

ISCKMC 2020**International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»****ECONOMIC SECURITY OF THE REGION: MAIN THREATS AND
FACTORS TO OVERCOME THEM**

Tatyana Elzarikoevna Sitokhova (a)*, Natalya Vasilevna Rakuta (b),
Karine Yuryevna Bagratui (c), Oksana Vladimirovna Torchinova (d),
Vicktoria Viktorovna Zunde (e)

* Corresponding author

- (a) North Ossetian State University named after Kosta Levanovich Khetagurov, ap. 27, 46, K. Marx st., Vladikavkaz, 362002, Russia, t_sitohova@mail.ru,
(b) North Ossetian State University named after Kosta Levanovich Khetagurov, ap. 9, 128, Kuybishev st., Vladikavkaz, 362002, Russia, rakutanv@mail.ru,
(c) Financial University under the Government of the Russian Federation, ap. 517., 6, Oshchepkova st., Moscow, Russia, ekbagratuni@mail.ru,
(d) North Caucasian State Mining and Metallurgical Institute (State Technological University), ap. 29, 15, Pozharsky st., Vladikavkaz, 362002, Russia, tor-oksana@inbox.ru,
(e) Plekhanov Russian University of Economics», ap. 58, 85, lane Semashko, Rostov-on-Don, Russia, zundevika@mail.ru

Abstract

To ensure the economic security of the country and its regions, it is very important to choose the right scenario for social and economic development from the variety of available options by identifying regional growth points, specific factors, and potential opportunities of a particular region. The article is devoted to understanding the concept of "economic security of the region". It is defined as the state of the economy of the region in which there is a steady growth of key indicators of social and economic development. Based on the analysis of statistical data, an attempt is made to identify the main threats to the economic security of the region, using the example of the Republic of North Ossetia-Alania. The factors that have a negative impact on the level of economic security of the Republic have been identified, the main of which is the unsatisfactory structure of the gross regional product, where the largest share belongs to the sphere of trade, and the frequent change of the Republic's leader in the analyzed period. Based on this, the article suggests ways of improving the level of economic security of the region, including the use of the potential of national projects to change the structure of the regional economy and the introduction of the Institute of direct elections of the head of the Republic.

2357-1330 © 2021 Published by European Publisher.

Keywords: Region, economic security, social and economic development



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

1. Introduction

There is a close correlation between the level of social and economic development and the level of economic security, both on the national scale and within its regions. To assess the level of social and economic development, it is necessary to study the dynamics of the corresponding socio-economic indicators in various aspects: temporal, institutional, and spatial. Given the importance of each of these aspects in order to improve the effectiveness of regional governance, it should be noted that they need to be studied separately.

It is also worth noting that on the one hand, the region (subject) of the Russian Federation is an integral socio-economic system, on the other, is a subsystem of the socio-economic complex of the country. At the same time, it is very important to understand that each region-subject is unique with its own history, traditions, and a certain nature and resource potential. As we know, nature and resource potential is a determining factor in the formation of the sectoral structure of the region's economy. Currently, each region (subject) of the Russian Federation has a certain set of different relations in the economy, politics, social sphere, and the sphere of interethnic relations. The territorial borders of each region were established by law. According to the Constitution of the Russian Federation, each region (subject) of the Russian Federation has the right to self-development, being an integral part of the common economic, legal, and territorial space of the country.

Taking into account the close interdependence of the country's social and economic development and its economic security, it should be noted that setting goals and choosing the directions of social and economic development of the region, determined by its leadership, are of great importance. As a rule, the main goal of social and economic development of the region is the growth of such indicators as the gross regional product, per capita income, birth rate, employment, etc. As a part of the regional development strategy, these indicators should be considered as targets. According to the authors, in addition to the specified targets, it is necessary to take into account the political component as a separate factor of influence. The use of an integrated approach in managing regional economic development to ensure its economic security should be the main goal of the region's socio-economic development strategy.

Due to objective and subjective factors, the regions of the Russian Federation differ in their level of social and economic development, and, consequently, in their level of economic security. The analysis of individual indicators demonstrates the differences in the social and economic situation of the subjects of the Russian Federation. Thus, the difference in the main indicators of subjects is as follows: it is more than 310 times by GRP, 196 times by budget size and it is 5 times by average per capita income. These data indicate the need to take into account the regional specifics in assessing threats to economic security at the country level.

Thus, the economic security of the region is an important component of the economic security of the state and requires new approaches to the conditions for ensuring it in modern conditions.

2. Problem Statement

Based on the fact that the region (subject) is a subsystem of the socio-economic complex of the country, it is quite logical to say that the economic security of the region is a component of the economic

security of the country. Most researchers of this issue point to the close connection of economic security with the positive dynamics of the national economy (Selivanov, 2017), and the success of the latter is determined by the positive dynamics of the development of the regional economies. Thus, in mathematical terms, a country's economic growth can be defined as a derivative of the level of economic security of its regions (Abalkin, 1994).

3. Research Questions

This research considers the issues of assessing the economic security of the region, in the case of the Republic of North Ossetia-Alania. It is important to define the main tasks to reveal the specified subject of research:

1. Clarify the concepts of "region", "economic security" and "economic security of the region".
2. Identify the level of economic security of a region in order to determine its criteria.
3. Analyze the quantitative dynamics of the region's economic security indicators.
4. Identify factors that have influenced the dynamics of the economic security indicators in the region.
5. In order objectively to interpret the results obtained, a comparative analysis of indicators for the RSO-Alania with the corresponding indicators of the economic security of other republics of the NCFD macroregion should be carried out.
6. Develop proposals to ensure the economic security of the region.

4. Purpose of the Study

The purpose of the study is to determine threats to the economic security of the region of the Russian Federation-RSO-Alania and identify factors to overcome them.

5. Research Methods

The results of various studies make it possible to speak about the appropriateness of defining the subject of the Russian Federation as a region both in theory and in practice. "In the economic practice of Russia, the region is understood as the actual existing and operating basic unit of the territorial structure of the country, namely, the subject of the Russian Federation: region, province, Republic. Thus, the region (subject) of the Russian Federation has become the main actor of political and economic relations in the country in recent years (Gorshenina, 2009). Therefore, we will continue to consider the concept of "region" in this way.

According to the economic security Strategy of Russia adopted in May 2017, the economic security refers to the state of the national economy and its protection from threats, which ensures the economic sovereignty of the country. The same document states that the main condition for economic security is the unity of the economic space, which ensures the implementation of strategic national priorities of the country.

Taking into account the problem analysis from different perspectives, the economic security of the region is viewed as a state of the regional economy in which there is a steady growth that provides a normal meeting of public needs. We considered the dynamics of GRP, per capita income, and unemployment as the main indicators of the regional economic growth.

The study of the economic security of the region was conducted in the Republic of North Ossetia-Alania as an example.

As can be seen from Table 1 in 2013–2017, these indicators for the RSO-Alania do not have a clear trend. It should be noted that in 2017 the population index reached its minimum and was 701765 people. This indicator appears to have been decreasing since 2016.

The number of unemployed in 2017 reached its maximum in the period under consideration and accounted for 39 000 people. According to our assumptions, the indicator will continue to increase in 2018-2019 as a result of the closure of the Electro zinc plant, the largest industrial enterprise in the region, which was a part of the UMMC holding and provided employment for more than 2,000 people in the Republic. The employment issues have not been resolved.

We would like to focus on the indicator of the gross regional product. In 2013–2015, it is growing; in 2016, compared to 2015, it is decreasing by 552 million rubles and is equal to 125,498. 3 million rubles. In 2017, the indicator increased and reached the value of 128,221. 6 million RUB.

Table 1. The main indicators of the social and economic situation in the Republic of North Ossetia-Alania in 2013-2017

Indicator	2013	2014	2015	2016	2017
Population, people	703,977	705,270	703,745	703,262	701,765
Average annual number of employees, thousand people	298.9	296.8	294.7	287.2	289.7
Number of unemployed, thousand people	28	29	31	32	39
Per capita money income of the population per month, rubles	17788.1	19819.5	22003.2	22356.9	22772.9
Average monthly wage of employees of organizations, rubles	18664	20310.6	21266.6	22806.4	24714.7
Average amount of pensions, rubles	9002.7	9739.3	10771.8	11089.8	16089.9
Gross regional product, million roubles	118637.5	125960.5	126051.2	125498.3	128221.6
Gross regional product per capita, million rubles	168268	178763	179115	178452	182713
The revenues of the consolidated budget, million rubles	24351	25276.2	24852.1	26275.8	27733.9
Consolidated budget expenditures, million rubles	26321.9	27051.8	25698.2	26181.4	28119.5
Consolidated budget deficit, million rubles	-1970.9	-1775.6	-846.1	94.4	-385.6
Investments in fixed assets, million rubles	28808	31000.9	25456.9	25533.1	26806.8
Foreign trade turnover, million us dollars USA, including	111.4	96.9	88.3	104.2	92.7
1 export	45.5	48.1	48.3	59	59.9
2 import	65.9	48.7	40	45.2	32.8

Source: (data from the Department of State Statistics in the Republic of North Ossetia-Alania)

However, when we put these indicators in a form comparable to inflation, we got a different picture (see table 2). In 2015-2017, the indicator of the gross regional product is showing a downward trend. It declined by 7543657 thousand rubles in 2016 as compared to 2015 (from 136178414 thousand rubles in 2015 to 128635756 thousand rubles in 2016). In 2017, as compared to 2016, the deviation was 414,198 thousand rubles with a minus sign, and the indicator itself reached the value of 128,221,588 thousand rubles.

The structure of the gross regional product causes concern, with two items having the largest share over the entire period under review:

- wholesale and retail trade; repair of motor vehicles and motorcycles (17, 18 and 17 %, respectively, by year);
- public administration and military security; social security (16, 17 and 18 %, respectively, by year).

Table 2. Dynamics and structure of GRP in 2015–2017, thousand rubles (in comparable prices)

In economic sectors	2015	2016	2017	Deviation (+; -)	
				2016/2015	2017/2016
GRP	136179413	128635756	128221588	-7543657	-414198
Agriculture, forestry, hunting, fishing and fish farming	22217918	18987784	15133171	-3230135	-3854613
specific weight, %	16	15	12	-2	-3
Extraction of minerals	416405	385073	412829	-31332	27757
specific weight, %	0.31	0.30	0.32	0	0
Manufacturing activity	13868 451	10222726	15117277	-3645725	4894551
specific weight, %	10	8	12	-2	4
Provision of electricity, gas and steam; air conditioning	2 602 270	2 983 309	2 921 137	381038	-62,172
specific weight, %	2	2	2	0	0
Construction	10 948 026	10 635 554	10 325 993	-312471	-309 562
specific weight, %	8	8	8	0	0
Wholesale and retail trade; repair of motor vehicles and motorcycles	23 592 075	23 017 712	22 062 377	-574363	-955 336
specific weight, %	17	18	17	1	-1
Transportation and storage	10 164 596	7 047 150	6 206 181	-3117446	-840 969
specific weight, %	7	5	5	-2	-1
Activities of hotels and catering companies	2 675 590	2 652 016	2 007 419	-23574	-644 598
specific weight, %	2	2	2	0	-1
Financial and insurance activities	253,941	165,866	11 221	-88075	-154 645
specific weight, %	0.19	0.13	0.01	0	0
Real estate operations	5 955 957	3 520 271	2 833 729	-2435686	-686 541
specific weight, %	4	3	2	-2	-1

Public administration and military security; social security	22 153 775	21 696 528	22 546 420	-457247	849,893
specific weight, %	16	17	18	1	1
Education	9 458 828	8 945 511	10 026 085	-513317	1 080 574
specific weight, %	7	7	8	0	1
Health care and social services activities	9580568	9560154	9776024	-20414	215,870
specific weight, %	7	7	8	0	0
Culture, sports, leisure and entertainment activities	1430478	1308035	1794170	-122443	486,135
specific weight, %	1	1	1	0	0
Provision of other services	860499	847244	1078270	-13254	231,025
specific weight, %	1	1	1	0	0
Activities of households as employers	0	0	0	0	0

We assume that in 2018-2019 and beyond, there is an increase in the share of trade in the regional product, as two major giants “METRO Cash and Carry” (2018) and “Leroy Merlin” (2019) opened their shopping centers in the Republic (Mirgorodskaya et al., 2019). We consider the current structure of the gross regional product to be unsatisfactory and, along with the negative dynamics of GRP indicators, the level of per capita income and the unemployment rate; we consider it as a threat to the economic security of the region.

The main trends and patterns in changes in various indicators of economic security in the region make it possible to assess the stability of the regional socio-economic systems to the external shock impacts. In a recent speech on 08.11.2019, our compatriot Professor of Economics at the Paris School of Political Science (Sciences Po) Guriev (2019) at the Open economy forum in Almaty named the change of the leader as an external factor that can influence economic growth and, consequently, the economic security of the country. If we project the generalized conclusions of research in this field on the economy of the region and also consider the change of the head as a factor influencing changes in the economy of the Republic, then the negative trends in the dynamics of indicators of social and economic development of RSO-Alania in 2015–2017 are caused by the change of the head of the region in 2015, and then in 2016.

According to research by Acemoglu and Robinson (2007), a change of leader can have a significant impact on the economic growth only if the institutions of democracy do not work. They confirmed this conclusion with a large amount of empirical data.

6. Findings

Guided by their theory, we can note that the current system of appointing heads of hotel regions of the Russian Federation (including RSO-Alania), which completely excludes the possibility of democratic choice, will contribute to reducing the indicators of economic development.

Having identified the main threats to the economic security of the RSO-Alania, we believe that the factors for overcoming them can be as follows:

- return to the electoral mechanism of the head of the region, as one of the main institutions of democracy;
- successful implementation of national projects on the territory of RSO-Alania, which will change the negative trends in the dynamics of the main social and economic indicators of the Republic's development;
- additional investments in human capital, which can trigger changes in the real sector of the economy of RSO-Alania; A good example is the policy pursued by the Chechen Republic in this direction;
- implementation of the innovative potential of the Republic by generating new knowledge, which, in fact, becomes the only effective tool for increasing the level of competitiveness of the region (Rakuta & Sitokhova, 2019). The activity of LLC Vladikavkaz Technological Center "Baspik" is a model, whose experience in creating an innovative ecosystem should be replicated in all areas of innovative entrepreneurship.

Completing the presentation of materials in this article, it is advisable to structure the main conclusions.

7. Conclusion

Economic security is an object of state management, and the rules and regulations of such management are defined by special legal acts.

The economic security of the region can be viewed as a state of the regional economy in which there is a steady growth that provides a normal meeting of public needs.

The main threats to the economic security of RSO-Alania today are:

1. Decline in the values of the gross regional product in absolute and relative terms in 2015-2017.
2. The structure of GRP, where the largest share falls on two articles:
 - Wholesale and retail trade; repair of motor vehicles and motorcycles;Public administration and military security; social security.

References

- Abalkin, L. I. (1994). Economic security of Russia: threats and their reflection. *Econ. issue*, 12, 4–16.
- Acemoglu, D., & Robinson, J. A. (2007). On the economic origins of democracy. *Daedalus*, 13(1), 160–162.
- Gorshenina, E. V. (2009). *Regional economic research: theory and practice*. Tver state Univer.; UN-t City and publ. house.
- Guriev, S. M. (2019). *Institutions and economic growth*. <https://podtail.com/podcast/ekonomist/--2019-12-13/>
- Mirgorodskaya, E. O., Tavbulatova, Z. K., Sukhinin, S. A., & Magomadov, E. (2019). Conceptual approaches to structuring of economic space of a region. *The Europ. Proc. of Soc. & Behavioural Sci. EpSBS*, 2314–2320.
- Rakuta, N. V., & Sitokhova, T. E. (2019). Conceptual approaches to the formation of regional economic clusters. *Management*, 4, 76–83.
- Selivanov, A. I. (2017). Economic security of Russia: theoretical and practical Renaissance of the system approach. *Bull. of the Financ. Univer.*, 21(2(98)), 12–22.