SCTCMG 2018

INTERNAL AND EXTERNAL COMPONENTS OF THE SOCIO-ECONOMIC REGIONAL DEVELOPMENT

E.A. Isaeva (a)*, M.M. Magomadova (b), A.A. Abalakin (c), T.V. Abalakina (d)
*Corresponding author

(a) Moscow Financial and Industrial University “Synergy”, 129090, 9/14 Meshchanskaya Street, Moscow, Russian Federation,
(b) Federal State Budget Educational Institution of Higher Education “Chechen State University”, 364024, Grozny, A. Sheripova Street, 32, Grozny, Russian Federation,
(c) Moscow Financial and Industrial University “Synergy”, 129090, Meshchanskaya Street, 9/14, Moscow, Russian Federation,
(d) Financial University under the Government of the Russian Federation, 125993 (GSP-3), Leningradsky Ave., 49, Moscow, Russian Federation,

Abstract

This study analyzes the key indicators of economic development in the regions of the North Caucasus Federal District (NCFD) over the years. The purpose of the study predetermined the need to set and solve the following tasks: to determine the list of factors of socio-economic regional development; to develop an algorithm for statistical study of the socio-economic regional development; to analyze key indicators of economic development in the regions of the NCFD. The authors formulated a new algorithm to the classification of socio-economic regional development factors. The article proposes to divide the factors into three blocks: the prerequisites and conditions of development, determining the vectors of development, uncertainty. The study highlighted the main contradictions in the analysis of factors of socio-economic regional development. It has been determined that socio-economic development is an extremely complex object, covers a wide range of private, but interrelated tasks with a help of regional statistics. The proposed algorithm for the statistical study of the socio-economic regional development includes five successive stages. The implementation of the algorithm for analyzing the socio-economic regional development involves the choice of analyzed indicators’ complex and factors of socio-economic development. The practical use of the algorithm proposed in the article was carried out on the socio-economic development of the regions of the NCFD. In modern conditions, it is necessary to further improve the conditions – legal, organizational, institutional, social, economic to ensure the dynamic development of the regions of the NCFD based on the regions’ potential and advantages.

© 2019 Published by Future Academy www.FutureAcademy.org.UK

Keywords: Algorithm, factors, regions, systematization, classification.
1. Introduction

Nowadays, among regionalists (Borovik, 2012; Vasilyeva, 2012), there is no more or less unified conception of the factor mechanism that forms the results of the interaction of social and economic processes. With a greater or lesser degree of conditionality, one can speak only about the existence of separate aggregate groups of factors of socio-economic regional development (for example, components of the external and internal environment; natural resource potential, etc.) that many researchers understand (Belloc, 2012; Bisultanova, 2015; Makarkina, 2005).

From our point of view, this situation is caused by the fact that the socio-economic regional development, on the one hand, is a very complex concept, and is also strongly tied to the specifics of individual administrative-territorial units (hence the variety of specific factors and author’s interpretation of the need to use them). On the other hand, it constantly have to deal with the emergence of previously irrelevant or new components that change the already existing ideas about the causes and results of social transformation economic processes (for example, the introduction of international sanctions of a pronounced politicized character).

In the absence of unity to the determination of factors of socio-economic development of regions, it is necessary to form a refined author's position on this subject, based on a number of well-established and fundamental groups of factors of regional socio-economic development.

2. Problem Statement

A study objective is the classification of factors of socio-economic regional development. In general, it should include the following factors: factors of the historical-geographical environment, factors of the climatic environment, environmental factors, factors of the geopolitical environment, factors of the socio-political environment, factors of the demographic environment, factors of the infrastructure environment, factors of the scientific and technical environment, factors of the innovation environment, factors of the financial and economic environment, factors of the management environment, factors of the information and communication environment, factors of the social environment, factors of the unknown environment.

A distinctive feature of the proposed structure of the general factors of the socio-economic development of a region is its orientation towards the cornerstone aspects or directions that have already manifested themselves, affecting the character, speed and results of the development of regions, that is, individual subjects of the country. Moreover, their “big” names are related to the fact that, depending on the specific conditions, goals and objectives of the study, the degree of detail and other circumstances, in each of the selected groups there may be factors that differ in their number and exact name.

It is important that not all of the above elements can be clearly divided into internal and external components of regional socio-economic development. For example, factors of historical geographic or ecological environment are not always clearly “attached” to a specific region, state or planet and sometimes are multi-level by their nature (Schogenov, 2005; Mambetova, 2010).

3. Research Questions

The subject of the study is the need to highlight factors of the unknown environment in the proposed group of factors because in the process of social development and regional development, may appear such
components that few people previously known about. They act either independently or as a new combination of previously known factors, which makes anticipating events almost impossible (just a couple of decades ago, it was difficult to even assume that the Internet will occupy such an important place in the life of the population and will have a serious impact on the most diverse and numerous areas of activity).

In our opinion, it is equally important to recognize the isolation and a sharp increase in the importance of factors of the geopolitical environment. Despite all the talk about tolerance, democracy, freedom of choice, etc., as recent events connected with the introduction of international sanctions against the Russian Federation have shown, international politics, and often just politicization, not supported by strong pragmatic arguments, significantly affect the parameters socio-economic development of individual regions.

4. Purpose of the Study

The purpose of the study is to systematize the factors of regional development and determine their relationship with each other. To achieve the goal we will try to systematize all fourteen groups of factors of regional development of socio-economic processes identified above, and then to distinguish three different blocks:

1. Block prerequisites and conditions of development. The block of prerequisites and conditions for development includes the factors of historical-geographical, climatic, ecological, geopolitical, socio-political and demographic environment. Its components serve as a kind of base, foundation for the implementation of any chosen direction of the socio-economic development of the region.

2. The block of defining development vectors. The block of defining development vectors includes factors of the infrastructural, scientific and technical, innovation, financial and economic, managerial, information and communication and social environment, which do not exist by themselves, but objectively superimposed on the block of development prerequisites and conditions, predetermining the final results and efficiency of the public reproduction at the regional level.

3. Block of uncertainty. A block of uncertainty existed and will exist at all times, as with the development and complication of social and economic processes at the regional level, new circumstances, which were previously unknown, will surely appear. Another thing is that the unknown does not immediately becomes known and most often is understood in small “portions”.

Along with the lack of interpretation unity of the content and factor mechanism of socio-economic regional development formation from the standpoint of applied analysis, implying a digital justification for any applicable definitions, it is impossible to ignore the problem of the classification of research object’ practical types. In the referenced literature, attempts to single out the following variants of socio-economic development of regions are most often encountered:

- depending on the nature: sustainable and unstable
- depending on the pace: slow, moderate and fast

It is believed that the term “sustainable development” was introduced into mass use by the International Commission on Environment and Development (Brundtland Commission) in 1987. The OECD recommendations consider sustainable development from the standpoint of quantitative and qualitative changes, “consisting in the dynamic development of the economy, production, other industries,
spheres and activities, as well as in improving the quality of life of the population” (Mambetova, 2012; Elgukaeva, Alacheva, & Bisultanova, 2009; Alibasov, 2007).

The first of these definitions raises many practical questions, because with the help of statistical indicators it is extremely difficult to prove a real threat to future generations in the sense of satisfying their needs. Firstly, today it is impossible to predict exactly what needs people will have tomorrow, and even more so in a few decades. Secondly, it is abundantly clear that even the perceived needs of people in the future are capable of reaching a qualitatively new level. For these reasons, the sustainability of socio-economic regional development is relative and not always fully quantifiable (Urbanaev, 2012; Zhukova, 2011).

The second definition focuses on dynamism, which is connected with the need to identify the pace of the socio-economic regional development. From a substantive point of view, dynamic changes can hardly be linked to the slow pace of progress. Most likely, we are talking about moderate, or about the rapid pace of development. However, modern statistical science in some cases has serious difficulties when it is expected to have a clear and unambiguous answer about the speed of the socio-economic development of the state or its individual subjects. On the one hand, regional development consists of various aspects that, by definition, cannot be characterized equally. “Suppose that the population growth rate ... for the year at a rate of 2% is explained as quite fast, and the same value of the relative dynamics indicator for the gross domestic product ... is unlikely to receive a similar assessment. As a result, for different indicators, different approaches, scales, gradations, etc., are needed to interpret the change in time of a particular phenomenon or process from the standpoint of the speed of their development” (Tsomartova, 2010). On the other hand, many aspects and the indicators of the socio-economic regional development make it difficult to obtain an overall picture. For example, if several indicators are used for a statistical study of the current regional situation, the following options are possible:

- a) all indicators increase their values;
- b) all indicators reduce their values;
- c) some indicators increase, and some indicators reduce their values;
- d) all indicators increase (or reduce) their values with the same (unequal) speed;
- e) some indicators increase, and some indicators reduce their values, but all changes, regardless of direction, occur with unequal speed.

However, in the practice of regional development, there are much more options when individual indicators of socio-economic development have not only different rates of change, but also not always the same direction. This circumstance transforms the summary statistical evaluation of regional development into a traditionally serious scientific and practical problem that does not have the only and all recognized solution.

In connection with the above, socio-economic development is an extremely complex object for measurement, in relation to which, in our view, regional statistics are designed to cover a wide range of the following specific, but interrelated tasks:

1) the characteristics of certain aspects of socio-economic development;
2) a comparative analysis of the aspects of socio-economic development;
3) an integrated assessment of socio-economic development;
4) a study of the factors of socio-economic development;
5) forecasting the parameters of socio-economic development.

In general, it appears that only the consistent implementation of the stages of the proposed algorithm allows an adequate and comprehensive statistical mapping of the prerequisites, conditions, factors of the results achieved and the possible consequences of the interaction of social and economic processes at the regional level to be achieved.

Practical application of the proposed algorithm was carried out in relation to the study of socio-economic regional development issues of the NCFD.

The impact of the subjects of regional socio-economic systems’ management on the factors of socio-economic development comes down to one main goal - ensuring an acceptable quality and standard of living standard of the population. At the present stage, the official statistical methodology of Russia has accumulated a variety of indicators and indicators of socio-economic development. The format of this article does not allow for a comprehensive analysis of all aspects of the socio-economic development of the regions of the North Caucasus Federal District. In this regard, to solve the tasks set in the study, we selected the most important indicators, including by groups of indicators:

1. Social indicators:
   - population;
   - the average annual number of people employed in the economy;
   - real incomes of the population;
   - consumer spending on average per capita;
2. Economic indicators, including (Plotnikov, 2010; Grosheva, 2011),
   - gross regional product;
   - the volume of goods shipped works and services by type of economic activity (mining, manufacturing, production and distribution of electricity, gas and water);
   - agricultural products;
   - retail trade turnover;
   - investment in fixed assets;
   - commissioning of the total area of residential buildings.

5. Research Methods

Considering the nature and the data set analyzed, the most acceptable methods of economic analysis regarding the characteristics of the NCFD socio-economic regional development, are methods for analyzing the time series and the index method of analysis that allow analyzing the selected data over time, determining their impact on the cumulative values of indicators in the district.

The years from 2006 to 2016 are the analysis period. The sources for assessing the socio-economic situation in the regions of the North Caucasus Federal District are official statistics, reports and statistical collections of the Federal State Statistics Service.

First of all, we present the results of the analysis of key social indicators of the development of the regions of the North Caucasus Federal District. Figure 01 presents the results of calculations of the average annual growth rate (loss) of the population in the regions of the NCFD in comparison with Russia.
Fig. 1 it shows that in general, during the studied period, the growth rates of the population in the regions of the NCFD were higher than the average Russian growth rates in recent years. The highest growth rates were observed in the Chechen Republic (1.89%), and the highest rates of decline in the permanent population in the Kabardino-Balkarian Republic (−0.36%). However, it is worth noting that the positive dynamics of average annual growth rates are not because of high level and quality of life in the regions of the NCFD, but socio-cultural and mental characteristics, as well as traditions that have developed in many regions of the NCFD.

One of the main factors of the socio-economic well-being of the regions is employment, allowing citizens to receive stable incomes and ensure an acceptable standard of living. Figure 2 presents data on the average annual growth rate (loss) of the number of employed in the economy of the regions of the NCFD in comparison with the national data.

Fig. 2 shows, in recent years in the regions of the NCFD there has been observed a higher rate of growth in the number of people employed in the economy compared to national indicators. The highest growth rates are observed in the Chechen Republic (17.8%), the lowest growth rates in the Republic of North Ossetia-Alania (0.65%). However, in this case, the “rainbow” indicators of the average annual growth rate of the number of people employed in the economy of the NCFD are an objective reality - such growth topics are mainly due to the low compared base of the previous years, which is confirmed by higher unemployment rates in the NCFD regions compared to all-Russian data. Therefore, even according to the
data for the last quarter of 2016, the overall unemployment rate in the regions of the NCFD (according to ILO methodology) is 11.5%, while in Russia it is 5.7%. In the Republic of Ingushetia, the unemployment rate is 30.8%, the Karachay-Cherkess Republic 16.2%, the Chechen Republic 16.7%, the Republic of Dagestan 11.6%, the Kabardino-Balkarian Republic 10.1%. Only in the Stavropol, there are acceptable values of the unemployment rate of the population, which, according to the data at the end of 2016, make up 5.7%. Thus, of course, stable high rates of growth in the number of people employed in the economy in the regions of the NCFD in recent years have been a positive factor in their socio-economic development, but this factor is behind the high level of unemployment in the regions under consideration.

Consumption, basic life of the population in modern conditions is largely determined by their income level. In this regard, analyzing the state of the main factors of socio-economic regional development of NCFD, the dynamics of population income is also important. Fig.3 presents data on the average annual growth rate (loss) of real incomes of the population in the regions of the NCFD in the period from 2006 to 2016.

![Figure 03. Average annual growth rates (+) / losses (−) of real incomes of the population in the regions of the NCFD and in the Russian Federation in 2006–2016, %.

Fig.3 shows that for the selected analysis period, the average annual growth rate of real income in the regions of the NCFD is higher than the average Russian values. However, in this case, this happened due to the initially lower level of real incomes of the population in the regions of the NCFD in comparison with the all-Russian data.

A similar situation is observed when analyzing the dynamics of consumer spending in the population of the regions of the NCFD (Figure 4).

![Figure 04. Average annual growth rates (+) / losses (−) of consumer spending of the population in the regions of the NCFD and in the Russian Federation in 2006–2016, %.

Figure 04. Average annual growth rates (+) / losses (−) of consumer spending of the population in the regions of the NCFD and in the Russian Federation in 2006–2016, %.
It is clear that for the selected period, there is a steady positive increase in consumer spending of the population in the regions of the North Caucasus Federal District.

6. Findings

Next step in the research is analyzing the dynamics of key economic indicators in the regions of the NCFD in recent years. Table 1 presents data on the average annual growth rates of the main economic indicators in the regions of the NCFD in comparison with the national data in the period from 2006 to 2016.

Table 01. Average annual growth rates (losses) of key indicators of economic development in the regions of the NCFD in 2006–2016, %.

<table>
<thead>
<tr>
<th>Index</th>
<th>Russia</th>
<th>NCFD</th>
<th>KB</th>
<th>KCR</th>
<th>RD</th>
<th>RI</th>
<th>RSO</th>
<th>SK</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross regional product</td>
<td>15.9</td>
<td>17.0</td>
<td>16.3</td>
<td>20.1</td>
<td>19.1</td>
<td>17.2</td>
<td>14.8</td>
<td>14.8</td>
<td>19.2</td>
</tr>
<tr>
<td>Industrial production in total, and including:</td>
<td>2.0</td>
<td>6.2</td>
<td>9.1</td>
<td>4.8</td>
<td>11.4</td>
<td>1.7</td>
<td>2.7</td>
<td>5.3</td>
<td>-2.2</td>
</tr>
<tr>
<td>Mining</td>
<td>1.3</td>
<td>-4.3</td>
<td>4.1</td>
<td>2.6</td>
<td>-3.2</td>
<td>-4.1</td>
<td>14.4</td>
<td>-2.4</td>
<td>-13.8</td>
</tr>
<tr>
<td>manufacturing industries</td>
<td>3.0</td>
<td>8.9</td>
<td>11.2</td>
<td>8.0</td>
<td>17.5</td>
<td>9.6</td>
<td>3.3</td>
<td>7.3</td>
<td>7.0</td>
</tr>
<tr>
<td>production and distribution of electricity, gas and water</td>
<td>0.1</td>
<td>1.0</td>
<td>1.9</td>
<td>2.5</td>
<td>-0.2</td>
<td>0.3</td>
<td>-0.6</td>
<td>1.3</td>
<td>8.7</td>
</tr>
<tr>
<td>Agriculture Products</td>
<td>3.6</td>
<td>4.1</td>
<td>4.6</td>
<td>4.5</td>
<td>5.3</td>
<td>1.7</td>
<td>3.2</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Retail turnover</td>
<td>16.9</td>
<td>21.8</td>
<td>18.5</td>
<td>14.7</td>
<td>24.9</td>
<td>21.2</td>
<td>22.4</td>
<td>19.4</td>
<td>31.8</td>
</tr>
<tr>
<td>Fixed investment</td>
<td>18.0</td>
<td>24.3</td>
<td>17.8</td>
<td>25.3</td>
<td>29.6</td>
<td>53.3</td>
<td>26.8</td>
<td>19.8</td>
<td>29.1</td>
</tr>
<tr>
<td>Commissioning of the residential buildings per 1000 population</td>
<td>7.6</td>
<td>11.9</td>
<td>4.5</td>
<td>12.1</td>
<td>9.7</td>
<td>132.5</td>
<td>3.1</td>
<td>7.1</td>
<td>71.9</td>
</tr>
</tbody>
</table>

The table shows that in recent years, various average annual dynamics have been observed in various aspects of the functioning of the economy of the regions of the North Caucasus Federal District. Thus, for almost all selected indicators (except for mining), the average annual growth rates in the regions of the NCFD are higher than the values for the Russian Federation. At the same time, with a deeper analysis of the data presented, it turns out that in terms of relative indicators, the situation in the regions of NCFD is worse than the average for all regions of Russia: according to indicators such as GRP per capita, industrial production per capita, investment in fixed assets per enterprise, etc.

7. Conclusion

Thus, it can be summarized that in recent years in the regions of NCFD there has been a stable positive dynamics of the main indicators and factors of socio-economic development. However, behind growth rates there are usually lower values of the compared base. This thesis is particularly clearly confirmed by the results of calculations of integral indices of the quality of life in Russia. Thus, according to the research agency “Ria-Rating” (study “Rating of Russian Regions for Quality of Life 2016”), taking into account various factors of the socio-economic development of regions, most of the regions of the North Caucasus Federal District have been in low positions in the rating of quality of life in recent years. The only
exception is the Stavropol, which occupies 19th place. According to this study, in 2016 the Republic of North Ossetia-Alania was at the 59th place in the ranking, the Kabardino-Balkar Republic at the 66th place, the Republic of Dagestan at the 68th place, the Chechen Republic at the 73rd place, the Karachay-Cherkess Republic at the 83rd place, the Republic of Ingushetia at 84 place (16).

In connection with the above, in modern conditions there is a need for further improvement of conditions – legal, organizational, institutional, social, and economic – to ensure the dynamic development of the regions of the North Caucasus Federal District based on the region’s potential and advantages.

References


