

## **The Competitiveness Potential of the Regions of the European Part of Russia as an Important Factor of the Social-Economic Development of a State**

Marianna R. Shtanchaeva, Olga V. Zjablova and Ramil R. Denmukhametov  
Kazan Federal University, Kremlyovskaya Str. 18, 420008 Kazan, Russian Federation

**Abstract:** Competitiveness of the regional formations is the sufficiently explored issue in the economic and economic-geographical studies. Numerous researchers successfully worked out the issues relating to analysis of the competitive advantages of the regions, competitiveness factors, the issue of investment attractiveness. The study considers the concept of the competitive potential of different regions as well as presents the analysis of competitiveness of the Russian regions lying in the European part of the country. The topicality of this subject consists in the fact that improvement of competitiveness of the regions of the Russian Federation is the essential condition of their sustainable development, assurance of the food and other kinds of the state security, enables complication of the social-economic system of the regional territory. Enhancement of the competitive edges of the region promotes to increase in the welfare of the population as well as rational utilization of resources. The regions of the European part of Russia are old-cultivated territories with the developed industry, infrastructure, centuries-long history. It was the social-economic development of the European regions of Russia that traditionally determined the general level of the state development. The grouping of the regions of the European part of the country by the values of the partial competitive potential was performed as well as the integral grouping of the regions by the values of the general competitive potential was composed. According to our estimates, the most competitive regions at the same time enjoy the largest resources deposits as well as the developed infrastructure and modern industry.

**Key words:** Competitiveness potential, partial competitiveness potential, integral competitiveness potential, resources, territory

---

### **INTRODUCTION**

The competitive potential determines the social-economic status of a region, affects its position at the Foreign markets. This term is widely considered by a number of researchers (Croes and Kubickova, 2013; Makin and Ratnasiri, 2015; Charles and Zegarra, 2014; Ahmedova, 2015; Mulec and Wise, 2013). In fact, the general ideas are reduced to the following. The integral potential of any territory is a complex, integrated concept incorporating six key elements representing the main factors of the territorial competitiveness. The following may be referred to them: financial, economic, natural, social, labor, infrastructural potential. These factors may be considered as the real potential competitiveness of the region.

Each partial potential represents the degree of the territorial development achieved in one or another sphere. At the same time, separate trends of the regional development related to improvement of some or other competitive potentials may be adjusted. In the practice of the Russian socio-economic studies, the results of

analysis of the integral and partial potentials become the foundation of the regional and state programs of development of the relevant territories.

The regions of the European part of Russia are of uttermost importance to the general development of the state. About 1/4 of the state territory, about 80% of the population, 85% of cost of industrial and agricultural production, about 90% of the non-productive sphere of the country fall at the European part of Russia. Total 55 regions of Russia are located within the European part. The historically long path of the economic development determined the high occupancy rating and economic utilization of the territory: the traffic network is developed, the territory is well-ploughed; most of the largest cities and urban agglomerations of the country are concentrated here.

Here, the old-cultivated regions appeared that were formed due to the favorable economic-geographical location, high population density. These regions experience the change of the sectoral specialization of the economy. The regions of the European part enjoy more favorable location.

## **MATERIALS AND METHODS**

The official figures of the statistical institutions of Russia the Rosstat and the Committees on statistics of the European regions of the Russian Federation were used as the materials for research.

A number of methods may be used for determination of values of partial and integral potentials: expert estimates, ranking scores methods, cluster analysis, appraisal by points, etc. (Danilov, 2007).

We used the potential measurement method consisting in the following. Each of partial potentials is described by a certain set of indicators that are summarized in a table and standardized. Then ranking of all regions by each of the selected indicators is performed. The first rank corresponds to the maximally favorable value of the indicator. The figures characterizing the negative processes are ranked from the minimum to the maximum value. Thereafter, the summary ranks by the specified groups are calculated, to do that the average score of the region is calculated using the indicators included in the group and this score is re-ranked from the minimum to the maximum (Chaynikova, 2008).

At the next stage, the six ranking values by each of potentials are similarly summarized in the summary rank by means of calculating their mean average and ranked repeatedly from the minimum to the maximum value.

The final stage of the study is related to division of the regions into 3 groups: with the high, intermediate and low competitive potential. During the study performed 18 indicators are used, all of them dated as of the beginning of the year 2014.

## **RESULTS AND DISCUSSION**

Analysis of the social potential of the regions in the European part of Russia is of great importance, since people constitute the main value of any territory. As indicators, we used the poverty rate, unemployment rate, marriage and divorce rate.

Total 16 regions were referred to the regions with the high social potential (the Moscow and Leningrad, the Volga, Rostov and Krasnodar Krai regions of the black-earth areas of Russia). The regions of the European North and Kalmykia ranked the lowest scores (7 regions totally). The rest of the territories feature the average social potential value.

What is close to analysis of the social potential is analysis of the labor potential representing the aggregate ability, readiness of population for work. For estimation of the labor potential the indicators of the natural population growth and positive migration balance, the share of the

economically active population were used. The regions with the high labor potential (15 regions) are located in Povolzhye, in Central Russia, in the North Caucasus; these also include Moscow, the Moscow and Leningrad regions. The low labor potential is demonstrated by 10 regions of the European part of Russia, these are mainly the regions in the West of Russia and the Central-Black Earth area. Most of regions feature the average labor potential.

Estimation of the financial potential is the important aspect of evaluation of the competitive potential of a region, since it represents the ability of the regional financial system to transform potential earnings from the internal and external sources into financial resources ensuring achievement of the targets of the strategic development of a region (Yarullin and Galimova, 2011).

In order to estimate the financial potential we used the figures of the monthly average nominal wages of the institutions' employees, the income level of the consolidated regional budgets as well as the specific share of unprofitable enterprises and institutions (Bulatova, 2010). About 19 out of 55 regions of the European part of Russia feature high financial potential. These are: Moscow, the Moscow and Leningrad regions, resource regions of the European North, the Volga region, large regions of the Northern Caucasus (Krasnodar Krai, Stavropol Territory and Rostov region), the regions of the Central-Black-Earth of Russia.

Low financial potential is peculiar to 10 territorially separated regions located primarily in Central Russia. The absolute majority of regions feature the average financial potential.

Assessment of the economic potential consists in analyzing the ability of the regional economy to carry out the manufacturing process, to produce for the external market the competitive products and services. The following indicators were used for calculation of the economic potential value: per capita material production output; per capita capital investment amount; per capita retail turnover.

About 18 regions feature high economic potential. These are primarily the regions accommodating different resources including the soil ones (Volga Region, Ural, European North, Krasnodar Krai, etc.). The 13 regions located in the North Caucasus; in the center and West of the country have low economic potential.

The natural-resource potential is also an integral component of the competitive potential. It was estimated on the basis of figures of the territory area; the area of different commercial lands; forest earth area, surface waters volume, total stock of industrial energy resources. High natural-resource potential is peculiar to the regions

of the European North, Ural-Povolzhye, Central-Black Earth zone, North Caucasus. Infrastructural potential was estimated on the basis of indicators relating to the motor roads quality, residential housing capacity, housing stock quality.

Infrastructure is of uttermost importance both to the regional development and to formation of the competitive potential (Komarova *et al.*, 2014). High infrastructural capacity is peculiar to 13 regions of the European part located in the Ural-Povolzhye, North Caucasus, Moscow and Leningrad regions. The integral competitive potential is summarizing (resulting) with respect to partial potentials.

As the result of estimation of the competitive potential, the regions were divided into 3 groups (Fig. 1). The group with the high competitive potential consists of the regions that are the most developed in the social-economic aspect (the Republics of Tatarstan and Bashkortostan, the Moscow, Leningrad, Nizhny Novgorod regions, etc.).

The group with the low competitive potential includes primarily the old-industrial regions of the Central, Volga-Vyatka, Povolzhye economic districts as well as the regions of the North Caucasus. The group with the average competitive potential incorporates the Murmansk, Kaliningrad, Astrakhan regions, etc.

Not only the depressive but also the regions with the rich resource potential appeared in the group with the average and low competitive potential. However, provision with natural resources without adequate managerial solutions does not allow these regions improving their competitive potential.

**Summary:** The European part of the Russian Federation is the most important social-economic macro-region of the country, the level of the social-economic development of which to a large extent determines the competitiveness of the state at the Foreign markets.

The regions of the European Russia feature different competitive potential. The highest integral competitive potential is demonstrated by the regions of the Ural-Povolzhye, Krasnodar Krai, Leningrad region, some regions of Central Russia. The average potential has established in 26 regions of the European part of the country. About 19 out of 55 regions under consideration that are located in the North Caucasus, Central Russia in the West and North-West of the macro-region feature low competitive potential. In most of regions, the low competitive potential is the result of the decelerated agro-industrial development or the loss of the market relevance of the branches of specialization.

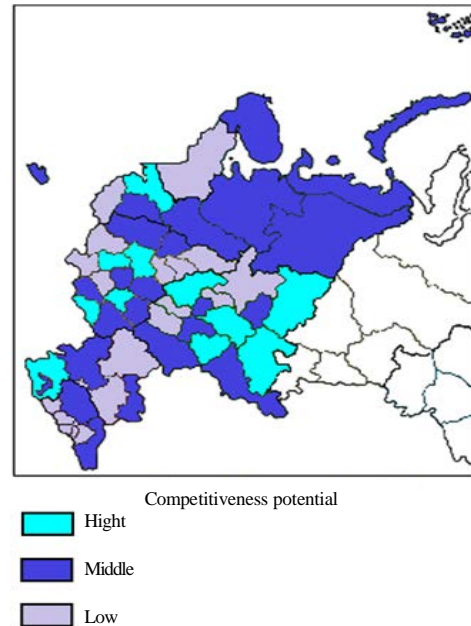


Fig. 1: Grouping of the regions of the European part of the Russian Federation by the competitive potential

## CONCLUSION

Non-uniformity of the social-geographic space of the European part of Russia has been established historically. This was pre-conditioned by large area of the territory, diversity of the natural conditions and resources, unevenness of the population placement, diversity of kinds of economic activity and, as a consequence, formation of regions with different industrial and agricultural specialization. In the European part of Russia, significant polarization of the social-geographic space is observed that is enhanced also due to the presence of the two All-Russia centers; Moscow and St. Petersburg here. Territorial inequality of the regions of the European part of Russia definitely affects formation of the competitive potential.

## ACKNOWLEDGEMENT

The research is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University.

## REFERENCES

- Ahmedova, S., 2015. Factors for Increasing the Competitiveness of Small and Medium Sized Enterprises (SMEs): In Bulgaria. *Procedia-Social and Behav. Sci.*, 195: 1104-1112.

- Bulatova, Y.I., 2010. Financial potential of a region: content and structure. J. St. Petersburg University, No. 3, pp: 94-97.
- Croes, R. and M. Kubickova, 2013. From potential to ability to compete: Towards a performance-based tourism competitiveness index. J. Destination Marketing and Management, 2 (3): 146-154.
- Charles, V. and L.F. Zegarra, 2014. Measuring regional competitiveness through Data Envelopment Analysis: A Peruvian case. Expert Systems with Applications, 41 (11): 5371-5381.
- Chaynikova, L.N., 2008. Ch-157 Methodological and practical aspects of assessment of the competitiveness of a region: monograph. L.N. Chaynikova (Eds.), Tambov: Publishing House of the Tambov State Technical University, pp: 148, 100.
- Danilov, I.P., 2007. Competitiveness of the regions of Russia (theoretical fundamentals and methodology). I.P. Danilov (Eds.), M.: Publishing House 'Rehabilitation', pp: 368.
- Komarova, V.N., O.V. Zjablova and R.R. Denmukhametov, 2014. An Infrastructure Factor in Regional Competitiveness. Mediterranean J. Soc. Sci., 5 (18): 355-360. DOI: 10.5901/mjss.2014.v5n18 p355.
- Makin, A.J. and Sh. Ratnasiri, 2015. Competitiveness and government expenditure. The Australian example Original Research Article Economic Modelling, 49: 154-161.
- Mulec, I. and N. Wise, 2013. Indicating the competitiveness of Serbia's Vojvodina Region as an emerging tourism destination. Tourism Management Perspectives, 8: 68-79.
- Yarullin, R.R. and G.A. Galimova, 2011. Theoretical fundamentals of the financial potential of a region. Modern Issues of Science and Education, No. 6. <http://www.science-education.ru/100-5094>.