing within the long-term (federal) target programs of subsidies for the implementation of relevant regional programs; reforming of the budgetary-insurance model of social policy; expanded reproduction of various forms of capital.

At the regional level of management the organizational-economic mechanism for providing of service spheres' innovative development uses tools such as: Regional target programs; coordination of regional, sector and corporate strategic objectives and directions of development of service spheres through meaningful study and interaction; the formation of complex programs of development of service spheres with the purpose to realize the effect of complementarity and mutual support of different strategic actions; the creation of a transparent and competitive system of state support of nongovernmental nonprofit organizations providing services to the population; the responsibility of the regions for purposeful and effective use of inter-budgetary transfers from the federal budget, providing for the coordination of these transfers' provision with the effectiveness of regional programs' implementation of spheres' development, which are given federal subsidies, and the implementation by authorities of federation's entities of other activities related to the implementation of reforms in various areas, objectives and methodology of which are set at the federal level (the failure of region in the respective obligations and program targets' fulfilling will automatically lead to the reduction in the provision of federal financial assistance in a certain direction); assistance to voluntary resettlement of compatriots living abroad and

foreign workforce taking into account of the anticipated need in workforce; specialization in socio-cultural services' spheres; creation of conditions for more efficient use of existing assets in the region by economic entities; the development of the system of state and municipal tasks for the effective and efficient use of financial resources; investment attractiveness of objects of service spheres is increased in case of successful market positioning and the formation of value chains on the basis of residence regional structures.

At the municipal level of management the organizational-economic mechanism for providing of service spheres' innovative development uses the following instruments: Support of business initiatives by participating in the development of service spheres and human capital; implementation of programs in support of development of non-governmental organizations, reduction of administrative barriers in the sphere of activities of nongovernmental non-profit organizations, the introduction of tax incentives for non-profit organizations that provide services; assistance in the development of charity practice of citizens and organizations, as well as in the extension of voluntary activities (volunteering); organization of monitoring system of integrated programs' implementation and operational management by changes; the development of the intangible values and the formation of regional brands.

It is found that the criteria of efficiency of organizational-economic mechanism for providing of service spheres' innovative development at the federal, regional and municipal levels of government can be the following ones. At the federal level of management: A significant reduction of inter-regional and intra-regional differentiation in the level and quality of the social environment and people's incomes and convergence of living standards between Metropolitan regions and the province, cities and towns, urban and rural populations; the transition to individualized continuing education available to all citizens; the creation of an effective pension system based on insurance and savings; the minimum wage's establishment at the level of consumer's reconstructive budget. At the regional level of management: Accessibility of health services of the required quality; access to cultural goods; distribution of mechanisms of social partnership, the balance of wages and labor productivity; stable operation of the region's economy. At the municipal level of management: Entering the modern standards of living conditions; the coefficients of fertility, mortality and natural growth, average life expectancy, balance of migration, the level of provision with labor resources, the level of unemployment; decrease of anthropogenic load on the territory; development of production; increase of potential sources of funding of municipal budget; distribution of standards of a healthy lifestyle.

3.2. Regularities in the Ensuring Process of Service Spheres' Innovative Development

A number of regularities in the insurance process of service spheres' innovative development are established. At the Federal level of management: (1) The effectiveness of state regulation of service spheres is increased with the development of targeted transfers to the level of specific economic entities; (2) qualitatively

new level of development of service spheres is achieved in case of formation of system of social support and adaptation that meet the needs of modern society, in addition implementing except of social protection the functions of social development and creating accessible mechanisms of “social lift” for everyone, including for socially vulnerable categories of the population; (3) the process’s efficiency of budget capital investments in the Federal infrastructure facilities in the service spheres will increase under condition of its transparency and focusing on achieving of goals and solving of problems for the development of service spheres; (4) the effectiveness of state regulation of service spheres will be increased in case of taking into account of the existing level of capitalization of the assets and resources of the territory, forming the so-called total regional capital.

At the regional level of management: (1) The development of social sectors of the economy, ensuring the creation of equal opportunities for citizens and the promotion of human potential development is achieved through development of public-private partnership, aiming to reduce business and investment risks; (2) the welfare of citizens is steadily increased in case of better targeting of regional programs of the state social help, improvement of procedures of citizens’ needs testing, the introduction of modern technologies of social assistance, including social contracts; (3) the development of service spheres is optimized under the condition of circumstances’ equality in taxation of service providers of various organizational-legal forms, reduction of administrative barriers in the sphere of activities of nongovernmental nonprofit organizations; (4) capitalization of service spheres will increase under the condition of expanded reproduction of various forms of capital; (5) speeding up of the capitalization process of the service spheres of the region will be accelerated under the condition of formation of regional socio-cultural and territorial-production clusters; (6) the responsibility of the regions for purposeful and effective use of inter-budgetary transfers from the federal budget is increased in case of automatic reductions in federal financial aid due to failure of the relevant obligations by the regions and program targets indicators; (7) the level of capitalization of social assets is increased in the condition of their significant impact on the process of reproduction of the economic assets of the region; (8) the value of the cultural assets of the region is increased in case of the system’s creating for converting them into economic assets.

At the municipal level of management: (1) The effectiveness of ensuring of decent living conditions for citizens is increased with the increase of obligations’ balance of regional and municipal authorities and their financial resources; (2) capitalization of service spheres is increased in case of the efficiency of their own assets’ use; (3) optimization of the formation of objectified capital takes place if there is availability and improving of the quality of incorporated capital.

4. DISCUSSIONS

Important theoretical and practical significance for the study have works on the theory and practice of management of economic development of the regions by Baklanov (2007), Kolomiychenko and Rokhchin (2003), Kuznetsova (2009),

Leksina and Shvetsov (2012), Mikheeva (2000). The research methodology of the regions’ competitive capacities and ways of their improvement are presented in the study of Polynov (2010). The publications about the peculiarities of the regional policy in a Federal state by Satarov (2004), Shtulberg and Vvedensky (2000) are of great interest. Our attention was drawn to research on the state regulation of territorial development by Lexin and Shvetsov (2004), Lunev et al., (2014b). Methods of assessing of the enterprises’ competitiveness in the service sphere is developed by Vasilyeva (2011), Terentyeva et al. (2016). Managerial features of services sphere are identified in papers of Polansky and Soloviev (2001), Lunev et al. (2014a). However, the analysis of scientific works shows that the problem of organizational and economic mechanism of innovative development of service spheres has a discussion nature. In the special literature the characteristic of the structure-forming components of the organizational-economic mechanism to provide innovative development of service spheres is not given (objectives, tasks, principles, forms, tools, criteria) at the federal, regional and municipal levels of government; the regularities in the ensuring process of innovative development of service spheres are nor established.

5. CONCLUSION AND RECOMMENDATIONS

The qualitative difference of the proposed organizational-economic mechanism of innovative development of service spheres is to focus, first, on a sustainable increase of citizens’ welfare (high standards of personal safety, access to services in education and health care of required quality, the required level of housing, access to cultural goods and ensuring of environmental safety); secondly, to create a society of equal opportunities, reduce the poverty and population’s differentiation by income level; thirdly, to capitalize service spheres, i.e., increase their competitiveness, growth of investment attractiveness, through the expanded reproduction of various forms of capital.

The paper submissions will be useful for specialists of Federal and regional authorities, local governments, line ministries, scientists interested in issues of regional economy and management services.

Taking into account the obtained results of the study a number of research challenges and promising directions that require further consideration can be identified: The development of managerial tools of the regional service markets; mechanisms of formation of sector, regional and national services markets; forms of state support of domestic producers in the service sector.

The efficiency of the organizational-economic mechanism to provide innovative development of service spheres will be enhanced through the development of the standardization system of services quality.

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