

Contributions to Economics

Elena G. Popkova
Konstantin V. Vodenko *Editors*

Public Administration and Regional Management in Russia

Challenges and Prospects in a
Multicultural Region

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Editors

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Challenges and Prospects in a Multicultural
Region

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Introduction

This book dwells on the problems of state, municipal, and regional management in the context of the global and local challenges of the sociocultural environment. The authors analyze the problem and the perspectives of development of public administration and regional management in the modern Russian conditions and outline the paths of their improvement. Also, the results of the research of the institutional environment of innovative development of state management and regional management are presented, and the perspectives of the system of a multicultural region in the context of social development management are outlined.

The author strives to prove that development of public administration in Russia is predetermined by the traditional institutes of management and organization of life, which are peculiar to totalitarianism, bureaucracy, principles of redistributive economy, domination of the institute of public authorities, and underdevelopment of the civil society's institutes.

The authors of the book analyze the problems and perspectives of development and modernization of the system of public administration and regional management in the modern Russian conditions—primarily, within the institutional and neo-institutional methodologies. The authors see modernization of the national model of state management in well-balanced interaction of the basic and complementary sociocultural institutes which could increase the effectiveness of managing the complex social processes. The authors try to show that there could be a strategy of overcoming the negative effects of path dependence due to the requirements of modernization of the national system of state management.

The presented scientific results are based on the institutional economic and social theory, and the problems of state and regional management are substantiated and could be measured qualitatively, with determination of precise perspectives of their solution.

Simultaneous consideration of the social and cultural problems that are faced by public authorities and local administrations allows for full and correct description of the context of the management and offers the effective practical recommendations for its improvement. This is especially important in the conditions of depletion of the

resource model of development and growth of the crisis phenomena in regions' life. In these conditions, social security of the Russian society is characterized by the consolidation of the all-Russian space, in which the negative factors of inter-regional differentiation are at work.

Description of the ways of improvement of state policy in the sphere of higher education emphasizes its central role in solving the problems of state management and regional management in the context of the global and local challenges of the sociocultural environment. These phenomena are caused by the fact that the main trends of education and science are oriented at the global tendencies, but their implementation is determined by the sociocultural specifics of evolution of the corresponding social institutes. High potential and readiness of universities for innovative activities, based on the principles of the digital economy, are often blocked by the existing socioeconomic conditions and traditions of management of the system of education and science.

These and many other issues are studied by the authors of this book. We hope that the presented materials will allow solving the applied socioeconomic problems. That is why the conclusions and recommendations of the authors could be considered a significant contribution to the methodological provision of state management and economic development of multicultural regions.

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Part I
The Problems and Perspectives
of Development of the System of Public
Administration in the Modern Russian
Conditions

Chapter 1

Developmental Trends in the Institutional Environment of Russian Civil Society Within the Context of Government Regulation of Socioeconomic Activities



Konstantin V. Vodenko, Valeriy V. Kasyanov, Valentina V. Koschey, and Viktoriya S. Kirilenko

Abstract The chapter analyzes the developmental trends in the institutional environment of the Russian civil society within the context of state regulation of socioeconomic activity based on the neo-institutional methodology. Based on an analysis of the institutional environment of the Russian society, we offer recommendations aimed at improving the quality of public administration in terms of development of the Russian civil society.

1 Introduction

Under crisis terms and instability of recent years, it has become apparent to researchers that any local but quite large social system with its own interrelated subsystems—political, economic, and managerial—is continuously developing in general, i.e., undergoing significant changes under the influence of globalization processes and internal shocks. These could be both positive changes related to the growth of labor productivity and social welfare of citizens, and negative ones (like economic stagnation); but in general, they are determined by the role and place of the country in the system of global competition. Scientific and innovative activity that allows changing the situation in the global system of labor division for the better is fundamental in this regard.

It is evident that not all but just a few changes in systems are purely objective since here a subjective moment directly related to the performance of public

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administration actors is crucial (Kolyadin 2016). Therefore, for example, one should manage to use a positive market situation as well as a favorable geopolitical situation in the interests of its own country. The strategy for the economic security of Russia until 2030, approved by Presidential Decree No. 208 dated May 13, 2017, mentions low-efficient public administration as the main threat to economic security (Smotrinskaya 2017). At the same time, when developing an integrated management theory one needs to take into account that there might be clashes between the establishment interests, active part of civil society, and the rest of the population.

2 Materials and Methods

The research is based on the neo-institutional theory presented in the proceedings by foreign (North 1977; Polanyi 1977; et al.) and Russian (Kirdin 2014; Bessonova 2014; Nuriev 2006; et al.) academic specialists.

The author also applies the theory of institutional matrices by Kirdin (2014) that stems from neo-institutionalism and prior research under the guidance of Vodenko, who develops the idea of the influence of cultural and ideological factors on the socioeconomic and science-innovation development of the Russian society (Vodenko et al. 2016, 2017, 2018).

The ideas by Gorshkova (2016) on the prospects and paths of the development of Russian civil society, the concept of a sociocultural economy (Auzan 2017), and the new economic theory of the state (Rubinstein and Gorodetskii 2017) play a unique role.

3 Results

The main constraints of the socioeconomic and science-innovation development of the country are directly related to insufficient institutional support for the reforms being implemented and the lack of a long-term strategy and planning in responsible (managerial) decision-making. In this regard, Russian social scientist Gorshkov also sees “the main problem in the situation that no one tries to negotiate the rates of economic growth and social development at the government level when developing any strategy. More specifically, despite the statements of many public officials on the implementation of economic projects with the use of a humanistic approach, in reality there is no either analysis or corresponding techniques or public opinion at the appropriate level” (Gorshkov 2016, p. 414). Thus, the lack of strategic planning is still high and not yet fully resolved the problem of public regulation and administration.

Moreover, in more recent times, the economic development and innovation progress of the advanced countries have been mainly associated by scientists with full-value investments in human capital (Kappusheva 2017). Medicine and

education are becoming attractive and economically significant sectors of human capital investments in the long term. Along with that, the economic existence of a substantial part of the active and working-age population of Russia who want to work is still at the level of social “survival,” which is a big obstacle on the way to comprehensive social and innovative development of the country.

Thus, the availability of low-cost labor does not lead to the rationalization of industry and increase in the level of labor productivity, as well as breakthrough in the branches of the innovation economy. On the contrary, further scientification of engineering (Vodenko and Chernykh 2017) in terms of accelerated and catching-up economic and scientific information development requires raising the standard of life of skilled specialists (scientists, engineers, and doctors) and, therefore, modern and affordable medical care, as well as increased care for real health of Russian citizens.

Together with that, it is necessary to regard the global demands of economic and political convergence (Savchenko and Fedorova 2018) that combines values (of various political and economic systems), such as socialism and liberalism, as a complex (and quite universal) model of social development. Essentially, convergence is a management model for active government interference into the market economy practically implemented to stimulate a market economy and protect the population from the adverse effects of crisis phenomena.

Thus, the majority of modern states set forth an objective to eliminate the “failures” arising due to the operation of market mechanisms, i.e., their inability for effective self-regulation. Mainly it concerns the national institutional environment, which is distinguished by low efficiency in the development of a market economy based on the principles of classical liberalism.

4 Discussion

The institutional environment of any society, including the Russian one, largely depends on the effect of Path Dependence and is determined by established socio-cultural practices (Kirdin 2014). However, the latter, firstly, could be considerably altered, and secondly, adjusted to more productive use in the context of limited resources. Under the basic provisions of the institutional theory, we can define that “the institutional environment is a collection of fundamental political, social, and legal rules that form the basis for production, exchange, and distribution” (Davis and North 1971). Many rules, being unofficial ones, act as a “soft” power and nevertheless possess well-defined enforcement. Moreover, they form the expectations of economic exchange participants to each other and to the public and different supervising authorities.

Thus, the institutional environment goes beyond the official total of institutions and mechanisms that practically implement particular tasks; moreover, it includes unofficial practices, shadow decision-making mechanisms and hidden administration, which in specific scenarios could (in respect with official agencies) play a

critical role. Thus, according to the inspection data materials referred to the Prosecutor General's Office, criminal cases initiated in 2016 were threefold higher (45 instead of 15) than in 2015. It should be especially noted that in 2015 the President of the Russian Federation gave an instruction to increase the effectiveness of budget funds utilization. Only 5 points of 16 in this instruction are considered implemented (Smotrinskaya 2017). Thus, corruption in Russia is also a severe issue for efficient public regulation of the economy and science-innovation development and is mainly caused by misuse of budget funds, also utilizing quasi-legal schemes in public procurement.

In this relation, the standpoint of the American researcher D. North that the formal institutions can be quickly reformed seems fair, while unofficial practices based on customs and traditions change quite slowly (North 1977); moreover, they have inertia and resist external binding reform.

In addition to that, conservative and unofficial institutions can also be used effectively, while customs and traditions (as shown by the experience of Japan, Korea, and China) can be fully converted into economic growth (Auzan and Kelimbetov 2012). As Auzan notes, often “for a breakthrough from what we have and what we consider backward, habitual, and a boring tradition, you can find what will become the engine for development. The question is how to use it” (Auzan 2017). Thus, unofficial and traditional institutions (often conceived as customs) together with the specific features of the ethnocultural economy under appropriate arrangement could become drivers of economic development, also by increasing the level of trust between various economic agents.

The development of the institutional environment of modern Russian society is a rather complicated process not only with economic contradictions but also with cultural and managerial ones arising between different institutions: the state and its branched bureaucratic apparatus, global and domestic markets, and national (own-specific) civil society. It is crucial to take into account that changing the institutional environment of the whole society is possible only under systemic transformations carried out within critical political decisions and aimed, foremost, at ensuring independence and improving the efficiency of the domestic court system.

Against this slightly negative background, the trust of social representatives in the executive authorities, especially to representatives of the government bureaucracy representing the so-called economic bloc leaves much to be desired. In this regard, researchers of public opinion note that distrust in power, as well as the partly associated lack of self-efficacy, is rather “the result of negative identity—imposition of a cynical attitude on a person, but only in a positive form (distrust institutionalization)” (Gudkov 2016). Thus, the trend toward the institutionalization of distrust may negatively affect the attitude of citizens to future reforms, as well as the promises given by the authorities to improve the social environment. Therefore, representatives of government authorities need to enhance activity intended to raise the trust of citizens, and for that, it is necessary to increase the level of general transparency of power and administrative agencies, which could be achieved with real measures on prevention and control of corruption.

At the same time, distrust is an actual result of previous social experience, which has been developing during the life of a particular person and the experience of entire generations, especially those whose adolescence and primary social adjustment occurred in the era of acute crises. “Distrust in this situation is not the absence or weakness of positive trust, but a different substantial quality of sociality that is also assimilated in a social adjustment like other social skills and abilities and acquired in the course of learning the forms of violence and negative identity structures” (Gudkov 2016). Distrust is a form of adjustment to life in terms of social instability as well as the inability of the government to fully implement the functions of social support for citizens. On the other hand, distrust in administrative agencies could be channeled, also by the official authorities, into the social activity of the population, the creation of effective forms of civilian control.

The quality of domestic (primarily official) institutions and their ability to perform functions is not satisfactory to a sufficient extent. Modern researchers note that the institutional environment of Russian society, in general, remains a vulnerable spot and the real constraint of the domestic economy. Thus, for example, according to the GCR data of 2016–2017, Russia is ranked 88th among 138 countries in terms of the quality of institutions. “Despite the recent positive trend (promotion up to 133rd place in GCR of 2012–2013), the situation with the institutions is still far from satisfactory” (Travin et al. 2017). Moreover, the positive trend in this issue also began to show a significant slowdown nearly immediately after events in the foreign policy of 2014.

The current financial system with its institutionalization framework does not adequately provide the efficient allocation of production assets, including privatized facilities, which previously belonged to the government. The economic rights of Russian entrepreneurs cannot be fulfilled entirely since property rights, in particular, are directly related to the quality of the legal area. The institution of power and property, which is the framework of the so-called “power economy” of Russia, still have a significant impact on the situation (Pastukhov 2012).

In terms of the military–industrial complex supervision, such responsibility taken by state-owned enterprises and state-controlled law enforcement agencies is fully justified and somewhat useful. However, in other aspects of economic regulation (not directly related to the defense industry) the impact of specific elements of the so-called “government security services” and its continuous interference in the business of officially independent commercial entities, i.e., actual joint participation in their management bring additional difficulties in regulating various industries and segments, especially the innovative economy. Hence, there are different shadow management schemes of officially private property, which lead to apparent favor to individual market players.

An analysis of the institutional environment of Russian society shows that the situation with property rights (123rd place), protection of intellectual property rights (117th place), and minority shareholders (116th place) is unsatisfactory (Travin et al. 2017). Along with that, the lack of legitimacy of property rights drastically decreases the activity of economic agents on the introduction of innovations. The

independence of the judicial power in Russia, which remains vulnerable to political engagement, is still under question.

In addition to that, adjustment on the part of the developing institutions of civil society could be offered as a measure of possible regulation of irrational behavior of officials (“paternalistic failure”). In this regard, domestic researchers Rubinstein and Gorodetsky fairly suppose that only “the third party of economic relations—civil society (civil activity and self-organization of citizens) is able to create an institutional environment that stimulates public choice of paternalistic attitudes, reduce the risks of erroneous decisions, and ensure public control in the public administration system” (Rubinstein and Gorodetskii 2017). The researchers emphasize the need for government interference in the economy and science-innovation development; moreover, they rightly do not oppose and do not offer to collide paternalism (associated with the opportunity to cement the social welfare state) with the activity of civil society, but insist on the need for their continuous communication, cooperation, and complementary interaction, in which, the state, to an equal extent like civil society, is interested. This confirms that there is an actualization of cognitive interest in issues related to patriotism and citizenship among young people in the Russian regions (Kolesnikova and Lubsy 2018; Shogenov et al. 2018; Sergeyeva 2019).

5 Conclusion

Based on the features of the institutional environment of Russian society, including negative ones, it is possible to give recommendations aimed at improving the quality of public administration made in the context of reform and catching-up development:

- Establish a system of strategic development that Russia is able to plan and implement—a targeted evolution of Russian society over a long-term period (15–30 years) with regard to the interests of both the establishment and the active part of civil society that forms the country’s middle class, and also real support system for the low-income population.
- Adjust the power-property institution by isolating the military economy from the civil one, thereby weakening the “power economy” with respect to a number of civil and simultaneously innovative segments of the domestic economy, as well as taking a number of measures on denationalization of the economy in general through elimination of bureaucratic obstacles of overregulation that limit the freedom of business initiatives.
- Limit the expenditures of the government apparatus, to reduce the misuse of budget funds at all levels, therewith developing an effective system of supervision and independent expert review of the public procurement system.
- Ensure the development of a national model of civil society in alliance with the government to solve several current economic issues. This will create the prerequisites for real civil supervision to solve the issues that arise from inefficient

management based on a new active contract between the state and civil society and primarily aimed at economic welfare but not on the ideologized distortion of patriotism.

- Increase the level of citizens' trust in executive, legislative, and judicial authorities, ensuring the independence of judicial institutions or, at least, increase the segmental independence of courts in resolving legal conflicts arising in the most profitable, innovative and forward-looking sectors of the national economy.
- Make strategic investments in the human capital of Russian citizens able to ensure a future increase in labor productivity and a technological breakthrough in the sectors of the innovation economy, and thereby prevent persisting trends in brain drain (high-skilled specialists) abroad.

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Chapter 2

Imperatives of Diversification and Modernization of Public Policy in Modern Russia



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Abstract The problems of legal development of the modern Russian society and the state are closely related to formation and implementation of the state’s policy. The chapter considers the concept of the “public policy,” which theoretically allows covering the entire political sphere in the country. Special attention is paid to the systematization of scientific approaches to determination of this concept. The structural and logical scheme of constructing the concepts of “politics” and “public policy” is proposed as well.

1 Introduction

The definition of the concept “public policy” is quite extensive and multifaceted, as evidenced by a large number of interpretations based on different approaches and interpretations. In the modern scientific community there is no consensus on interpretation of this concept and no conceptual and categorical apparatus or legal to acts determine “public policy” differently either—so this issue is particularly relevant.

2 Materials and Methods

The analysis of approaches to research of “policy” definition allows us to systematize and differentiate it into different groups (Fig. 2.1).

Definitions of public policy based on sociological approach characterize it through such social phenomena as social organization, social group, morality,

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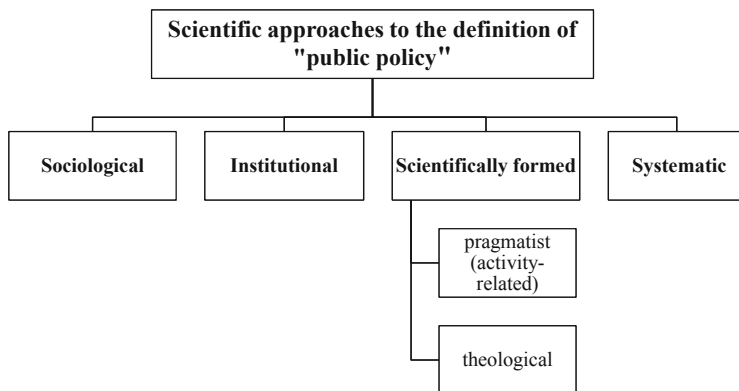


Fig. 2.1 Scientific approaches to the definition “policy”

culture, law, religion, and economy. In accordance with the concepts of economic determinism, “policy” is a social component subordinated to economic laws; policy is not independent and has only limited autonomy. However, this approach overestimates the influence of economic needs on politics, which proves the existence of administrative and command socialism, where politics in relation to the economy plays a primary and dominant role. Therefore, it is advisable to consider policy and economy as the interaction of equal areas of public life.

The certification approach is based on competition of different groups (layers, classes) for lobbying their own interests in political structures. The theory of group interest (Bentley 1908; Truman 1951) was widely adopted in the pluralistic concepts of democratic state, and viewed policy as a rivalry of different groups, ensuring a balance and equilibrium of public interests.

The legal approach is based on the theory of social contract, where natural human rights are the basis of public law and the state (Hobbes 2001; Rousseau 1938). In accordance with this approach, the policy (of the state) is activities that are aimed at protection of rights that are given to every person at birth (life, freedom, security, etc.).

Ethical (normative) definition involves consideration of policy on the basis of ideals, values, and norms that it should implement. Policies are activities aimed at achieving the common good.

In its turn, the institutional approach complements the phenomenon of “public policy” and characterizes policy through materialization of power and the most important institution—the state. In this case, the policy is participation in affairs of the state, the vector of state’s direction, definition of forms, tasks, and content of the state.

Scientifically constructed approaches are based on specific definition of the phenomenon of policy, so the pragmatist (activity-related) approach considers public policy as the process of preparation, adoption, and implementation of public

decisions on development of a socially significant sphere of activity. According to this approach, the process consists of the following stages:

1. Formation of policy objectives.
2. Development and decision-making.
3. Formation of the resource base for implementation of the goals.
4. Regulation of political activities.
5. Control.
6. Analysis of the results.
7. Formation of new goals.

Easton (1966) believed that policy is creation and implementation of binding decisions for the sake of society. This interpretation is widely used in the theory of political decisions and in theological definitions of policy, where public policy is a conscious purposeful activity of the state aimed at achieving collective (public) goals.

The theological approach to interpretation of policy by Parsons (1999) is based on the fact that man has a collective nature, and the subjects of political process have conscious and purposeful nature. In such a situation, the will of an individual becomes the will of the collective entities and of the whole society. In accordance with this approach, public policy is considered to be a set of goals and objectives, principles, strategic programs, and priorities that are implemented by the public authorities with involvement of civil society institutions, presenting a comprehensive plan of action of the authorities aimed at solving the problems and concerns of society.

The system approach is based on the fact that policy is an independent, integral, and open system, which is in constant interaction with other systems of society. The proponents of the system approach most accurately characterize public policy as a political and legal system with well-established ties and relations between the various branches of government and their interaction with civil society institutions. Public policy is the result of functioning of the entire political system, which accumulates decisions. It should be noted that public policy is not a unilateral activity of the state, bodies, and officials, but the result of interaction of all the parties concerned.

3 Results

Analyzing the concept of public policy in legal documents of the Russian Federation, we can give the following generalized definition: public policy is a system of priorities, goals, objectives, and measures of legal, financial, economic, organizational, managerial, information and analytical, personnel, and scientific nature,

Table 2.1 Interpretation of the concept of “public policy”

| Definition | Source |
|--|---------------------------|
| Activities for development, discussion, adoption, and implementation of power decisions, which involve not only the structures of state power and local self-government, but also other actors in the field of public policy—Political parties, civil organizations, business, media, the academic community, etc. | Smorgunova (2006) |
| The result of interaction of the state, civil society institutions, scientific, expert and business community, and the state playing the leading and decisive role in this process | Znamensky (2015) |
| Established relations within the executive branch, between the executive and other branches of government in their dynamic interaction with civil society institutions | Drobyshevsky (2014) |
| Public policy as a social process to solve socially significant problems, including formation of working networks in which the state and civil society interact | Gimazova (2013) |
| The political process, the administrative influence of the institutions of executive power of the state on all spheres of society | Lunn and Wildawsky (1990) |
| Public policy—The result of functioning of the political system, which combines all the decisions of the powers | Almond et al. (2002) |
| Public policy is the creation and implementation of binding decisions for society | Easton (1979) |
| Public policy is best revealed by examining what governments actually do and what the consequences of these actions are | Brooks (1998) |
| Public policy is “all that governments consider necessary to do or not to do” | Dye (1978) |

implemented by public authorities and administrations of subjects with the participation of local governments.

The variety of scientific characteristics and approaches to the definition of politics is characterized by its complexity, versatility, properties, and social functions (Table 2.1).

Based on the analysis of scientific approaches to the definition of public policy, the logical scheme of interpretation of this concept is offered (Fig. 2.2).

Public policy is defined as a complex phenomenon of legal nature, carried out by the authorities and including socioeconomic, organizational, financial, and managerial means to achieve socially significant goals. Public policy, depending on the scope of implementation, could have the classification as shown in Table 2.2.

Public policy—as a theoretical and legal concept—implies a set of static and dynamic means (legal, informational, economical, social, and organizational) implemented by public authorities to achieve their goals. Static means strategic and conceptual aspects of public policy (ideas, principles, direction, purpose, and objectives), and dynamic—the activities of the bodies for implementation of their powers.

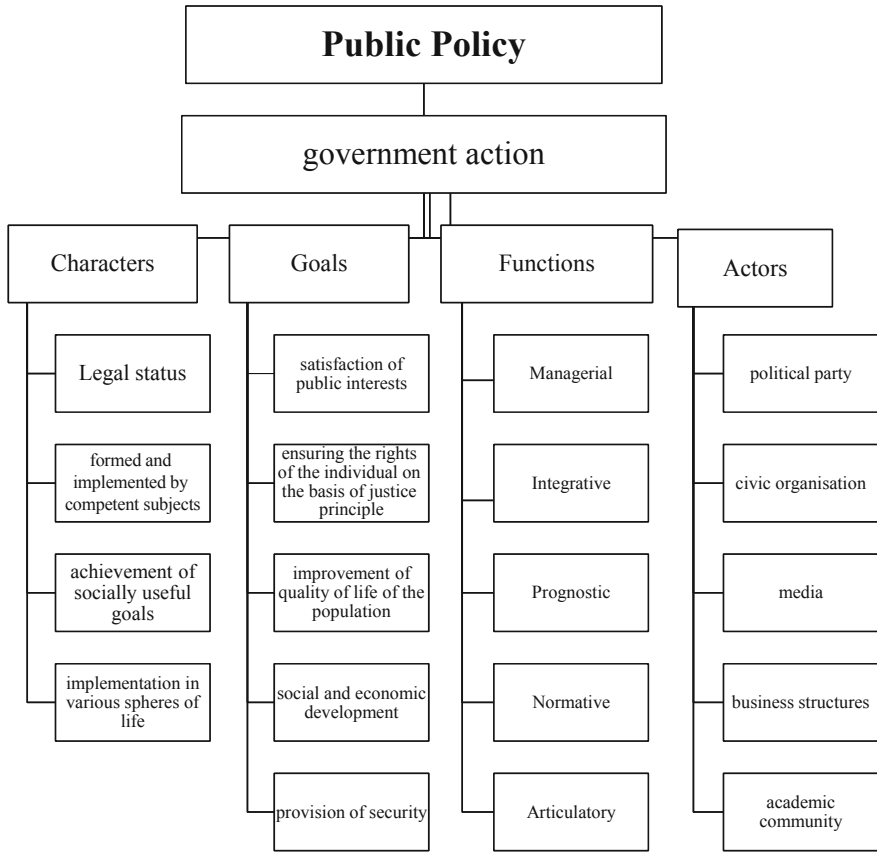


Fig. 2.2 The structural and logical scheme of public policy concept construction

4 Conclusion

The public policy implemented in modern Russia is characterized by the following features:

- Legal character*—not only legal means, but also economic, information, organizational, social, and other means are applied to implementation of the public policy. But their use should not contradict the constitution and laws of Russia. The most important means of implementing public policy are the legal ones. These legal phenomena are expressed in instruments and acts, by means of which the interests of the subjects are satisfied and the objectives are achieved. Combined in a certain way, legal means are the main working parts (elements) of the law, the functional side of the mechanism of legal regulation and the legal regimes.

Table 2.2 Classification of public policy

| Basis | Definition |
|--|---|
| The sphere of implementation | Economic Social Innovative Scientific and technical Environmental Cultural, etc. |
| Territory of implementation | External Internal |
| Level of the power | Federal Regional Local |
| Entities engaged in the formation and implementation | Presidential Legislative Executive |
| Purposes | Current Strategic |

- *Formation of specially authorized entities*—in accordance with the basic law, they include: the President of the Russian Federation (determines the main directions of domestic and foreign policy of the state, directs the foreign policy of the Russian Federation); the Federal Assembly of the Russian Federation (by the adoption of Federal laws, including the jurisdiction of the Russian Federation, providing different types of policies: establishment of foundations of Federal policy and Federal programs in the sphere of state, economic, ecological, social, cultural, and national development of the Russian Federation; foundations of pricing policy; foreign policy and international relations); the government of the Russian Federation (ensures the implementation of a uniform financial, credit, and monetary policy in the Russian Federation; the unified public policy in the field of culture, science, education, health, social security, and ecology; takes measures to implement the foreign policy of the Russian Federation).
- *Focus on achieving socially useful goals*—in accordance with the requirement of justice. The main goal of the public policy is to satisfy the public interests—ensuring the rights of the individual on the basis of justice, improving the quality of life of the population, economic development of the state, and defense and security of the country.
- Implementation in various spheres of life—the priority is the socioeconomic sphere.

To sum up, it should be noted that public policy is a complex phenomenon of a legal nature, including a set of static and dynamic means (legal, information, economical, social, organizational, etc.), carried out by public authorities to achieve socially useful goals. It must comply not only with the law, but also with the principle of justice to form a legal social state in Russia.

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Chapter 3

Global and Local Challenges and Threats to the Russian National System of Public Administration in Terms of the Global Financial Crisis



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Abstract The chapter is based on the idea that the acceleration of integration processes around the world and emergence and growth of newly industrialized countries put forward demands on the Russian public administration system to increase its overall efficiency, which is not possible without reform of the financial area, especially in terms of the global economic crisis. The analysis of the issue helps us to draw the main conclusion that the threats to the national public administration system are seated in the country's dependence on hydrocarbon exports and financial dependence on the leading Western countries, which generally contributes to the capital outflow.

1 Introduction

The development of the Russian public administration system depends, to a great extent, on the global and local challenges that are still at the junction of economic and political issues, and their solution should regard the diversity of the country, the value, and sociocultural features of Russians. Despite the fact that in the twenty-first century Russia is rightly positioned by many experts as the leading world (geopolitical) power at the international stage, we should state that the total share of Russia in the global economy (GDP, industrial production) is small, which cannot but affect

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the public administration practices aimed at stimulation of innovation breakthrough, especially in high technologies.

Thus, a robust geopolitical position of the country at the international stage also means high standards of citizens' welfare, considerably growing indicators of income levels, high quality of life typical for the countries with developed economies (Concept for Long-Term Socioeconomic Development of the Russian Federation until 2020), which requires investment strategies (investments) in human capital (Bekker 2003). Therefore, it is necessary to enhance the control of budgetary funds allocated for long-term social development programs related to education and health care. Moreover, in this regard, one should widely attract management technologies intended to save the existing human capital.

At the same time, the acceleration of integration processes around the world, emergence and growth of newly industrialized countries put forward demands on the Russian government in general to increase the efficiency of the entire national administration system, which is impossible without application of macro-historical strategies aimed at comprehensive modernization of the country (Collins 2015). In its turn, this puts forward demands on a new political design, reform of the political system toward the further development of civil society, and growing regional tendencies to economic autonomy. However, here we do not mean the replacement of recent trends with the nationalization of the economy and the expansion of privatization, but rather with more efficient use of funds and revenues of already established and operating public corporations.

2 Materials and Methods

A unique theoretical and methodological role for this study is played by neoinstitutionalism based on publications by both foreign (Nort 1997; Polanyi 1977; etc.) and domestic (Kirdina 2014; Bessonova 2014; Nuriev 2006, and others) academic specialists. Thus, the chapter uses the theory of institutional matrices by Kirdina (2014). This study is based on our prior research under the direction of K. V. Vodenko, which develops the idea of the influence of cultural and ideological factors on the socioeconomic and science-innovation development of Russian society (Vodenko et al. 2016, 2017, 2018). The peculiarity of the modern financial system has been studied regarding the works by modern Russian authors such as Gelvanovskii (2017), Golovnin (2017), Lukova (2017), Starostin (2018), etc.

3 Results

Global challenges of the Russian economic system and related risks are primarily determined by weak diversification of the economy in general, dependence on hydrocarbon exports in terms of global trends toward the search, and introduction of new energy sources into actual production.

A steep drop in oil prices anytime can create destructive and perverse consequences for the Russian society. At the same time, it is also apparent that the economic advantages of the country are also seated in the available energy resources, which, however, should be more effectively used through real investments in the domestic oil refining and petrochemical industries.

From the point of local challenges, the sanctions of the USA and other countries of the Western nations continue to adversely affect Russian economic development and escalate due to the so-called “information war,” which has already moved to a fundamentally new level of “hacker cyberwar.” This also includes persistent attempts to cut off Russian business from the prospective markets of developing countries. In this regard, the problems associated with the legitimacy of significant Russian private capital that continuously arise in the jurisdiction of the world’s major economies also deserve special attention. Besides, it is essential to note that within the global economy in the future we can expect a decrease in the total number of the developed countries of the Western nations [related to countries with prevailing institutional Y-matrix according to classification by Kirdina (2014)], which are the main geopolitical competitors of Russia and the main initiators of sanctions against it.

However, against this background (a real growth of developing countries with an institutional X-matrix), Russia still maintains a particular financial dependence precisely on the USA and the leading Western countries. In this context, several researchers point out that the basis of the modern system of global administration is the “chrematistic imperatives of bearers of financial interests, but not the economic needs of the population of countries belonging to this global system” (Gelvanovskii 2017). Thus, money (funds) and their various substitutes that possess the characteristics of influence and through penetration, isolated from the financial basis (from real production), turn into manipulation instruments for global financial oligarchy (with “Western” center).

Therefore, in order to ensure the sovereignty of the country one could offer quite drastic measures as a possible method to overcome the current situation:

- Movement from the chrematistic prevalence to the economic and social approach
- Movement away from the Washington consensus directions, development of a national competitive strategy
- Return of the function of production maintenance in the financial system of the country
- Restoration of the real security of the national currency through the establishment of a pledge commodity base (Gelvanovskii 2017)

It is important to note that the internal (and, consequently, local) challenges for the Russian public administration system certainly include the demographic issues of the past few decades. In this regard, many experts give extremely discouraging forecasts that Russia expects a huge drop in the working-age population: in 2020 by 7–8 million people, in 2050—by more than 26 million people. This situation leads to grave risks in different areas: economic, social, political, and even geopolitical since depopulation threatens the country’s defenses (by 2020 the number of military-age

men will decrease by more than one third, and by 2050—by more than 40%) (Golovnin et al. 2017).

As experts suppose, economic and labor losses can be counterbalanced only by migration inflows and (or) labor productivity growth (Public youth policy: Russian and international practice of fulfillment of the innovative potential of new generations in the society 2017). In addition to that, the migration flows can, in turn, generate multiple problems associated with the further cultural integration of labor migrants.

4 Discussion

Some experts aptly note that the acceleration of technological breakthrough bears political risks for the national system of power and administration related to its high inertia and archaic nature as well as unresolved property issues. In this regard, the authors of the report from the Center for Strategic Research draw attention to the low efficiency and obstacles that continuously occur in the administration of the technological modernization of the domestic economy and stem from the lack of appropriate regulatory framework. Experts believe that the current problems (the lag in the rate of the digital economy development, significant shortage of available technological resources, gap in several issues of infrastructure development, and dependence on the export of hydrocarbons) forces Russia to “proactively import the approaches developed and applied in other countries” (Knyaginina 2015).

However, at the same time, a powerful military–industrial complex and competition with world military powers, also for the arms export, allows maintaining national science focused on support of the country’s security at a reasonably high level. Perhaps, here the military–industrial complex of the national economy, which could be considered a technological manufacturer of the main drivers and trends of scientific and industrial development, is still of the highest importance for the country’s economy and provision of its political impact at the world stage.

It is evident that the introduction of a new technological system, which includes the wide-scale robotization of the industry, may entail huge imbalances between supply and demand at the labor market. Thus, this may lead to the so-called mass technological unemployment, leaving the working-age population without sources of income.

In this regard, Z.T. Toshchenko rightly notes that there is a real threat that the digital revolution will lead to “flexible use of labor resources,” which, in turn, cause losses or a dramatic drop in the social status of the majority of workers, as well as even higher social inequality. Therefore, the implementation of a series of “digital” economic projects within the transition to a new technological system can intensify the precarization of the country’s labor resources, which can also lead to a shrink in the selectorate of the current regime (Toshchenko 2017).

Consequently, representatives and real government agents should take into account the political consequences of the introduction of technological advances, which can bring the acute internal issues of social justice to a fundamentally new level. Besides, the current situation may put forward demands for the development of new “socialist” projects that can provide citizens with a fixed income, which is already in the pool of social technologies implemented by some leading European countries. Moreover, a presently clear example of uneven development of Russian society is the first position in the world by some poor workers.

Along with that, the improvement of public administration in the initially high-nationalized economy does not mean high isolation of the country. An analysis of the current Strategy for the Innovative Development of Russia until 2020 allows a conclusion that it involves the combination of several options for the country’s innovative development that can counterbalance and supplement each other. Thus, the strategy talks about the fulfillment of a plan for catching-up development and a high level of competitiveness both based on economic reequipment with imported technologies and through local stimulation of national developments. Given that the demand for new technologies is being created not only by the sector of the military industry and the country’s defenses but also, to a large extent, is determined by the need for further development of available energy source sector.

It is evident that possible future economic growth assumes an increase in the performance of the public administration system that relies on technological and institutional reformation, restriction of corruption, and establishment of conditions for investments in the country and capital redemption (previously withdrawn from Russia). The need to attract foreign capital to the country is not in doubt in general, although one should not consider the expansion of its imports as a universal remedy, because the consequence of its prevalence in the national economy is financial and technological dependence (Sukharev 2016). However, the risks of foreign capital expansion, especially in strategic sectors of the national economy, are also associated with additional burdens on the system of operation control and management.

Leading academic specialists (after analyzing the effects of the crises of 2009 and 2015) offer to restrict the national economy from the activities of currency profiteers, to reduce capital outflow, also through the provision of foreign exchange market sustainability. In this context, O.S. Sukharev aptly notes that “in macro-economic policy one needs to change the monetary policy regime, expanding the functions of the Bank of Russia to stimulate growth (less harsh monetary policy instead of restrictive one), cash-in the budget and remove it from till-to-date miser model (this doesn’t mean the elimination of reserves—funds), depart from inflation targeting, but move to targeting of the growth rate, or nominal GDP, real money (money supply to the price index ratio)” (Sukharev 2016). At the same time, arising resistance of the population and related increase in the level of the cultural clash, transaction costs can bring the expediency of the reforms in the question. Therefore, any changes associated with the transformation of the entire administration system in various sectors of the economy, politics, and the social area should be introduced concerning the level of the population’s adjustability and available resources.

Thus, a prospective model of financial and credit policy should respond more effectively to external shocks and provide conditions for long-term economic growth. In this relation, it is necessary to decrease inflation rates, but at the same time, the country's monetary policy should be diversified and focused on a differentiated number of indicators (exchange rate, interest rate, especially economic growth) through prevention of the economic imbalance arising from excessive concentration of the central bank on one of the multiple goals. As Russian experts note, in order to "decrease the risk of external shocks spreading to the national economy, it is necessary to support global-level initiatives in the reformation of the global financial system intended primarily to reduce the probability of the spread from developed countries to emerging markets and between emerging market countries. In this regard, it is advisable to thoroughly study the issues on the introduction of measures to regulate cross-border capital flows at the global level" (Golovnin et al. 2017). Therefore, the main strategic goal for better performance of public administration within the global financial crisis lies in the enhancement of independence of monetary policy, which, however, still bears political risks associated with isolationist fears of some representatives of Russian elites. As is known, "crisis had such negative socio-economic consequences as an increase in inflation, a decrease in household income, a decline in production, an increase in the number of unemployed, and other consequences that have not been overcome right up to the present" (Gnatyuk 2017).

At the same time, economic enhancement of such countries as China, India, Brazil, and Turkey (and other countries with the prevailing institutional X-matrix) is primarily related to partial, but considerable coping with the neocolonialism of Western countries and the global awareness of the growth limits of the natural resources available. As S.G. Kirdina notes, "Following on from that the role of the financial and technological environment in the establishment of institutional matrices, we can assume that the changed conditions of reproduction on a planetary scale (awareness of the growth limits of the resources used, environmental restrictions, and the growing interdependence of national economies) lead to the required replacement of the global institutional order. Countries with prevailing X-matrix, which have an increasingly important place in the global economy, communitarian ideology, and mitigation of the country's costs better adjust to these restrictions and strengthen their positions" (Kirdina 2014).

Obviously, as the interdependence of national economies grows, on the one hand, the limitedness of the global market is increasingly recognized, and on the other hand, the need for global planning is identified.

5 Conclusion

The analysis of the problem makes it possible to draw the main conclusion that the threats to the national public administration system are seated in the country's dependence on hydrocarbon exports and financial dependence on the leading

Western countries, which generally entails the outflow of capital from the country. The difficulties with the accelerated entry of Russia into the global digital economy are associated with the unresolved issues of social infrastructure and the lack of real and full-value investments in human capital.

Based on the analysis, we can suggest that Russia's structural dependence, especially financial one on Western countries, can be substantially adjusted by the fact that developing countries with the prevailing X-matrix have taken the leading positions (since 2008) by economic growth rate. Moreover, S.G. Kirdina notes that the economies of Western countries (with a prevailing institutional matrix of Y-type) now undergo enhancement of centralized administration and government regulation, which evidences the growth of X-institutions. In this regard, it is interesting to note that the measures discussed above (suggested by the listed experts) to free Russia from financial dependence and reduce the risks of international financial black marketeering are also combined with strategies and institutional X-practices of public administration.

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Chapter 4

The Strategy of Overcoming Path Dependence in the Context of Modernization of the Russian System of State Management



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Abstract The chapter presents a possible strategy of overcoming the negative (for society) effects of path dependence due to the requirements of modernization of the national system of state management. Studying the institutional environment of the Russian society in view of the historical retrospective and possible development of the future scenarios allowed for the conclusion that the Russian system of state management largely depends on the global and local challenges, which are still at the joint of economic and political problems, which solution has to take into account diversity of the country and the value and sociocultural features of Russians, which are predetermined by the institutional X-matrix.

1 Introduction

The motivation that forms with individuals as a result of constant micro-interactions and the everyday experience influences the development of the whole society (Collins 2009), and so it is possible to speak about the ideological predetermination of development of the Russian system of state management. Russia's state management is still based on the fundamental contradiction between the liberal theory and the practices of ideocracy domination, which are rooted in the structures of the

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Russian elite. The functioning of specific Russian institutes—in the economic, political, and other spheres—and their development in favor of higher effectiveness is still under large influence of the surrounding material and technological environment (Kirdina 2014). The existing institutes of public authorities influence the development of the segments of innovative economic and civil society. Russia is still in a very profitable position regarding the oil prices, remaining the largest exporter of oil and gas; Russian natural resources are still one of the main sources of state revenues.

According to the positions of the theory of institutional matrices (S.G. Kirdina), the material and technological environment of the Russian society is *communal*, i.e., the basic institutes of X-matrix dominate, forming priority of common interests over private interests; forming the practices of corporate management based on increased state participation; service forms of labor and services; intensive redistribution of revenues; creation of a unitary state over the federation; affiliation of successful representatives of middle class with the state and its bureaucratic machine.

2 Materials and Methods

The methodology of studying the possible strategy of overcoming path dependence in the context of modernization of the Russian system of state management is based on a range of theoretical provisions: the institutional theory, in particular, the concept of institutional matrices of Kirdina (2014), Bessonova (2014) and the macrohistorical sociology of Collins (2009, 2015), as well as the works of North (1981), Polanyi (1977) and Russian institutionalists Auzan (2015, 2017), Nureev and Runov (2010), Zarubina (2014, 2017), Korneychuk (2016), et al.

Having analyzed the experience of modernization of a range of the leading Western countries, Auzan emphasized that leaving the “path” could be accelerated in case of changing the boundary conditions of social orders. For example, he states that “a very important aspect is how the elite controls violence—whether they share the tools of violence or control them together. A very important issue is whether organizations (political, commercial, or non-commercial) are created for one person or whether they are impersonalized. It could be expected—and it was observed in the British history—that elites could have two ways: writing laws for others, or writing laws for themselves and impose them on others. By the way, pay attention to the fact that in the Soviet Union (which reached the peak of development in 1960s: space industry, art, etc.) collective control over all means of violence and enforcement was achieved after the Stalin era” (Auzan 2017). Transition to developed, though rather conventional socialism, was accompanied by destalinization and was characterized by certain democracy and even liberalization of the country.

Thus, more than a century-long modernization of the political system, which functioning cannot be imagined without the means of legitimate violence, was already developing in the period of the late USSR, as it was largely impersonalized. However, the reformist attempt to start the laws for the elite was not fully

implemented—especially in practice. That is why more effective management of the system in the future will require the attraction of the resources of democracy and implementation of the initiatives from the creative class (Volkov 2013). As a result, our society, according to Auzan, approached the limit of “open” community but was not able to fully enter the turn of political modernization.

On the whole, these approaches are the theoretical and methodological basis for further research of perspectives of overcoming “path dependence” and determination of the key aspects of studying these problems in the context of modernization of the Russian system of state management.

3 Results

The Russian historical experience of development of the national institutes if public authorities show that evolution (as well as revolutionary “leaps” that took place in unfavorable and crisis conditions) were largely determined by severe climate, small density of population, and large (according to the European norms) distances between cities, which led to creation of a unique sociocultural system, in which the key role belonged to (hyper) centralized public authorities (Auzan 2015), which was based on redistributive practices of economic activities (in combination with the institutes of power-property), in which the bureaucratic machine works together with large business (Vodenko 2018; Vodenko et al. 2018). As a result, *syncretism of power, property, and management* is still one of the foundations of the national path of development, which has to be at least taken into account during the creation of perspective models of further reformation of the country.

The above examples do not necessarily mean that the perspectives of further improvement of the national sociocultural model of state management are determined very “strictly” and fully depend on the previous path of development (path dependence) so that they could not be corrected in favor of creative practices and innovative forms of social development. It is necessary to take into account that a strong focus on the inertia aspect in the theory of “path dependence” assigns this term and the whole theory a rather negative emotional aspect, producing pessimistic images of no-win situation, which could not be overcome even in the course of centuries.

Also, narrow pragmatism is not always a guarantee of socioeconomic successes and does not create (automatically) the innovative activity. The researchers that follow the lead of Weber (1994) realized that innovative development could be blocked by such forms of culture that “are oriented at narrow practical and utilitarian attitude towards the world, which hinders the movement outside of the framework of the obvious, which limits a human in the efforts to adapt to the surrounding world, instead of changing it. For example, it is known that inventions of the general civilization importance that were made in ancient China (compass and gunpowder) were not further developed beyond the narrow ritual sphere and did not have significant influence on development of the society” (Zarubina 2014). That is why

for the purpose of the full picture it is necessary to take into account that Western Europe required the efforts of discoverers and missionaries, who were obsessed with the spirit of transformation of reality that could be achieved as a result of tension between the everyday life and spiritual experience, which lasted during whole generations and could lead to a disruption between the “civil” and the “holy.”

However, the above note requires certain explanation, as the Eastern countries (China, South Korea, etc.) have been conducting economic expansion, which is based on the quick application of the Western innovative technologies with preservation and development of previous institutional traditions (based on sociocultural institutes of the X-matrix). Moreover, previous paternalist institutes of countries of the Far East do not hinder the progress of their technological and institutional development, but stimulate its development, ensuring cultural protection and traditional background. The experience of these countries cannot be used by Russia in full, as, according to a range of parameters Russia is a more “Western” and “European” state (Nureev and Runov 2010).

Overcoming the negative consequences of path dependence envisages a certain institutional selection, i.e., thorough selection of the institutes that could work effectively in the Russian society. Thus, the modern researchers note that there are several methods of such institutional selection, which include “growing” and “borrowing” of the corresponding institutes, which could be useful in interaction and equally necessary. “Borrowing” envisages shifting to the post-Soviet countries the norms, rules, and mechanisms of state management that were successful in the political and institutional conditions of other countries and could be adapted for solving the tasks of economic growth and development (together with the existing informal “core”). “Growing” is based on the fact that new norms, rules, and mechanisms are created in certain spheres of management at narrow spots and in special experimental conditions and are then distributed to wider spheres (Travin et al. 2017). However, they experience active influence of the basic institutional environment of the society, which leads to large deviations (distortion of the initial idea) from the initial, imported (very often—without the corresponding monitoring) model.

Social and political inactivity, together with deficit of social solidarity, and excessive ritualism in the activities of executive authorities, as well as large bureaucratization of the whole management system, do not stimulate the appearance of creative personalities. Thus, it is necessary to take into account so called “innovator’s effect,” which is “active influence of a unique personality of public innovator or bearer of “search routines” on the changes of public institutes, based on the realized moral responsibility for the development of society. The innovator’s effect is a decisive factor during cardinal change or appearance of public institutes and is associated in public conscience with a specific historical personality” (Korneychuk 2016). Here we see the perspectives of optimal overcoming of path dependence on the basis of creative activities of real historical personalities of a large scale. Hence we see that the modern system of management also requires charismatic support which could be effective only in combination with real ethical pathos and orientation at a positive image of the future, as well as implementation of strategic rationality in the system of state management.

4 Discussion

Very often, the ideas of “reformers” on possible future work of a certain institute in the national system could change from its real functioning (post-factum) right after the implementation. Besides, “growing” of institutes envisages direct control over such projects from above, together with personal responsibility of high officials. Thus, for example, it is obvious that the institutes of private property and capital, together with the values of free entrepreneurship and the main elements of the political system, were imported to Russia from the Western countries. However, the building of capitalism in Russia was accompanied by unprecedented privatization of government property—which is still not fully legitimized, especially in the international arena.

Of course, it is possible to say—in the “liberal” mode—that its corruption or just insufficient quality of management of the modernization processes, expressed in total lack of observation of the norms and rules. However, it is necessary to understand the logic of the work of an integrated system and reproduction of its social infrastructure, which works in the interests of supporting stability and preserving the existing cultural traditions. Thus, researchers have often noted the Russian system’s institutions that are absent in the political systems of Western societies. An example is the *institute of department requests/applications* (Kirdina 2014), together with various forms of so-called “manual” management.

However, underdeveloped legal awareness and practices of modern Russians do not exclude the ideas of justice; quite on the contrary, this segment of the social space, including the everyday level, is peculiar for constant paradox opposition (rather abstract) of justice and specific norms of formal law. Against this rather negative background, it is necessary to emphasize that “the youth supporting the idea that their rights are not protected properly do have doubts (60% of the youth) that the Russian Federation is a rule-of-law state” (Sheregi 2013). That is why it is important to raise the legal culture of the Russians from an early age, avoiding conflicts between different generations. Obviously, youth is the main social resource of the future innovative development of the country, so it is necessary to create all opportunities for the social and political realization of this group. Also, this group experiences unsatisfactory work of social lifts, including the real opportunities that could be offered by education (Vodenko et al. 2017a, b).

Social justice, but not formal legal norms, remains an important ethical value in the modern Russian society. The researchers emphasize that “historical memory of Russians, with all its heterogeneous character and changeability, shows the importance of justice and solidarity for representatives of different social groups and generations. While for certain social groups (the poor and the old) the value of protection and support is important, young and successful people value the possibility of self-realization and development of personality. The most important request of Russians for the government is the search for optimal forms of ratio of personal self-realization of an individual and satisfaction of his basic needs, including well-being, security, and legal protection” (Zarubina 2017). That is why the request for

social state is rather strong in the Russian society; against the background of increase of the retiring age, it will only be growing and might turn into a significant political factor of social changes.

5 Conclusions

Thus, based on the historically determined peculiarities of path dependence, it is possible to suppose that perspectives of development of the sociocultural economy in Russia should include the reforms that are aimed at harmonization of the institutional matrices and selection of the existing social institutes. The Russian managerial culture has the following specific features: various forms and methods of management are dominated by the tendency for centralization of power—from managerial structures and from citizens. It is obvious that the strategies of overcoming path dependence, which are in the course of “overtaking” modernization, should be aimed at refusal from manual management of the society’s socioeconomic sphere.

It seems that managerial relations in Russia are influenced by public authorities and require more flexible forms of organization; traditional relations are peculiar for a certain gap between the executive power and the people; insufficiency of the normative and legal establishment of the reforms, absence of experienced legal culture; domination of groups values and settings, absence of social solidarity, with certain impersonal character of public authorities; domination of collective identity and collective responsibility. It is necessary to stop the ideological discrediting of the term “democracy” in mass consciousness of Russians, removing its negative connotations of the past, and to present democratic institutes (removing excessive political bias) in the positive (managerial) aspect.

Thus, the partial overcoming of path dependence shall consist in the stimulation of legal institutes, including private property, on the basis of a wide social consensus on the issues of government social support and smart distribution of revenues from the export of energy resources. It is necessary to create conditions for the development of the creative class of society, which would be interested in the formation and function of a rule-of-law state, not the one oriented at “flight” to other countries.

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Chapter 5

Practices to Harmonize Cooperation Between Prevalent and Complementary Institutions of the Russian Society: Toward Administrative Expertise in the Public Area



Konstantin V. Vodenko, Tatiana I. Barsukova, Valeriy V. Kasyanov,
Lyudmila A. Spektor, and Elena V. Volokhova

Abstract The chapter develops the idea on the basis of the neoinstitutionalism methodology and the theory of institutional matrices that the cooperation of the institutions of the X and Y matrices is necessary for suitable development of all societies and cultures without exception, especially in terms of stiff global competition where many Eastern countries are no longer inferior to Western ones. The chapter concludes that the analysis of institutional complementarity conducted within any country and society makes it possible to determine the forward-looking performance patterns of large institutional systems having their own extensive infrastructure. The institutional balance in a social system should determine its economic efficiency.

1 Introduction

Crises, including managerial ones, in the Russian economy and society, in general, are associated, as a rule, with the destruction of institutional balance, which counterbalances cooperation between prevalent and complementary institutions within the current system of social interactions. At the same time, cooperation of the

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institutions of both matrices (private and public property; market and redistribution institutions, etc.) is necessary for suitable development of all societies and cultures without exception, especially in terms of stiff global competition where many Eastern countries are no longer inferior to Western ones (besides, actively using modernization mechanisms associated with the patterns of traditional cultures).

Prevalent institutions of Russian society associated primarily with the peculiarities of the public utility environment and the specific features of official labor are also to a greater extent able to perform within the sanctions' regime, ensuring the protection of capital, foremost large businesspeople continually cooperating with the government (and the authority under sanctions). At the same time, it is evident that anti-Russian sanctions in recent years have had much impact on the change in the structure of the domestic economy (Dzhuraev 2017). Moreover, the effective use of private property institutions (complementary to the national system of Y-matrix institutions) is considerably restricted by sanctions, since they prohibit significant foreign investments in major Russian corporations, and therefore such a mechanism of economic management as privatization (of some companies) cannot be effectively implemented without attracting affluent foreign investors.

Therefore, these days the country should rely mainly on domestic resources, and the trend to survival legitimization within the society is growing. Against the background of the international market situation, the prediction made by O.E. Bessonova that a fundamentally new "feature of the institutional matrix should be the integration of private property in the structure of public service relations seems to come true. This will mean the official nature of the business and will direct its activity towards solving the major tasks in the face of society, which in turn will ensure legitimate receipt of budget funds in the form of state order by society for long-term development. To find an effective business model is the main task at the current stage of Russian development. The main lines of this model seemed to be visible in the form of a public-private partnership as well as in the form of corporations and holdings with public participation. However, modern corporations have a contradiction between the state status and the quasi-market mechanism. It is required to align their internal economic mechanism with the objectives of the government strategy" (Bessonova 2014). However, in addition to that despite the relative efficiency of the official business and several accompanying institutional models, especially in the sanctions regime, further nationalization of business and labor can lead to imbalance and stagnation of the entire system.

2 Materials and Methods

An important theoretical and methodological role for this study is played by neoinstitutionalism based on proceedings by both foreign (North 1981; Polanyi 1977; and others), and domestic (Kirdina 2014; Bessonova 1999; Nuriev 2006; etc.) scholars. Thus, the chapter uses the theory of institutional matrices by S.G. Kirdina (2014), the concept of changing economic mechanisms under public

strategy objectives by O.E. Bessonova (2014) et al. The theory of dependence on the path of previous development by A.A. Auzan plays a special role (2015). Also, the present study is based on our prior research under the guidance of K.V. Vodenko, which develops the idea of the influence of cultural and ideological factors on the socioeconomic and science-innovation development of Russian society (Vodenko et al. 2016, 2017, 2018).

3 Results

It is crucial to account that the prevalent practices of either X or Y matrices are usually maintained in the institutional structure of societies (for example, Russia and China, on the one hand, or Great Britain and the USA, on the other hand) over long historical periods. In addition to that, we are not talking about the cumulative advantage of the first countries over the second ones in terms of economic and managerial efficiency; on the contrary, efficiency always lies in the harmony of institutions. Institutions from an alternative matrix [in the theory of institutional matrices they are called complementary (institutional complexes)] play the essential but supporting role, complementing the institutional social structure. Like genetics where the dominant gene suppresses the recessive one and sets the penetrant features of a living organism, the institutions of the prevalent matrix determine the nature of the developing institutional environment in society, establish the boundaries and limitations for the performance of complementary supporting institutions of the alternative matrix. “The progressive development of society requires the constant search for the ideal balance between the institutions of the prevalent and complementary matrices as well as the prevention of institutional mismatch” (Kirdina-Chandler 2018).

Thus, mismatches arise for various reasons, which, as a rule, are related to the fundamental sociocultural determinants of social systems and also to the peculiarities of their modernization and available resources at the moment of transformations (including human resources, for example, availability of professional managers).

Therefore, as we have already noted, institutional mismatch concerning the situation in Russia usually takes place in two (historically repeated) situations, when:

- Firstly, there occurs the introduction of institutional mechanisms typical for Y-matrix without preliminary preparation and adjustment to the existing institutional environment of the society.
- Secondly, the institutions of X-matrix begin the process of overexpansion, unlimited expansion to small and medium-sized businesses and civil society.

The above institutional excesses continuously require proper adjustment, which, however, should be carried out at the most suitable time, except drastic measures and completely different reformist solutions. At the same time, it is necessary to engage innovative resources of both economic and scientific institutions. The latter can act as some integrators of cooperation between prevalent and complementary

institutions. In turn, the institutional complementarity considered as the main property of the system is also a balanced, coordinated whole, i.e., the interaction and interdependence of different components of the institutional environment, which can simultaneously belong to different (but politically and economically coordinated) matrices.

Thus, the analysis of institutional complementarity conducted within any country and society makes it possible to determine the forward-looking performance patterns of large institutional systems having their own extensive infrastructure (Nizamova 2015). Perhaps, institutional balance in the system should be determined, first of all, by its economic efficiency (although one should not ignore the political efficiency of the system, including, for example, human rights guarantees, specific democratic freedoms, the absence of various kinds of discrimination, etc.).

In respect to Russia, researchers unanimously note insufficient strategic thinking in the national administration system, which is revealed in the absence of long-term state planning. In this regard, managerial expertise (not least associated with the development of the common culture) (Vodenko 2018), which includes both knowledge of real socioeconomic and political processes and unofficial practices, but only those ones that can contribute to the intensification of the economy in the interests of labor productivity growth, becomes of particular importance.

Besides, the historical heritage of Russia in terms of preservation and enhancement of some institutions (primarily typical for X-matrix) suggests the dissemination of such (institutional) knowledge among Russian officials. Another thing is that the national administration system just needs to develop a fairly competent (truly) and pragmatic discourse that can adequately describe its own managerial decisions. However, the situation is still that “as a matter of principle, everyone really understands everything” (what means of negotiation are used to perform a real administration), but cannot tell it (at least officially), since there is no legitimate way to make critical statements about real problems.

4 Discussions

Researchers have repeatedly pointed out some sociocultural patterns common to Russians, which significantly hinder the economic development of innovative industries of the economy as well as decisions demanding a higher risk and personal responsibility. Therefore, the centralism of the national administration system also suffers to a large extent from the effects of quite conservative “provincialism.” “The socio-cultural features of Russians are causes of particular opportunities and limitations. . . Opportunities are associated with creative industries and pilot production, which is based on such features as the focus on self-fulfillment, high creativity, ability to mobilize efforts and make short-term breakthroughs” (Auzan 2015). This can be seen in the example of the entire historical experience of the USSR and Russia, when crash technological breakthroughs occurred in a fairly short term, providing the country with priority in specific industries. However, at the same time,

the experience of the post-Soviet and Russian state-building is unfortunately characterized by a quick and sometimes unexpected downfall.

The prevalence (and sometimes extra prevalence) of X-matrix institutions in combination with bureaucratic hyperregulation generates inertia of the system, which agents prefer not to risk and earn by methods “traditional for the country” that do not promote the technological development of the country. In this regard, A.A. Auzan notes that “restrictions that block the entrances to innovation processes are, first of all, a combination of long distance of authorities and high avoidance of uncertainty. Fifteen other restrictions are non-compliance with the rules and standards as well as great individualism, which does not allow fulfilling many joint projects due to low contractual capacity” (Auzan 2015). It is interesting the researchers pointed out a certain kind of individualism common to modern Russians, whereas usually one talk about the community of Russians, which is a secularized heritage of Orthodox conciliarity.

It is evident that in the above-quoted extract we reveal an apparent contradiction between community and individualism of the Russians. Moreover, how can we settle this contradiction? How can we adequately interpret it?

Perhaps, the so-called notorious community of Russians is clearly seen in unambiguous and absolute obedience to the acting government, with that unofficial (unwritten) mechanism of the exchange of subordination for reduced responsibility (for the results of their own job) become activated. However, if it is referred to as actors having equal rights in the creative process, many bearers of Russian culture quite suddenly express extreme individualism, which also disrupts teamwork, trust, and coordination of goals and the distribution of real responsibility between actors.

At the same time, many institutions (practicing ones focused on particular benefits) also causing negative (corrupt) expenses are unofficial, which evidences their deeper embeddedness in the mindset of the population. As A.A. Auzan marks, “In institutional theory now there is a well-established understanding that the restructuring of official institutions is not enough to get the desired effect; unofficial hidden institutions are no less important (this way A. Greif (2006) called that associated with socio-cultural and behavioral characteristics)” (Auzan 2017). Consequently, commitment to institutional balance, which should meet the criteria of efficiency and growth of the innovation infrastructure, includes extensive use, adjustment, and in some situations, the implementation of some unofficial institutions or adaptation to regional (local conditions) formal institutions, but concerning the prevalent unofficial institutional environment.

It is interesting how A.A. Auzan supposes that unofficial institutions differ from official ones by a particular way of enforcement. Obviously, enforcement in unofficial institutions is quite anonymous referring to official bodies and discourses, but the general mood, national traditions, and habits. In general, a comparison of these provisions with the general attitudes of X-, Y-theory demonstrates that the prevalent institutions of the Russian socioeconomic and political model are often unofficial (Auzan 2017).

Eventually, it turns out that enforcement by unofficial institutions, especially with a negative aspect (hidden corruption), often escapes from operation by officially

administered legal rules, which causes additional difficulties in regulation of institutional balance. In turn, this situation throws the society into a duplicitous morality and fight against it can even be interpreted as undermining the cultural foundations of the country.

Thus, the analysis of the cooperation of prevalent and complementary institutions of Russian society helped to reveal the main problems of public administration related to institutional imbalances, which arises due to both history and insufficient expertise and outside (sanction) pressure.

Naturally, under the hostile influence and actual peremptory pressure from the outside, any society begins to shrink, especially Russia, where sanctions are imposed exclusively by Western countries (states with prevalent Y-matrix institutions), and distrust to many of them grow in terms of general confrontation. Moreover, import channels of both foreign capital, which can be a tool for economic growth, but also ones for proper imports of Y-institutions get closed.

5 Conclusion

Nevertheless, we can offer the following recommendations that can be aimed at achieving harmonization of the currently prevalent and complementary institutions for the domestic system:

- To introduce free enterprise practices focused primarily on small and medium businesses.
- To make private business interested in the funding of applied research on a broad social and economic issues.
- To simplify the coordination system in some forward-looking branches of active cooperation between science and industry.
- To implement (also unofficial) ethical rules and real mechanisms of (civil) monitoring from below over public administration.
- To provide legislative support for the operation of supervising (government) authorities toward higher liberalization of private economic activity of citizens.
- To cut off corruption, primarily from upstairs (and not downstairs) of the bureaucratic apparatus.
- To adjust on a legislative basis the salaries of the management middle class concerning the salaries of individuals performing production activities (in order to mitigate manifestations of social-class hatred).
- To create conditions for attraction of foreign capital to high-tech industries of the country (however, now it is challenging due to the impact of sanctions).

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Chapter 6

The Main Parameters of Functioning of Nationally Oriented Capital in the Russian System of State Management



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Abstract The purpose of the chapter is to analyze the formation and development of nationally oriented capital in the system of state management within consideration of the conceptual and socially practical parameters of this phenomenon. Based on treating nationally oriented capital as a vector of activities of the economy's actors, which are aimed at implementation of the national interests and priorities in the context of sustainable socioeconomic development, it is concluded that the system of state management outlines approaches to stimulation and support for nationally oriented capital and creation of the corresponding institutional and structural conditions. The authors state that complexity of this process consists of the dual situation, which is connected to reproduction of the conflict of the national and private/corporate interests.

1 Introduction

In the recent years, the discussions regarding the paths of socioeconomic development of the Russian society have been focused on the role of nationally oriented capital. As a rule, sociopolitical analogs with references to Chinese, South Korean, and Israeli experience are used, with attention paid to the fact that in the context of globalization of nationally oriented capital, the activities of business elites that are aimed at implementing the national priorities and interests in politics, economy, and

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social life contain the alternative potential of development. Thus, the problem of nationally oriented capital moves from the sphere of general discussions to the sphere of state management.

Nationally oriented capital is treated as economically and politically influential power, which could strengthen the matrix of national construction, ensure sovereignty of economy within the global cooperation, and lead patriotic elites to power (Vodenko 2018). However, an inevitable aspect of the discussion is stating the domination of tycoons, outflow of capital, and support for the interests of the global financial and economic elite.

In this context, nationally oriented capital is associated with the activities of government capitalistic structures, which implement long-term economic projects and are a reliable basis of taxation. On the other hand, there are a lot of calls for nationalization of economic elites and the movement—in the conditions of sanctions—to investing resources into the development of the Russian economy and the social sphere.

A positive example is the participation of the Russian large business in implementation of economic megaprojects. However, there is no unambiguous answer to the status of nationally oriented capital in the conditions of connection of the Russian economy to the global market—especially in the conditions of preservation of the resource model. The discussion shows more debatable positions that justified statements.

A special role belongs to the concept of the Russia's third way, which is based on the alliance of the government and nationally oriented capital in the development of the strategy of long-term and sustainable socioeconomic development. This means that in order to reach the practical landmarks of development of nationally oriented capital in Russia, it is necessary to realize the structural, institutional, and value preconditions of nationally oriented capital, in view of impossibility of transfer of the Chinese or Israeli experience, due to the political and sociocultural specifics of the Russian society (Vodenko et al. 2017, 2018).

In order to avoid unnecessary and unsubstantiated connotations, it is expedient to determine the identification parameters of nationally oriented capital and to realize that Russia is peculiar for a special variant of market relations, in which government corporations are the basis for economic development and, despite the reproaches regarding bureaucratization, lack of transparency of expenditures, mergers with government managerial structures, and lack of desire to implement the innovational scenarios, it is possible to see the main trend of socioeconomic development.

2 Materials and Methods

The system of state management in Russia in its current state is peculiar for vertical integration, subordination of managerial links, and orientation at the integrated sociolegal order. State management is considered as a totality of the mechanisms, means, and methods that influence within the unified state organism for the purpose

of reproduction of stability, integrity, and interaction. In the Russian society, state is treated as a “super idea,” the basis of public life, and the method of implementation of the hierarchy of the goals of the economic system—so it is necessary to determine the limits of reflection of managerial possibilities and potential of public authorities in the system of state management.

In this context, in order to achieve the set goals, it is necessary to determine the position that would be taken by nationally oriented capital in the system of government and managerial relations. Obviously, the age of a weak state and destroyed government institutes is in the past; and the state—based on the concept of institutional matrices of Kirdina (2014)—requires identification of nationally oriented capital to the extent at which state management stimulates the formation of interrelations of public authorities and society for implementing the national interests and goals.

It is necessary to go beyond the limits of stating the distribution economy, as the statement that nationally oriented capital is “constructed” within the system of state management for the state’s achieving the status of “large corporate owner” is very doubtful. In reality, state—as organization that is a totality of specific structures with the corresponding rights and responsibilities—is treated as a source of formal regulators that have a certain level of flexibility (Glazunova 2009).

That is why studying nationally oriented capital in state management in Russia is determined by the model of “asymmetric contract,” which is oriented at determining the status of nationally oriented capital in the system of contractual relations as a sphere of influence of competence, balance, or disparity of rights and obligations of business and public authorities, reliable mechanisms of control over the activities of business structures and government institutes, and implementation of joint socially oriented strategies.

Thus, it is possible to state that in the discussion, which started between the representatives of the “market” approach, oriented at the neoinstitutionalism (North 1997; Bessonova 1999; Nureev 2006; Nureev and Latov 2010; et al.) and supporters of “strong government,” which stick to the concept of state interventionism, the supposed analysis leads to the thought that an actual aspect is application of the procedures of the neo-institutional approaches with the schemes of identification and reproduction of the process of self-determination of nationally oriented capital in the system of state management, formed on the basis of their comparison with the goals of state management (Nureev 2006).

However, it is not only the complex set of markers that creates difficulties in conceptualization of nationally oriented capital as a subject of state management but also the situation of “drift” and instability of the ideas of the Russian variant, relations between the elements of the political and economic regulation, and limits of interaction between government institutes and nationally oriented capital, and influence of the theoretical assumptions, which are connected to adoption of the ideally typical model of nationally oriented capital and the models of real functioning, which are an objective background within interaction of business structures and government institutes, on the research situation. When the dominating trend in the development of nationally oriented capital depends on the strategy of state management, the

problem is based on the creation of an explanatory construction, which is to create a foundation for expanding the “window of opportunities” of nationally oriented capital.

3 Results

It would seem that determining the status of nationally oriented capital does not require any research efforts, as, according to the Russian marketing specialists, there is an authoritarian government and capitalistic system of economy, and state management is the leading aspect in socioeconomic policy. As a matter of fact, Gazprom, Rosneft, Rosatom, and Oboronprom are the structures that ensure the financial basis of the system of state management, and representatives of the higher government bodies, the Administration of the President, and the Government of the RF are in the boards of directors of these structures and determine the main directions of the activities.

However, nationally oriented capital is a complex system of interaction of the government and business, which is shown by the calls for social and patriotic responsibility of the Russian capital. It is possible to say that in the current conditions we do not speak of the return to the formula of nationalization of the main spheres of the Russian economy and its national wealth, either as reconsideration of the results of privatization of 1990s or domination of state regulation in the conditions of sanctions (Vodenko 2018).

Nationally oriented capital is connected to the character of interaction between government structures. In this sense, it is possible to agree with the statement that return to the model of capital's domination in the system of state management is doubtful. However, the idea that nationally oriented capital is a result of a movement from the liberal market reforms toward the scheme of retaliation of the administrative and government scheme is a simplification. Nationally oriented capital preserves the positions of the group of interests but is in the state of mutual responsibility and rights with government institutes.

In other words, the center of decision-making in state management in the conditions of competition between business structures is based on the criterion of socioeconomic effectiveness, which is ensured by contractual relations between government institutes and business structures. Such situation could be qualified as lobby and control over government workers, but nationally oriented capital is peculiar by the establishment of the sphere of mutual competence, division of the functions of economic and legal regulation from government institutes, implementation of the programs of socioeconomic development within market mechanisms of activity, and distribution from business structures.

Thus, nationally oriented capital includes business groups that are oriented at legal (formally legal) relations with government structures and uses the mechanism of lobbying, influence, and participation to enter the development and achievement of the goals of state management. At the subjective level, it is expressed in recruiting

successful leaders of nationally oriented capital in state management at the level of government top structures and regional authorities.

It should be noted that there are procedures of coordination of goals and means of activities and there is growth of public and political control within implementation of the partnership. According to the logic of functioning, nationally oriented capital has the signs of independence in the adoption of a range of goals and means of action and responsibility in the distribution of financial and social resources. This is expressed in the fact that the trend of development of nationally oriented capital with support within the system of state management contains ambiguous results. It is possible to state that large corporations with government-owned control stock (Gazprom, Rosgastrans, and Sberbank) have a conflict of interests, and state management has to take into account risky operations and toxic assets, especially in crisis situations, when sociopolitical situation is at risk.

Hence, it is possible to conclude that nationally oriented capital becomes an effective tool of combination of interests of society, state, and business under the condition of consensus in goals, priorities, and values of state management. In other words, in the current situation, there is a stimulus for development of nationally-oriented capital, but the main responsibility rests with the government, which is proved by the tradition of state implementation of the most important economic mega-projects and social target programs.

4 Discussion

Nationally oriented capital acquires clear organizational and normative, structural, and functional parameters in the context of targeted and progressive state policy for supporting domestic manufacturers and the policy of social responsibility of capital. Also, it should be emphasized that organizational structures of the Russian economy (e.g., the Russian Union of industrialists and entrepreneurs, etc.) are oriented at increasing the influence in the adoption of political decisions. This means that within the existing unions there are differences as to the methods of lobbying the interests, schemes of interaction with public authorities on specific issues, and competition in the sphere of positions of the interests of business and entrepreneurship.

It is possible to state that consolidation of Russian business within the Russian Union of industrialists and entrepreneurs, Business Russia, and other unions is weak, as it is possible to see separation of the organizations in the schemes of interaction with government structures, which complicates joint measures for implementing the program of “nationalization” of the Russian capital. The emphasis of the Union on the creation of stimulating conditions for large capital is different from the Business Russia’s attempt to acquire its “own face”—so the transition to the status of nationally-oriented capital requires other approaches.

The primary important aspect is regular interaction between the existing organizations of Russian business for developing the nationally-oriented policy in the development of economy and real support for the efforts of state management within

responsible participation. The system of state management has conditions for business' influence on political decisions (Council of entrepreneurship with the government of the Russian Federation, groups of interests in the State Duma, participation in expert councils with ministries, etc.).

However, the problem consists in preservation of the corporate model as a structure of representation of private interests; therefore, the perspectives of transition to the status of nationally oriented capital and usage of the professional, business, and prestigious resources for the transition to the common rules of implementation of state interests are not very high. Due to these factors, it is possible to state that grading within the representation of large, medium, and small business could provide flexibility and effectiveness for state management, but in the current conditions real activities for strengthening of nationally oriented capital consist in consolidation of the parties of interests, development of the general national strategy of socioeconomic development, and opposition to corporatism as a transition to the model of mutual responsibility and mutual responsibilities (Avraamova and Zherebin 2011).

Here we speak of elimination of the dual situation, in which the system of state management stimulates the development of nationally oriented capital, while the concentric model of responsibility decreases in the course of large desire of the existing organizations of entrepreneurs for independence through lobbying private corporate interests. Nationally oriented capital in the system of state management sets large requirements to the participants of political decision-making, according to trust and support for domestic business from the state (Khodov 2017).

An important indicator during consideration of the issue is readiness for the joint solution of the problems of state development that do not influence the interests of business. This means that an important regulating role should belong to the mechanisms of support for business ethics, which are aimed at the development of the corresponding models of social and business behavior. Acknowledgment of significance of the mechanisms of vertical control, which are natural in the sphere of state management, is established by the norms of a business organization. In the opposite case, a model of asymmetric responsibility is manifested; in this model, state management is based on guarantee of rights and freedoms of economic activities, and the regulators that are to stimulate the development of nationally oriented capital do not have real influence on the activities of Russian corporations.

There appears a new institutional demand, which is connected to the establishment of stable rules for the values of nationally oriented capital to become universal for all gradations of Russian business—large, medium, and small. It is important to note the establishment of trusting relations within the entrepreneurial environment and using administrative resource within solution of the problems that have a strategic role for the national economy, without usage of administrative rent by certain structures of state management (Popkova et al. 2018).

5 Conclusions

Thus, it is possible to state that the system of state management is peculiar for a complex and long-term transition to support and development of nationally oriented capital. It is important to establish the desires by the creation of favorable organizational, normative, and structural conditions for interaction between business and the state for the purpose of implementing national priorities and interests. It should be noted that Russia does not have a model of state capitalism, though the level of participation and control of the state in the basic sphere of the Russian economy is high. However, this is not the sign of domination of nationally oriented capital, as the differences with pragmatist setting for formation of budget and creation of a rationalized system of relations, which make orientation at investments and implementation of the projects within the country attractive and justified, are substantial.

Within the system of state management, the basic mechanisms of institutional functioning require “maintenance,” aimed at reduction of the role of the institute of “intermediaries” between public authorities and business, and formation of the system of formal and informal norms of coordination of government and private interests.

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Chapter 7

Economic Federalism: Interaction of Federal Authorities and Regions



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Abstract The chapter studies the theories of fiscal federalism and methodological and practical problems of financial interaction of the center and the regions. The contradictions and perspectives of development of fiscal federalism are analyzed.

The problem of division of economic authority between the center and the regions is connected to increase in the level of decentralization of the country's economy. It is necessary to take into account the positive and possible negative aspects of this policy. Despite certain autonomy, regions have to be an effective part of a common system. Then the transfer of a certain volume of authority (functions) to the regional level will stimulate their successful economic development, ensuring a larger share of independence of the regions.

1 Introduction

Russia's transition to new political and economic conditions and the changes of the structure of ownership and the character of revenue distribution required deep and radical reforms of territorial development and state regulation. Federative structure of a state envisages that the level of relative independence for the subjects of the federation within their relations with the center could be different, but equal rights of the subjects of the federation are the key principle of federalism.

Specifics of the interaction of public authorities of various levels in a federative state consist in the delimitation of authority, which often leads to a conflict of partially overlapping jurisdictions and division of authority. Division of authority and objects of responsibility between various levels of public authorities—federation and its subjects—is a very complex problem of government control and federalism, both at the theoretical and practical levels.

In the modern conditions, one of the most discussed aspects of federative relations is the economic inter-budget relations, as they are the key conditions for

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the provision of effective economic development of regions and of the country's integrity. Government regulation of territories' development is very important. At the current stage of development, it is necessary to perform analysis of opinions of the problems of domestic federalism and the method of its implementation—fiscal federalism. It should be taken into account that Russia is a state with a complex federative structure, which development is performed based on the territorial and national principles.

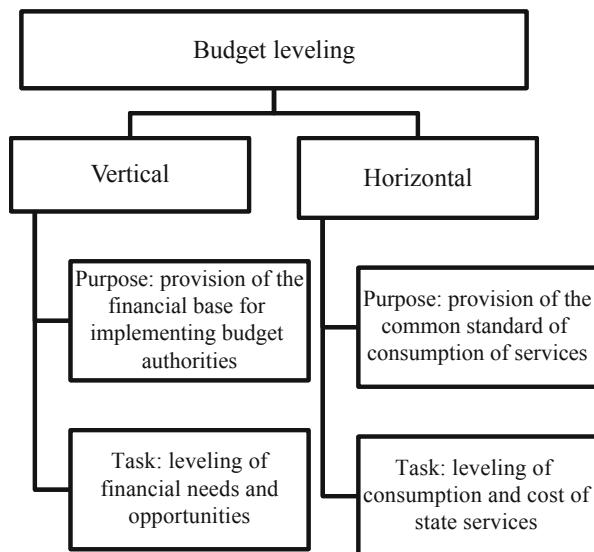
2 Materials and Methods

The main provisions of the theory of budget federalism were offered by A. Tocqueville more than a 100 years ago. According to his definition, the federal system was created for the purpose of unifying the advantages that result in functioning of large and small nations (Tocqueville Alexis 1945). From the fiscal point of view, his definition means the introduction of several levels of decision-making. The presence of a multilevel structure envisages the possibility of making a certain decision in a centralized manner (decisions that influence the whole state), while there remains a possibility for the local fiscal choice where it provides the largest advantages.

The theories of budget federalism could be conventionally divided into two groups: construction and perspective. Construction theories provide a comparative evaluation of the existing models of budget federalism: economic, cooperative, and democratic. The structural shifts within the models have quantitative character, and the models are peculiar for the historical predetermination (Inman and Rubinfeld 1997; Wheare 1964). When studying the second group of theories—perspective ones—it is possible to distinguish two methodological approaches: functional (neo-classical) approach and neo-institutional approach (Olson 1995).

3 Results

One of the main drawbacks of the Russian budget federalism is that solving the issues of economic nature depends not on the common rules that are set by the law but on the peculiarities of interaction of regional and federal bodies of executive authorities (Efimova et al. 2004). According to Article 5 of the Constitution of the Russian Federation, the federal structure of the Russian Federation is based on its state integrity, the unity of the system of state authority, the division of subjects of authority and powers between the bodies of state power of the Russian Federation and bodies of state power of the subjects of the Russian Federation, the equality and

Fig. 7.1 Model of economic federalism

self-determination of peoples in the Russian Federation. The modern model of the Russian economic federalism is shown in Fig. 7.1.

Budgets of all levels are the financial basis for functioning of the corresponding federal or local bodies. The comparative characteristics of delimitation and distribution of revenues between the budgets of the Russian budget system are presented in Table 7.1.

Thus, the allocated financial means for development (within the target programs) ensure concentration of budget assets and their targeted usage for top-priority directions of socioeconomic development of the country.

4 Discussion

According to the performed analysis of the vertical structure of the Russia's budget system, recent years showed a tendency for the centralization of a large share of budget assets at the federal level. The concentration of financial resources at the highest level of government control is justified in a certain sense. This allows for solving the following national tasks:

- Structural transformations in the socioeconomic sphere
- Strengthening of national security
- Increase of effectiveness of activities of the government control bodies

However, this should not lead to excessive concentration of financial assets in the federal budget, thus weakening the territorial budgets.

Table 7.1 Delimitations and distribution of revenues between the budgets of the Russian budget system

| Criterion | Delimitation of revenues for the budgets of the budget system | Distribution of revenues between the budgets of the budget system |
|---|---|---|
| Competency | Federal authorities | Federal authorities, authorities of subjects of the Russian Federation, and local administration |
| Legal act that sets the norms | Budget code of the Russian Federation | Federal laws (except for the budget code of the Russian Federation), laws of the subjects of the Russian Federation, decisions of representative bodies of local administration |
| Budget into which revenues are accrued according to the set norms | Federal budget, budgets of subjects of the Russian Federation, and budgets of cities, villages, municipal districts, and municipal okrugs | Federal budget, budgets of subjects of the Russian Federation, and budgets of cities, villages, municipal districts, and municipal okrugs, budgets of intracity entities, and budgets of the cities of with the federal status |
| Types of norms | Unified norms | Unified and differentiated norms |
| Duration of norms' effect | On the constant basis | On the constant basis, for the next financial year |
| Types of taxes for which norms are set | Federal taxes and fees, taxes that are envisaged by special tax regimes, regional taxes, and local taxes | Federal taxes and fees, taxes that are envisaged by special tax regimes, regional taxes that are to be accrued to the budget of the subject of the Russian Federation Federal taxes and fees, taxes that are envisaged by special tax regimes, regional taxes that are to be accrued to the municipal budget |

Very often, subjects of the Russian Federation and municipal entities lack the sources of revenues that would allow them to develop the economic activities independently. Recently, there has been a gradual reduction of the share of tax revenues in the revenues of territorial budgets. Thus, it is possible to observe the increase of dependence of regional budgets on the federal budgets, and, on the other hand, increase of dependence of local budgets on regional budgets (Pereverzev 2017).

Such a situation contradicts the principle of independence of regional and local budgets and does not stimulate the development of the local initiative, leading to financial parasitism. The balance between incomes and expenditures for territorial budgets is ensured not by increasing the tax revenues, which conform to the growth of expenditures, but by provision of financial help, which is allocated from the federal budget.

Thus, vertical leveling should be performed together with horizontal balance, which, in its turn, is ensured by proportional distribution of tax revenues between the subjects of the federation, which purpose is leveling of the territories' economic opportunities. Solving the task of horizontal leveling is a rather difficult task. It is necessary to ensure decent living standards for citizens of Russia—despite the differences in the economic position of the regions and the level of incomes.

The leading foreign experience of economic federalism shows that it should take into account the socioeconomic specifics. It is necessary to take into account the level of collection of taxes and fees, dynamics and level of inflation, development of the system of formation of budgets of various levels, and distribution of financial responsibility for managerial solutions of various tasks. We think that despite the regional specifics, it is possible to use the positive experience of the national economic policy of Germany in the sphere of inter-budget relations. Borrowing effective financial models of regulation of territorial development could become an effective step in the development of Russia. It is necessary to borrow the positive foreign experience of the formation of the model of fiscal federalism, adapting it to the modern Russian conditions of the practice of inter-budget relations.

According to the Constitution of the RF, the most important feature that characterizes the federative structure of Russia is unity of the financial and budget policy at the levels of the subjects of the Russian Federation. Sustainability of the federation largely depends on flexibility of regulation of relations within the federation. Fiscal federalism could be treated as a principle, according to which regulation of economic relations between the budgets of different levels should be oriented at strengthening of national federative relations (Shirobokova 2017).

A specific feature of the federative structure of Russia is the legal regulation of interconnections between the whole and the components. Within the existence of the budget system, two principles play the key role:

- A part of the whole should not dominate over the whole.
- Integrity of the system is ensured by strong interconnection between its elements.

One of the most important tasks of economic federalism is the provision of sustainable development of the country's territories. It should be noted that the process of regulation of inter-budget relations requires constant improvement. There is a range of problems that negatively influences a lot of processes in various spheres of activities. Therefore, it is necessary to create a better system of legislative regulation of the sphere of inter-budget relations (Novozhilova 2016).

One of the most serious problems of economic federalism is asymmetry of the federative inter-budget relations, which appears due to the simultaneous presence of two methods of delimitation of budget authority between the federation and its subjects—constitutional and contractual.

An important feature is that the current stage of development of Russia is peculiar for incompleteness in formation of internal government structure and absence of unambiguous and clear delimitation of competency of various levels of authorities, which might lead to emergence of the conflict of interests. There is a problem in interrelations between the federal center and regions.

Thus, in the conditions of development of the Russian market competitive economy, an important issue is the one of delimitation of the authority of the federal budget, budgets of the subjects of the Russian Federation, and local budgets, as well as establishment of fair legal interrelations between various links of the country's financial system.

Specifics of inter-budget relations largely influence the rates of economic growth, sociopolitical situation, direction and intensity of migration flows, and the economic situation in the region and in Russia on the whole. Thus, the problem of correspondence of the financial revenues to the tasks of the subjects of the federation, which are set by the center, is especially topical.

Conflicts of interests, which appear in interrelations between the center and regions in the Russian Federation, deepen in the conditions of slowdown of the economy's growth, which stimulates the aggravation of the socioeconomic situation.

The Constitution of the Russian Federation sets the delimitation and autonomy of the budgets of various levels. Determination of the general principles allows speaking of the presence of the constitutional model of the budget federalism. The key role in this model belongs to joint tax and budget rights of the Russian Federation and its subjects. On the one hand, they limit the opportunities of the regions and the center and, on the other hand, they lead to their interdependence and interconnection, establishing the unity of the budget and tax systems.

Effective inter-budget interaction of the regions and the center allows for quick solution of complex tasks with economic methods. The bodies of local administration have received extensive financial rights recently, which became a mandatory component of the system of government control (Ramazanov 2013). The increase of the role of territorial finances within the national financial system stimulates the growth of significance of local budgets.

An important problem in the process of development of the budget structure of Russia is transformation of the existing relations between the budgets of different levels. At the modern stage of Russia's development, an important role belongs to the task of organization of the budget structure, which is based on the principles of economic federalism.

Economic federalism is treated as a system of budget and tax interrelations of public authorities, which is based on the following principles:

- Autonomy for budgets of various levels
- Presence of special procedures of solving conflicts between various levels of authorities
- Achievement of compromises in the issues of budget and tax policy
- Provision of financial support on the basis of formalized methods of regulation of inter-budget relations

Let us distinguish a range of the key tasks that are to be solved for effective development of the economic and budget policy of Russia:

1. Improvement of the system of division of competencies between various levels of public authorities and local administration for avoiding a possible conflict of interests.
2. Stimulation of labor migration between the subjects of the Russian Federation, for the purpose of selection of the most attractive socioeconomic conditions.
3. Strengthening of a federative state through more equal distribution of financial resources between the subjects of the federation and introduction of the common principles of distribution of resources between the subjects of the federation and the municipalities. Transfer of large taxpayers from the federal center to the regions will stimulate the increase of financial opportunities and socioeconomic sustainability.

Thus, the problem of economic federalism is closely connected to an increase in the level of the country's economy's decentralization. It is necessary to take into account the positive and negative aspects of this policy. Despite certain autonomy, regions have to be an effective part of a system. Then the transfer of a certain volume of authority (functions) to the regional level will stimulate their successful economic development, ensuring a larger share of independence of the regions.

5 Conclusion

Within a federative state, the process of delimitation of incomes and expenditures starts from delimitation of authority and the corresponding expenditures; money revenues are distributed among the local federal and regional budgets and non-budget funds. The process of delimitation of expenditures, incomes, and sources of financing the deficit of budgets envisages the legislative establishment of expenditures and sources of financing the budget deficit with the budget system of the Russian Federation and establishment of the authority of various bodies of public authorities and local administration. The system of inter-budget relations envisages balancing the budgets with the help of subsidies and subventions.

The mechanism of implementation of inter-budget relations in Russia is based on the division of expenditures' rights of the levels of the budget system and inter-budget regulation. Regulation of inter-budget relations at the federal, regional, and municipal levels seeks the goals of provision of the budgets with the required financial resources for timely and full implementation of the set tasks.

Distribution of revenues between the budgets of various levels is conducted by the corresponding bodies of public authorities and the bodies of local administration. In its turn, the delimitation of revenues between the budgets belongs to the authority of the federal bodies of public authorities.

At present, one of the most serious problems of the economic federalism of the Russian Federation is asymmetry of the federative inter-budget relations, which appears as a result of simultaneous presence of two methods of delimitation of

budget authority between the federation and its subjects—constitutional and contractual.

The main purpose of reformation of the system of government control should be strengthening of a federative state, with an orientation at a more just distribution of financial resources between its subjects. An important role in this process belongs to the improvement of the budget laws, implementation of a new budget classification, and transition to the program budget on the basis of the government programs of top-priority development.

Well-balanced regional development envisages the creation of the conditions that allow regions to have sufficient and necessary resources for the provision of decent living standards, increase of competitiveness, and complex development of regions' economy, as well as rapid development of top-priority territories (Morozova 2016). Purposeful work for the development of federative relations and improvement of local administration, complex measures that level the budget provision of the subjects of the Russian Federation, and increase of effectiveness of financial management will allow achieving sustainable development of Russia in the long term.

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Chapter 8

City Management in the USA and Western Europe: Historical Background and Implementation Experience



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and Liana R. Barashian

Abstract The purpose of the chapter is to identify the historical prerequisites to create (for the establishment) the Institute of city management through the prism of its tasks in Western countries to assess the possibility of applying the Western experience in the Russian Federation. As a basic methodology, the authors use the neo-institutional paradigm, which is based on the understanding of social institutions as formal and informal constraints that reduce the complex of uncertainties in the system of social choice. The city management as a system of municipal government appeared in the USA and was created to (address) solve specific historical problems facing the municipal government of (the) that time.

1 Introduction

The transformation of the urban environment into a multidimensional and complex social space, which took place in the early twentieth century, sets the task of optimizing the work and improving the efficiency of management decisions to the Institute of municipal management, which led to the emergence of a new system of municipal management, known as city management. This system, which was founded in the USA, has been spread to many Western European countries, and is currently undergoing the process of its adaptation in the Russian Federation. Due to the fact that the implementation of any foreign management systems and approaches carries with it many risks and obstacles in implementation, there is a need to consider the system of city management in the context of municipal practices, typical for

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countries of its origin, and, analyzing its essential characteristics in the historical and social context, to assess how effectively it is possible to implement a system of city management in Russia, which is progressing in the transformation of its institutional processes and is trying to find the most effective ways to implement civil and municipal practices in many different regions.

The object of the study is the Institute of city management in the USA and Western Europe. The subject of the research is the origin and evolution of city management in Western countries.

The purpose of the chapter is to identify the historical prerequisites to create the Institute of city management through the prism of its tasks in Western countries to assess the possibility of applying the Western experience in the Russian Federation.

Achieving this goal involves two tasks:

1. Determine the origin and evolution of city management in the USA
2. Assess the origin and evolution of city management in Western Europe

2 Materials and Methods

As a basic methodology, we relied on the neo-institutional paradigm, which is based on the understanding of social institutions as formal and informal constraints that reduce the complex of uncertainties in the system of social choice. This understanding allows not only to assess estimate the trajectory of social actors in the process of choosing certain forms of behavior but also to put the assessment in the context of target determinism. This makes it possible to assess social activities in the context of the concept of rational choice. The present study is based on the general scientific principles of historicism, comparative historical analysis, comparative analysis, and method of typology.

3 Result

Historically, the city of Staunton, located in Virginia, the USA, was the first to be introduced a system of government that replaced the elected mayor with a contract Manager appointed by the city Council. For a deeper understanding of why the urban management system was implemented in modern megacities originated in small cities of the USA, it is worth analyzing the situation in which city managers were in the early twentieth century. One of the main problems that had to be overcome in the emerging system was the political commitment of the elected mayors of the cities, who for their election campaigns, as well as subsequent urban reforms and investments attracted representatives of the political and economic elite to use the administrative apparatus of the municipal government. This system was characterized by the fact that the mayor, being elected with the support of representatives of the urban political and economic elite who invested in him various types of capital, by

preliminary agreements, reformed the apparatus of municipal government and appointed people to various positions, which he had previously agreed with his patrons. Thus, in the system of popular city elections, the main beneficiaries were representatives of the political elite, and this, in turn, led to the fact that the members of the city councils—the main representative bodies that manage the city decided to depoliticize the institution of municipal government and following the progressive trends that were widespread in the city administration of that time, began for a certain period to hire a Manager “from outside,” not affiliated with political forces and being a professional in his field, who came from business or various social services. The second major challenge that the city Manager had to overcome was the need to address the specific and localized challenges specific to each city in which the system was implemented. For example, in a city experiencing transport problems, a city Manager was hired, who was a specialist in transport systems, coming from transport companies or from the sphere of transport logistics. In other words, the city Council analyzed the main urban problems and for a specific period, which varied in each state, hired a specialist who had to focus on the problem that was stipulated in his contract.

On the one hand, it is difficult to deny the effectiveness of solving specific urban problems by a hired Manager who specializes in a certain area, but on the other hand, the isolation of the city Manager from the city population and the lack of a mechanism for its reporting to urban residents can be one of the arguments in favor of the inefficiency of city management as an institution. Also, critics of the analyzed model claimed that the hired Manager would not think about strategic long-term plans for the development of urban infrastructure, which can lead to the fact that city managers, who will be hired by the city Council, can neutralize the achievements of their predecessors and interact with problem fields in the urban environment in their own way, guided only by their experience and management culture. It is worth noting that the replacement of direct elections of the mayor by hiring a city Manager, for which the Commission formed from the city Council is responsible, can also lead us to the question of the democracy of such a system. This is explained by the fact that, if we consider city management from a different angle, we can come to the conclusion that it deprives the population of the city of power over the processes taking place in it, because if earlier the entire population participated in the elections and decided who will be the head of the city, now this decision is made for them by the city Council and it determines the most significant problems of the urban environment, not allowing the population to actively participate in decision-making. However, as mentioned earlier, the system of city management was born in small cities of the USA with a population of no more than 50,000 people. Due to the historical context of democratic practices in the USA, it can be concluded that at the time of the emergence of this system it was not undemocratic, but rather stimulated an increase in the responsibility of elected representatives of the city Council to the population. In order to understand this mechanism better, we propose to consider it in detail. The population votes for the candidates competing among themselves in city Council, each of which has election promises and the target audience corresponding to it. For example, one candidate can be elected by consolidating the forces of pensioners and

budget employees, the other can rely on the support of the population involved in agriculture or industry. In other words, each member of the city Council is elected by the people on whose support he expects and on which his election for the next term depends. Since in small towns representatives of the city Council are public figures known to almost every resident, their responsibility to them increases, which in turn leads us to the conclusion that in the above conditions, the city Council hires the city Manager who, in their opinion, most meets the needs of the city and who will be able to most effectively meet the needs of the population, which supported the city Council in its current composition. Based on the above, we can conclude that, in the social reality in which the Institute of city management was born, it was democratic and effective from a managerial point of view, a system that was designed to solve the problems of politicization of the mayor-Council management system and improve the efficiency and professionalism of specialists working in the field of municipal management, by bringing politically not affiliated and focused on the effectiveness of a specialist from business or other social services. Although the city management system was not without criticism, its effectiveness in small cities in the USA demonstrated the prospects of the Soviet-management system of municipal government, which led to the introduction of the Institute of city management in many cities of the USA and Western Europe.

Summing up the analysis of the historical prerequisites for the emergence of the Institute of city management, we can say that it appeared as a desire of progressive-minded members of the city councils of small cities of the USA to overcome the evils of the electoral system with its inherent “production system,” as well as the need to improve the professionalism of municipal government specialists through the hiring of an independent of political parties and other representatives of municipal structures of the city Manager, who was to bring to the Institute of municipal administration his vision of urban problems and ways to solve them, based on his professional experience and managerial competencies. Despite the criticism from the adherents of the classical system of choosing the mayor as the head of the municipality, city management is firmly entrenched in small cities of the USA, and for 40 years there was a process of transformation and hybridization that changed its appearance at the present time, which led to attempts by other countries to implement city management in their system of municipal control.

City management, firmly entrenched in the early twentieth century in small cities of the USA, became widespread in other countries after the Second World War and the intensification of globalization. This is explained by the fact that in most cases the economic and social trends that came from the USA are characterized by a high degree of rationalization, which, in turn, is a product of neoliberal approaches to socioeconomic development. This approach, which makes it easier to assess the effectiveness of urban governance by focusing on quantitative indicators, has proved to be attractive to cities in Western Europe that were faced with the need to engage in global economic processes. It was necessary to optimize the urban spaces of European countries and turn localized communities into global, and to achieve this goal it was necessary to rethink the essence of urban spaces and their transformation into so-called “global” or “world” cities. In the discourse of the European municipal

government, the abovementioned words are quite common and reflect the main interest of the municipal managers of the European Union—to rationalize urban management and put it on the rails of unification in such a way as to turn the European space not just into a politically unified “European house,” but into one big “European city.” This, in turn, means the fact that the Western European vector of development is correlated with the American one and plans to build certain economic bridges between Europe, the USA and other regions that can potentially enter into a single global space.

However, due to the fact that the cultural and mental code of Europeans is different from the residents of the USA, in the city management system in its American understanding it was necessary to make some changes regarding the approach to management decision-making. The main difference between the European approach to city management and the American one is the preservation of traditional forms of municipal management and the integration of specialists from business and social organizations in the management of the city and not the replacement of traditional forms of municipal management with a radically new one. One of the most important and historically justified elements of the European mentality is the struggle for their rights and benefits and the rejection of attempts to influence them through management decisions taken by the state or city authorities. From this it follows that the American scenario coming from the Manager, arranging the rotation of personnel and making unpopular, but the right decisions will not work as effectively as in the USA, and in most cases will inevitably cause protests from the urban population. In this regard, the European space has developed its own approach to city management, which is characterized by focusing on the transformation of urban spaces of European cities from local to global. In other words, the European school of city management prefers to unite many cities into a single space, postulating the principles of mobility, professionalism, and global spirit. The mechanism of the European school of municipal administration is simple—to integrate cities into a single economic space, in which the problems of one urban space can be solved at the expense of another. Although this system has its drawbacks, which we see now, but at the time of choosing the vector of municipal development of European cities, such a choice was rationally explained by the dominance of globalization trends that promised universal well-being achieved through inclusion in global socioeconomic processes.

For a deeper understanding of the mechanisms of the European city management, we propose to consider its main structural differences from the American one. The Institute of city management in Western Europe differs significantly from the similar system of the USA and in fact has similarities only in the desire to improve the professional level of urban managers and their adaptation to the rapidly changing socioeconomic trends of the world economy. If in the USA the hired city Manager replaced the mayor and could somehow influence the work of city councils, in Europe the city management was transformed from alternative system in supplementing. In other words, the Institute of municipal administration of European large cities has started to hire advanced specialists to optimize urban space in the so-called “global” cities or “world” cities. An interesting fact is that it is in Europe that a specialty called “city management” has become widespread, but unlike the American approach,

within this specialty, a management concept is created, implemented in cooperation with all representatives of the municipal elite of the enlarged urban agglomerations. It is aimed at training personnel, divided into many specialties, which form a holistic approach to the new management of European urban spaces through the prospect of including local urban spaces in the global. An important feature of the European city management from the American is that it focuses not so much on the qualitative change in living conditions of the population, by investing in specific industries or redirecting funds from one part of the city to another, as was done in the traditional American system, and in creating conditions for self-development of citizens. In other words, since urban managers in Europe are often constrained by the chains of public opinion that do not accept unpopular solutions that can affect the standard of living of the population, they have to work creatively and through cooperation with a large number of nonprofit organizations, trade unions, and other public organizations to build not only just global but also “smart” cities that are highly adaptive to external changes and can quickly respond to trends in the global economy and technological progress. The so-called “smart” cities in the European sense are cities in which a citizen has countless opportunities that will help him to implement the municipal government, cooperating with many public organizations.

4 Discussions

The Institute of city management has received an extremely ambiguous assessment in science, among which there are both negative and positive connotations (Ansell and Gingrich 2003). We found it necessary to divide all negative judgments on the problems of city management into three basic directions. With some degree of conditionality they can be called so:

1. Accusations of anti-democracy (Hayes and Chang 1990)
2. Accusations of managerial inefficiency (Nalbandian 1989)
3. Accusations of increasing the potential of financial risks (Svara et al. 2013)

On the other hand, there is quite a large group of scientists who have accepted the Institute of city management positively and tend to see it as a favorable trend for the development of local government (Wood and Fan 2008).

There is an opinion that the work of the city Manager is based on the division of economic and political functions, which will allow the candidate appointed by the competition on a contract basis in his management activities to fully focus on solving the current issues of the functioning of the municipality (Zhang and Feiock 2010). It is argued that the inclusion of regional authorities in the procedure for the appointment of a city Manager under the contract, on the contrary, will not worsen, but significantly improve the prospects for the management of the municipality, as it will make it possible to combine the efforts of different branches of government to solve the problems of local self-government development (DeSantis and Tari 2002). Also, a number of scientists note that the practical implementation of the city management

model is necessary because it will lead to significant savings of funds previously spent on municipal elections (Frederickson et al. 2001). In addition, some experts believe that the most important advantage of the city management model is that it provides an opportunity to terminate the powers of the city Manager ahead of schedule if he does not cope with the duties assigned to him. As for the same action concerning the nonprofessional head of local government chosen by the population, it is extremely complicated procedurally and demands essential financial expenses (Moulder 2008).

5 Conclusions

Summarizing all the above, we can conclude that the city management as a system of municipal government appeared in the USA and was created to solve specific historical problems facing the municipal government of that time. The popularity of this institution led to the neoliberal approach to economic development and the ambition to rationalize all spheres of social and economic life of urban residents. We can say that the Institute of city management, which was originated in the USA, appeared on the wave of rationalization and the desire to improve the efficiency and professionalism of many civil servants, which, in turn, is explained with the progressive movement, which was widespread in the early twentieth century in America. The intensification of globalization processes, which was characterized with the import of many American approaches to management to other countries, led to the fact that European municipal managers decided to implement this system, significantly changing it, but leaving the main goal—to increase the professionalism of municipal management personnel, which must quickly adapt to the rapidly changing trends in the world economy and technological progress. From the above, we can conclude about the conditions that are necessary for the implementation of city management and its effective operation. This is the presence of civil society, characterized by a high degree of involvement of the population in civil activity, as well as the legal and political consciousness of the population, able to actively participate in public and political life, as well as a clear understanding of what it wants to get from the municipal authorities and how this desire to broadcast through the Institute. It is also necessary to have active and supported by the population and the government of public organizations with high civic activity, which can, based on the principles of dialog, cooperate with representatives of the municipal authorities and point to the problems of the field in the city administration. In other words, city management, as a system of urban space management, is typical for Western democratic legal States, characterized by inviolability of private property, strict regulation of state intervention in the life of the population, as well as a high degree of civic involvement of residents of urban spaces in public and political life. From this it can be concluded that if in the city in which it is planned to introduce the city management system, one of the above conditions is not followed, there is a high probability of reducing the efficiency of municipal management, the removal of residents from active participation in

solving urban problems and the mismatch of approaches of effective managers and civil servants, which, of course, can further worsen the processes of municipal management. This, of course, excludes the possibility of achieving social and administrative solvency of city management, as the results of the reform will not meet its declared objectives.

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Chapter 9

Administrative and Social Consistency of the City Management Institution



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Abstract The chapter reveals the attitude of the elite of municipal corporations of the Republic of Adygea (Russia) toward the reform taking place in the territory of the Russian Federation in the form of the cancelation of procedure for the accession to an office of the head of the municipal corporation on the basis of the election in favor of his appointment under the contract by the competition committee. The survey has identified the presence of deep contradictions in opinions between the two groups of experts: experts of administrative authority and public experts. These contradictions are manifested in the assessment of goals of reform, the compliance of goals with current management practices, and the feasibility of a plan regarding the peculiarities of Russian sociopolitical and sociocultural conditions.

1 Introduction

Present-day Russian authorities are in permanent search for more optimal principles and structural interactions in the local government system. This search is reflected in the condition of legislation on local self-government, which is subject to either global or local reformatations taking place almost every year. This definitely indicates the intention of the ruling power elites to solve a set of existing problems simultaneously. These problems include the democratization of the management process (this requirement dates back to the late 1980s of the twentieth century), the achievement of management efficiency (primarily from the perspective of improvement of the socioeconomic indicators of territories), the creation of conditions for social stability (This syncretic term refers to the stability of major social institutions that have reached a certain level at which the authorities are able to provide favorable and socially acceptable conditions for the living of major groups) (Shmelev 2014). At the

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same time, there is no continuity in the transformations; reformers go around in circles; this goes to prove that an attempt to comprehensively address the listed problems has shown its inconsistency at the present stage (Ochakovskiy et al. 2015). It encounters both objective difficulties and subjective misunderstanding of the value and meaningfulness of the proposed reforms on the part of territorial communities. As a consequence, the problems of democratization of the local government have paled into insignificance today, and the achievement of stability and efficiency of the municipal corporation has been identified as a priority. The introduction of the procedure for the accession to an office of the head of the municipal corporation based on competitive selection (city management institution) becomes the most important link in the new stage of the local government reform (Dyatlov and Popov 2017). It is thought that that the new order will allow solving the problem of excessive politicization of the management of territories, their socioeconomic inefficiency associated with the lack of the necessary competencies of “people’s representatives” (Dyatlov et al. 2018). A city manager, as envisioned by authors of the new city management model—is a professional who is not politically motivated. The goal that is set before him is to improve the socioeconomic indicators of territories.

The target of research consists in the introduction of the city management institution within the territory of municipal corporations of the Republic of Adygea. The subject of research is the administrative and social consistency of the city management.

The proposed chapter is aimed at identifying the compliance of the declared goals of the city management reform with its actual results.

Achieving the desired goal involves completion of the two tasks as follows:

1. Determining the administrative consistency of the city management institution.
2. Assessing the social consistency of the city management institution.

2 Materials and Methods

The main method that was used to collect and process information for writing an article is an expert survey in the form of an interview. In terms of location, it was carried out in three populated localities of the Republic of Adygea: Maikop, Adygeysk, and Yablonevskoye townships. Parties that were identified as experts are as follows: (1) the chairman of the representative body of the municipal corporation and his deputy (deputies); (2) chairmen of standing and interim commissions (committees) and their deputy (deputies); (3) employees of local administration of city district (the head of local administration, deputies of the head of local administration responsible for various areas of activity); (4) employees of local administration of municipal district (representatives of the functional bodies of local administration: heads (deputy heads) of committees, directorates, departments, and divisions); (5) deputies of the representative body of the municipal corporation (city council/district assembly of deputies); (6) representatives of science (teachers);

(7) representatives of the media of municipal corporations, publicizing the problematics of reform of the local government system. A total of 30 experts holding leading positions in the city management system or having professional knowledge of how this system operates were interviewed within the Republic of Adygea.

The principle of separation of the entire set of experts into the two main groups was applied in the course of analysis of the database obtained: (1) representatives of administrative bodies (local government employees)—19 respondents and (2) the members of the public (deputies, journalists, and teachers)—11 respondents.

3 Results

Before we present the research results, we shall define the criteria which will serve as the basis for the conclusions on the declared subject. We suggest that administrative and social consistency shall be understood to mean the achievement of basic goals set before the city management institution. These are as follows: involvement of professional managers to improve the social indicators of territories.

Criteria of administrative consistency:

- Substitution of political competition with direct administration.
- Business cooperation between the branches of municipal corporation and cooperation of the administrative elite at the level of municipalities and subordinate entities of the Federation.

Criteria of social consistency:

- The lack of breakouts of discontent on the part of the people as a result of their exclusion from the politics in the capacity of the electorate via elections of the heads of municipal corporations.
- Actual improvement of the socioeconomic indicators of territories after the introduction of the city management institution.

Since we associate administrative and social consistency of the city management with the achievement of a goal set before him by the initiators of the reform, the first set of questions was aimed at identifying the priority areas in the activity of city managers.

Initially, we shall define the direct relationship of experts to the city management institution in terms of acceptance or disavowal of it (Table 9.1).

As we can see, more than one-third of local government employees show antagonism to the city management institution. When compared to deputies, journalists, and teachers (hereinafter referred to as the members of the public), where the majority of experts are disposed “negatively” toward him, the figure is small. But we need to take into account the loyalty to the initiatives of the superiors, which is conventional for administrative authority, in order to fully assess the scale of such a large number of elections by officials in favor of a negative statement about city management. Only 24% active proponents of the analyzed model have been

Table 9.1 How do you feel about the introduction of a managerial employee instead of popularly elected head of municipal corporation, in %

| Answer options | Social status | | | |
|---|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| I disapprove such practice, and I will actively oppose it in future | 0.0 | 0.0 | 0.0 | 0.0 |
| I disapprove such practice, but since it already exists, I wont oppose it | 28.4 | 45.0 | 63.3 | 75.0 |
| I favor such practice, but I will just watch the development of affairs | 47.6 | 55.0 | 36.7 | 25.0 |
| I favor such practice. And I will contribute to such actions | 24.0 | 0.0 | 0.0 | 0.0 |

Table 9.2 What was the primary goal of substitution of direct elections of the head of the municipality for the competitive selection procedure (one answer option only), in %

| Answer options | Social status | | | |
|---|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| Economic (to improve the economic development of territories) | 22.2 | 0.0 | 0.0 | 16.7 |
| Political (to complete the formation of the vertical power structure) | 33.3 | 50.0 | 50.0 | 83.3 |
| To improve the professional competence of city managers | 22.2 | 50.0 | 50.0 | 0.0 |
| There were no specific goals (reform for the sake of reform) | 22.2 | 0.0 | 0.0 | 0.0 |

identified, and all of them belong to representatives of administrative authority. Here, when assessing the very initial research results, it is extremely important to note that more than half of the experts disapprove it. This percentage figure could turn out to be even higher if the sample between the two groups of experts was proportionate, or if the burden of loyalty to the superior bodies of government did not put pressure on officials.

Further, we should determine whether the goal declared with regard to the city management institution (improving the professional competence of the city management and improvement of the social indicators of territories) complies with the realistic vision of it on the part of the two groups of the expert community (Table 9.2).

Hence, it can be easily seen that in the first group of experts (representatives of administrative authority) one-third of the total number of experts pointed the discrepancy between the declared goal and actual management practices. The remaining experts—approximately two-thirds of the total number—completely agree with the federal reformer and see no contradiction between the desired goal

Table 9.3 Relationship between the determination of goals for the city management institution and the attitude of the experts to it, in %

| Answer options | Economic (to improve the economic development of territories) | Political (to complete the formation of the vertical power structure) | To improve the professional competence of city managers | There were no specific goals (reform for the sake of reform) |
|---|--|--|---|--|
| I disapprove such practice, and I will actively oppose it in future | 0.0 | 100.0 | 0.0 | 0.0 |
| I disapprove such practice, but since it already exists, I wont oppose it | 0.0 | 89.9 | 11.1 | 0.0 |
| I favor such practice, but I will just watch the development of affairs | 33.3 | 16.7 | 33.3 | 16.7 |
| I favor such practice, and I will contribute to such actions | 100.0 | 0.0 | 0.0 | 0.0 |

and the actions for achieving it. As for the second group of experts (the members of the public), the situation is exactly the opposite of it. More than two-thirds of experts observe mainly political goals in the proposed reform and not nearly those that were declared by the reformers.

In this regard, it is interesting to us not only to evaluate the city management goals as viewed by the experts but also to compare the vision of the goals of this institution by respondents with the attitude to it that was identified earlier. This will enable us to obtain more opportunities for the assessment of administrative and social consistency of the analyzed city management model (Table 9.3).

If we associate the abovementioned negative attitude toward the city management institution with the goals that are identified with it, it is fair to assume that its disapproval by the experts was due to the discrepancy between the focus on improving the professional competence of the heads of municipal corporations declared by the government and actual practice, when city management is perceived solely as a new political institution. This is contrary to its declared focus on the improvement of the socioeconomic indicators of territories. When we analyze the data in the Table, we can see that in both upper columns, where negative judgments about city management are recorded, there is a distinct correlation with the statement about it as a political tool. The converse is also true: it is precisely those experts who do not see any political goals, associate the opportunity to improve the professional competence of city managers and to improve the socioeconomic indicators of territories with the city manager.

Table 9.4 What are the political goals of establishment of the city management institution (any number of answers), in %

| Answer options | Social status | | | |
|---|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| To complete the formation of the “vertical power structure” to facilitate direct administration | 47.6 | 80.0 | 66.7 | 50.0 |
| To terminate all political connections and relations at the local level by substituting them for administrative relations | 4.8 | 20.0 | 50.0 | 50.0 |
| To eliminate the influence of the party factor on the procedure for electing the heads of municipal corporations | 9.5 | 20.0 | 0.0 | 75.0 |
| The opportunity to dismiss politically disloyal city manager at any time under the guise of their poor performance | 33.3 | 40.0 | 16.7 | 25.0 |
| The city management institution pursues no political goals | 38.1 | 0.0 | 16.7 | 0.0 |

In this regard, we asked another question (advancement question) in order to check how important, the adjustment for assessment of the city management institution as a mainly political institution is for the experts (Table 9.4).

The vast majority of “public experts” gain sight of particular political goals in the city management institution. This is in no small degree characteristic of local government employees, too. However, the difference in assessments by the two groups of experts is quite significant. Most attention is drawn to the fact that only one-third of local government employees agrees with the statement that “the city management institution pursues no political goals,” although there were two-thirds of those before the follow-up question. This being said, the number of deputies, journalists, and teachers who agree with this thesis is even lower.

The intention to gain sight of political focus in the city management reform should not be treated as the diametric opposite of the goals of improvement of the social indicators of territories declared by the reformers. However, considering the fact that the majority of experts disapprove the already-existing working practice of city managers, one should wonder whether the city management institution has something different in it than just a further formation of the vertical power structure. Based on the identified frequency of choices when answering the question about the political goals of the city management institution, it can be suggested that experts fear the possibility of substitution of social and economic goals for direct administration at the local level, which is under the complete control of the federal government.

In this regard, a problem arises that needs to be resolved in the course of analysis of the following data: can the experts see potential within the city management institution that is able to improve both the professional competence of the heads of

Table 9.5 Do city managers have higher potential for improvement of socioeconomic indicators of territories as compared to popularly elected mayors, in %

| Answer options | Social status | | | |
|---|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| Yes | 25.0 | 0.0 | 0.0 | 0.0 |
| No | 0.0 | 0.0 | 0.0 | 42.9 |
| The principle makes no matter; it all depends on each individual case | 75.0 | 100.0 | 100.0 | 57.1 |

municipal corporations and the social indicators of territories? The presence of this potential may be indicative of consistency of the city management institution.

This is what the following set of questions consisting of three questions is designed to. Here, we will differentiate between the goals of the city management institution by different aspects, which will make it possible to bring them together into a single whole for the identification of sought-for “consistency” (or the lack of it) following the achievement of results. The first question invites the experts to compare the capabilities of a competitive manager and a popularly elected mayor (Table 9.5).

The members of the public chose the “no” answer option more often, and, accordingly, they never chose the opposite answer option, in which one could associate with the standpoint of the initiators of the cancelation of the municipal election. In this aspect, we also see a discrepancy in the assessments of consistency of the city management institution between the two groups of experts we have already identified. One cannot say that such discrepancy is major, since local government employees themselves, as well as the members of the public, associate the resolution of city management problems not with institutional models, but with a particular developing managerial situation. We tend to assume that it is a case of the business potential of a particular leader, his connections in the upper branches of power and business, literacy and competence. This data confirms the stereotype according to which the people of our country trust, not the institutions but people who have the necessary qualities for the professional activity.

The next question was directly related to the previous one, but it is intended to specificate the goals of the introduction of the city management institution from the perspective of the attitude of the official authorities.

The presented table contains three different conceptual approaches associated with the search for new sources of financing of municipalities: conventional American, expected Russian, and conventional Russian.

The first approach is focused on the fact that the city manager signs a contract with the representative body of local self-government, and the territorial community expects him to attract financial flows through his business channels. As a matter of fact, this is what this institution was introduced into the city management practice of the USA. In this situation, city manager is not only just an effective manager who distributes available resources but also actively attracts them from third parties.

Unfortunately, public experts strongly believe that the city management institution will not operate in Russia in precisely this manner (fourth column in Table). We intend to subject these doubts to a deeper study in the future. In the meantime, we only acknowledge their presence.

The second approach is based on the association of city management goals with the formation of an institutional model, ensuring political loyalty to the top branches of power at the level of municipalities. In this regard, new sources of financing of municipal corporations are seen as an adequate payment for loyalty (third column in Table). Moreover, this option was not often chosen by experts either. You might as well say it was ignored in actual fact. Since the city management has been existing for several years already, the heads of municipal corporations are either disloyal, which is unlikely, or this source is really of no use. In part, this result of unrealized expectations is attributable to the hidden anger about the city management institution on the part of representatives of administrative authority of municipalities.

The third approach focuses on the reproduction of the already mentioned stereotype about the absence of trust to institutions and organizations in Russia. Indeed, the majority of all elections of experts are oriented toward the statement of significance of a particular manager, regardless of the source of its legitimacy: contractual or mandated from voters. Here we can see either distrust of the practices of accession to an office in the legal system, or distrust specifically of the seat of power, or an ordinary manifestation of stereotype in the assessments of experts.

We tend to adhere to the explanation related to the absence of trust, which appears from the data of the first and second columns in Table 9.6. They contain about one-third of all expert choices. What is more, it is telling that the first option is based on a knowingly vitiated judgment. Indeed, the fact that the sources of financing are contained in applicable legislation not nearly means that a popularly elected mayor

Table 9.6 Will the city management institution change the local government financing principles for the better, in %

| Answer options | Social status | | | |
|--|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| No, they are regulatory and are contained in applicable legislation | 38.1 | 40.0 | 33.3 | 0.0 |
| No, but it will make the use of financial resources more efficient | 9.5 | 0.0 | 16.7 | 0.0 |
| Yes, those managers who are loyal to the authorities in power will receive additional benefits both via budgetary and extrabudgetary channels of distribution of financial resources | 9.5 | 0.0 | 16.7 | 0.0 |
| The city manager has ample opportunities for attracting financial resources of local business communities for the economic development of territories | 19.0 | 0.0 | 0.0 | 0.0 |
| Everything will depend on a particular manager | 23.8 | 60.0 | 33.3 | 100.0 |

and a city manager have equal opportunities to use them, let alone their knowledgeable disposal. In addition, the municipal corporation does not always operate in legal space. Therefore, the inability to expand the sources of financing within the limits of the laws cannot be regarded as such a definite obstacle. Nevertheless, the experts chose a knowingly incorrectly formulated answer option. Why is that? Because some of them turned out to be deprived of the possibility to make a correct choice corresponding to their ideas, since they trust neither the mayor, nor the city manager, nor the superior bodies of government.

Further, we shall give consideration to the data on the last question of the analyzed set of questions. If the first two questions were associated with the socioeconomic indicators and the sources of financing of municipalities, the following is dedicated to the comparison of professional capabilities of mayors and city managers, the assessment of professional advantages between the two types of city managers (Table 9.7).

The research results again demonstrate the presence of inconsistencies between the representatives of administrative authority and the members of the public. On the one hand, this is not to say that the first group of experts turned out to be ready to gain sight of all kinds of positional advantages of a city manager over a mayor. None of the four answer options was selected by more than one-third of respondents, although the expert was given the opportunity not to limit himself in their number. If the proposed benefits were obvious for their experts (local government employees), then they would have been selected much more often. On the other hand, the option according to which a city manager has no advantages over a mayor (14.3%), turned out to be the least popular exactly with the first group of experts. Suffice it to point

Table 9.7 What professional advantages do city managers have as compared to popularly elected mayors (any number of answers), in %

| Answer options | Social status | | | |
|--|---------------------------|--------|------------|---------|
| | Local government employee | Deputy | Journalist | Teacher |
| Unlike the mayor, city manager can only engage in economic functions; he is not politically motivated | 23.8 | 0.0 | 12.3 | 50.0 |
| Poorly performing city manager can be fired ahead of schedule | 28.6 | 0.0 | 16.7 | 0.0 |
| The city manager has no political commitment to the people and is therefore able to get unpopular but necessary decisions over | 14.3 | 0.0 | 10.7 | 0.0 |
| The city manager is an executive professional who is elected by other professionals, unlike the mayor, who can only receive an appointment by using populist techniques during elections | 33.3 | 0.0 | 9.0 | 0.0 |
| The city manager has no professional advantages over the mayor elected by the municipal community | 14.3 | 100.0 | 53.3 | 50.0 |

out that all the deputies surveyed, more than 50% of the journalists, and one-half of responding teachers agreed with the last answer option. It must be admitted that the discrepancy in opinions between the representatives of administrative authority and the public experts is very significant. We are not yet ready to hypothesize about these discrepancies. Further research is needed.

We believe that one just cannot ignore the contradictions in another group of figures: recognition of the presence of professional advantages of city managers over popularly elected mayors on the part of the local government employees, and, at the same time, a rather modest assessment of capabilities of the city managers in terms of improvement of the socioeconomic indicators of municipal territories and the change of their financing principles for the better. From our point of view, this contradiction can be justified by two mutually exclusive positions. In this situation, what is possibly meant here is either local government employees have demonstrated loyalty to the federal government and answered the analyzed question disingenuously, or they believe that city managers have certain professional advantages indeed, but they cannot unlock them in existing political and socioeconomic conditions. We are more inclined to opt for the last explanation. It calls for additional study of the circumstances and factors hindering the disclosure of the city management potential in the context of administrative consistency.

Experts' opinions were divided, which in fact reflects the hypothetical character of these judgments. It is difficult to tell definitely how voters feel about the cancelation of the mayoral elections. It is even more difficult to place their opinion in the value system by relevance. In any case, it can be assumed that even "policy fatigue" actually does not mean unconditional acceptance of restrictions on voting rights that were introduced.

4 Discussions

The current discourse regarding the results of reform involving the introduction of the city management institution makes it possible to single out several approaches (Dyatlov and Chigrin 2018; Dyatlov and Gurba 2014; Dyatlov and Sazhin 2015). With a certain degree of conditionality, we can combine them into three basic groups (Gafiatulina et al. 2018). The first group includes experts who are critical of the legislative innovation under consideration (Vodenko et al. 2018); the second group includes experts who concede significant institutional benefits in the long view from the introduction of the contract-based method for filling the vacancies of the heads of municipal corporations (Bedrik et al. 2016); the third group includes experts who proceed from the fact that the position of the city manager cannot be definitively assessed (Lubsky et al. 2016a, b). Within the last group, researchers see the main task in studying the already-existing experience, generating both positive and negative processes in the management of the municipal corporation (Lubsky et al. 2016a). The researchers should direct their attention to overcoming the latter.

A systematic analysis of the main author's attitudes on the issue of interest to us makes it possible to single out the following negative statements of experts about the

city manager institution. A.N. Neustroev draws attention to the lack of legitimacy in the procedure for the appointment of city managers. L.V. Akopov points out that a city manager, according to his status, is accountable not to the population whose interests he must represent, but to the representative body of the municipal corporation. This can potentially cause a problem of disregard of interests and opinions of voters. V.I. Vasilyev emphasizes that the expanding procedure for appointment of city managers is indicative of the desire of the state (federal center) to strengthen the vertical power structure to the detriment of the democratic principle in management. In addition, he also writes about disregard of a new model of such a constitutional guarantor as the right to judicial protection of the local government, since the city manager can be removed without legal proceedings. V.A. Ochakovskiy leaves open the possibility of strengthening within the framework of the analyzed model of corrupt practices, associating it with powerful capabilities of clandestine collusions with several interested parties in appointing officials. At the same time, the lawyer writes about corruption scandals already existing in the working practices of city managers. V.S. Avdonin proceeds from the premise that the contract-based model of appointment of city managers is capable of provoking an improvement of the competition of interests between the representative body and the administration, since the former acts as the source of legitimacy in relation to the other, but at the same time is almost deprived of supervisory powers (Chernous et al. 2015).

Still, there is another group of researchers who take a favorable view of the city management institution. A.A. Shmelev is confident of the fact that there is a division into political and economic functions in the work of a city manager, which makes it possible for the head of local administration to fully concentrate on the resolution of current issues in the activities of the municipality. V.L. Tambovtsev pays attention to the fact that the procedure of appointment under the contract in which the regional government plays an active role will allow combining efforts of the authorities of all levels for the joint resolution of administrative tasks. L.K. Bzegezheva appeals to a successful foreign experience of operation of the city management which is favored by political figures in the countries of Western Europe (USA), and researchers specializing in management issues. A.A. Volodin suggests the universal introduction of the city management institution, since the cancelation of municipal election will make it possible to spare funds for more efficient use of them. V.A. Ochakovskiy proceeds in his positive assessments from the presumption of depoliticization of the population, referring to the low voting turnout at the elections of the heads of municipal corporations. In this regard, a transition to the contract-based appointment of the heads of administrations, in his opinion, is the legalization of a more sophisticated procedure for the formation of local self-governing authorities (Volkov et al. 2017).

A more careful assessment of the two groups of opposing attitudes makes it possible to detect in them the relations of a dialectical nature: the same property of the city management institution is interpreted by its opponents or supporters in diametrical opposition to each other. For example, A.A. Volodin associates the cancelation of election with the possible cost savings, while L.K. Bzegezheva is confident that the exclusion of parties from the process of participation in election, on the contrary, will significantly reduce financial resources of local communities

due to their loss of interest in voters. In general, there are a number of common points for assessment, within which it would be much more efficient not to formally compare attitudes, but to reach a certain problematic level of their perception. If only because city managers have been existing as an alternative reality for management activities for 10 years already. And further, judging by the initiatives of the federal government, the overall trend will be to approve in practice this alternative only.

5 Conclusions

The expert survey revealed the absence of the possibility to make a general conclusion about the common administrative and social consistency of the city management institution. There are deep contradictions in opinions between the two groups of experts: experts of administrative authority and public experts. These contradictions were revealed already upon answer on the question regarding the attitude toward the tendering procedure for the accession to an office of the head of the municipal corporation. In the first (administrative) group of experts, two-thirds of respondents had a positive attitude toward the city management institution; in the second group, it turned out that the number of such experts from among public experts is only about one-third of the total number of experts. The correlation relationship of these connotations and the ideas of experts about actual, not declared goals of the city management institution showed that its negative perception is associated in both groups of experts with goal-oriented substitutions: one-third of the experts from the first group and two-thirds of the experts from the second group are convinced that in actual fact the reform is aimed not at improving the professional competence of the city management, but at strengthening of control over municipalities on the part of the federal government. The same proportions in the answers were clearly visible in other sets of questions when it was necessary to assess the professional qualities of the city managers, resource potential of the city management for the improvement of the socioeconomic development of territories, or to identify possible risks impeding both administrative and social consistency.

The experts of administrative authority rather highly assess professional advantages of city managers as compared to popularly elected mayors, but at the same time, they do not see any powerful capabilities to improve the socioeconomic indicators in them, which is the ultimate goal of the reform.

The assessment of the attitude of the group of public experts gave fundamentally different results. Negative connotations dominate here in almost all characteristics of the city management institution, ranging from doubts about the reliability of the declared goal to the actualization of the significance of almost all the risks that were proposed for assessment. The experts from this group also deny the presence of professional advantages of city managers over popularly elected mayors, see them as political appointees from the federal government, and deny their ability to consolidate financial and economic resources for the development of territories. In addition, they tend to put special emphasis on democratic procedures, including speaking on behalf of the entire territorial community. Hence, at this stage of concept

formation, we may call into question social consistency of the city management. It is necessary to conduct a full-scale study with the survey of population of municipal territories, which should merge into the project for studying the social consistency of the city management institution, since expert assessments alone are clearly insufficient for that.

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Chapter 10

Legal Irresponsibility as One of the Challenges to the Russian Society



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and Dmitry V. Boryakin

Abstract This research is aimed at drawing conclusions and generalizations about the danger and attributes of legal irresponsibility with related categories and offering recommendations on the elimination of irresponsibility. The authors substantiate the fact that legal irresponsibility at the institutional level is the state of absence or declarativity of rules governing legal responsibility or other imperfection of legislation which eliminates the possibility of bringing to legal responsibility and implementing it. Legal responsibility at the level of implementation of the rules of law is the state of social relations, characterized by the commission of offenses, avoidance of responsibility by the offender, and the imposition of legal punishment that is inconsistent with the nature.

1 Introduction

First of all, we shall point out that the subject of the study itself is quite clearly and unambiguously outlined in the title of the chapter, and as for the concept of legal responsibility, we have repeatedly expressed our own point of view (Alekseev 1907; Bezrukova 2014; Bobrova 2017; Bondarev 2008). Therefore, we shall take many discussion points for granted, developing our views further and responding in a peculiar way to the criticism that “in their study of a positive legal responsibility, researchers failed to progress further than the stage of discussions regarding its concept.” However, we consider it necessary to make a note of a number of important provisions that we have developed before. First, legal responsibility is unified, standard, and institutional and has various forms (aspects) of implementation—positive and negative. Second, it is based on state conviction, coercion and encouragement, and legal behavior serves as the basis for its implementation. Third,

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its characteristics include formal definiteness, clearness, high level of detail, as well as generally binding nature. The consequences of the implementation of liability are encouragement, approval, or punishment (Khachaturov and Lipinskiy 2007).

If the issues of legal responsibility are given consideration in a vast amount of general theoretical and professional books, then in relation to the concept “legal irresponsibility” as such, researchers are still only at the initial stage of its conceptualization. We should distinguish a monograph by Bondarev (2008), as well as a number of research papers Khachaturov (2008), Bobrova (2017), Markin (2010a, b, 2011), Brinchuk (2010), Borkov (2011), Riabova (2013), Poliakov (2017) as the most significant works. In other works, the term “irresponsibility” is used in the context of characteristic of monarchical government (as the irresponsibility of a monarch) (Lipinskiy and Shishkin 2014) or in respect of the aspect of bringing a subject of law to legal responsibility, without the disclosure of attributes of legal irresponsibility as such (Kushkova 2016). Unlike legal science in other fields of scientific knowledge, the issue of irresponsibility has been scrutinized by researchers. Thus, it has been examined in philosophy, sociology, politology, psychology, and ethics Vittenberg (2009), Voronin (2011), Bezrukova (2014). The analysis of papers shows that irresponsibility is defined from the perspective of internal attitude of subjects to the existing regulatory prescriptions, their rejection or indifferent or laissez-faire stance on them. In this case, no clear answer is given to the question of what constitutes irresponsibility as a social and philosophical category in abovementioned papers.

In the aspect of research of irresponsibility, there is an interesting concept of “anomie” that was introduced in science by the prominent social scientist E. Durkheim and defined by him as the lack of legislation. Anomie in its simplest form is a social state that is characterized by weakened or disintegrated rules (Durkheim 1991). The views of E. Durkheim are also interesting due to the fact that anomie was studied both from external and internal sides. From the internal side, it was treated as the attitude of individuals to social norms, and from the external side it was treated as the absence of a law, that is, references and standards for comparing their own behavior. Subsequently, the theory of anomie was developed in papers of R. Merton, who introduced the concept of deviant (deviating) behavior. He defined the concept of anomie and included the following concepts in it: vagueness, volatility of regulatory requirements; weak impact coming from social norms; complete or partial lack of statutory regulation (Merton 2006). Meanwhile, the concept of anomie is not identical to legal irresponsibility in accordance with a number of grounds. First, it reveals only one of its sides, pointing out the weakness or inadequacy of statutory regulation. At the same time, standardization is treated here from a broad perspective; it is represented by the totality of all varieties of social norms, as well as from the perspective that social relations are normative as such. Second, anomie is generally regarded not as an isolated phenomenon, but as large-scale processes that designate a special state of society during its transitional period.

The concept of irresponsibility was used as a counter to responsibility as early as at the beginning of the twentieth century; it meant the absence of regulatory grounds for the legal responsibility of a monarch. Thus, A.S. Alekseev wrote, “Irresponsibility of a monarch results from his sovereignty, which is treated in the context of

absolute and unlimited power” (Alekseev 1907). However, “an offender does not cease to be an offender if he is not brought to responsibility; the stain that appears on a person due to unlawful act committed by him/her cannot be washed away by the fact that this unlawful act remains without punishment” (Alekseev 1907).

2 Results and Discussion

We shall turn to the analysis of a few studies dealing with legal irresponsibility. Bondarev, A.S. states that “irresponsibility of subjects of law which is expressed in misbehavior and bad behavior (offenses) is the opposite of legal responsibility. The internal” psychological “aspect of legal irresponsibility of subjects of law is expressed in their ignorance or insufficient understanding of the value of legal demands established by the binding and prohibitive rules of law, their disregard, and even as much as direct negative legal attitude and willful direction of their behavior on illegal path” (Bondarev 2008). Bondarev, A.S. further treats irresponsibility as a legal counterculture of subjects of social relations, which has two aspects. “Visible aspect of legal counter-culture is a bad behavior of subjects of law, while its hidden aspect is inside the legal consciousness of the latter in the form of immature legal knowledge, legal prejudice, motivating them and directing their unlawful activity” (Bondarev 2008).

According to M.M. Brinchuk, “irresponsibility has apparent attributes and characteristics; it is legal in nature. Therefore, we can treat this phenomenon as a legal irresponsibility, which, in point of fact, is a reverse of legal responsibility” (Brinchuk 2010). In his article, the author does not disclose the attributes of irresponsibility, but it follows from his judgments that it comes down to breach of duties and to latent offenses (Brinchuk 2010). V.N. Borkov believes that the phenomenon of irresponsibility is contained in the liberalization of actual responsibility for economic offenses and actual avoidance of responsibility by the corruptionists (Borkov 2011). S.B. Poliakov associates the phenomenon of irresponsibility with the lack of sanctions or mechanism for their implementation (Poliakov 2017). According to N.A. Bobrova, “the system of positive responsibility is hardly able to meet the public needs and to cope with challenges of the modern era.” According to her, declared positive responsibility of the highest agencies of state power is by definition a manifestation of irresponsibility (Bobrova 2017).

Markin (2010a, b, 2011) believes that negative legal responsibility is identical to irresponsibility. In another work, he points out that “legal irresponsibility is an unlawful avoidance by an offender or lawful exemption of an offender from the application of legal penalties to them.” If we disregard the overly categorical judgments of some scholars (we shall give consideration to them a little later), they disclose a specific feature or characteristic of legal irresponsibility, but the problem is further complicated by the fact that each author ambiguously defines the legal responsibility itself, which also impacts the reverse judgment about legal irresponsibility. Thus, according to Markin (2010a, b), legal responsibility has a

positive nature in all of its aspects due to the fact that the state consolidates it as a value in law rules. However, if we turn to another party to a legal relationship—an offender, then it is unlikely that negative legal responsibility has a positive nature for him. Otherwise, the subjects, perceiving it as a value, would immediately after commission of an offense turn to the law enforcement agencies with a sincere acknowledgment (aiming to obtain this value), and the number of latent violations of law in our country would be zero, and crime detection rate would be 100%. The value of the consequences in the form of their actual experience is absolute for the society and the state, but not for the offender. In such judgments, the logic of civilized constructions (A.V. Markin is a representative of civil jurisprudence) can be clearly seen, in which only one party to a legal relationship is taken into account—the creditor or the victim, and another party to a legal relationship or an institutional aspect of legal responsibility as such is left out of account.

It would seem that the analysis of the concept “irresponsibility” we can start from the etymological meaning of this word. There is no such word as “irresponsibility” in the definition dictionary of D.N. Markin, but the meaning of the word “irresponsible” is disclosed as a person who bears no responsibility; a person who is not restrained by “awareness of the responsibility.” The Russian prefix “bez” or “bes” is used in the formation of nouns denoting the absence or “lack of something” (Ushakov 2006). Clearly enough, scientific concepts cannot be formed on the basis of the etymological meaning of a particular word alone, but it must be taken into account when it is formulated. Its first characteristic consisting in the absence of legal responsibility follows both from the etymological meaning of the word and from the generic (philosophical, sociological) meanings of the term “irresponsibility.” Moreover, the analysis of this absence should not begin with the implementation of the sanction and not from the deviation from legal responsibility but from the availability of standardization. First of all, responsibility is normative and, if we disregard the perception of standardization as the law of social development, it is expressed in the existing system of law. Hence, the first manifestation of legal irresponsibility consists in the absence of law rules providing for the legal responsibility. In this regard, a question about the equality of concepts may arise; we will answer this question a little later.

It should be pointed out that the concept “anomie” is already used in such legal sciences as criminal science and criminal law, but mainly in the aspect of explanation of legal nihilism or marginal behavior, that is, in respect of the aspect of its internal (psychological) side. Foreign psychologist McIver noted that “psychological anomie is a state of consciousness in which the sense of social cohesion—a driving force of moral of an individual—is destroyed or completely weakened. Anomie is a spiritual voidness, persistent melancholy which pushes or leads a person to crime, or alcohol and drugs, or suicide” (Feofanov 1992). Then a question about possible equality of concepts “legal irresponsibility” and “legal anomie” arises. In the classical form, “anomie” is not only a static state (the absence of certain rules or their destruction) but also the process itself, when a significant part of society violates the existing rules of behavior and does not accept them mentally. In this regard, the concept of anomie is vague and hardly acceptable in its traditional sense (in Western legal and

sociological studies) for domestic jurisprudence, which is characterized by strict legal constructions arising from the belonging of our legal system to the Romano-Germanic law system.

In support of our thesis, we shall produce the following reasons. First, researchers of anomie in point of fact admit the lack of a clear definition and write more about its manifestations. Thus, it is pointed out that “for twenty years almost half of the chapters in the magazine of the Russian Academy of Sciences ‘Sotsiologicheskkiye Issledovaniya’ was dealing with the issue of anomie of a particular sociocultural community in Russia, but the very concept that designates this phenomenon is barely ever used” (Kara-Murza 2013). The author of this quote, who dedicated a complete monograph to anomie, opted not to formulate its concept, but focused on its manifestations without specification of apparent attributes. Then a logical question appears, how can one give consideration to various manifestations of a particular phenomenon without knowing its accurate concept. In our opinion, the attributes of legal irresponsibility should be conveniently classified into several groups: institutional; law enforcement; located in the sphere of individual and collective legal consciousness; resulting from an offense or an abuse of right. It is important to note the following institutional attributes of legal irresponsibility which stand out from the others: the absence of rules providing for legal responsibility for the existence of acts that constitute social danger; legal declaration of legal responsibility, which is not equipped with implementation mechanisms; redundancy of standardization, which is represented by the excessive degree of regulation of the legal process, virtually eliminating the possibility of actual bringing to legal responsibility; apparent discrepancy between the sanctions and the nature and the degree of social danger of an offense; consolidation of legal opportunities to avoid legal responsibility in law rules; formalization of values that are foreign to our society, that are a priori doomed to their rejection by the masses, in law rules.

Paradoxical as it may seem, excessive standardization can give rise to legal irresponsibility, but, on the other hand, the redundancy of law rules as such results from irresponsibility (conscious or erroneous) of lawmakers at various levels. Tolstik, V.A. correctly indicates that “legal totalitarianism is a concept that covers with its extent all forms of excessive, redundant legal regulation of social relations” (Tolstik 2015). The author identifies such its manifestations as: “unreasonable expansion of the subject of legal regulation; excessive variety of typical regulatory legal acts; too detailed regulation of social relations; frequent change of rules, endless introduction of modifications to existing legislation; freedom of a senior government official not to abide by the law, selective justice” (Tolstik 2015). We shall only turn our attention to some of the manifestations of legal totalitarianism, which stems from the irresponsibility of government officials at all levels and consequently leads to formal irresponsibility of common addressees of law rules. As a natural result, irresponsibility of some subjects, albeit artificially, gives rise to irresponsibility of other subjects of social relations.

In support of our thesis, we shall only turn our attention to some of manifestations of legal totalitarianism—excessive regulation of social relations with their superfluous, extremely detailed specification, often carried to the point of absurdity. Thus,

the sphere of higher education was literally “swept” by a wave of an endless change of federal educational standards (hereinafter referred to as FES). The universities barely got used to the standards of the third generation when the lawmakers started to introduce FES “3+,” and for some majors—FES “3++.” The official principle of all reforms in higher education is more freedom for universities in the formation of educational programs, while de facto it is heavy regulation, literal interpretation, and detailed elaboration.

In the “National Security Strategy of the Russian Federation until 2020” science, technology, and education are distinguished as priorities. However, de facto the quality of education turned into the quality of documentation, which is not consistent with the needs for training of specialists. Excessive regulation can destroy all creative and rational seeds at the grassroots, turning everything into an ordinary formalism, devoid of social usefulness. Russian set of mind is characterized not only by legal nihilism (it should be recognized as a fact); as a matter of fact, there has always been a reasonable combination of formal requirements with social usefulness in it, and its deformation to make it match the Western “standards” is of no use; in fact, it does nothing but ruins the existing system. We can declare education and science a strategic direction in the protection of national security, but we cannot ignore the fact that the teacher and the student are the central figures in the educational process, and the teacher should primarily prepare for classes and conduct research in a quality manner, rather than fill out countless report forms, work programs of disciplines, funds of assessment tools and other documents that only encroach upon time and reduces the actual quality of education.

Institutional characteristics of legal irresponsibility can be explained within the framework of the common characteristic of standardization which in this particular case is regarded not only as the availability of the system of rules (some of them may well be lacking), but also as the law of social development, that is a peculiar kind of engine of social progress, consisting in the actual need for statutory regulation. Due legal regulation may well be lacking, but the need for as such will be preserved. This provision also appears from the thesis about the antecedence of social relations and the fulfillment by the law of a regulatory, ordering and developing role in relation to them. Acts that are socially dangerous in nature are condemned by society, that is, there are other types of social responsibility that must be put into legal form and converted from nonlegal types into a particular type of legal responsibility, provided that there is a relevant need and possibility of regulation of social relations.

Its common knowledge that an offense is characterized by the formal presence (provisionness) of legal responsibility, or, if we use the terms of other authors, punishability. In this regard, a contradiction arises, which is expressed in the fact that an offense, which is characterized by punishability, is called a form of manifestation of irresponsibility. From the general social perspective—it is certainly an act of irresponsible behavior, yet we are interested in the legal aspect of the issue and the comprehension of legal irresponsibility, not common social irresponsibility. Do we have a right to claim the existence of legal irresponsibility in case when the offense entails responsibility and equate irresponsibility and offense?

Offense and legal irresponsibility are quite diverse by their characteristics. Furthermore, one may not strongly claim the identity of offense and legal irresponsibility. An offense disrupts (violates) the normal non-conflict social relation in which a positive legal responsibility was implemented. From this perspective, legal irresponsibility can be treated in conjunction with an offense, which does not mean their identity. That said, positive responsibility as such is consolidated and enshrined in law rules, and in such judgments, we begin to consider the transition from the institutional aspect to the behavioral (pragmatist) aspect. We should also take into account the fact that the breach or disruption of one social relation does not mean the disappearance of other regulatory legal relations in which a positive legal responsibility is implemented. Therefore, we can only claim legal irresponsibility at the level of an offense in the context of a particular illegal act. In addition, if an offender is punished or voluntarily compensates for the harm caused after commission of an offense, his/her actions are not irresponsible; on the contrary, they are intended to restore positive legal responsibility of the subject.

Besides, legal irresponsibility is not identical to offense on a number of other grounds. Thus, guilt serves as a characteristic of an offense; guilt shall be understood to mean the mental attitude of the subject to the act and its consequences, and the central position in its definition is occupied by the mental attitude. It is the mental attitude that a negative opinion of the subject of the existing values is manifested in; these values are formalized in the law rules, namely: life, health, freedom, ownership, and so on. Such an attitude of the society and the state can be reproached; it is legally irresponsible in nature in fact. Mental attitude is expressed in the behavioral act of a subject. The guilt of an offender is one of the characteristics of legal irresponsibility in the field of legal consciousness. In this particular case, when we use the term “legally irresponsible behavior,” we primarily mean the internal (psychological and legal) aspect.

The reasons for which the subject of law is not brought to legal responsibility are quite diverse. Thus, legal irresponsibility of an offender can also be caused by crimes committed by an authorized subject, which can range from negligence to acceptance of bribe and other corrupt practices. Hence, the legal irresponsibility of one subject gives rise to the irresponsibility of another subject. Legal irresponsibility can also be caused by the criminal expertise, which greatly complicates the identification of an offense or the incrimination of the perpetrator. On the other hand, the low level of professional training of employees of law enforcement agencies leads to the actual avoidance of the subject of law from legal responsibility. The consequence of the corrupt actions of officials acts as an actual avoidance of responsibility by the perpetrator, and as the imposition of punishment on him/her, which is inconsistent with a social danger of an offense and the identity of a perpetrator.

When we give consideration to the concept of legal irresponsibility, we should distinguish it from such phenomena as offense, legal nihilism, and legal anomie. In addition, account must be taken of the fact that in any definition, including the definition of legal irresponsibility, it is impossible to present all attributes and characteristics; otherwise it will turn out to be too cumbersome and hard for perception.

3 Conclusions

Legal irresponsibility at the institutional level is the state of absence or declarativity of rules governing legal responsibility or other imperfection of legislation which eliminates the possibility of bringing to legal responsibility and implementing it. Legal responsibility at the level of implementation of the rules of law is the state of social relations, characterized by the commission of offenses, avoidance of responsibility by the offender, the imposition of legal punishment that is inconsistent with the nature and the degree of social danger of an offense and the identity of a perpetrator. Legal irresponsibility is associated with, but is not identical to such phenomena as offense, legal nihilism, legal idealism, and legal anomie. The lack of effective performance of the law enforcement process may lead to the actual legal irresponsibility of an offender. In this regard, we should distinguish between formal legal responsibility and actual legal irresponsibility.

The attributes of legal irresponsibility should be conveniently classified into several groups: institutional; law enforcement; located in the sphere of individual and collective legal consciousness; resulting from an offense or an abuse of right. The institutional attributes of legal irresponsibility should include: the absence of rules providing for legal responsibility for the existence of acts that constitute social danger; legal declaration of legal responsibility; redundancy of standardization, which is represented by the excessive degree of regulation of the legal process, virtually eliminating the possibility of actual bringing to legal responsibility; apparent discrepancy between the sanctions and the nature and the degree of social danger of an offense; consolidation of legal opportunities to avoid legal responsibility in law rules; formalization of values that are foreign to our society, that are a priori doomed to their rejection by the masses, in law rules.

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Part II
The Leading Trends of Development
of State Management of a Multicultural
Region's Economy

Chapter 11

Well-Balanced Development of Economy from the Positions of Various Interested Parties as a Criterion of Effectiveness of State Management of a Multicultural Region



Stepan I. Mezhov, Galina A. Knyazeva, and Evgeny Y. Suslov

Abstract This chapter seeks the goal of developing the scientific and methodological provision of classification of Russia's regions according to the criterion of the level of region's multiculturalism, evaluating well-balanced development of a multicultural region's economy from the positions of various interested parties, and offering the recommendations for accounting of the results of this evaluation as a criterion of effectiveness of state management of multicultural region. The performed evaluation showed that all multicultural regions of Russia are characterized by a deep social crisis. The perspectives of increase of effectiveness of state management of multicultural regions of Russia based on provision of well-balanced development of economy from the positions of various interested parties are connected to optimization of the labor market and to redistribution of revenues in society.

1 Introduction

Multicultural region is a type of region in which representatives of various cultures perform economic activities simultaneously. The factors of cultural differences (social factors) influence the development of a multicultural region's economy. The subjects of state management of a multicultural region face a complex task

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that consists, on the one hand, in protection of the interests of indigenous population of the region and provision of the possibility for realization of their human potential and achievement of the desired quality of life for supporting the stable number of population and structure of the region's population.

On the other hand, it is necessary to protect the interests of migrants from other regions and countries (internally displaced persons, refugees, asylum seekers, etc.), provide them with the possibility to realize their potential, and to prevent the critical reduction of their living standards and the related violations for supporting security in the region. The solution of this task consists of well-balanced development of the region's economy from the positions of various interested parties—indigenous residents and migrants.

Studying multicultural regions from the point of view of economic science is connected to the search for the means of accounting the influence of social factors on the economy's development. Even the selection of multicultural regions for scientific and economic research and determining the level of region's multiculturalism (cultural diversity) are complicated by the absence of specialized statistical data, and statistical accounting of observation of interests of various interested parties is impossible. That is why it is necessary to refuse from universalization and to show flexibility, as well as to take into account the indirect indicators during studying multicultural regions.

In this chapter, we focus on multicultural regions of Russia as a socioeconomic system in which supporting favorable and equal conditions for living and economy for representatives of different cultures on the same territory is established in the Constitution. We seek the goal of developing the scientific and methodological provision of classification of Russia's regions according to the criterion of the level of region's multiculturalism, evaluating well-balanced development of multicultural region's economy from the positions of various interested parties, and offering recommendations for taking into account the results of this evaluation as a criterion of effectiveness of state management of a multicultural region.

2 Materials and Method

The issue of well-balanced development of economy from the positions of various interested parties in the modern research literature is studied through the prism of sustainable development in the works Bezrukova et al. (2017), Cieślak et al. (2019), Frolov et al. (2017), Gutman and Teslya (2018), Lawton (2018), Musa et al. (2019), Olkiewicz et al. (2018), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Vanchukhina et al. (2019), Wysokińska (2018), and Xue et al. (2019).

However, the specifics of the problem of well-balanced development of economy from the positions of various interested parties in a multicultural region, where the level of differentiation of population's characteristics is very high, is not thoroughly studied and requires further elaboration.

Based on the available economic statistics for modern Russia, we selected the indicator that allows for objective (compatibility of data with different scales of region's economy scale) and correct (avoiding the possibility of erroneous assigning of a region to multicultural regions) classification of Russia's regions according to the criterion of the level of region's multiculturalism—coefficient of migration growth per 10,000 people. The methodological explanations of the Federal State Statistics Service (2019) say that “coefficient of intensity of migration (coefficient of migration growth) characterizes the frequency of the cases of changing the residency for the whole population in the given period of time and is calculated as ratio of migration growth in calculations of the number of population to the average annual number of population. Migration growth of population is an absolute value of difference between the number of newcomers to the given territory and the number of people who left the territory in a certain period of time.”

Based on the materials of the Federal State Statistics Service (2019) for 2018, we selected top-10 regions of Russia with the highest values of the coefficient of migration growth per 10,000 people:

- Leningrad Oblast (171—level of region's multiculturalism is very high).
- Moscow Oblast (111—level of region's multiculturalism is very high).
- Kaliningrad Oblast (99—level of region's multiculturalism is high).
- Krasnodar Krai (63—level of region's multiculturalism is very medium).
- Sakhalin Oblast (49—level of region's multiculturalism is very medium).
- Voronezh Oblast (43—level of region's multiculturalism is very medium).
- Republic of Crimea (43—level of region's multiculturalism is very medium).
- Novosibirsk Oblast (38—level of region's multiculturalism is low).
- Tula Oblast (25—level of region's multiculturalism is very low).
- Tyumen Oblast (25—level of region's multiculturalism is very low).

According to the offered classification, the regions with the positive value of the coefficient of migration growth are considered multicultural (Cultures of different interested parties are various and contradict each other, conflict of interests is inevitable), and the regions with negative values of the coefficient of migration growth are monocultural (Cultures of different interested parties are slightly different and/or have passed diffusions, there is no conflict of interests or it could be overcome). The indicators during evaluation of well-balanced development of a multicultural region's economy from the positions of various interested parties should be coefficients of variation (deviation from direct average in %):

- Variation of incomes (V_{in})—that is, shares of revenues of the group of population, in the total volume as the indicator of quality of distribution of incomes in society (as a rule, indigenous population has higher income);
- Variation of the unemployed as to the level of education (V_{ue})—structure of the unemployed aged 15–72 as to the level of education as the indicator of equal opportunities for employment of various categories of population (as a rule, indigenous population has higher level of education);

- Variation of socioeconomic and ecological development (V_{se})—indices of socioeconomic and ecological development of a region as the indicator of balance of accounting of short-term (peculiar for migrants) and long-term (peculiar for indigenous population) interests in region's development.

3 Results

The initial statistical data for the indicative evaluation of well-balanced development of the economy of top-10 multicultural regions of Russia from the positions of various interested parties in 2018 are given in Table 11.1.

Based on the data of Table 11.1, we calculate the coefficients of variation of all selected indicators and obtain the following results (Fig. 11.1).

For the treatment of the obtained results and their usage as a criterion of effectiveness of state management of multicultural regions of Russia, we developed the following scale (Table 11.2).

Table 11.2 shows that we distinguish five intervals of value of the selected indicators (V_{in} , V_{ue} , and V_{se}). The first interval is the optimal one, with values of all indicators below or equaling 10%, i.e., variations are very small. In this case, state management of a multicultural region is considered to be highly effective, as the development of the economy from the positions of various interested parties is well balanced. The measure of state management is supporting stability and further implementation of the set course of region's economic development.

The second interval—which is very close to the optimal one—features the values of all indicators in the interval 10–20%. Here the effectiveness of state management of a multicultural region is above medium, as development of economy from the positions of various interested parties is peculiar for moderate imbalance, which does not cause any negative manifestations of their dissatisfaction but has to be eliminated. It is recommended to slightly correct the set course of economic development of a region in order to increase its balance.

The third interval is the norm, at which the value of all indicators are in the interval 20–30%. Effectiveness of state management of a multicultural region is at the medium level, as the development of economy from the positions of various interested parties is peculiar for imbalance, and the negative manifestations of their dissatisfaction are latent, though they have to be eliminated. Here it is also recommended to correct the set course of the region's economic development in order to increase its balance.

The fourth interval is a precrisis interval, at which the value of all indicators is in the interval 30–50%. Effectiveness of state management of a multicultural region is below medium, as the development of economy from the positions of various interested parties is peculiar for significant imbalance, which causes multiple negative manifestations of their dissatisfaction and which has to be eliminated. The measure of state management is a significant correction of the set course of economic development.

Table 11.1 Initial data for evaluation of well-balanced development of economy of top-10 multicultural regions of Russia from the positions of various interested parties in 2018

| Multicultural region | Share of income of a population's group, in the total volume, % | | | | | Structure of the unemployed aged 15–72 as to the level of education | | | Index of region's development | |
|----------------------|---|------|------|------|------|---|-----------|---------|-------------------------------|------------|
| | 1 | 2 | 3 | 4 | 5 | Higher | Secondary | General | Socio-economic | Ecological |
| Leningrad Oblast | 6.3 | 11.2 | 16.0 | 23.0 | 43.5 | 23.1 | 67.2 | 9.7 | 58.494 | 47 |
| Moscow Oblast | 5.9 | 10.7 | 15.6 | 22.8 | 45.0 | 31.7 | 60.7 | 7.6 | 65.856 | 43 |
| Kaliningrad Oblast | 6.6 | 11.5 | 16.2 | 23.0 | 42.7 | 19.8 | 64.0 | 16.2 | 43.004 | 47 |
| Krasnodar Krai | 5.5 | 10.3 | 15.2 | 22.7 | 46.3 | 27.1 | 66.1 | 6.8 | 58.330 | 57 |
| Sakhalin Oblast | 5.4 | 10.1 | 15.1 | 22.6 | 46.8 | 16.6 | 67.0 | 16.4 | 54.777 | 49 |
| Voronezh Oblast | 5.6 | 10.4 | 15.3 | 22.8 | 45.9 | 21.0 | 74.1 | 4.9 | 55.027 | 51 |
| Republic of Crimea | 7.0 | 11.9 | 16.5 | 23.1 | 41.5 | 26.8 | 67.4 | 5.8 | 43.879 | 48 |
| Novosibirsk Oblast | 6.6 | 11.4 | 16.2 | 23.0 | 42.8 | 18.5 | 67.8 | 13.7 | 48.668 | 53 |
| Tula Oblast | 6.4 | 11.2 | 16.0 | 23.0 | 43.4 | 19.4 | 70.2 | 10.4 | 47.090 | 44 |
| Tyumen Oblast | 5.1 | 9.7 | 14.7 | 22.5 | 48.0 | 28.8 | 64.2 | 7.0 | 59.678 | 56 |

Source: Compiled by the authors based on Green Patrol (2019), RiaRating (2019), Federal State Statistics Service (2019)

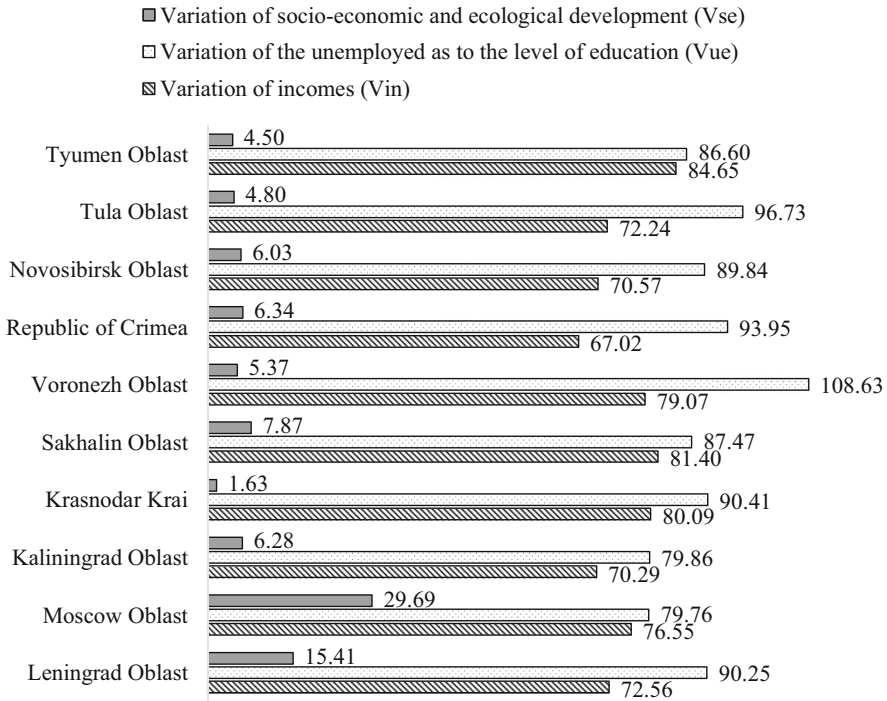


Fig. 11.1 Results of evaluation of well-balanced development of economy of Top-10 multicultural regions of Russia from the positions of various interested parties in 2018. Source: Calculated and compiled by the authors

The fifth interval is crisis, at which the value of one or several indicators exceed 50%. Effectiveness of state management of a multicultural region is very low, as the development of economy from the positions of various interested parties is unbalanced, and negative manifestations of their dissatisfaction are regular and clear. It is necessary to fully reconsider and adopt a new course with increased attention to balance of incomes (when $Vin > 50$ with any Vue and Vse), unemployment as to the level of education (when $Vue > 50$ with any Vin and Vse), and/or socioeconomic and ecological development (when $Vse > 50$ with any Vin and Vue).

According to the data of Fig. 11.1 and Table 11.2, variation of socioeconomic and ecological development (Vse) in all studied multicultural regions of Russia is low, and variations of the unemployed as to the level of education (Vue) and incomes (Vin) is very high. That is why they are in the fifth interval, where $Vue > 50$ and $Vin > 50$. This shows a crisis in multicultural regions of Russia—development of economy from the positions of various interested parties is unbalanced, and negative manifestations of their dissatisfaction are regular and clear. Effectiveness of state management of a multicultural region is very low. In order to overcome the crisis, it is recommended to fully reconsider and adopt a new course with increased attention to the balance of incomes and balance of unemployment as to the level of education.

Table 11.2 The scale for treatment of the results of evaluation of well-balanced development of a multicultural region’s economy from the positions of various interested parties

| Intervals of values of the indicators, % | | Treatment of effectiveness of state management | Offered measures of state management | |
|---|--|--|---|---|
| $V_{in} \leq 10$ $V_{ue} \leq 10$ $V_{se} \leq 10$ | | Effectiveness is very high | Supporting stability and further implementation of the set course | |
| $10 < V_{in} \leq 20$ $10 < V_{ue} \leq 20$ $10 < V_{se} \leq 20$ | | Effectiveness is above medium | Slight correction of the set course of region’s economic development, which is aimed at increase of its balance | |
| $20 < V_{in} \leq 30$ $20 < V_{ue} \leq 30$ $20 < V_{se} \leq 30$ | | Effectiveness is medium | | |
| $30 < V_{in} \leq 50$ $30 < V_{ue} \leq 50$ $30 < V_{se} \leq 50$ | | Effectiveness is below medium | Significant correction of the set course of economic development | |
| Could be combined | $V_{in} > 50$ with any V_{ue} and V_{se} | Effectiveness is very low | Full reconsideration and adoption of a new course with increased attention to balance | Incomes |
| | $V_{ue} > 50$ with any V_{in} and V_{se} | | | Unemployment as to the level of education |
| | $V_{se} > 50$ with any V_{in} and V_{ue} | | | Socioeconomic and ecological development |

Source: Compiled by the authors

4 Conclusion

Thus, as a result of the research, it is substantiated that one of the criteria of effectiveness of state management of a multicultural region should be balance of development of economy from the positions of various interested parties. Unlike monoculture regions, where migration growth equals zero or is negative and cultural differences are overcome and the interests of interested parties largely coincide, multicultural regions are peculiar for a vivid opposition of interests of various interested parties: indigenous residents of the region and migrants/newcomers.

The offered scientific and methodological provision allows classifying the regions of Russia according to the criterion of the level of region’s multiculturalism, determining its level, performing evaluation of well-balanced development of a multicultural region’s economy from the positions of various interested parties, and treating the results of this evaluation from the positions of effectiveness of state management of a multicultural region. The performed approbation of the

developed scientific and methodological provision by the example of top-10 multicultural regions of Russia in 2018 showed that they are peculiar for a deep social crisis due to strong imbalance of development of a multicultural region's economy from the positions of various interested parties and very low effectiveness of state management according to the criterion of balance of this development.

The perspectives of increase of effectiveness of state management of multicultural regions of Russia on the basis of provision of well-balanced development of economy from the positions of various interested parties are connected to optimization of the labor market through increase of the level of its social justice and implementation of the adapting educational programs for migrants, as well as redistribution of incomes in society in favor of poor and unprotected categories of the population with the help of the regional social programs.

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Chapter 12

Globalization of a Multicultural Region: Possible Scenarios and Priorities of State Management



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Abstract This chapter seeks the goal of determining the possible scenarios of development of a multicultural region in the conditions of its globalization and determining the priorities of state management of this process in the interests of its optimization for a multicultural region. As a result of studying the dynamics of change of the values of the selected statistical indicators in multicultural and monocultural regions in 2018, as compared to 2000, the specific consequences of globalization for the economy of multicultural regions are determined. The multicultural regions of modern Russia use the administrative approach to state management, in which the probability of emergence of positive and negative consequences of globalization in this region, including outflow of direct foreign investments and negative foreign trade balance, is very high.

1 Introduction

One of the key specific features of a multicultural region is its openness for external economic subjects, resources, and goods. This feature predetermines the contradiction of consequences of globalization of a multicultural region. On the one hand, the capabilities of a multicultural region in overcoming the deficit and increase of business activity based on globalization are much higher than with a monocultural region—due to its higher attractiveness for potential subjects of integration—foreign owners of capital, manufacturers, migrants, and investors. Even with identical economic (customs) barriers, social barriers of arrival of the potential subjects of integration in a multicultural region are lower (than in a monocultural region): higher

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loyalty of business partners and consumers stimulates quick receipt of advantages from integration and its higher effectiveness.

On the other hand, a multicultural region is subject to increased risk of negative influence of globalization on its economy. Excessive cultural diversity (achieved with a very high level of multiculturalism) could lead to a loss of social identity of economic subjects in the region and loss of its uniqueness, which is the basis of its global competitive advantages. One of the problems could be usage of a multicultural region for transit purposes, when the subjects of integration use it for entering the markets of the country's other regions, not providing significant advantages for the multicultural region and even creating negative externalities: increasing the risks of entrepreneurship and stimulating mass outflow of capital, resources, and economic subjects (residents and entrepreneurial structures).

In view of the above specific feature of a multicultural region, a current task of economics is to study the essence and logic of influence of globalization on it. Here the following hypothesis is offered: state management of a multicultural region is largely determined by the globalization's influence on it. Here the authors seek the goal of determining the possible scenarios of development of a multicultural region in the conditions of its globalization and determining the priorities of state management of this process in the interests of its optimization for a multicultural region (by the example of modern Russia's regions).

2 Materials and Method

The theoretical and practical problems of development of modern regions as economic systems in the national economy in the conditions of globalization are studied in detail in the works Bezrukova et al. (2017), Frolov et al. (2017), Inshakov et al. (2019), Ogwumike et al. (2018), Popkova et al. (2016), Popkova and French (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Sheng Wu and Sui (2016), Simonova et al. (2017), and Vanchukhina et al. (2019).

However, regions are not differentiated in the existing studies, which preserves uncertainty as to existence (or absence) of differences in development under the influence of globalization of monocultural and multicultural regions. Determination of these differences leads to a need for further research.

This chapter contains a comparative analysis of development of monocultural and multicultural regions under the influence of globalization based on such indicators (from the Federal State Statistics Service) as share of direct foreign investments (DFI) in the structure of investments into fixed capital, share of foreign companies in the structure of entrepreneurship, share of foreign migrants in the structure of workforce, volume of export and import with foreign countries, and foreign trade balance (difference between export and import), and volume of foreign economic activities (sum of export and import).

Two methods are used for obtaining the most precise and correct results. The first method is trend analysis, which is used for determining the dynamics of change

(growth in %) of the values of the selected statistical indicators in multicultural and monocultural regions in 2018 (current year) as compared to 2000 (basic year). The analysis is aimed at determining the specific consequences of globalization for the economy of multicultural regions, the criterion of selection of which is difference in the sign (“+” and “-”) of growth in monocultural and multicultural regions and/or significant (more than by two times) difference in the value of growth.

The research objects are top-10 multicultural regions of Russia in 2018 and 10 monocultural regions of Russia with the lowest migration outflow of population in 2018 (as regions characterized by the highest social stability), namely (with the values of the coefficient of migration growth per 10,000 people):

- Republic of Komi (−1)
- Republic of Khakassia (−1)
- Samara Oblast (−3)
- Lipetsk Oblast (−6)
- Republic of Bashkortostan (−6)
- Kursk Oblast (−9)
- Pskov Oblast (−9)
- Ulyanovsk Oblast (−11)
- Chelyabinsk Oblast (−11)
- Tomsk Oblast (−11)

The second method is correlation analysis, which is used for determining the dependence of the share of direct foreign investments (DFI) in the structure of investments into fixed capital, share of foreign companies in the structure of entrepreneurship, and share of foreign migrants in the structure of workforce (separately) on the volume of foreign economic activities of top-10 multicultural regions (on average) of Russia in 2018. The initial statistical data are given in Tables 12.1 and 12.2.

3 Results

According to KOF (2019), the value of the Globalization Index in Russia in 2018 (72.29 points) grew by 10% as compared to 2000 (65.73 points). This is an indirect proof that globalization had a large influence on the economic development of Russia’s regions in 2000–2018. The results of trend analysis are shown in Table 12.3.

According to the data of Table 12.3, the specific consequences of globalization for the economy of multicultural regions of Russia are as follows:

- Growth of the share of foreign companies by 282.47%—i.e., almost by three times in 2018 as compared to 2000 (difference in the value of growth in multicultural regions by more than two times—by 3.75 times as compared to monocultural regions).

Table 12.1 Indicators of economic development of monocultural and multicultural regions of Russia in 2000

| Type | Multicultural region | Share of DFI in the structure of investments into fixed capital, % | Share of foreign companies, % | Share of foreign migrants in the structure of workforce, % | Volume of export with foreign countries, USD million | Volume of import from foreign countries, USD million | Foreign trade balance, USD million | Volume of foreign economic activities, USD million |
|-----------------------|-----------------------|--|-------------------------------|--|--|--|------------------------------------|--|
| Multicultural regions | Leningrad Oblast | 1.12 | 0.40 | 0.21 | 2070.90 | 438.40 | 1632.50 | 2509.30 |
| | Moscow Oblast | 1.06 | 0.63 | 0.19 | 1860.70 | 1496.80 | 363.90 | 3357.50 |
| | Kaliningrad Oblast | 1.13 | 0.57 | 0.17 | 432.30 | 764.30 | -332.00 | 1196.60 |
| | Krasnodar Krai | 1.18 | 0.58 | 0.16 | 944.90 | 501.40 | 443.50 | 1446.30 |
| | Sakhalin Oblast | 1.07 | 0.79 | 0.15 | 423.80 | 77.70 | 346.10 | 501.50 |
| | Voronezh Oblast | 0.86 | 0.54 | 0.19 | 147.10 | 48.70 | 98.40 | 195.80 |
| | Republic of Crimea | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Novosibirsk Oblast | 1.00 | 0.32 | 0.18 | 163.60 | 111.50 | 52.10 | 275.10 |
| | Tula Oblast | 1.09 | 0.44 | 0.13 | 605.10 | 99.00 | 506.10 | 704.10 |
| | Tyumen Oblast | 0.96 | 0.50 | 0.14 | 1648.00 | 142.90 | 1505.10 | 1790.90 |
| | Republic of Komï | 0.91 | 0.66 | 0.17 | 1102.80 | 129.20 | 973.60 | 1232.00 |
| | Republic of Khakassia | 0.85 | 0.36 | 0.15 | 377.00 | 74.30 | 302.70 | 451.30 |
| | Samara Oblast | 0.85 | 0.58 | 0.17 | 3236.90 | 365.40 | 2871.50 | 3602.30 |

| | | | | | | | |
|---------------------------|------|------|------|---------|--------|---------|---------|
| Lipetsk Oblast | 0.87 | 0.83 | 0.20 | 1032.80 | 120.90 | 911.90 | 1153.70 |
| Republic of Bashkortostan | 0.94 | 0.52 | 0.20 | 2366.70 | 170.10 | 2196.60 | 2536.80 |
| Kursk Oblast | 1.00 | 0.50 | 0.19 | 54.00 | 40.70 | 13.30 | 94.70 |
| Pskov Oblast | 0.89 | 0.78 | 0.18 | 103.50 | 71.40 | 32.10 | 174.90 |
| Ulyanovsk Oblast | 0.86 | 0.82 | 0.16 | 150.90 | 38.40 | 112.50 | 189.30 |
| Chelyabinsk Oblast | 0.81 | 0.65 | 0.18 | 1648.00 | 142.90 | 1505.10 | 1790.90 |
| Tomsk Oblast | 1.17 | 0.47 | 0.19 | 698.00 | 44.30 | 653.70 | 742.30 |

Source: Compiled and calculated by the authors based on Federal State Statistics Service (2019)
n/a—statistical data are absent

| | | | | | | | |
|---------------------------|------|------|------|---------|---------|---------|---------|
| Lipetsk Oblast | 1.04 | 1.05 | 0.02 | 3989.30 | 1088.70 | 2900.60 | 5078.00 |
| Republic of Bashkortostan | 0.06 | 0.81 | 0.04 | 3295.80 | 614.90 | 2680.90 | 3910.70 |
| Kursk Oblast | 0.02 | 0.96 | 0.08 | 410.10 | 253.70 | 156.40 | 663.80 |
| Pskov Oblast | 0.04 | 3.00 | 0.23 | 56.90 | 297.60 | -240.70 | 354.50 |
| Ulyanovsk Oblast | 0.11 | 0.53 | 0.02 | 568.00 | 477.40 | 90.60 | 1045.40 |
| Chelyabinsk Oblast | 0.60 | 0.60 | 0.03 | 3179.90 | 1597.50 | 1582.40 | 4777.40 |
| Tomsk Oblast | 0.07 | 1.12 | 0.11 | 137.60 | 161.60 | -24.00 | 299.20 |

Source: Compiled and calculated by the authors based on Federal State Statistics Service (2019)

Table 12.3 Results of trend analysis of development of economy of monocultural and multicultural regions of Russia under the influence of globalization

| Type | Indicator | Share of DFI in the structure of investments into fixed capital, % | Share of foreign companies, % | Share of foreign migrants in the structure of workforce, % | Volume of export into foreign countries, USD million | Volume of import from foreign countries, USD million | Foreign trade balance, USD billion |
|-----------------------|---------------------------------------|--|-------------------------------|--|--|--|------------------------------------|
| Multicultural regions | Direct average in 2000 | 1.05 | 0.53 | 0.17 | 921.82 | 408.97 | 512.86 |
| | Direct average in 2018 | 0.47 | 2.03 | 0.34 | 5115.84 | 4823.24 | 292.60 |
| | Growth in 2018 as compared to 2000, % | -55.11 | 282.47 | 103.96 | 454.97 | 1079.37 | -42.95 |
| Monocultural regions | Direct average in 2000 | 0.92 | 0.62 | 0.18 | 1077.06 | 119.76 | 957.30 |
| | Direct average in 2018 | 0.21 | 1.08 | 0.06 | 1718.53 | 694.29 | 1024.24 |
| | Growth in 2018 as compared to 2000, % | -76.51 | 75.24 | -66.16 | 59.56 | 479.73 | 6.99 |

Source: Calculated and compiled by the authors

- Growth of the share of foreign migrants in the structure of workforce by 103.96%—i.e., by two times in 2018 as compared to 2000 (difference in the sign of growth—in monocultural regions the growth was 66.16%).
- Growth of the volume of export to foreign countries by 454.97%—i.e., almost by five times in 2018 as compared to 2000 (difference in the value of growth in multicultural regions by 7.63 times as compared to monocultural regions).
- Growth of the volume of import from foreign countries by 1079.37%—i.e., almost by 11 times 2018 as compared to 2000 (difference in the value of growth in multicultural regions by 2.25 times as compared to monocultural regions).
- Negative growth of foreign trade balance—i.e., its reduction by 42.95% (almost by two times) in 2018 as compared to 2000 (difference in the sign of growth).

The results of the correlation analysis of the development of the economy of Russia’s multicultural regions under the influence of globalization in 2018 are shown in Fig. 12.1.

Figure 12.1 shows that differences in the share of migrants in Russia’s multicultural regions in 2018 are by 33.65% explained by differences in their foreign trade turnover (as the key indicator of globalization of a region’s economy), differences in the share of foreign companies—by 13%, and differences in the share of DFI—by 30.59%. Based on the results of the performed analysis, scenarios of globalization of a multicultural region depending on the approach to state management are determined (Table 12.4).

Table 12.4 shows that in case of the administrative approach, which envisages foundation on the federal standards—i.e., precise observation of the national course during development of a multicultural region—there is a high probability of emergence of positive and negative consequences of globalization in these regions, including the outflow of DFI and negative foreign trade balance. This scenario is observed in multicultural regions of modern Russia.

Its alternative is the marketing scenario, which envisages place marketing—i.e., usage of unique capabilities of the multicultural region, including the creation of

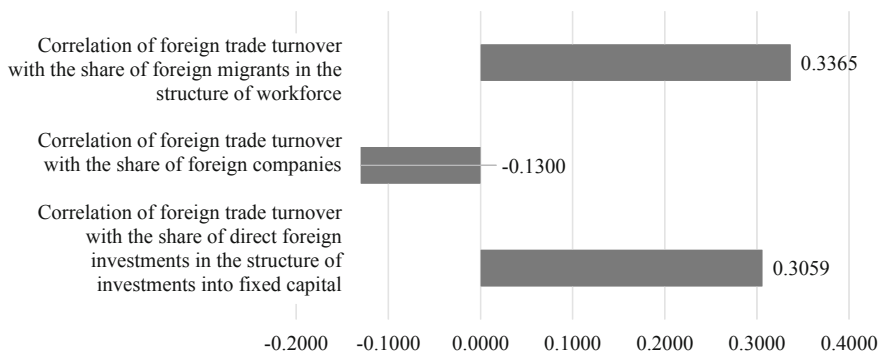


Fig. 12.1 Results of correlation analysis of development of the economy of Russia’s multicultural regions under the influence of globalization in 2018. Source: Calculated and compiled by the authors

Table 12.4 Scenarios of globalization of a multicultural region depending on the approach to state management

| Characteristics of scenario | Scenario | |
|---|--|--|
| | Administrative | Marketing |
| Approach to state management | Foundation of the federal standards: Precise observation of the national course during development of a multicultural region | Place marketing: Using unique capabilities of a multicultural region |
| Growth of the share of DFI in the structure of investments into fixed capital | High probability of outflow of investments—Depends on the national investment climate, identical to monocultural regions | Significant inflow of investments under the condition of creation of a unique favorable investment climate in the region |
| Growth of the share of foreign companies | Significant, but slightly influenced by globalization | Flexible attraction of foreign capital during the creation of jobs and collection of taxes in the region |
| Growth of the share of foreign migrants in the structure of workforce | Significant, but not ensuring a vivid positive effect for the region | Significant, with support of social adaptation of migrants and overcoming of the deficit of workforce |
| Growth of the share of the volume of export to foreign countries | Significant | Repeated |
| Growth of the share of the volume of import from foreign countries | Repeated | Significant |
| Growth of the share of the volume of foreign economic activities | Repeated | Repeated |
| Change of foreign trade balance | High probability of negative balance and loss of economic security | Positive balance and supporting economic security under the condition of import substitution in the region |

Source: Compiled by the authors

special economic areas on its territory. In this case, a large inflow of DFI is achieved, and the region's problems (e.g., unemployment) are solved by means of inflow of foreign capital, and deficit of workforce is overcome by means of migration inflow, with positive foreign trade balance. This scenario is more preferable, but requires a more flexible approach to state management of the economic development of a multicultural region in the conditions of globalization.

4 Conclusion

Thus, the offered hypothesis is proved. It is recommended to use the marketing approach that is based on the methodology of place marketing. The priorities of state management of economic development of a multicultural region in the conditions of globalization should be promotion and usage of the uniqueness of a multicultural region, supporting favorable investment climate in the region, flexible attraction of foreign capital (in the interests of the region), supporting social adaptation of foreign migrants, and stimulating import substitution.

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Chapter 13

Development of Economy of a Multicultural Region by the Circular Principles: Directions and Tools of State Management



Vladimir A. Borodin, Ksenia A. Melekhova, and Svetlana I. Kazachenko

Abstract The purpose of the chapter is to determine the perspective directions and tools of state management of the development of a multicultural region's economy by the circular principles. The authors determine multiple signs of development of the economy of top-10 multicultural regions of Russia by the circular principles in 2018. A concept of development of a multicultural region's economy by the circular principles is developed. According to this concept, the perspective directions of development of the economy by the circular principles are adapted to the specifics of a multicultural region.

1 Introduction

The formation of the circular economy is one of the most important priorities of development of the modern regional economic systems and achievement of the goals of sustainable development. This envisages observation of the principle of reduction of the volume of consumption of resources and the principle of reduction of production and consumption waste for preserving or improvement of the region's environment. The conditions for the development of the economy by the circular principles in a multicultural region are specific and ambiguous.

On the one hand, migrants, who have just arrived in the region and who do not see it as a territory of their permanent residence, are interested mainly in obtaining profit and are not ready to bear losses that are connected to provision of general well-being on the basis of environmental protection. This means that with alternative goods and services, which satisfy the existing need in a similar way but which have different

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price according to the criterion of ecological security, the migrants would prefer the alternative which price is lower—despite its higher damage to the region's environment.

On the other hand, large incoming migration flows from a flexible social environment in the region, which are characterized by high susceptibility to changes (and innovations) as compared to monocultural regions with stable number and structure of the population. Traditionally oriented residents of monocultural regions have a negative attitude toward any changes and protest against the innovations that could be potentially profitable for them and for the region. Contrary to them, residents of multicultural regions (primarily migrants), who are open for innovations, completely support the innovations under the condition of the creation of advantages for the region (comprehensive profit) and for themselves (private profit).

These specifics predetermine the necessity for considering the perspectives of the formation of the circular economy in monocultural and multicultural regions. The issues of state management of this process become especially important; they have to be solved in view of the specifics of the regions. The purpose of the chapter is to determine the perspective directions and tools of state management of the development of a multicultural region's economy by the circular principles.

2 Materials and Method

Conceptual foundations and practical experience of formation of the circular economy in the modern regions are discussed in the works Bezrukova et al. (2017), Ferronato et al. (2019), Frolov et al. (2017), Ottewell (2019), Popkova (2013), Popkova et al. (2017), and Sergi et al. (2012, 2019). Necessity and priority of state management of the circular economy of a modern region are described in the works Liu (2014), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019).

At the same time, despite the detailed study of the concept of the circular economy and various issues of state management of the modern regional socioeconomic systems that use this concept in their economic practice, the specifics of development of economy by the circular principles in a multicultural region are not studied sufficiently. Here the case method is used for determining the signs of development of the economy of top-10 multicultural regions of Russia by the circular principles in 2018 (Fig. 13.1).

Figure 13.1 shows that the share of circulating and repeatedly used water in top-10 multicultural regions of Russia in 2018 constituted 62.6% on average. This shows that most of the water is used repeatedly (by the circular principles). The share of captured and neutralized polluting materials in the total volume of polluting materials from stationary sources in top-10 multicultural regions of Russia in 2018 constituted 62.3% on average. Therefore, production and consumption in these regions are organized for minimum damage to the environment.

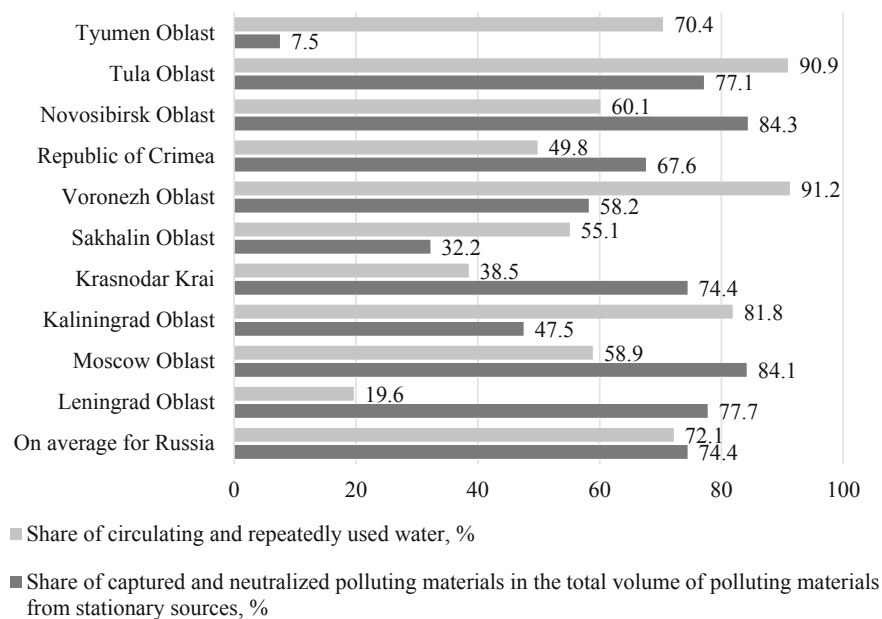


Fig. 13.1 Signs of development of economy of top-10 multicultural regions of Russia by the circular principles in 2018. Source: Calculated and compiled by the authors based on Federal State Statistics Service (2019)

In addition to this, according to the materials of the Russian Cluster Observatory, the largest multicultural regions of Russia have clusters on protection of the environment and recycling. These include St. Petersburg cluster of clean technologies for urban environment, Cluster of water supply and wastewater disposal in St. Petersburg, Novosibirsk Cluster of complex processing of coal and mineral processing, and Moscow territorial and sectorial cluster Agropolis “AlkiAgroBioProm.”

Though the data at the level of regional statistics are absent, at the level of the Russian national economy, according to the World Bank (2019), the share of renewable energy in the total structure of consumption of electric energy constituted 15.856% in 2018, and the share of alternative and nuclear energy in the total structure of energy consumption constituted 8.157%. This allows supposing that at least in two largest multicultural regions of Russia the energy complex is organized by the circular principles.

The performed analysis of the accessible statistical information allowed determining multiple signs of development of the economy of top-10 multicultural regions of Russia by the circular principles in 2018. This determines preconditions and perspectives for further development of the circular economy in these regions.

3 Results

For systemic reflection of the specifics of the development of a multicultural region's economy by the circular principles (by the example of top-10 multicultural regions of Russia in 2018) the SWOT analysis of this process is performed (Table 13.1).

Table 13.1 shows that strengths, i.e., preconditions for development of a multicultural region's economy by the circular principles, are high susceptibility of society and entrepreneurship to innovations (readiness to follow the circular principles with certain private commercial profit) and high level of rationalization of consumption (striving for maximization of quality of life with strong limitation of the budget).

Weaknesses, i.e., restraining factors on the path of development of a multicultural region's economy by the circular principles, are low level of social and ecological responsibility of production and consumption (primary concern about own interests with secondary character of the society's interests) and instability of the social environment (complexity of promotion of the circular principles with uncertainty of the target audience).

Opportunities and perspectives of development of a multicultural region's economy by the circular principles are connected to the usage of these principles as a vector of unification of cultures in the region. Environment protection is a neutral (not contradicting the interests of any social group) and universal value, which could and should be promoting in the society of a multicultural region. The circular principles could stimulate the unification of various social groups in a multicultural region and supporting its systemic integrity and stability (as much as it is possible in the region of a given type).

A threat to the development of a multicultural region's economy by the circular principles is insufficiency and low effectiveness of state management of development of economy by the circular principles. The state should accept the role of the subject of promotion of the circular principles in the region, as population and entrepreneurship are peculiar for low social and ecological responsibility. The state's separation does not allow building the circular economy in a multicultural region; it

Table 13.1 SWOT analysis of the development of a multicultural region's economy by the circular principles

| | |
|--|---|
| Strengths: High level of rationalization of consumption; High susceptibility of society and entrepreneurship to innovations. | Weaknesses: Low level of social and ecological responsibility of production and consumption; Instability of social environment. |
| Opportunities: Usage of the circular principles as a vector of unification of cultures in the region. | Threats: Insufficiency or low effectiveness of state management of development of the economy by the circular principles. |

Source: Compiled by the authors

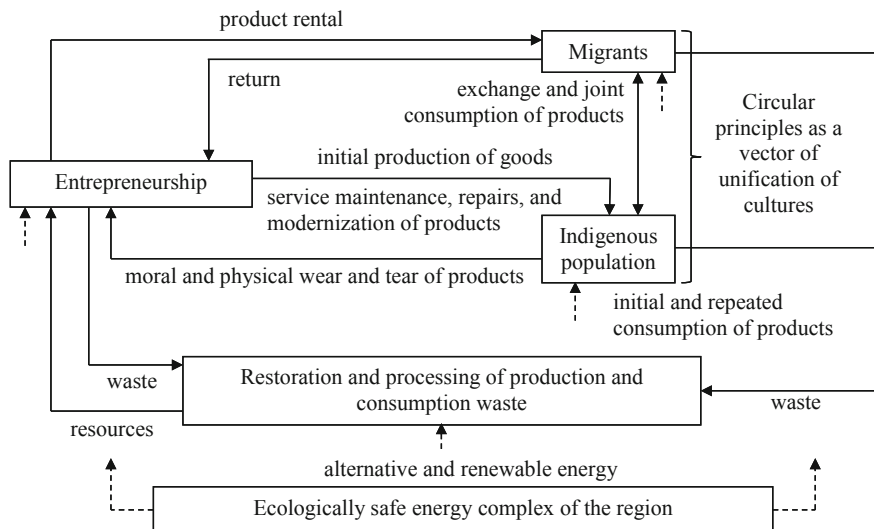


Fig. 13.2 The concept of development of a multicultural region’s economy by the circular principles. Source: Developed and compiled by the authors

is possible in a monocultural region with the initiative of responsible regional population and entrepreneurship.

For using strengths and implementing the determined opportunities and perspectives, a concept of development of a multicultural region’s economy by the circular principles is developed (Fig. 13.2).

According to the developed concept, we offer the following perspective directions of development of a multicultural region’s economy by the circular principles. These directions are widely known and are actively used in the world science and practice—in particular, they are outlined in the materials of study of the circular economy in Russia in the context of the sustainable development goals of the UB and the Year of ecology of the International center for trade and sustainable development (2019); we offer these recommendations for their adaptation to the specifics of a multicultural region. First direction: increase of products’ life cycle. Within this direction, regional entrepreneurship manufactures the products and sells it to indigenous population, which performs its initial consumption. With accumulation of moral and physical wear and tear, the products are passed to entrepreneurship for service maintenances, repairs, and modernization, after which it is used repeatedly. The cycle is repeated a lot of times until complete wear and tear of the products.

Second direction: restoration, processing, and repeated usage of production and consumption waste as resources for manufacture of new benefits. This direction is known as “recycling” and envisages organization of specific industrial production, which is organized in the regions of modern Russia in the form of sectorial economic clusters. The first two directions do not have vivid specifics in a multicultural region

and are implemented according to the accumulated experience in Russia and other countries of the world, as they are universal.

Third direction: organization of circular chains of added value. Alternative and renewable energy could be very popular (especially among migrants) in a multicultural region, due to its higher accessibility as to volume and price. For example, solar energy could be used in Krasnodar Krai and the Republic of Crimea.

Fourth direction: exchange and joint consumption of products (“sharing economy”). Migrants often set low requirements to products (e.g., in the aspect of its novelty and uniqueness) and could consumer any accessible products that satisfy their current needs. Exchange and joint consumption (as a form of rental) of products could be very popular in multicultural regions, being a means of receiving additional income for indigenous people and saving money for migrants.

Fifth direction: provision of products for rent as a form of provision of services. Companies of a multicultural region could rent out their products to migrants, who often prefer not to purchase a lot of types of products (e.g., furniture, household appliances, etc.) due to uncertainty of their plans regarding the residence on the territory. Rent could become a tool of stimulation of sales for companies of a multicultural region and a possibility of obtaining all necessary products by profitable conditions for migrants.

The tools of state management of the development of a multicultural region’s economy by the circular principles should be capabilities of social marketing. The state could use social marketing in a multicultural region, which is aimed at leveling the cultural differences between indigenous people and migrants with emphasis on the circular principles as a unifying element of the general regional culture.

Secondly, it is recommended to use the mechanism of public–private partnership, based on which the projects for organization of circular production and functioning of ecologically safe energy complex of the region should be implemented. Concession is actively used in Russian multicultural regions.

Thirdly, it is offered to introduce subsidies for personal income tax for indigenous people who rent out personal usage products to migrants. The fiscal potential of collection of personal income tax from such rent is very small, as the probability of tax evasion is very high and the cost of the measures for tax administration is high—as the processes of money assets movement will have the cash form. At the same time, tax subsidies will allow for a significant increase in the quality of life of migrants in multicultural regions and will ensure public advantages from the development of the economy by the circular principles.

4 Conclusion

It is possible to conclude that the development of a multicultural region’s economy by the circular principles with effective state management could become a means of leveling the cultural differences and provision of region’s cultural integrity. That is why the formation of the circular economy in multicultural regions should be

considered the priority in their development that would stimulate the increase and support for their sustainability.

The key role in provision of development of a multicultural region's economy by the circular principles should belong to the state. It should have three tasks: implementation of measures in the sphere of social marketing for promoting the circular principles in a multicultural region, creation of favorable conditions for organization of circular production in a region by the conditions of public-private partnership, and creation and support for favorable tax climate for implementing the circular principles in the region's economic activities.

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Chapter 14

State Crisis Management of Economic: Specific Features of a Multicultural Region



Lyudmila N. Babkina, Stepan I. Mezhov, and Olga P. Osadchaya

Abstract The purpose of the chapter is to determine the specific features and to develop recommendations for state crisis management of a multicultural region's economy. It is determined that with insufficient attention to the issues of state crisis management or with usage of the universal approach, based on experience of monocultural regions, crises in multicultural regions are peculiar for larger depth. At the same time, usage of unique capabilities and accounting of the specifics of a multicultural region during its state crisis management allows preventing and overcoming the crises.

1 Introduction

Economic crises are a complex and contradictory phenomenon. In theoretical and empirical studies at the level of macro-economy, researchers often pay attention to positive influence of crises on socioeconomic systems, connected to manifestation of their imperfections and stimulation of their innovative activity. At the level of regional economy, crises are rather a negative phenomenon, as it is not always that crises lead to reconsideration of the regional socioeconomic policy and accelerated innovative development, while the negative consequences (reduction of business activity and population's living standards) are inevitable and significant.

Importance of state crisis management of the regional economy grew after the recent financial crisis, which, in addition to vivid disproportions in the global economic system, caused large disproportions in the socioeconomic position of

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regions. Prevention and quick overcoming of economic crises is one of the tasks for achieving the goals in the sphere of sustainable development, as during the recession of economic systems the level of ecological responsibility of manufacturers and consumers reduces, and ecological costs of the economic activities grow.

In view of general acknowledgment of the social nature of economic crises, here the authors offer hypothesis H_0 —in multicultural regions, due to the specifics of their social nature, economic crises are manifested in a special way, and the approach to state crisis management of economy should differ from the approach that is used in monocultural regions. This research is devoted to verification of the offered hypothesis and determination of the specific features and recommendations for state crisis management of a multicultural region's economy.

2 Materials and Method

The research is performed within the concept of economic crises, which is one of the directions of the Theory of economic cycles. The theoretical and methodological basis of the research includes materials of the works of modern authors on the issues of state crisis management of region's economy: Bezrukova et al. (2017), Courvisanos et al. (2016), Frolov et al. (2017), La Spina (2017), Mitze (2019), Popkova (2013), Popkova et al. (2017a, b), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Tsiapa (2019), Vanchukhina et al. (2019), and Wiesböck et al. (2016).

In order to verify hypothesis H_0 here, the authors use comparative analysis and horizontal analysis. The authors use the available statistical information of the Federal State Statistics Service for comparing the growth rate of various indicators that characterize socioeconomic position, in the Russian Federation (on average) and in the Russian multicultural regions. This allows determining the specifics of manifestation of a crisis in multicultural regions.

3 Results

The key indicator that is used for analyzing the cyclic character of the development of regional socioeconomic systems is gross regional product (GRP) per capita. Dynamics of the values of this indicator for the Russian Federation (on the whole) and in three regions of Russia that have the highest level of multiculturalism—Leningrad, Moscow, and Kaliningrad Oblast—in 2007–2019 (The data for 2017–2019 are the forecast data “with all other conditions being equal”) are shown in Fig. 14.1.

According to Fig. 14.1, during the studied time, the period the economic crisis (Growth rate of GRP per capita is below 1) in the Russian Federation was observed once—in 2009.

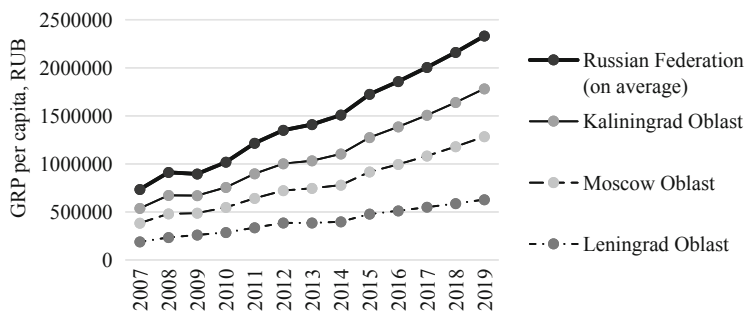


Fig. 14.1 Dynamics of GRP per capita of the Russian Federation (on average) and in three regions of Russia in 2007–2019. Source: Calculated and compiled by the authors based on Federal State Statistics Service (2019)

On average, for all regions of Russia, the decline of GRP per capita in 2009 as compared to 2008 constituted 5%. In Kaliningrad Oblast, reduction of GRP per capita also constituted 5%; in Moscow Oblast—8%; Leningrad Oblast showed growth of GRP per capita by 11%. In all studied multicultural regions, there were no other declines of GRP per capita in 2007–2019.

Therefore, in case of insufficient attention to the issues of state crisis management or the usage of the universal approach that is based on experience of monocultural regions, crises in multicultural regions are peculiar for larger depth. At the same time, during usage of unique capabilities and accounting of the specifics of a multicultural region during its state crisis management, it is possible to prevent and overcome the crises.

As the recent crisis in the Russian regional economy was observed in 2009, let us focus on this time period. Growth rate of GRP per capita in multicultural regions of Russia (in the order of increase of the level of multiculturalism) and in the Russian Federation (on average) in 2009, as compared to 2008, is shown in Fig. 14.2.

Based on the data from Fig. 14.2, four categories of Russia's multicultural regions according to the specifics of manifestation of the 2009 crisis are distinguished:

- Regions in which their sociocultural peculiarities are taken into account during state crisis management, due to which crisis is replaced by economic growth. An example is Kamchatka Krai (growth rate of GRP in 2009 constituted 1.23%, as compared to 2008), Sakhalin Oblast (1.18), and the Republic of Adygea (1.14).
- Regions that were not able to avoid the crisis but that softened its manifestations in the economy. Growth rate of GRP per capita in these regions was higher than on average for Russia. These include Yaroslavl Oblast (0.99), Rostov Oblast (0.97), and the Republic of Ingushetia (0.96).
- Regions that showed the same growth rate of GRP per capita as on average for the Russian regional economy (0.95)—Kaliningrad Oblast, Belgorod Oblast, and the Republic of Tatarstan.
- Regions in which their sociocultural specifics are not taken into account during state crisis management and growth rate of GRP per capita is lower than on

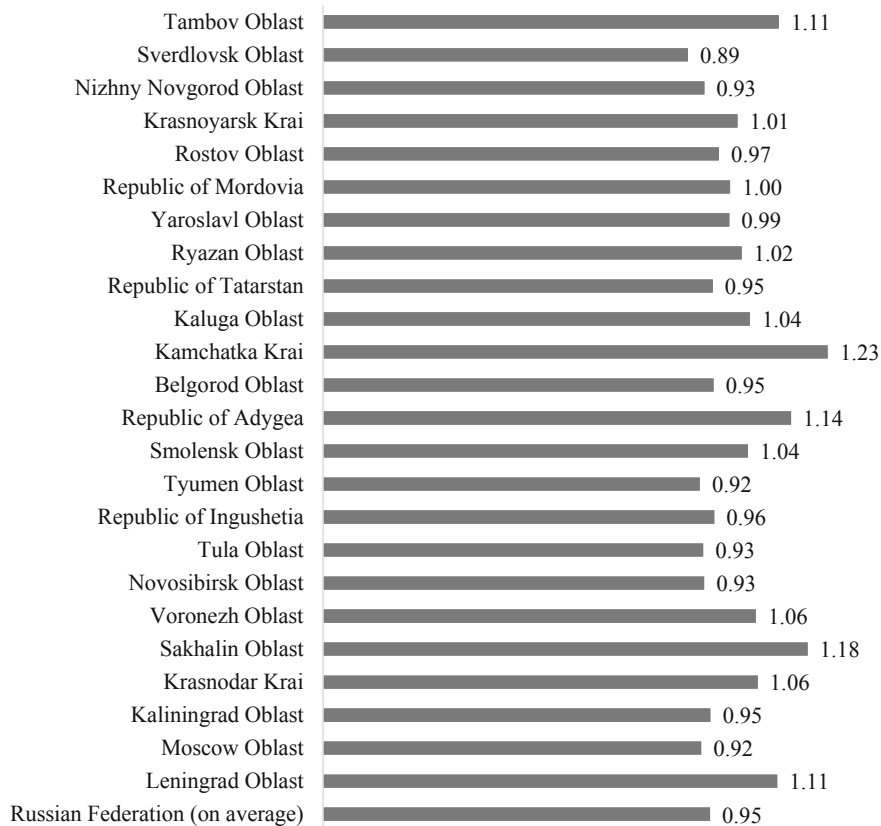


Fig. 14.2 Growth rate of GRP per capita in multicultural regions of Russia and in the Russian Federation (on average) in 2009 as compared to 2008. Source: Calculated and compiled by the authors based on Federal State Statistics Service (2019)

average for the Russian regional economy. The examples are Novosibirsk Oblast (0.93), Tyumen Oblast (0.92), and Sverdlovsk Oblast (0.89).

As a result of studying the dynamics of values of other indicators of the socio-economic position of Russia's regions in 2009, as compared to 2008, three indicators which changes are most specific in multicultural regions are determined: number of economically active population, number of registered legal violations per 100,000 people, and Gini coefficient (Fig. 14.3).

The shown growth rate of the selected indicators in Fig. 14.3 shows that economic crises pose a large threat for multicultural regions due to the three following reasons:

- Risk of flight of economically active population and capital. Openness of multicultural regions and increased mobility of their population and entrepreneurship cause their increased susceptibility to the given risk. During a crisis, the

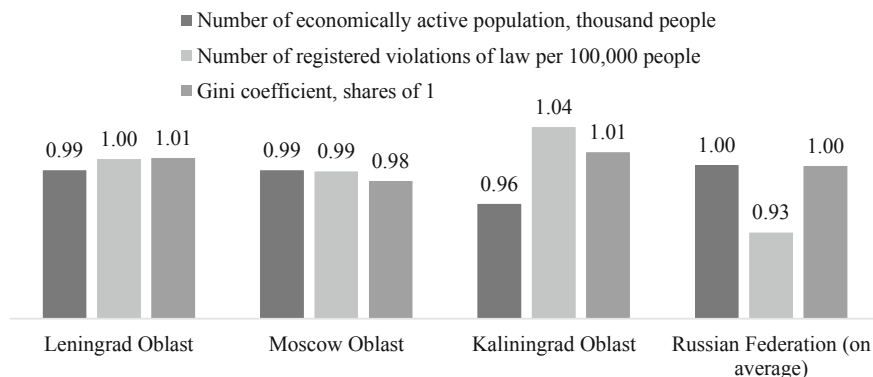


Fig. 14.3 Growth rate of the number of economically active population, number of legal violations, and Gini coefficient in the most multicultural regions of Russia in 2009 as compared to 2008. Source: Calculated and compiled by the authors based on Federal State Statistics Service (2019)

conditions for living and the business climate in a multicultural region aggravate, which stimulates economic subjects for a search for a new territory for living and conducting entrepreneurship. Thus, the number of economically active population in the Russian regional economy was stable on average, while in Leningrad and Moscow Oblast it reduced by 1% in 2009, as compared to 2008; in Kaliningrad Oblast—by 4%.

- Aggravation of the problem of security in the region. The influence and consequences of the economic crisis influence the least protected categories of the population. In multicultural regions, these include migrants, which incomes are minimum and unstable. Crisis does not allow them to receive legal incomes, which leads to the growth of the crime rate. Thus, on average for the Russian regional economy, the crime rate reduced by 7% in 2009 as compared to 2008; contrary to this, the number of legal violations per 100,000 people in Leningrad Oblast remained unchanged; in Kaliningrad Oblast, it grew by 4%.
- Aggravation of social contradictions and clash of the cultures in the region. The increase of differentiation of population's incomes with its string cultural differences destabilizes the region's society. On average for the Russian regional economy, Gini coefficient remained at the same level; in Leningrad and Kaliningrad Oblast it grew by 1%, which shows an increase of inequality of population's incomes of these multicultural regions of Russia in 2009 as compared to 2008.

Thus, state crisis management is necessary in multicultural regions; it should be conducted in view of the specific features of these regions. It is recommended to use the following concept (Fig. 14.4).

Figure 14.4 shows that the offered concept envisages implementation of various measures of state crisis management in a multicultural region in different phases of its economic cycle. At the phase of risk (including the peak), the specific features in a multicultural region are high mobility of population and capital and moderate social

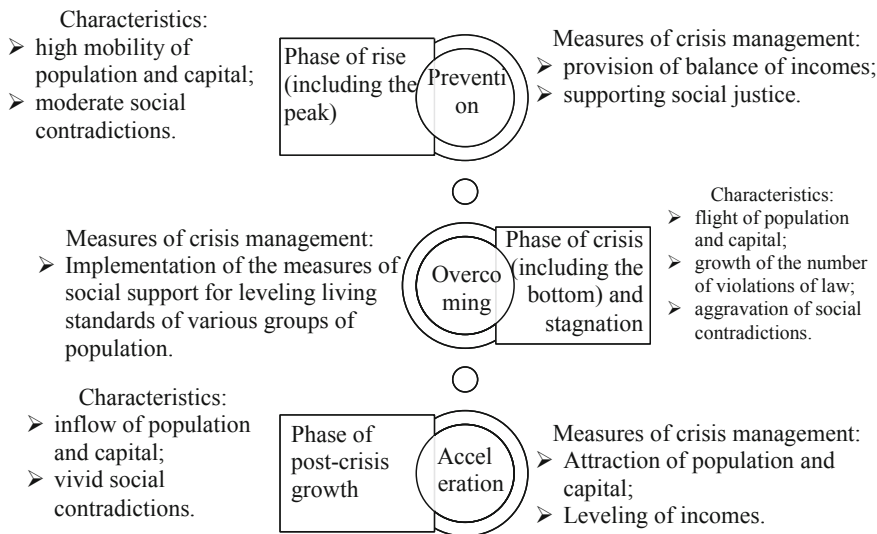


Fig. 14.4 The concept of state Crisis management of a multicultural region’s economy. Source: Developed and compiled by the authors

contradictions. State crisis management is aimed at preventing a crisis with the help of such measures as provision of balance of incomes (the indicator for monitoring of the results of crisis management could be Gini coefficient) and support for social justice (equality of opportunities for different categories of population) in society.

At the phase of crisis (including the bottom) and stagnation (if any) in a multicultural region, it is necessary to implement the measures of social support for leveling the living standards of various groups of population. This is an essential difference from a monocultural region, where support for entrepreneurship is preferable. The offered measures allow leveling the social contradictions in a multicultural region, preventing or reducing the flight of population and capital, and preventing the growth of the number of violations of law.

At the phase of postcrisis growth in a multicultural region, it is possible to observe the inflow of population and capital and vivid social contradictions (as a result of the crisis). The measures of state crisis management should be aimed at attraction of capital and population with the usage of unique opportunities of a multicultural region (e.g., creation of a favorable investment climate, implementation of expanded programs of support for social adaptation of migrants), and leveling of incomes of various categories of the population.

4 Conclusion

Thus, as a result of the research hypothesis H_0 regarding the specifics of manifestation and management of economic crises in multicultural regions is proved. Two specific features of state crisis management of a multicultural region's economy are determined. First—negative social consequences in a multicultural region are more vivid than economic ones, and thus state crisis management should be aimed at initial overcoming of negative social consequences (leveling of population's incomes).

Second—unlike a monocultural region with a relatively stable social and entrepreneurial environment, even in the period of crisis a multicultural region is peculiar for high risk of flight of population and capital, this losing the possibilities for development during a crisis. That is why preventive measures have the key role in the practice of state crisis management of a multicultural region.

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Chapter 15

Innovative Development of a Multicultural Region's Economy: Barriers and Perspectives



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and Vyacheslav V. Nazarov

Abstract The authors use the hypothetical and deductive principles for studying the experience of innovative development of the economy of modern Russia's multicultural regions. It is shown by the example of modern Russia that serious barriers on the path of innovative development of economy cause most of the multicultural regions of Russia to show a lower level of this development than on average for the country (as compared to monocultural regions). The perspectives of acceleration of innovative development of the economy of multicultural regions are connected to the usage of the cluster mechanism, which should be implemented in view of the specifics of a multicultural region and should envisage its openness and high flexibility.

1 Introduction

In the Strategy of innovative development of the Russian Federation until 2020, adopted by the Council with the President of the Russian Federation on modernization of economy and innovative development of Russia (2019) dated December 19, 2014, No. 7, the main attention is paid to the issues of provision of innovative development of economy of the Russian regions. Due to specific features of social environment, multicultural regions are characterized by a high inclination toward innovative development of the economy.

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A specific feature of a multicultural region that stimulates its innovative development is openness of the economy for new economic subjects. Free competition creates market stimuli for economic subjects; manifesting innovative activity in the interests of supporting their competitiveness. This differentiates them from monocultural regions, where low mobility of capital causes relative stability of the business environment and concentration of sectorial markets—natural stimuli for innovative activities are weaker, and thus state regulation is necessary.

Another specific feature of a multicultural region is a flexible social environment that is susceptible to innovations. Not only a multicultural region's companies are susceptible to high innovative activity—consumers of the region also set high demand for innovative products, as this ensures additional profit for them. Another specific feature of a multicultural region consists of expanded opportunities for attraction of resources. Innovative activities often require resources of new types, which could be absent in the region. Multicultural regions have free access to all necessary resources due to their openness and mobility.

In view of the above specific features, a hypothesis is offered that multicultural regions show a higher level of innovative development than monocultural regions. The research is built on the basis of the hypothetical and deductive principle and studies the experience of innovative development of the economy of modern Russia's multicultural regions.

2 Materials and Method

The process of innovative development of a modern region's economy is studied in the fundamental and applied works: Bezrukova et al. (2017), Forouharfar et al. (2018), Frolov et al. (2017), Lowe and Wolf-Powers (2018), Plechero and Chaminade (2016), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), and Vanchukhina et al. (2019).

A gap in the existing studies is the generalized character of their object—regions without accounting of typologization according to the sociocultural criterion. Thus, the experience of innovative development of the economy of multicultural regions is not studied separately and remains poorly studied.

The methodology of this research is based on comparative analysis. It is used for comparing the indicators of innovative development of the Russian regional economy on average and the economy of top-5 multicultural regions of Russia according to the criterion of the coefficient of migration growth per 10,000 people. The research is performed based on the 2018 data.

One of the indicators of innovative development of a region's economy is the share of innovations-active organizations—entrepreneurial structures of the region that conduct R&D and/or implement innovations into their activities. In the statistics of the Federal State Statistics Service, they are divided into technological, marketing, and social. The share of innovations-active organizations on average for the regional economy and in top-5 multicultural regions of Russia in 2018 is shown in Fig. 15.1.

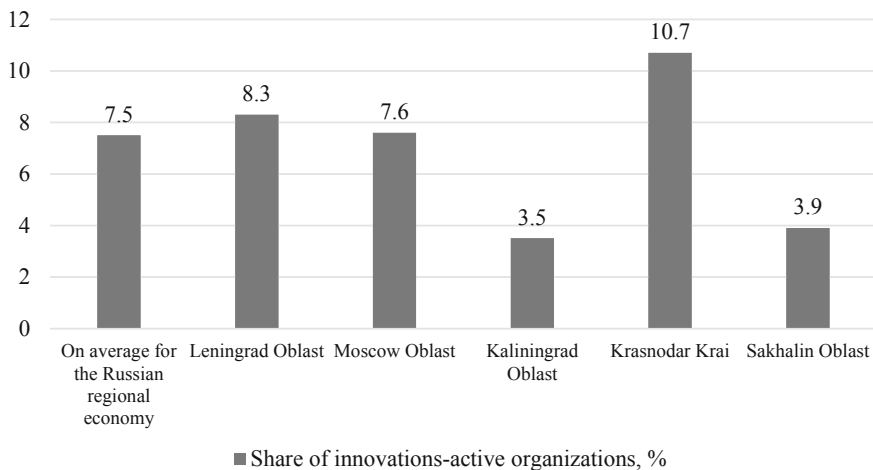


Fig. 15.1 Share of innovations-active organizations on average for the regional economy and in top-5 multicultural regions of Russia in 2018. Source: compiled by the authors

According to Fig. 15.1, on average for Russia's regional economy the share of innovations-active organizations equals 7.5%. In Moscow Oblast, it is at the average Russian level—7.6%. In Leningrad Oblast, it exceeds the average Russian level by 1.11 times, constituting 8.3%. In Krasnodar Krai, it exceeds the average Russian level by 1.43 times, constituting 10.7%. In Kaliningrad Oblast, the share of innovations-active organizations is by 2.14 times lower than on average for Russia, constituting 3.5%. In Sakhalin Oblast, this share is by 1.92 times lower than on average for Russia's regional economy, constituting 3.9%.

Among the indicators of the innovative development of region's economy, it is necessary to pay attention to the value of expenditures. For compatibility of data of different regions, it is expedient to use the relative (e.g., as to turnover) value of expenditures for R&D. Share of expenditures for R&D in organizations' turnover on average for the regional economy and in top-5 multicultural regions of Russia in 2018 is shown in Fig. 15.2.

According to Fig. 15.2, on average for Russia's regional economy, the share of expenditures for R&D in organizations' turnover equals 0.76%. In Moscow Oblast, it exceeds the average Russian level by 1.67 times, constituting 1.27%. In Leningrad Oblast, it is below the average Russian level by 1.85 times, constituting 0.41%. In Krasnodar Krai, it is below the average Russian level by 5.84 times, constituting 0.13%. In Kaliningrad Oblast, the share of innovations-active organizations is by 5.07 times lower than on average for Russia, constituting 0.15%. In Sakhalin Oblast, this share is by 6.33 times lower than on average for Russia's regional economy, constituting 0.12%.

The main indicators of the innovative development of region's economy also include the number of developed and used leading production technologies. For

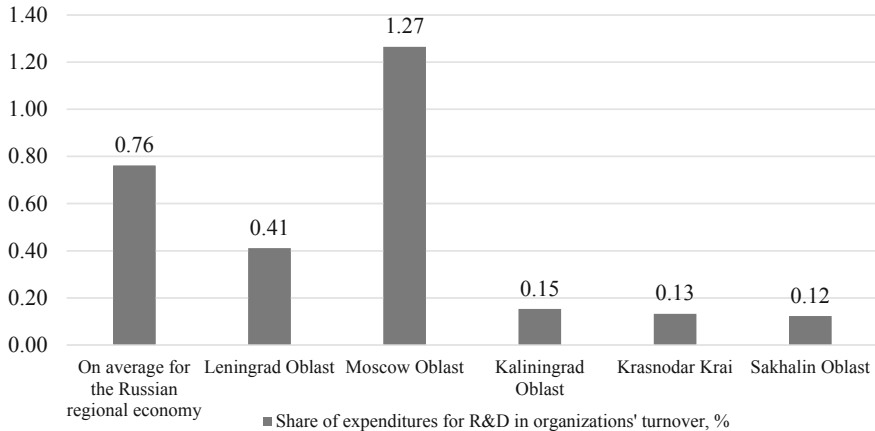


Fig. 15.2 Share of expenditures for R&D in organizations' turnover on average for the regional economy and in top-5 multicultural regions of Russia in 2018. Source: Calculated and compiled by the authors

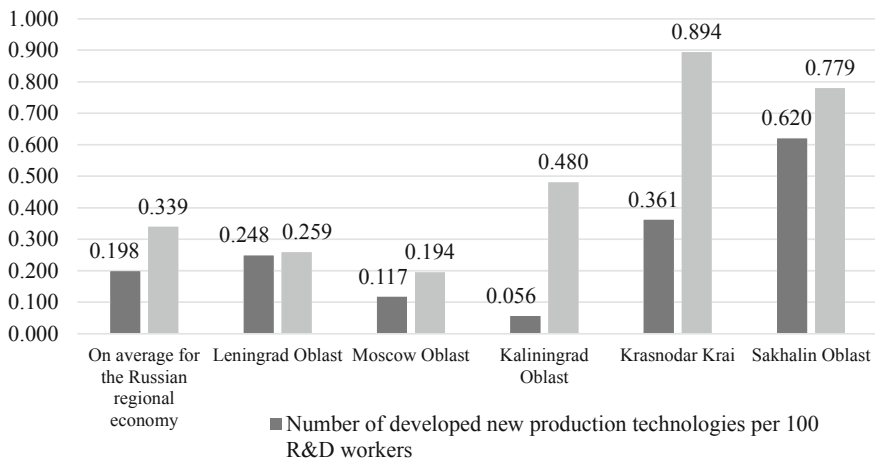


Fig. 15.3 Number of developed and used leading production technologies as to the number of R&D workers on average for the regional economy and in top-5 multicultural regions of Russia in 2018. Source: Calculated and compiled by the authors

compatibility of data of different regions, it is expedient to use the relative (e.g., as to the number of workers of R&D) value of expenditures for R&D. The number of developed and used leading production technologies as to the number of R&D workers on average for the regional economy and in top-5 multicultural regions of Russia in 2018 is shown in Fig. 15.3.

According to Fig. 15.3, the number of developed leading production technologies per 100 workers of R&D on average for Russia's regional economy constitutes

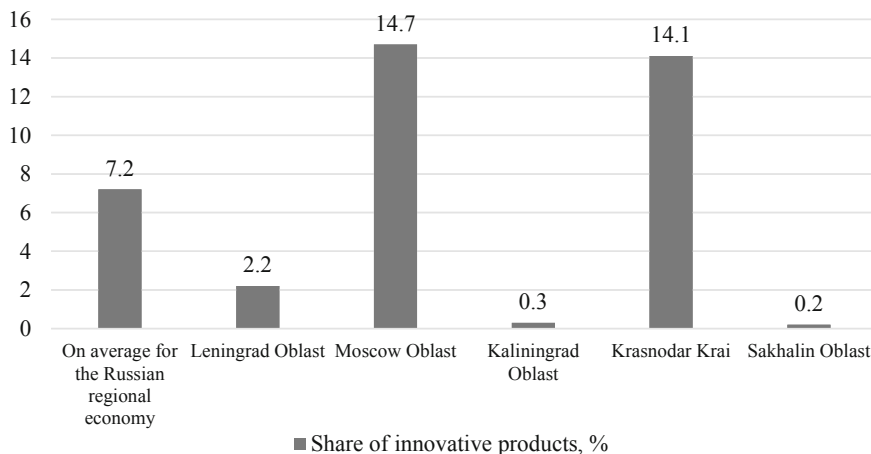


Fig. 15.4 The share of innovative products on average for the regional economy and in top-5 multicultural regions of Russia in 2018. Source: Compiled by the authors

0.198. The value of this indicator is above the average Russian level in Leningrad Oblast (0.248), Krasnodar Krai (0.361), and Sakhalin Oblast (0.620). The average Russian level is not reached in Moscow Oblast (0.117) and Kaliningrad Oblast (0.056).

The number of used leading production technologies per 1 employee of R&D on average for Russia's regional economy constitutes 0.3396. The value of this indicator is above the average Russian level in Kaliningrad Oblast (0.480), Krasnodar Krai (0.894), and Sakhalin Oblast (0.779). The average Russian level is not reached in Leningrad Oblast (0.259) and Moscow Oblast (0.194).

It is necessary to pay attention to such indicators as to the share of innovative products. On average for the regional economy and in top-5 multicultural regions of Russia in 2018 it is shown in Fig. 15.4.

According to Fig. 15.4, the share of innovative products on average for Russia's regional economy equals 7.2%. This share is above the average Russian level by 2.04 times in Moscow Oblast (14.7%) and by 1.96 times in Krasnodar Krai (14.1%). In Leningrad Oblast, the share of innovative products is 3.72 times lower than on average for Russia, constituting 2.2%. In Kaliningrad Oblast, the share of innovative products is 24 times lower than on average for Russia, constituting 0.3%. In Sakhalin Oblast, the share of innovative products is 36 times lower than on average for Russia, constituting 0.2%.

The ratio of the share of innovative products and share of expenditures for R&D in top-5 multicultural regions to the average value for Russia's regional economy in 2018 is shown in Fig. 15.5.

According to Fig. 15.5, a higher level of innovative development than on average for Russia's regional economy in 2018 was shown by Moscow Oblast; in all other multicultural regions, the values of one or both indicators of innovative development

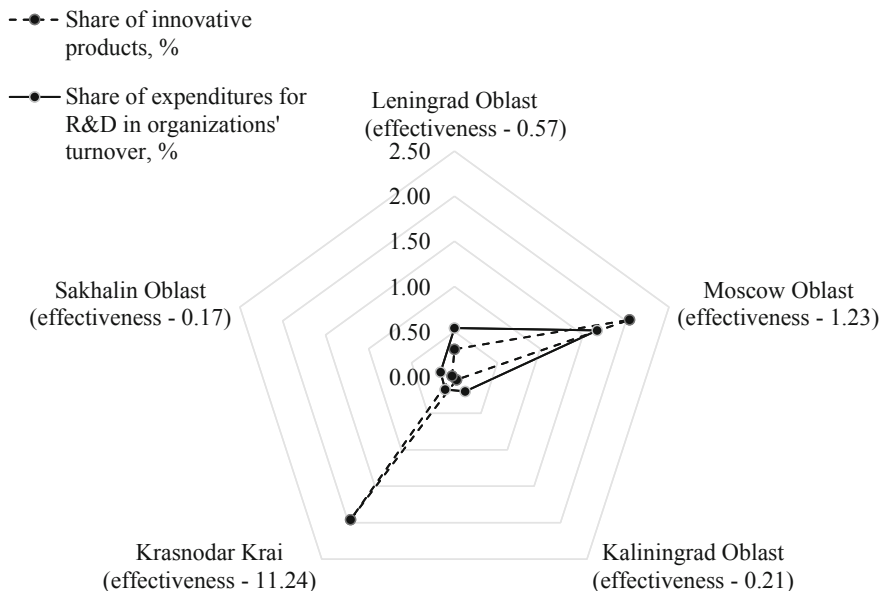


Fig. 15.5 The ratio of the share of innovative products and share of expenditures for R&D in top-5 multicultural regions to the average value for Russia's regional economy in 2018. Source: Calculated and compiled by the authors

of the economy are below the average Russian level. Effectiveness (as the ratio of the share of innovative products to the share of expenditures for R&D) is the highest in Krasnodar Krai (11.24). In Moscow Oblast, effectiveness is medium (1.23); in other regions, it is very low (below 1): in Leningrad Oblast—0.57, in Kaliningrad Oblast—0.21, and in Sakhalin Oblast—0.17.

3 Results

The performed comparative analysis showed that in most multicultural regions of Russia the level of innovative development of the economy is below the average Russian level (calculated mainly based on monocultural regions). This shows the existence of serious barriers on the path of innovative development of the economy of multicultural regions. The performed qualitative (logical) analysis allowed determining the following barriers:

- The weakness of the ties between research institutes and companies of the multicultural region. Companies are constantly created and reorganized in a multicultural region, and instability of the entrepreneurial environment does not allow forming partnership relations between companies, universities, and research institutes of the region.

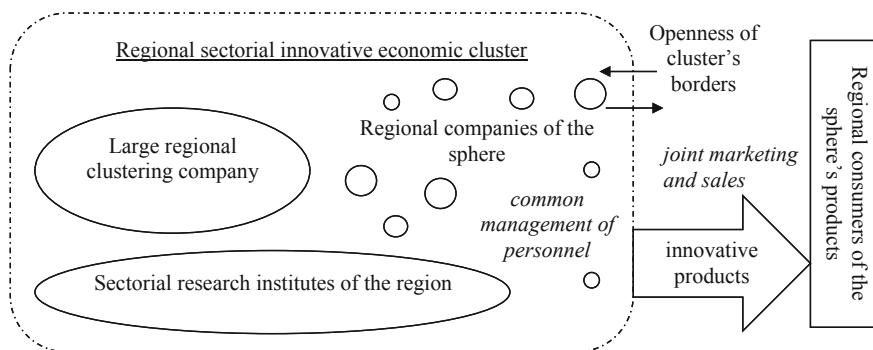


Fig. 15.6 The model of regional sectorial innovative economic cluster in a multicultural region. Source: Developed and compiled by the author

- The complexity of creation of innovative teams at innovations-active companies of a multicultural region. Cultural differences do not allow for effective cooperation of multicultural region's companies' employees.
- The complexity of sales of innovative products by the companies of a multicultural region. The structure of consumers in a multicultural region is subject to constant changes, which complicates the planning and sales of innovative products.

The above barriers could be overcome by the mechanism of clustering in entrepreneurship. Here the following model of the regional sectorial innovative economic cluster in a multicultural region is offered (Fig. 15.6).

According to Fig. 15.6, the basis of regional sectorial innovative economic clusters in a multicultural region is large (or several rather large) regional cluster companies. It also contains sectorial research institutes of the region. They ensure the stability and sustainability of the cluster. It also contains regional companies of this sphere. The openness of the cluster's borders ensures freedom for manifesting mobility by its participants.

Companies in a cluster conduct common management of personnel during innovative activities, which is manifested in the creation of teams for R&D from representatives of various companies in the cluster and joint registration of rights for created objects of intellectual property. Common marketing and sales are also conducted. As a result, the growth of innovative activity of the companies in the cluster and simplification of the sales of their innovative products are achieved.

4 Conclusion

The performed research disproved the offered hypothesis. It is shown by the example of modern Russia that the existence of serious barriers on the path of innovative development of economy leads to most of the multicultural regions of Russia showing a lower level of this development than on average for the country.

The perspectives of acceleration of innovative development of the economy of multicultural regions are connected to the usage of the cluster mechanism, which should be implemented in view of the specifics of a multicultural region and should envisage its openness and high flexibility. Cooperation of the cluster's members in the sphere of personnel management is preferable. For simplification of sales of innovative products with the instability of the structure and volume of demand, joint marketing by the cluster's members is recommended.

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Chapter 16

Public–Private Partnership as a Perspective Mechanism of State Management of Development of a Multicultural Region’s Economy



Svetlana I. Chuzhmarova, Vitali V. Mishchenko, Arkadiy A. Gorbunov, and Irina S. Chistyakova

Abstract The purpose of the chapter is to study the modern Russian practice of implementing public–private partnership in the activities of multicultural regions and to develop the scientific and methodological provision of usage of public–private partnership as a mechanism of state management of development of a multicultural region’s development. It is shown that the mechanism of public–private partnership is actively used in Russia’s regional economy on the whole and in multicultural regions, in particular. However, the plans of application of this mechanism are implemented not in all multicultural regions, and in certain of them the level of development of public–private partnership is below the average Russian level.

1 Introduction

Public–private partnership is actively used in the interests of development of the modern regional economy. According to the materials of the project of national report on attraction of private investments into development of infrastructure and application of the mechanisms of public–private partnership in the Russian Federation, prepared by the National Center of public–private partnership (2019), 2980 projects in the form of public–private partnership were implemented in Russia’s regional economy in 2018.

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The aggregate volume of investments into Russia's regional economy within the implementation of the projects of public-private partnership constituted RUB 2618 trillion, of which RUB 1827 trillion are private investments. Investments into public-private partnership per capita in Russia constitute USD 444—according to this indicator, Russia is between China (USD 453) and India (USD 185). The growth rate of the volume of public-private partnership in Russia in 2018, as compared to 2017, constituted 60%.

High interest to public-private partnership is explained by wide perspectives of its usage as a mechanism of stimulation of development of the regional economy. Firstly, public-private partnership allows attracting investments into the implementation of socially important projects, which are traditionally unattractive for them and which are aimed at creation of public benefits or benefits with limited opportunities and obtaining of commercial profit. This allows saving the assets of the state budget and implementing more socially important projects in the region.

Secondly, public-private partnership allows forming market relations in the sphere of provision of public benefits. The mechanism of partnership allows balancing the interests of consumers and suppliers of public benefits, moving them into a group of relatively economic benefits (Socially important goods and services that are provided by the commercial basis with state cofinancing), making them accessible for consumers and profitable for suppliers/sellers.

Public-private partnership is a mechanism of integration, which subjects are state regulators and entrepreneurial structures of the region. The integration function that is performed by public-private partnership is especially important in a multicultural region, as social separation and separation of interests of economic subjects are the most significant restraining factors on the path of the region's development.

The purpose of the chapter is to study the modern Russian practice of implementing public-private partnership in the activities of multicultural regions and to develop the scientific and methodological provision of using public-private partnership as a mechanism of state management of development of a multicultural region's development.

2 Materials and Method

The principles of the mechanism of public-private partnership and potential directions and new experience of its usage in the interests of accelerating the development of economy of modern regions are reflected in the works Balzani et al. (2017), Bezrukova et al. (2017), Frolov et al. (2017), Morano and Tajani (2017), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Thellbro et al. (2018), and Vanchukhina et al. (2019).

Here the authors focus on specific features of implementing the mechanism of public-private partnership in multicultural regions. The research objects are top-5 multicultural regions according to the criterion of the coefficient of migration growth per 10,000 people. The authors analyze statistical data on implementing the

Table 16.1 Indicators of the development of public–private partnership in top-5 multicultural regions and on average for Russia’s regional economy in 2018

| Region of Russia | II, % | E, points | I, points | N, points | KPI, % | Achievement of KPI, % |
|--|-------|-----------|-----------|-----------|--------|-----------------------|
| Leningrad Oblast | 72.50 | 8.3 | 9.6 | 3.5 | 74.80 | −0.02 |
| Moscow Oblast | 90.00 | 15.0 | 15.0 | 15.0 | 72.00 | 0.18 |
| Kaliningrad Oblast | 50.80 | 4.5 | 7.5 | 3.4 | 50.50 | 0.00 |
| Krasnodar Krai | 37.00 | 1.7 | 7.0 | 3.1 | 55.00 | −0.18 |
| Sakhalin Oblast | 24.20 | 1.4 | 4.7 | 1.5 | 58.30 | −0.34 |
| On average for Russia’s regional economy | 42.00 | 4.59 | 5.54 | 2.31 | 58.00 | −16.00 |

Source: Calculated and compiled by the authors based on the materials of the National center of public–private partnership (2019)

mechanism of public–private partnership in the multicultural regions of Russia in 2018 based on the materials of the National center of public–private partnership through the prism of the following indicators:

- II—integral indicator of the development of public–private partnership in the region, %
- E—experience of implementing regional projects with the help of the mechanism of public–private partnership, points 1–15
- I—institutional environment for implementation of regional projects with the help of the mechanism of public–private partnership, points 1–15
- N—normative and legal basis for implementing regional projects with the help of the mechanism of public–private partnership, points 1–15
- KPI—established (planned, target) value of indicator II, %
- Achievement of KPI—difference between II and KPI, %

The value of the above indicators in top-5 multicultural regions and the calculated average value for Russia’s regional economy (with the method of direct average) in 2018 are given in Table 16.1.

Table 16.1 shows that in Leningrad Oblast the planned (target) level of development of public–private partnership is not reached (−0.02%), and neither it is achieved in Krasnodar Krai (−0.18%), Sakhalin Oblast (−0.34%), and on average for Russia’s regional economy (−0.16%). In Kaliningrad Oblast, the plan is fulfilled, and in Moscow Oblast, the plan is overfulfilled (+18%). Qualitative indicators of development of public–private partnership in top-5 multicultural regions and on average for Russia’s regional economy in 2018 are shown in Fig. 16.1.

As is shown in Fig. 16.1, on average for Russia’s regional economy the experience of implementing regional projects with the help of the mechanism of public–private partnership (E) in 2018 equals 4.59 points. The value of this indicator in Leningrad Oblast exceeds the average Russian level by 1.81 times, constituting 8.3 points. The value in Moscow Oblast exceeds the average Russian level by 3.27 times, constituting 15 points (maximum). The experience of implementing regional projects with the help of the mechanism of public–private partnership in Kaliningrad

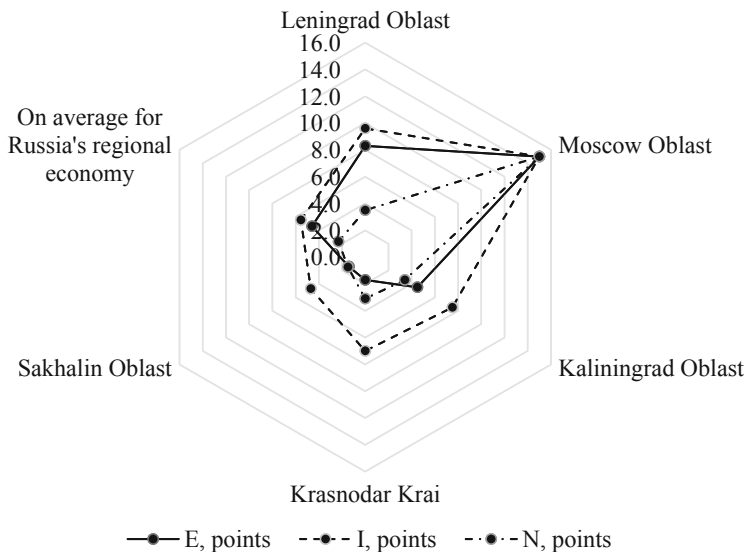


Fig. 16.1 Qualitative indicators of development of public–private partnership in top-5 multicultural regions and on average for Russia’s regional economy in 2018. Source: Calculated and compiled by the authors based on the materials of the National center of public–private partnership (2019)

Oblast is below the average Russian level by 1.02 times, constituting 4.5 points. The value of this indicator in Krasnodar Krai is below the average Russian level by 2.7 times, constituting 1.7 points. The value in Sakhalin Oblast is below the average Russian level by 3.28 times, constituting 1.4 points.

The institutional environment for implementing regional projects with the help of the mechanism of public–private partnership (I) on average for Russia’s regional economy in 2018 equals 5.54 points. The value of this indicator in Leningrad Oblast exceeds the average Russian level by 1.73 times, constituting 9.6 points. The value in Moscow Oblast exceeds the average Russian level by 2.71 times, constituting 15 points (maximum). The institutional environment for implementing regional projects with the help of the mechanism of public–private partnership in Kaliningrad Oblast exceeds the average Russian level by 1.35 times, constituting 7.5 points. The value of this indicator in Krasnodar Krai exceeds the average Russian level by 1.26 times, constituting 7 points. The value in Sakhalin Oblast is below the average Russian level by 1.128 times, constituting 4.7 points.

The normative and legal basis of implementing regional projects with the help of the mechanism of public–private partnership (N) on average for Russia’s regional economy in 2018 is assessed at 2.31 points. The value of this indicator in Leningrad Oblast exceeds the average Russian level by 1.52 times, constituting 3.5 points. The value in Moscow Oblast exceeds the average Russian level by 6.49 times, constituting 15 points (maximum). The normative and legal basis of implementing regional projects with the help of the mechanism of public–private partnership in

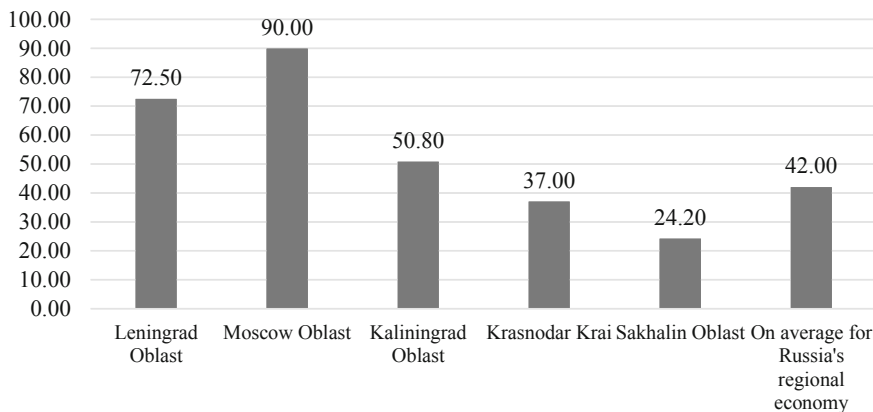


Fig. 16.2 Integral indicator of the development of public–private partnership in top-5 multicultural regions and on average for Russia’s regional economy in 2018. Source: Calculated and compiled by the authors based on the materials of the National center of public–private partnership (2019)

Kaliningrad Oblast exceeds the average Russian level by 1.47 times, constituting 3.4 points. The value of this indicator in Krasnodar Krai exceeds the average Russian level by 1.34 times, constituting 3.1 points. The value in Sakhalin Oblast is below the average Russian level by 1.54 times, constituting 1.5 points.

The values of the integral indicator of the development of public–private partnership in top-5 multicultural regions and on average for Russia’s regional economy in 2018 are shown in Fig. 16.2.

As is shown in Fig. 16.2, on average for Russia’s regional economy the level of development of public–private partnership in 2018 is assessed at 42%. This level is exceeded in Leningrad Oblast (72.50%), Moscow Oblast (90%), and Kaliningrad Oblast (50.8%), but is not reached in Krasnodar Krai (37%) and Sakhalin Oblast (24.2%).

Thus, the performed analysis showed that on the whole the mechanism of public–private partnership is actively used in Russia’s regional economy on the whole and in multicultural regions, in particular. However, the plans of application of this mechanism are implemented not in all multicultural regions, and in certain of them the level of development of public–private partnership is below the average Russian level. This shows the necessity for improving the existing practice of application of this mechanism in Russian multicultural regions in view of their specifics.

3 Results

The recommended external organization of public–private partnership in a multicultural region is reflected by the perspective mechanism of state management of development of the region’s economy on the basis of partnership (Fig. 16.3).

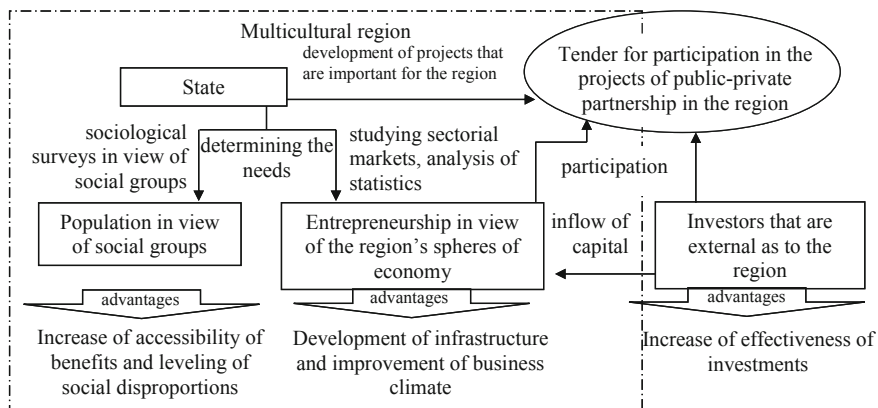


Fig. 16.3 A perspective mechanism of state management of development of a multicultural region’s economy based on public–private partnership. Source: Developed and compiled by the authors

Figure 16.3 shows that the state conducts sociological surveys in a multicultural region in view of its social groups and studies sectorial markets, as well as analyzes the statistics of development of entrepreneurship. As a result of determining the needs of population and entrepreneurship of the region for public benefits, the state develops the project that is important for the multicultural region. The state holds a tender for participation in the projects of public–private partnership in the region between the region’s companies and external investors, which stimulates the inflow of capital in the region.

As a result, consumers receive better accessibility of benefits and leveling of social disproportions. The infrastructure of entrepreneurship develops and business climate improves. The effectiveness of placement of investments for external investors improves. For the internal organizational structure of public–private partnership in a multicultural region the following model is offered (Table 16.2).

According to the model in Table 16.2, joint financing of the project’s events by the public and private partners is performed. Responsibility and risks are divided between them equally. The state provides the region’s assets for temporary usage to the private partner, who creates (builds) new assets (if necessary) and controls all assets according to the set priorities. The state partner performs monitoring of the current needs of social groups in the region and collection of feedback from the target beneficiaries of the project. The private partner promotes the project and deals with social marketing and protection of interests of various social groups during the implementation of the project.

Table 16.2 The model of the internal organizational structure of public–private partnership in a multicultural region

| Component of the internal organization of public–private partnership | Functions that are performed within this component of public–private partnership | |
|--|---|--|
| | State partner | Private partner |
| Financial provision | Joint financing of the project’s events | |
| Bearing the risks of implementation of the partnership project | Equal distribution of risks of the project implementation (equal responsibility of partners) | |
| Assets of the project of public–private partnership | Provision of the region’s assets for temporary usage to the private partner | Creation (construction) of new assets (if necessary) and management of all assets |
| Marketing of the project of public–private partnership | <ul style="list-style-type: none"> • Monitoring of the current needs of social groups in the region. • Collection of feedback from target beneficiaries of the project. | <ul style="list-style-type: none"> • Promotion of the project. • Social marketing. • Protection of interests of various social groups during the implementation of the project. |

Source: Developed and compiled by the authors

4 Conclusion

Thus, the results of the performed research showed that public–private partnership is a perspective mechanism of state management of development of a multicultural region’s economy—this mechanism is the basis for increasing the population’s living standards and reducing the disproportions in accessibility of public benefits for various social groups in a multicultural region, as well as using the openness of the multicultural region for attracting capital into development of its economy. The mechanism of public–private partnership is actively used in multicultural regions of modern Russia, but its potential in stimulating the development of these regions’ economy is not implemented in full due to insufficient accounting of the specifics of multicultural regions.

The potential of public–private partnership in multicultural regions could be realized in full with the help of a perspective mechanism of state management of development of a multicultural region’s economy on the basis of public–private partnership and the developed model of the internal organizational structure of public–private partnership in a multicultural region. Thus, the specific features of implementing the mechanism of public–private partnership in a multicultural region (as compared to a monocultural region) are as follows:

- Provision of assets for temporary usage to a private partner, as their possession is unattractive for the private partner, as it reduces flexibility and mobility and ties the entrepreneurial activities to the given region.
- Projects of public–private partnership are oriented not only at region’s companies (as in monocultural regions) but also at external investors in the interests of attraction of additional capital into a multicultural region.

- Setting important marketing functions on the private (as in monocultural regions) and on the public partner in the interests of obtaining social advantages from the projects of the partnership (growth of living standards, provision of social justice, and reduction of inequality of social groups in the region).

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Chapter 17

Government and Public Monitoring of Entrepreneurship in a Multicultural Region: New Perspectives in the Conditions of the Digital Economy



Larisa I. Nekhvyadovich, Konstantin B. Kostin, and Vladimir V. Mironov

Abstract The purpose of the research is to determine new perspectives and to develop recommendations for government and public monitoring of entrepreneurship in a multicultural region in the conditions of the digital economy. It is determined that the level of corporate social and ecological responsibility in multicultural regions is strongly differentiated, and multiples examples of nonachievement of the average level for the regional economy are determined. Based on this, the necessity for government and public monitoring of entrepreneurship in a multicultural region is proved. In the conditions of the digital economy, the conditions for monitoring are simplified.

1 Introduction

Specifics of the social environment of a multicultural region predetermine the peculiarities of conducting entrepreneurship on its territory. Firstly, a high level of differentiation of consumers' preferences does not allow companies in a multicultural region to determine the potential demand for corporate social and ecological responsibility, while its implementation reduces pricing competitiveness. That is why the manifestation of responsibility is connected to a high level of entrepreneurial risks, which reduction is one of the most important tasks of the company's management.

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Secondly, companies in a multicultural region are peculiar for high mobility. They do not limit their geography by this region and consider all available options of territorial placement of assets. Uncertainty as to the future territorial placement of assets and absence of connection to a specific region reduces the interest of companies in multicultural regions to the manifestation of corporate social and ecological responsibility. Unlike them, companies in monocultural regions are usually oriented at the long-term placement of assets on their territory and have to show responsibility.

Thus, the authors offer a hypothesis that unlike a monocultural region, in which manifestation of high corporate social and ecological responsibility is usually a mandatory condition of successful entrepreneurial activities, there is a “market gap” in a multicultural region, which is connected to absence or weakness of natural market stimuli for companies’ manifesting responsibility. Overcoming this “gap” via government regulation is complicated due to the complexity of control over the activities of entrepreneurship in the conditions of dynamic business environment, in which companies are constantly created, reorganized, moved, and liquidated.

That is why it is necessary to attract the public for overcoming the “market gap.” Traditional channels of government and public communications (e.g., accepting citizens in the established hours) are more popular among indigenous residents of regions and are not popular among migrants. As a result, the government does not protect the interests of all social groups, which is inadmissible in a multicultural region, as it increases social tension and destabilizes the economic system. In the conditions of the digital economy, new—digital—channels of communication become available.

The purpose of the research is to determine new perspectives and to develop recommendations for government and public monitoring of entrepreneurship in a multicultural region in the conditions of the digital economy.

2 Materials and Method

The performed overview of the existing research literature on the selected topic showed that it is rather elaborated. The theoretical and methodological issues and practical experience of development of a region in the conditions of the digital economy are studied in the works Bezrukova et al. (2017), Frolov et al. (2017), Popkova (2013), Popkova et al. (2017), and Sergi et al. (2012, 2019). Various conceptual and empirical aspects of government and public monitoring of entrepreneurship in regional economy are studied in the works Shakhovskaya et al. (2018), Simonova et al. (2017), Katz et al. (2009), Matheis et al. (2009), Thomson et al. (2019), and Vanchukhina et al. (2019).

However, the perspectives of improving the existing practice of government and public monitoring of entrepreneurship in a multicultural region in the conditions of the digital economy are a new narrow direction in economics, which requires independent research. In this chapter, a comparative analysis is used for comparing

the values of various indicators of entrepreneurship's manifesting corporate social and ecological responsibility in top-5 multicultural regions of Russia in 2018 and on average for the regional economy, where monocultural regions dominate.

3 Results

The results of the performed comparative analysis are shown in Figs. 17.1, 17.2, 17.3, and 17.4.

As is seen in Fig. 17.1, ratio of monthly average accrued wages to subsistence level of able-bodied population on average for the Russian regional economy is rather high—3.70—which shows a rather high level of corporate social responsibility of the Russian entrepreneurship. In Leningrad Oblast, the average Russian level is exceeded and the ratio of monthly average accrued wages to subsistence level of able-bodied population constitutes 3.84.

In Moscow Oblast, the average Russian level is also exceeded, and the ratio of monthly average accrued wages to subsistence level of the able-bodied population constitutes 3.72. In Sakhalin Oblast, the average Russian level is exceeded significantly, and the ratio of monthly average accrued wages to subsistence level of the able-bodied population constitutes 4.90. In Kaliningrad Oblast, the ratio of monthly average accrued wages to subsistence level of able-bodied population is below the average level for Russia's regional economy, constituting 2.76; in Krasnodar Krai—2.83.

As shown in Fig. 17.2, the share of companies that implements ecological innovations that are aimed at the reduction of expenditures for the production of an item of goods, works, and services on average for the regional economy of Russia constitutes 41.8%. This share is exceeded in Moscow Oblast (55.3%), Kaliningrad Oblast (50.0%), Krasnodar Krai (63.6%), and Sakhalin Oblast (50.0%), but it is not reached in Leningrad Oblast (44.4%).

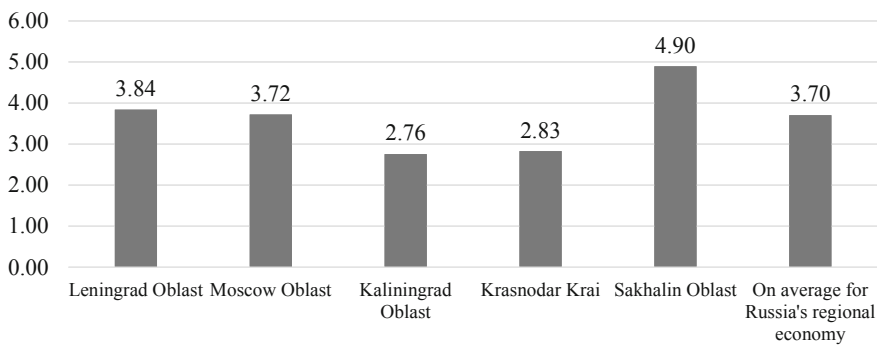


Fig. 17.1 Ratio of monthly average accrued wages to subsistence level of able-bodied population. Source: Calculated and compiled by the authors based on the Federal State Statistics Service (2019)

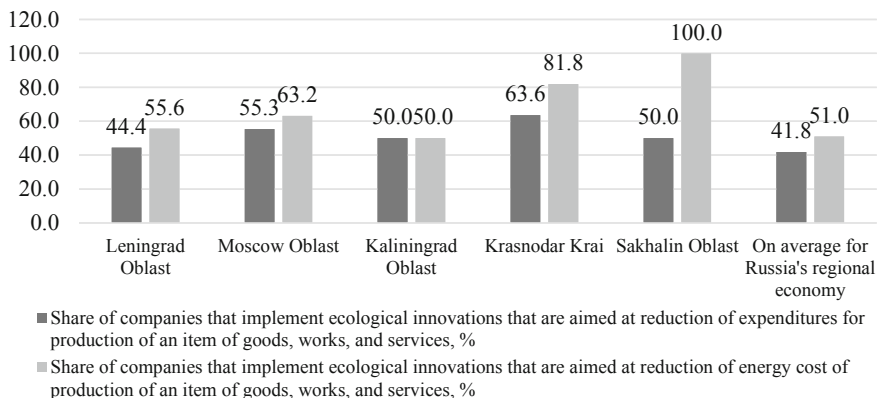


Fig. 17.2 Share of companies that implement ecological innovations that are aimed at reduction of resource intensity and energy intensity of production. Source: Calculated and compiled by the authors based on the Federal State Statistics Service (2019)

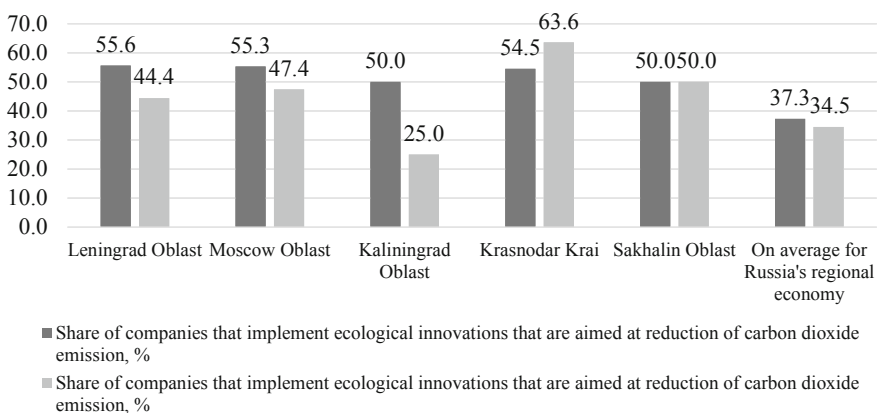


Fig. 17.3 Share of companies that implement ecological innovations that are aimed at reduction of damage to the environment. Source: Calculated and compiled by the authors based on Federal State Statistics Service (2019)

Share of companies that implements ecological innovations that are aimed at the reduction of the energy cost of production of an item of goods, works, and services on average for Russia’s regional economy constitutes 51.0%. This share is exceeded in Leningrad Oblast (55.6%), Moscow Oblast (63.2%), Krasnodar Krai (81.8%), and Sakhalin Oblast (100.0%), but is not reached in Kaliningrad Oblast (50.0%).

As is seen in Fig. 17.3, the share of companies that implements ecological innovations that are aimed at the reduction of carbon dioxide emission on average for Russia’s regional economy constitutes 37.3%. This share is exceeded in all top-5 multicultural regions: Leningrad Oblast (55.6%), Moscow Oblast (55.3%), Kalinin-grad Oblast (50.0%), Krasnodar Krai (63.6%), and Sakhalin Oblast (50.0%).

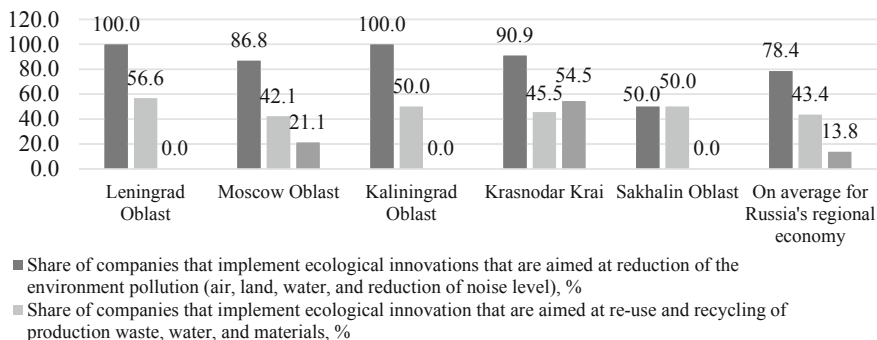


Fig. 17.4 Share of companies that implement ecological innovations that are aimed at recycling and reuse of resources. Source: Calculated and compiled by the authors based on the Federal State Statistics Service (2019)

Share of companies that implements ecological innovations that are aimed at replacing the resources and materials by safer ones on average for Russia's regional economy constitutes 34.5%. This share is exceeded in Leningrad Oblast (44.4%), Moscow Oblast (47.4%), Krasnodar Krai (63.6%), and Sakhalin Oblast (50.0%), but is not reached in Kaliningrad Oblast (25.0%).

According to Fig. 17.4, the share of companies that implements ecological innovations that are aimed at reduction of environment pollution (air, land, water, and reduction of noise level) on average for Russia's regional economy constitutes 78.4%. This share is exceeded in Leningrad Oblast (100.0%) Moscow Oblast (86.8%), Kaliningrad Oblast (100.0%), and Krasnodar Krai (90.9%), but is not reached in Sakhalin Oblast (50.0%).

Share of companies that implements ecological innovation that is aimed at reuse and recycling of production waste, water, and materials on average for Russia's regional economy constitutes 43.4%. This share is exceeded in Leningrad Oblast (55.6%), Kaliningrad Oblast (50.0%), Krasnodar Krai (45.5%), and Sakhalin Oblast (50.0%), but is not reached in Moscow Oblast (42.1%).

The share of companies that implements ecological innovations that are aimed at the preservation and reproduction of natural resources that are used in agriculture, on average for Russia's regional economy constitutes 13.8%. This share is exceeded in Moscow Oblast (21.1%) and Krasnodar Krai (54.5%) but is not reached in Leningrad, Kaliningrad, and Sakhalin Oblasts.

Thus, the performed comparative analysis shows that the level of corporate social and ecological responsibility of entrepreneurship in multicultural regions slightly differs from the average Russian level and often does not reach it. For increasing the level of corporate responsibility of entrepreneurship in multicultural regions, a model of government and public monitoring of entrepreneurship in a multicultural region on the basis of the digital economy is developed (Fig. 17.5).

As is shown in Fig. 17.5, the subjects of monitoring in the offered model are as follows:

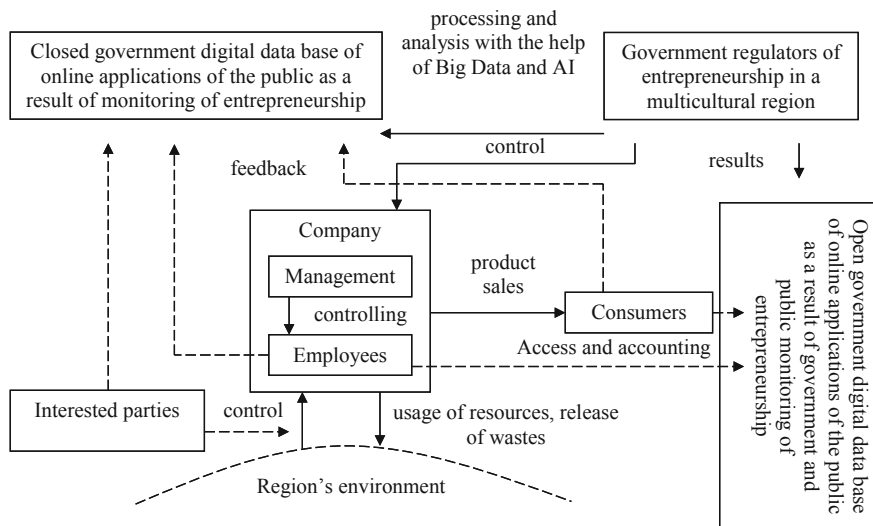


Fig. 17.5 The model of government and public monitoring of entrepreneurship in a multicultural region on the basis of digital economy. Source: Developed and compiled by the authors

- Employees of the companies of a multicultural region.
- Consumers of companies' products in a multicultural region.
- Interested parties that are external as to the companies of a multicultural region—neither employees nor consumers of their products, but with active public position regarding environment protection.

They pass feedback (text, photos, and videos) to the closed government digital database of online applications of the public as a result of monitoring of entrepreneurship. Government regulators of entrepreneurship in a multicultural region automatically process and analyze materials of this database with the help of Big Data and AI. This allows determining the companies for which the number of applications from the public is very high and the applications have good proofs and show the highest damage to the social and ecological environment of the region from the companies' activities (corporate irresponsibility).

The selected companies become objects for government control over their activities, including by law enforcement agencies. The results of the control are put into the open digital database on the results of government and public monitoring of entrepreneurship of a multicultural region. Consumers and employees use the materials of this database during decision-making on purchases and employment. Due to this, corporate social and ecological responsibility becomes a factor (and a tool) of the company's competitiveness in a multicultural region in the conditions of the digital economy, as it determines its capabilities in the attraction of labor resources and sales of products.

4 Conclusion

Thus, the offered hypothesis is proved—the level of corporate social and ecological responsibility in multicultural regions is strongly differentiated; there are multiple examples of nonachievement of the average level for the regional economy. This proves the necessity for government and public monitoring of entrepreneurship in a multicultural region. In the conditions of the digital economy, the conditions of the monitoring become simpler. The developed model of government and public monitoring of entrepreneurship in a multicultural region on the basis of the digital economy ensures the following advantages:

- Continuity of communication of government regulators and the public during usage of the digital channels of communication: consumers, employees, and interested parties could send messages to government regulators when they determine the signs of corporate irresponsibility of companies with the help of mobile technologies and the Internet.
- Expanded capabilities of automatization: load on the employees of government regulators does not grow, as the processing of a lot of applications from the public is automatic, with the usage of Big Data and AI.
- The results of monitoring are widely accessible and create market signals for consumers and employees: the creation of a digital database of the corporate responsibility of entrepreneurship in a multicultural region allows improving the effect of the market mechanism (competition), thus raising the effectiveness of monitoring of entrepreneurship.

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Chapter 18

Cluster Development of Economy of a Multicultural Region: Challenges for State Management



Vyacheslav Chekalin, Victor Petukhov, and Denis Chepik

Abstract The purpose of the research is to study the specific features of cluster development of a multicultural region's economy (by the example of modern Russia's regions) and to develop recommendations for improving the practice of state management of this process. It is determined that multicultural regions face the specific barriers on the path of their cluster development, which are not characteristic of monocultural regions. One of these challenges is the necessity to create and support special conditions in a cluster that stimulates the development of its existing participants and stimulates the attraction of new participants. Another challenge is the necessity for stricter selection of cluster's participants, for avoiding their destructive influence on it.

1 Introduction

The cluster model of development is preferable and is used by a lot of modern regions around the world. The Global competitiveness report, which is published by the World Bank (2019), uses the index of State of cluster development during the evaluation of innovative capabilities of a country's economy (12.02 State of cluster development). According to the value of this index, Russia was ranked 95th among 140 countries of the world (3.5 points out of 7). This shows the general low level of cluster development of the Russian economy and low interest in clusters in regions of Russia—due to either poor private initiatives or insufficient state support and unfavorable institutional environment.

At the same time, the importance of cluster development of the regional economy is high. Clusters have equal conditions for the competition of companies of any size: a combination of cooperation and competition prevents monopolization of regional markets and stimulates their development. According to the materials of the Association of clusters and technological parks (2019), 4785 companies were members of

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regional economic clusters in Russia in 2018, of which 76.8% were subjects of small and medium entrepreneurship.

Clusters allow creating additional jobs and attract additional tax incomes into a region's state budget. In Russia, 8000 new jobs were created in clusters in 2018, and the total volume of tax payments of cluster participants constituted RUB 422.8 billion (Association of clusters and technological parks 2019), which constituted 7.53% of total tax revenues in the Russian regional economy (RUB 5615 billion), according to the Federal State Statistics Service (2019).

Another advantage of the clustering of regional economy is the acceleration of its innovative development. The aggregate volume of investments of cluster participants into the fixed capital constituted RUB 1.9 billion, and the volume of expenditures for R&D constituted RUB 721.3 million. This allowed achieving import substitution: the share of import materials, resources, and components in the companies that participated in clusters in 2018 (27) reduced by 1.33 times, as compared to 2017 (36%) (Association of clusters and technological parks 2019).

In multicultural regions, clusters—as mechanism of integration—could optimize the systemic organization of entrepreneurship and raise the level of its territorial identity. At the same time, we offer a hypothesis that cluster development of the economy of a multicultural region creates new challenges for state management, which complexity grows; thus, in case of the standard approach to regulation, clustering of the economy of multicultural regions is very slow, as compared to monocultural regions. The purpose of the research is to study the specific features of cluster development of a multicultural region's economy (by the example of modern Russia's regions) and to develop recommendations for improving the practice of state management of this process.

2 Materials and Method

The essence and advantages of the cluster model of development of a region's economy in the theory and practical cases are discussed in multiple works and publications: Bezrukova et al. (2017), Imbriani et al. (2012), Li et al. (2019), Rud et al. (2014), and Simonova et al. (2017). Certain issues of state management of the processes of cluster development of a region's economy are studied in the works Petrenko et al. (2018), Popkova et al. (2017, 2018), and Pozdnyakova et al. (2017).

The originality of this research is explained by the specifics of its object—specific features of cluster development of economy and state management of this process in a multicultural region as a specific socioeconomic environment, which requires a nonstandard approach to management.

For the empirical purposes of this research, a statistical overview of the number of clusters in multicultural regions of Russia in 2018 is performed. Structural analysis is used for determining the ratio of the share of clusters in multicultural and monocultural regions of Russia in the total structure of cluster initiatives that are implemented

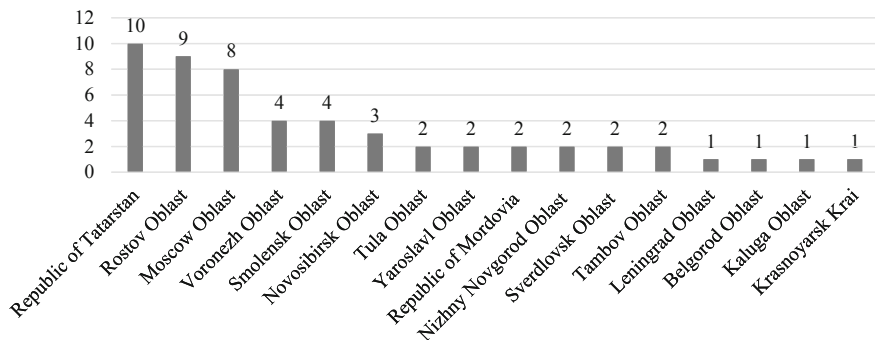


Fig. 18.1 Number of clusters in multicultural regions of Russia in 2018. Source: Association of clusters and technological parks (2019)

in the Russian regional economy. The obtained statistical data are shown in Fig. 18.1.

Figure 18.1 shows that the largest number of clusters (10) in 2018 was observed in the Republic of Tatarstan, Rostov Oblast (9), and Moscow Oblast (8). They are followed by Voronezh and Smolensk Oblasts (4), Novosibirsk Oblast (3), Tula Oblast, Yaroslavl Oblast, the Republic of Mordovia, Nizhny Novgorod Oblast, Sverdlovsk Oblast, and Tambov Oblast (2). The smallest number of clusters (1) is observed in Leningrad, Belgorod, and Kaluga Oblasts and Krasnoyarsk Krai. There are no clusters in other multicultural regions of Russia.

In total, multicultural regions of Russia had 54 clusters in 2018, which was 39.42% of the total number of clusters in the Russian regional economy (137). The performed overview and calculations show that multicultural regions face the specific barriers on the path of their cluster development, which are not characteristic of monocultural regions. Complexities of state management could not be overcome with the standard approach; so it is necessary to develop a new approach that would be adapted to the specifics of multicultural regions.

3 Results

As a result of studying the existing Russian experience of clustering of multicultural regions' economy, it is determined that interests of these regions as to clusters are brought down to the following:

- Import substitution in the region: due to their openness, multicultural regions are subject to the influence of globalization and external competition. For the provision of economic security, these regions have to organize measures in the sphere of import substitution, among which clustering is very important. It allows strengthening the positions of regional entrepreneurship with the preservation

of a high level of competition in the regional markets. Due to this, clustering is not a protectionist measure and is optimal for multicultural regions.

- Reduction of prices: clusters could optimize the production and distribution processes with the help of obtaining the “scale effect,” which allows reducing the cost and prices for products.
- Increase of the quality of products: cluster unified finances, marketing, and innovative activities of the region’s companies, which allows bringing the products of its participants into maximum correspondence with the current needs of consumers, which is especially important for a multicultural region, in which differentiation of the needs of various social groups is high.
- Increase of flexibility of prices and assortment of regional companies’ products: in a multicultural region, the volume of effective demand is too differentiated in different social groups. That is why there is a necessity for the flexible product (assortment) and pricing policy, the favorable conditions for which are created in a cluster.
- Innovative development of region’s economy: close cooperation of companies and educational establishments and research institutes in the cluster, and joint marketing of innovations, R&D, and implementation of innovations create favorable conditions for the growth of innovative activity of cluster’s participants, and high level of their competition stimulates this activity.

The specific features (challenges) of state management of the economy’s cluster development in a multicultural region are as follows:

- Instability of the cluster’s structure. The structure and number of participants of a cluster in a multicultural region are subject to constant changes. This causes the necessity for constant monitoring of the cluster’s activities and the manifestation of high flexibility during state management. For example, monocultural regions could allow for stable state policy of managing cluster processes in the region.
- Necessity for regulating the natural processes of a cluster: cooperation and competition of its participants. While competition in a cluster is achieved in a multicultural region, cooperation is complicated due to differences in the entrepreneurial culture. In a monocultural region, cluster participants are inclined for cooperation, but their competition often requires state stimulation—though in most cases it is achieved under the influence of the market mechanism.
- Limitation of interests of cluster’s participants by a short period. In a multicultural region, companies either do not build long-term strategies of development or envisage the variable character of the development. That is why the interests of their participation in a regional cluster are short term, which does not allow achieving significant positive effects from participation in it. Contrary to it, companies in monocultural regions are oriented at stability and consider participation in a cluster as a strategic measure of their development in the long term.

The above complexities (challenges) are caused by the fact that the standard scheme of the organization of state management of economy’s cluster development of a region, which is used in modern Russia, is not universal—it is oriented at

monocultural regions and does not work for multicultural regions. This scheme envisages:

- Relatively free (minimum selection and simple criteria of selection) entrance of new participants into the regional economic cluster: in a multicultural region, this causes high “turnover” of cluster’s participants, which destabilizes it and causes high risk of its crisis.
- Limitation of functions of specialized (managing) organization of cluster by monitoring and control over the activities of its participants: in a multicultural region, social contradictions of employees, managers, and owners of companies in a cluster hinder their cooperation, and high level of conflicts between the cluster participants leads to its quick dissolution.
- Regional economic clusters of Russia have minimum advantages for the participants—thus, the sense of participation in a cluster consists in cooperation, while business climate (e.g., taxation) is identical to business climate in the region: impossibility to obtain the advantages from cooperation in clusters in multicultural regions eliminates the sense of participation in them for regional companies, due to which clusters become unnecessary and are not created, or stop their activities right after the creation, or exist as “institutional gaps” (Self-supporting institutes that do not provide any advantages for the participants or region’s economy but cause additional load for the regional budget).

For achieving the interests of cluster development of economy in multicultural regions and overcoming the complexities (challenges) of state management of this process, the following structural and logical scheme of state management of economy’s cluster development of a multicultural region is offered for modern Russia (Fig. 18.2).

Figure 18.2 shows that in a multicultural region’s cluster, the specialized (managing) organization of the cluster has to coordinate the actions of its participants and stimulate their cooperation by solving the contradictions (being an independent expert). Also, it is necessary to stimulate the development of entrepreneurship in a cluster by the provision of subsidies for property tax (used during R&D) and corporate tax (regional taxes in the Russian Federation) and cofinancing of innovative activities.

Apart from standard cooperation with educational establishments and research institutes, a multicultural region’s cluster had to have the unique infrastructure (e.g., equipment for collective R&D). There should be a strict selection of new cluster members according to the criterion of the duration of their presence in the region’s market (3 years at least), high level of corporate social and ecological responsibility, high level of innovative activity, and readiness to sign a long-term contract for participation in the cluster.

The cluster has to choose companies that are oriented at their segments of the market, for the cluster has to satisfy the needs of all (or most) social groups of the region for providing social justice in a multicultural region. Practical implementation of the offered structural and logical scheme of state management of economy’s cluster development of a multicultural region will allow making participation in a

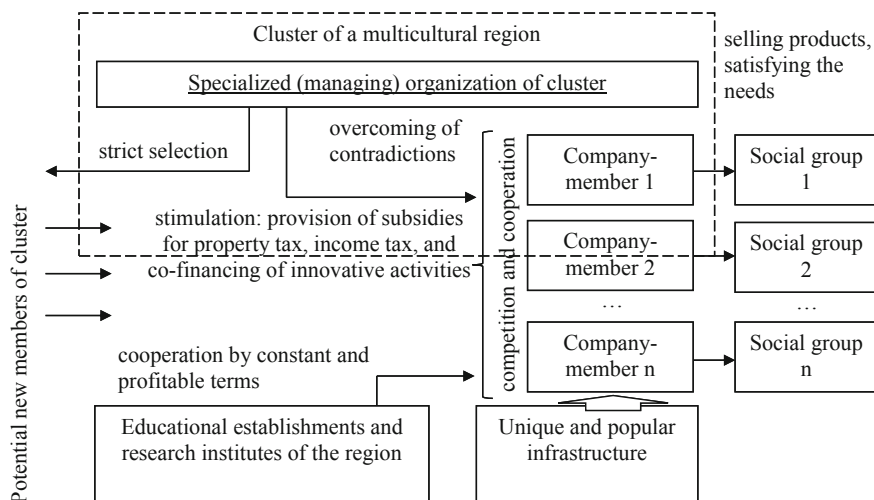


Fig. 18.2 The structural and logical scheme of state management of the economy's cluster development of a multicultural region. Source: Developed and compiled by the authors

cluster attractive for the region's companies, as this will stimulate the growth of their competitiveness and will make the cluster a mechanism of socioeconomic development of a multicultural region (increase of the population's living standards).

4 Conclusion

Thus, the hypothesis is proved; it is shown that cluster development of the economy of a multicultural region creates new (not standard) challenges for state management. One of these challenges is the necessity for creating and supporting special conditions in the cluster that stimulates the development of its existing participants and stimulates the attraction of new participants. Another challenge is connected to the necessity for stricter selection of cluster participants, for avoiding their destructive influence on it.

It is recommended to use the developed structural and logical scheme of state management of cluster development of a multicultural region's economy. The advantages of application of this scheme for a multicultural region will be import substitution in the region, reduction of prices, increase of the quality of products, increase of flexibility of prices and assortment of regional companies' products, innovative development of region's economy, and increase of living standards and provision of social justice in the region.

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Chapter 19

Competitiveness of a Multicultural Region's Economy: Measuring and Provision



Olga V. Karabanova, Svetlana A. Sharapova, and Magomed D. Magomedov

Abstract The purpose of the research is to develop a scientific and methodological approach to measuring and providing the competitiveness of the region's economy in view of its cultural specifics during the determination of monocultural and multicultural regions. The developed scientific and methodological approach is used for evaluating the competitiveness of the economy of top-20 multicultural regions of Russia in 2018. It is established that Moscow Oblast is the most competitive region, after the correction of the initial value AV RCI by the coefficient of usage of possibilities of multiculturalism. It is substantiated that the factor of globalization has a strong influence on the development of multicultural regions' economy and thus has to be taken into account during measuring of their competitiveness.

1 Introduction

The provision of competitiveness is one of the key tasks of state management of the region's economy. This is explained by the fact that in the modern economic conditions regions are involved in the intensive competitive struggle for resources of all types, access to goods and services that could not be manufactured and provided by them independently, and state support, which is also provided by the conditions of competition; preference is given to regions with the highest potential of growth and development and to regions that have an important role in the national economy. Though competitiveness is a universal criterion for differentiation of regions, there are several approaches to its measuring and provision.

The generalized approach envisages considering the generalized indicators of the region's socioeconomic position during measuring of its competitiveness. Within this approach, the evaluation of competitiveness of countries is performed by the experts of the World Bank, as a result of which the Global Competitiveness Report is

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compiled. The indicators are divided into categories (e.g., effectiveness of commodity markets, level of development of education, level of innovative development, etc.). They are calculated and are available in the regional statistics and could be applied for evaluating the competitiveness of regions.

Another popular approach is the geographical approach, according to which regions are distinguished according to the level of favorability of their natural and climatic conditions. The competitiveness of the distinguished categories of regions is measured in view of differences in their basic conditions and the level of implementation of their potential. For example, southern regions are compared according to the criterion of development of agriculture, and northern regions—according to the criterion of development of industry. Accordingly, competitiveness is provided by the fullest implementation of the potential of development of region's economy in view of its geographical specifics.

Recently, due to the acceleration of the technological progress and start of the Fourth Industrial Revolution, a new—technological—approach appeared. It envisages measuring the competitiveness through the prism of correspondence of economy to the new (Fourth, digital) technological mode. An example of practical implementation of this approach is the rating of digital competitiveness of countries (World Digital Competitiveness Rankings), created by the experts of the IMD business school. Analogs of this rating are compiled at the level of the regional economy of a lot of modern countries (including Russia). The basis of the provision of competitiveness within this approach is digital modernization of the region's economy.

In this chapter, the purpose is to develop the scientific and methodological approach to measuring and to provide the competitiveness of the region's economy in view of its cultural specifics during the determination of monocultural and multicultural regions.

2 Materials and Method

The scientific and methodological and empirical specific features of measuring and provision of competitiveness of various regions in the national economic systems are studied in a lot of works and publications, e.g., Aria et al. (2019), Bezrukova et al. (2017), Capello and Cerisola (2019), Covarrubias (2018), Frolov et al. (2017), Jawab and El Mokaddem (2018), Krueger et al. (2018), Popkova (2013), Popkova et al. (2017), Romão and Nijkamp (2019), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019).

However, despite the high level of elaboration of the research topic, the formulation of the issue of measuring and provision of competitiveness in view of cultural peculiarities of a region is new for modern economics.

The basis of the offered scientific and methodological approach to measuring and providing the competitiveness of the region's economy in view of its cultural

Table 19.1 Specifics of measuring and providing the region's competitiveness in view of its cultural specifics

| Elements of comparison | Monocultural region | Multicultural region |
|--|--|--|
| Dominating factors of region's development | Internal factors (internal orientation of region) | External factors (external orientation of region) |
| Level of region's globalization | Low or moderate | High or very high |
| Preferable method of measuring the competitiveness | Socioeconomic position | Socioeconomic position in view of the usage of the potential of multiculturalism |
| Method of provision of competitiveness | Improvement of socioeconomic position by implementing the internal potential | Improvement of socioeconomic position by using the potential of multiculturalism |

Source: Developed and compiled by the authors

specifics during the determination of monocultural and multicultural regions is the influence of the factor of globalization (Table 19.1).

Table 19.1 shows that during the development of a monocultural region the internal factors dominate (e.g., economically active population, depending on the demographic situation in the region, and investments of the region's companies), i.e., the region is inwardly oriented. The level of the region's globalization is low or moderate—monocultural region could conduct active foreign economic activities, but migration growth of its population is not achieved, and there might be flight of population from the region.

A preferable method of measuring the competitiveness of monocultural region is evaluation of its socioeconomic position (e.g., the level of business activity, level of innovative development, and population's living standards). A means of provision of competitiveness of a monocultural region is improvement of its socioeconomic position by realizing the internal potential (e.g., increase of business activity based on improvement of the business climate in the region, acceleration of innovative development based on stimulation of regional R&D, etc.).

External factors of development dominate in a multicultural region (e.g., migration growth of population). The level of the region's globalization is high or very high—apart from active foreign economic activities, multicultural region has wide opportunities for attracting foreign investments and foreign companies. A preferable method of measuring the competitiveness of a monocultural region is evaluation of its socioeconomic position in view of implementation of the potential of multiculturalism.

In modern Russia, the annual assessment of competitiveness of regions is performed by Leontyevsky Center—AV Group. The resulting indicator, which is calculated based on the evaluation, is AV RCI (index of the region's economy competitiveness). During measuring of competitiveness of the economy of a Russian multicultural region, it is offered to correct the value of this index with

the coefficient of usage of multiculturalism potential with the help of the following formula:

$$Cpg = (AV.RCI \times 100\%/5) \times Kupp, \quad (19.1)$$

Cpg—index of competitiveness of a multicultural region, %

AV.RCI—index of competitiveness of the region's economy (AV RCI)

Kupp—coefficient of usage of the potential of multiculturalism in the region, shares of 1

As shown in Formula (19.1), for simplifying the treatment of the results of measuring the economy's competitiveness, it is offered to transfer the initial values of the index of region's competitiveness (AV RCI, measured in points 1–5) into %. For this, the initial value of the index is multiplied by 100% and divided by 5. As a result, product of the obtained index and the coefficient of usage of potential of multiculturalism are calculated with the following formula:

$$Kupp = (Kafi + Kdfe + Kalm + Kes)/4, \quad (19.2)$$

Kafi—coefficient of attractiveness for foreign investors, calculated based on the share of direct foreign investments (DFI) into fixed capital.

Kdfe—coefficient of development of foreign entrepreneurship, calculated based on the share of foreign companies in the structure of the region's entrepreneurship.

Kalm—coefficient of region's attractiveness for labor migration, calculated based on the share of migrants in the structure of the region's work force.

Kes—coefficient of economic security, calculated based on foreign trade balance (In case of negative balance, the coefficient is not taken into account during calculation of Kupp).

During calculation of coefficients Kafi, Kdfe, Kalm, and Kes, the region with the highest value of the initial indicator (maximum value in the leading region) is determined. Then, the ratio of the value in each region of the selection to the maximum value in the leading region is calculated. The coefficient of usage of the potential of multiculturalism in the region is calculated as a direct average. The objects of the research are top-10 multicultural regions of Russia in 2018. The initial data are given in Table 19.2.

As shown in Table 19.2, the highest level of competitiveness according to the criterion of socioeconomic position (Av RCI) among top-10 multicultural regions of Russia in 2018 was observed in Moscow Oblast (AV RCI = 3.80 points), the lowest—in the Republic of Crimea (AV RCI = 0.84 points).

Table 19.2 Initial statistical data for 2018

| Multicultural region | AV RCI, points 1–5 | Share of DFI in the structure of investments into fixed capital, % | Share of foreign companies, % | Share of foreign migrants in the structure of work force, % | Foreign trade balance, USD billion |
|----------------------|--------------------|--|-------------------------------|---|------------------------------------|
| Leningrad Oblast | 2.54 | 1.02 | 1.73 | 0.10 | 1821.00 |
| Moscow Oblast | 3.80 | 0.91 | 2.53 | 0.12 | –17926.60 |
| Kaliningrad Oblast | 2.03 | 0.17 | 3.36 | 0.14 | –5878.00 |
| Krasnodar Krai | 3.45 | 0.24 | 1.89 | 0.23 | 2579.10 |
| Sakhalin Oblast | 1.82 | 1.72 | 2.31 | 1.70 | 9194.40 |
| Voronezh Oblast | 2.67 | 0.04 | 0.85 | 0.01 | –201.70 |
| Republic of Crimea | 0.84 | 0.01 | 4.11 | 0.02 | –21.40 |
| Novosibirsk Oblast | 2.76 | 0.07 | 1.45 | 0.14 | –254.60 |
| Tula Oblast | 2.04 | 0.43 | 0.99 | 0.27 | 2344.70 |
| Tyumen Oblast | 2.73 | 0.12 | 1.04 | 0.74 | 11269.10 |

Source: Calculated and compiled by the authors based on Leontyev Center—AV Group (2019) and the Federal State Statistics Service (2019)

3 Results

The intermediary coefficients for calculating the coefficient of usage of multiculturalism potential of top-10 multicultural regions of Russia in 2018 are shown in Table 19.3.

Example of calculations. The highest share of DFI in the structure of investments into the fixed capital in 2018 was observed in Sakhalin Oblast—1.72%. In Leningrad Oblast, the share of DFI in the structure of investments into the fixed capital in 2018 constituted 1.02%. The coefficient of the attractiveness of Leningrad Oblast for foreign investors is calculated in the following way: $K_{afi} = 1.02/1.72 = 0.59$. The results of the evaluation of competitiveness of the economy of top-20 multicultural regions of Russia in 2018 are shown in Fig. 19.1.

Example of calculations. In Leningrad Oblast, the coefficient of attractiveness for foreign investors (K_{afi}) constitutes 0.59, the coefficient of development of foreign entrepreneurship (K_{dfe})—0.42, the coefficient of region's attractiveness for labor migration (K_{alm})—0.06, and the coefficient of economic security (K_{es})—0.16. The coefficient of usage of the potential of multiculturalism in Leningrad Oblast is calculated in the following way: $K_{upp} = (0.59 + 0.42 + 0.06 + 0.16)/4 = 0.31$.

Table 19.3 Intermediary coefficient for calculation of coefficient of usage of multiculturalism potential of top-10 multicultural regions of Russia in 2018

| Coefficient | Coefficient of attractiveness for foreign investors (Kafi) | Coefficient of development of foreign entrepreneurship (Kdfe) | Coefficient of region's attractiveness for labor migration (Kalm) | Coefficient of economic security (Kes) |
|--|---|---|---|--|
| Initial indicator that is used during calculation of the coefficient | Share of DFI in the structure of investments into fixed capital | Share of foreign companies | Share of foreign migrants in the structure of work force | Foreign trade balance |
| Leading region as to the value of the initial indicator | Sakhalin Oblast | Republic of Crimea | Sakhalin Oblast | Tyumen Oblast |
| Value of the initial indicator in the leading region | 1.72 | 4.11 | 1.7 | 11269.1 |
| Calculation of coefficients in multicultural regions | Leningrad Oblast | 0.42 | 0.06 | 0.16 |
| | Moscow Oblast | 0.62 | 0.07 | -1.59 |
| | Kaliningrad Oblast | 0.82 | 0.08 | -0.52 |
| | Krasnodar Krai | 0.46 | 0.14 | 0.23 |
| | Sakhalin Oblast | 1.00 | 0.56 | 1.00 |
| | Voronezh Oblast | 0.02 | 0.21 | 0.01 |
| | Republic of Crimea | 0.01 | 1.00 | 0.01 |
| | Novosibirsk Oblast | 0.04 | 0.35 | 0.08 |
| | Tula Oblast | 0.25 | 0.24 | 0.16 |
| | Tyumen Oblast | 0.07 | 0.25 | 0.44 |

Source: Calculated and compiled by the authors

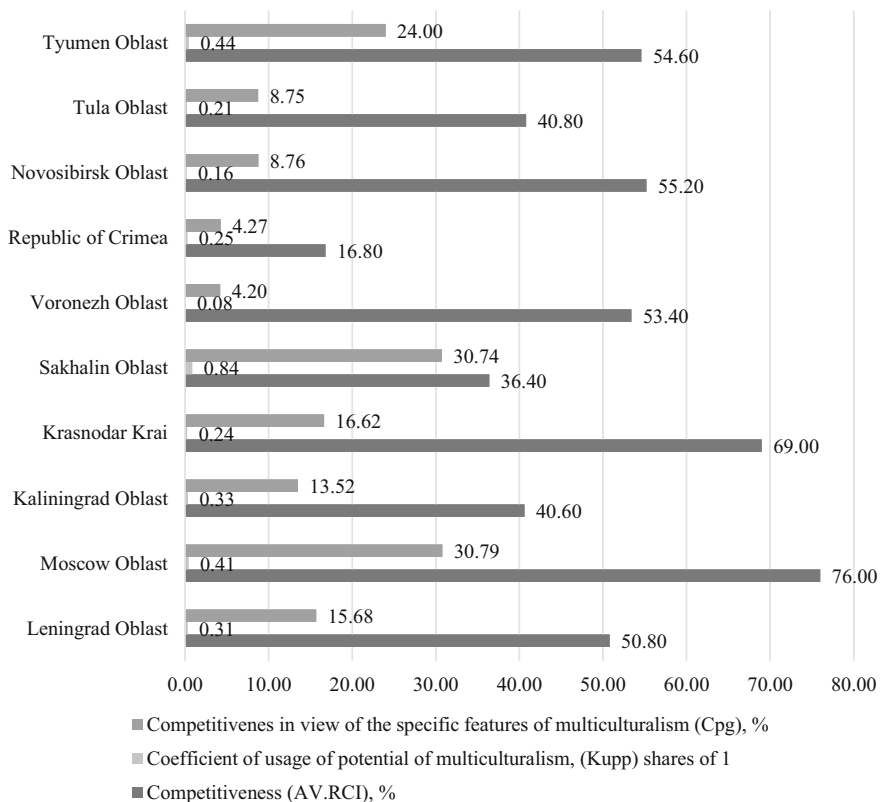


Fig. 19.1 Results of evaluation of competitiveness of economy of top-20 multicultural regions of Russia in 2018. Source: Calculated and compiled by the authors

The coefficient of competitiveness of Leningrad Oblast in 2018 AV RCI = 2.54 points. Competitiveness of Leningrad Oblast based on its socioeconomic position is calculated in the following way: $2.54 \times 100\%/5 = 50.80\%$. The coefficient of competitiveness of Leningrad Oblast in view of the specific features of multiculturalism in 2018 is calculated in the following way: $C_{pg} = 50.80\% \times 0.31 = 15.68\%$. As shown in Fig. 19.1, Moscow Oblast remains the most competitive region after the correction of the initial value AV RCI by the coefficient of usage of possibilities of multiculturalism ($C_{pg} = 30.79\%$), but Sakhalin Oblast ($C_{pg} = 30.74\%$) is close to it, and the coefficient AV RCI is one of the lowest there (1.82 points).

4 Conclusion

Thus, as a result of the research, a scientific and methodological approach to measuring and provision of competitiveness of the region's economy in view of its cultural specifics during the determination of monocultural and multicultural regions was developed. It was substantiated that the factor of globalization has a strong influence on the development of multicultural regions' economy and thus has to be taken into account during measuring of their competitiveness.

The offered approach allows determining the signs of non-usage of the potential of multiculturalism in the region, which should be paid attention to during state management of region's economy, aimed at provision of its competitiveness. For example, in Leningrad Oblast the coefficient of region's attractiveness for labor migration ($Kalm = 0.06$) was very low in 2018. So during state management of region's economy, which is aimed at provision of its competitiveness, it is recommended to pay increased attention to attraction of foreign migrants into the region.

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Chapter 20

State Management of the Educational Services Market in a Multicultural Region as a Tool of Provision of Population's High Living Standards



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and Marina I. Barabanova

Abstract The purpose of the research is to determine scenarios and to develop a “road map” of implementing the optimal scenario of state management of the educational services market in multicultural regions of Russia in the interests of increasing the population’s living standards. It is substantiated that standardization (development and usage of common requirements to all universities) hinders the implementation of the potential of the educational services market in stimulating the increase of living standards in Russia’s regional economy. It is necessary to limit standardization in the Russia’s educational services market. The quality of provision of educational services (characteristics of the educational process) and their results (mastered competencies) should be standardized, but universities should have larger independence for their provision.

1 Introduction

In the conditions of “knowledge economy,” the issues of development of education are given a lot of attention, as the level of education determines the opportunities for employment and career building for a modern employees, as well as the level of labor efficiency and, therefore, effectiveness and competitiveness of the region’s

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entrepreneurship and the volume of gross regional product, which influences the region's population's income.

In modern Russia, the larger part of the educational services market (according to the criterion of the number of students) is covered by state universities, which receive federal financing. For extending the license for provision of educational services, for obtaining state order for training of specialists, and for attracting the best students and lecturers, universities in Russia's regions have to conform to the requirements that are set by the Ministry of Science and Education of the Russian Federation (2019), which also performs the monitoring of effectiveness of their activities.

The requirements are developed based on the generalized experience of development of the educational services market on the country on the whole and do not take into account the regions' specific features. Recently, requirements to universities in Russia include reduction of the number of branches, digitization (increase of the number of PC's that are used for educational purposes), increase of the number of students (for increasing the level of education in the Russian society and implementing the concept of "life-long learning"), and reduction of the number of academic staff.

Standardization (development and application of unified requirements to all universities) hinders the realization of the potential of the educational services market in stimulating the increase of living standards in Russia's regional economy. Thus, according to the Federal State Statistics Service (2019), growth rate of real accrued wages of employees of organizations in Russia's regional economy in 2018 constituted 102.9%, as compared to 2017, i.e., real incomes of the Russian population grew by 2.9%; the unemployment level constituted 5.2%.

The following hypothesis is offered: it is necessary to limit standardization in Russia's educational services market. The quality of provision of educational services (characteristics of the educational process) and their results (mastered competencies) should be standardized, but universities should have more independence for their provision. There is a necessity for a more flexible and standardized approach to state management of the educational services market, which would allow taking into account the specifics of each region.

The purpose of this chapter is to determine scenarios and to develop a "road map" of implementing the optimal scenario of state management of the educational services market in multicultural regions of Russia in the interests of increasing the population's living standards.

2 Materials and Method

The specifics of development of the educational services market in the conditions of "knowledge economy" in a region and the influence of this development on the population's living standards are reflected in the works Durazzi (2018), Frunzaru et al. (2018), Hünninger (2018), Molla and Cuthbert (2018), Ponce et al. (2019),

Popkova (2019), and Tulloch and Randell-Moon (2018). The conceptual and applied issues of state management of the educational services market in a modern region are studied in the works Dobbins (2015), Mok (2016), Popkova et al. (2017a, b), Salto (2014), Sergi et al. (2019), Sibirskaya et al. (2019), and Tavoletti (2010).

However, despite the high level of elaboration of the topic of the research, the perspectives of decentralization and the specific features of state management of the educational services market in a multicultural region for increasing the population's living standards are not studied sufficiently in the existing research literature.

The research is conducted by the example of top-3 multicultural regions of Russia in 2018: Leningrad, Moscow, and Kaliningrad Oblasts. The research is conducted in two consecutive stages. At the first stage, the regression analysis is used for compiling the models of multiple linear regression dependence of the indicator of living standards (Unemployment level and Annual growth rate of real accrued wages of organizations' employees) and the indicators of development of the educational services market in the region (number of universities, number of PC's that are used for educational purposes by universities, number of students of universities, and number of academic staff of universities).

In the second stage, optimization modeling (simplex method) is used for determining the scenarios of the population's living standards depending on state management of the educational services market in Russia's multicultural regions. The optimal scenario is the one that ensures simultaneous reduction of the unemployment level and an increase in the volume of real accrued wages of organizations' employees. Modeling is performed separately for each multicultural region, which allows taking into account the regional specifics of the development of the educational services market and its influence on the population's living standards. The statistical database for 2009/2010–2017/2018 and the forecast for 2018/2019 are shown in Tables 20.1, 20.2, and 20.3.

3 Results

As a result of regression analysis, the following models of multiple linear regression were obtained:

- $y_{11} = 4.29 - 0.13 \times x_{11} + 0.005 \times x_{12} + 0.09 \times x_{13} - 0.009 \times x_{14}$, reflecting the influence of the indicators of development of the educational services market on the unemployment level in Leningrad Oblast.
- $y_{12} = 2.17 + 0.04 \times x_{11} + 0.47 \times x_{12} + 0.03 \times x_{13} - 0.01 \times x_{14}$, reflecting the influence of the indicators of development of the educational services market on the volume of real accrued wages of employees in Leningrad Oblast.
- $y_{21} = 1.67 - 0.01 \times x_{21} + 0.005 \times x_{22} - 0.0003 \times x_{23} + 0.004 \times x_{24}$, reflecting the influence of the indicators of development of the educational services market on the unemployment level in Leningrad Oblast.

Table 20.1 Indicators of development of the educational services market and population's living standards in Leningrad Oblast in 2009/2010–2018/2019

| Academic year | Number of universities and scientific organizations with departments (at the start of the academic year) | Number of PC's that are used for educational purposes in universities, per 1000 students | Number of students of universities (at the start of the academic year), per 10,000 people | Number of academic staff universities (at the start of the academic year) | Unemployment level, % | Annual growth rate of real accrued wages of employees of organizations, % |
|---------------|--|--|---|---|-----------------------|---|
| | X ₁₁ | X ₁₂ | X ₁₃ | X ₁₄ | Y ₁₁ | Y ₁₂ |
| 2009/2010 | 35 | 223 | 103 | 534 | 5.3 | 105.5 |
| 2010/2011 | 35 | 220 | 102 | 527 | 5.2 | 104.1 |
| 2011/2012 | 25 | 217 | 64 | 391 | 4.2 | 102.7 |
| 2012/2013 | 26 | 227 | 67 | 409 | 4.4 | 107.4 |
| 2013/2014 | 25 | 222 | 66 | 400 | 4.3 | 105.1 |
| 2014/2015 | 24 | 212 | 63 | 383 | 4.5 | 100.5 |
| 2015/2016 | 15 | 195 | 55 | 351 | 5.1 | 92.2 |
| 2016/2017 | 15 | 210 | 50 | 339 | 4.6 | 99.3 |
| 2017/2018 | 14 | 220 | 44 | 302 | 4.6 | 104.2 |
| 2018/2019 | 15 | 231 | 46 | 317 | 4.8 | 109.3 |

Source: Compiled and calculated by the authors based on the Federal State Statistics Service (2019)

Table 20.2 Indicators of the development of the educational services market and population's living standards in Moscow Oblast in 2009/2010–2018/2019

| Academic year | Number of universities and scientific organizations with departments (at the start of the academic year) | Number of PC's that are used for educational purposes in universities, per 1000 students | Number of students of universities (at the start of the academic year), per 10,000 people | Number of academic staff universities (at the start of the academic year) | Unemployment level, % | Annual growth rate of real accrued wages of employees of organizations, % |
|---------------|--|--|---|---|-----------------------|---|
| | X ₂₁ | X ₂₂ | X ₂₃ | X ₂₄ | Y ₂₁ | Y ₂₂ |
| 2009/2010 | 154 | 232 | 243 | 6303 | 3.2 | 99.3 |
| 2010/2011 | 158 | 226 | 249 | 6464 | 3.3 | 101.8 |
| 2011/2012 | 132 | 221 | 171 | 4291 | 2.8 | 104.4 |
| 2012/2013 | 127 | 213 | 165 | 4136 | 2.7 | 108.3 |
| 2013/2014 | 133 | 223 | 173 | 4332 | 2.8 | 103.4 |
| 2014/2015 | 139 | 232 | 180 | 4511 | 2.7 | 99.3 |
| 2015/2016 | 117 | 253 | 153 | 4917 | 3.3 | 91.1 |
| 2016/2017 | 82 | 239 | 117 | 3896 | 3.3 | 96.3 |
| 2017/2018 | 63 | 218 | 103 | 3601 | 3.2 | 105.7 |
| 2018/2019 | 69 | 239 | 113 | 3952 | 3.5 | 116.0 |

Source: Compiled and calculated by the authors based on the Federal State Statistics Service (2019)

Table 20.3 Indicators of the development of the educational services market and population's living standards in Kaliningrad Oblast in 2009/2010–2018/2019

| Academic year | X ₃₁ | X ₃₂ | X ₃₃ | X ₃₄ | Y ₃₁ | Y ₃₂ |
|---------------|--|--|---|---|-----------------------|---|
| | Number of universities and scientific organizations with departments (at the start of the academic year) | Number of PC's that are used for educational purposes in universities, per 1000 students | Number of students of universities (at the start of the academic year), per 10,000 people | Number of academic staff universities (at the start of the academic year) | Unemployment level, % | Annual growth rate of real accrued wages of employees of organizations, % |
| 2009/2010 | 28 | 189 | 443 | 1825 | 10.2 | 108.5 |
| 2010/2011 | 28 | 187 | 446 | 1838 | 10.3 | 109.3 |
| 2011/2012 | 18 | 205 | 303 | 1336 | 6.1 | 100.1 |
| 2012/2013 | 18 | 198 | 294 | 1296 | 5.9 | 103.2 |
| 2013/2014 | 17 | 188 | 278 | 1227 | 5.6 | 109.0 |
| 2014/2015 | 19 | 210 | 311 | 1373 | 5.4 | 97.4 |
| 2015/2016 | 16 | 226 | 280 | 1473 | 5.7 | 90.8 |
| 2016/2017 | 15 | 211 | 251 | 1375 | 6.0 | 97.1 |
| 2017/2018 | 11 | 204 | 238 | 1269 | 5.2 | 100.4 |
| 2018/2019 | 11 | 211 | 246 | 1312 | 5.4 | 103.8 |

Source: Compiled and calculated by the authors based on the Federal State Statistics Service (2019)

Table 20.4 Scenario 1: overcoming of unemployment (Unemployment level = 1.5%)

| Indicators | Leningrad Oblast | | Moscow Oblast | | Kaliningrad Oblast | |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % |
| Number of universities | 32 | 112.80 | 218 | 215.71 | 1 | -90.91 |
| Number of PC's, per 1000 students | 230 | -0.28 | 170 | -28.83 | 281 | 33.09 |
| Number of students of universities, per 10,000 people | 34 | -26.18 | 117 | 3.70 | 252 | 2.29 |
| Number of academic staff universities | 318 | 0.38 | 3947 | -0.12 | 1301 | -0.84 |
| Unemployment level, % | 1.5 | -68.75 | 1.5 | -57.14 | 1.5 | -72.22 |
| Annual growth rate of real accrued wages, % | 109.1 | -0.17 | 35.0 | -69.83 | 81.9 | -21.07 |

Source: Calculated and compiled by the authors

- $y_{22} = 143.23 - 0.54 \times x_{21} + 0.004 \times x_{22} - 0.064 \times x_{23} - 0.01 \times x_{24}$, reflecting the influence of the indicators of development of the educational services market on the volume of real accrued wages of employees in Leningrad Oblast.
- $y_{31} = 6.45 - 0.02 \times x_{31} - 0.05 \times x_{32} + 0.004 \times x_{33} - 0.0008 \times x_{34}$, reflecting the influence of the indicators of development of the educational services market on the unemployment level in Leningrad Oblast.
- $y_{32} = 197.29 - 1.10 \times x_{31} - 0.48 \times x_{32} + 0.08 \times x_{33} - 0.0005 \times x_{34}$, reflecting the influence of the indicators of development of the educational services market on the volume of real accrued wages of employees in Leningrad Oblast.

Based on the determined dependencies, the simplex method (automatized selection of values) is used for determining the target values of the indicators of development of the educational services market and the resulting values of the indicator of living standards in top-3 multicultural regions of Russia within the three scenarios. The first scenario is aimed at overcoming of unemployment (maximum possible reduction of unemployment level), the second scenario is aimed at provision of growth of population's incomes (maximum possible increase of real accrued wages of employees), and the third scenario is aimed at simultaneous reduction of the unemployment level and increase of incomes. The scenarios are short-term (3 years at most)—i.e., in case of implementation of the measures of state management in 2019 these scenarios will be realized in 2022. The compiled scenarios are shown in Tables 20.4, 20.5, and 20.6.

Table 20.5 Scenario 2: provision of growth of incomes (annual growth rate of real accrued wages of organizations' employees = 115%)

| Indicators | Leningrad Oblast | | Moscow Oblast | | Kaliningrad Oblast | |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % |
| Number universities | 17 | 12.02 | 66 | -4.27 | 1 | -90.91 |
| Number of PC's, per 1000 students | 253 | 9.72 | 239 | 0.08 | 203 | -3.93 |
| Number of students of universities, per 10,000 people | 47 | 3.02 | 116 | 3.07 | 265 | 7.89 |
| Number academic staff universities | 316 | -0.17 | 3952 | 0.00 | 1312 | 0.00 |
| Unemployment level, % | 5.1 | 7.07 | 3.6 | 2.24 | 5.6 | 3.68 |
| Annual growth rate of real accrued wages, % | 120.0 | 9.79 | 120.0 | 3.45 | 120.0 | 15.95 |

Source: Calculated and compiled by the authors

Table 20.4 shows that within the first scenario in the unemployment level reduced by the minimum allowable level (1.5%) in all multicultural regions. However, the annual growth rate of real accrued wages reduces in Leningrad Oblast by 0.17%, in Moscow Oblast—by 9.83%, and in Kaliningrad Oblast—by 21.07%. Unidirectional optimization is achieved, at which one component of living standards (unemployment) improves and another (level of income) aggravates—which shows inexpedience of practical implementation of this scenario.

Table 20.5 shows that within the first scenario in all multicultural regions the annual growth rate of real accrued wages of organizations' employees grows to the maximum level (115%). However, unemployment grows in Leningrad Oblast by 9.79%, Moscow Oblast by 3.45%, and Kaliningrad Oblast by 15.95%. Unidirectional optimization is achieved, at which one component of living standards (level of income) improves, and another (unemployment) aggravates, which shows inexpedience of practical implementation of this scenario.

Table 20.6 shows that within the first scenario, the balance of growth of employment and incomes are achieved in all multicultural regions. The unemployment level reduces in Leningrad Oblast by 32.58%, in Moscow Oblast—by 8.74%, and in Kaliningrad Oblast—by 22.76%. The annual growth rate of real accrued wages of organizations' employees increases in Leningrad Oblast by 4.93%, in Moscow Oblast—by 11.31%, and in Kaliningrad Oblast—by 2.91%. Systemic optimization

Table 20.6 Scenario 3: balance of growth of employment and incomes

| Indicators | Leningrad Oblast | | Moscow Oblast | | Kaliningrad Oblast | |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % | Value according to the scenario | Growth as compared to 2018, % |
| Number of universities | 24 | 62.41 | 4 | -4.35 | 1 | -90.91 |
| Number of PC's, per 1000 students | 242 | 4.72 | 239 | 0.00 | 242 | 14.58 |
| Number of students of universities, per 10,000 people | 41 | -11.58 | 117 | 3.38 | 230 | 9.00 |
| Number of academic staff universities | 317 | 0.11 | 3950 | -0.06 | 1306 | -0.42 |
| Unemployment level, % | 3.2 | -32.58 | 3,6 | -8.74 | 4.2 | -22.76 |
| Annual growth rate of real accrued wages, % | 114.7 | 4.93 | 129.1 | 11.31 | 106.8 | 2.91 |

Source: Calculated and compiled by the authors

is achieved, at which both components of living standards (unemployment and level of income) could be influenced by the level of education, which shows expedience of practical implementation of this scenario. Its “road map” is shown graphically in Fig. 20.1.

Figure 20.1 shows that implementation of the optimal scenario in Leningrad Oblast requires the increase of the number of universities by 62.41%, increase of the number of PC's by 4.72%, reduction of the number of students by 11.58%, and increase of the number of the academic staff of universities by 0.11%. Thus, it is necessary to pay attention to quality of provision of educational services with allowable reduction of the volume of their provision.

In Moscow Oblast, it is necessary to reduce the number of universities by 4.35%, to increase the number of students by 3.38%, and to reduce the number of the academic staff of universities by 0.06%. It is necessary to reduce the load onto the academic staff of universities. In Kaliningrad Oblast, it is necessary to reduce the number of universities by 90.91%, to increase the number of PC's by 14.58%, to increase the number of students by 9%, and to reduce the number of the academic staff of universities by 0.42%. There is a need for large-scale reorganization and digital modernization of the educational services market.

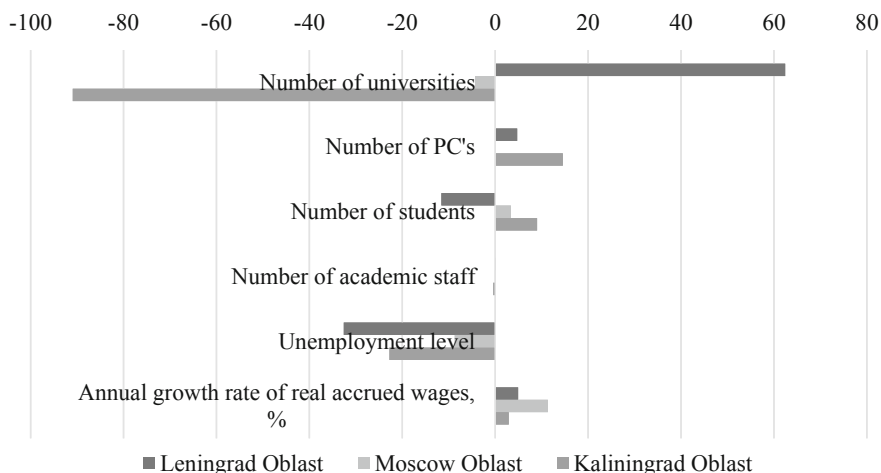


Fig. 20.1 “Road map” of state management of the educational services market in top-3 multicultural regions of Russia for increasing the population’s living standards (growth of indicators, %). Source: Developed and compiled by the authors

4 Conclusion

Thus, the offered hypothesis was proved—it was shown that in top-3 multicultural regions of Russia various indicators of development of the educational services market have different influences on the population’s living standards. The compiled “road map” reflects the landmarks (target values of the indicators of development of the educational services market) of state management of this market for increasing the population’s living standards.

During further research, it is recommended to compile “road maps” of state management of the educational services market in other multicultural regions of Russia for increasing the population’s living standards and achievement of the synergetic effect at the level of macro-economics, connected to the growth of living standards in Russia on the whole.

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Part III
**The Institutional Environment
of Development of State Management
in a Multicultural Region**

Chapter 21

Unique Social Institutes of a Multicultural Region and Means of Their State Management



Viktor L. Kraynik, Ksenia A. Melekhova, and Daria S. Robets

Abstract The determined social institutes are modeled and compared to the social institutes that regulate the corresponding economic processes in monocultural regions; economic consequences of unique social institutes in multicultural regions (“effects” in official statistics) are evaluated; perspective means of state management of these institutes are offered. Three unique social institutes of a multicultural region are determined: institute of discrimination of consumers, institute of discrimination of employees, and institute of labor contradictions. These institutes determine the specifics of management (primarily, personnel management) of companies in multicultural regions and set certain limitations on the possibilities of economic activities of the population of multicultural regions.

1 Introduction

In a multicultural region, there is a specific social environment in which unique social institutes function. It is difficult to track their influence on the development of region’s economy; however, studying it is an important and current task due to the following reasons. Firstly, unique social institutes could distort the effect of economic laws in the region’s economic system. For the purpose of precise analysis of development of multicultural regions and correct determination of their provisions in the national ratings of regions, it is necessary to take into account their institutional peculiarities.

Secondly, the consequences of state regulation of the economy could be specific in a multicultural region due to the effects of unique social institutes. That is why for precise forecasting of region’s development with various scenarios of state

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regulation of its economic system, a compilation of correct plans of the region's development, and optimal management of the state budget in a multicultural region it is necessary to take into account the specifics of its institutional environment. Social institutes—despite the fast flows of resources, population, and companies and instability (susceptibility to constant and significant changes) of the social environment in a multicultural region—are rather sustainable, which opens opportunities for studying them.

Unique social institutes formed and continue to develop in multicultural regions under the influence of common conditions, of which the key one is differentiated social environment. In this environment, social institutes function similarly, regardless of its structure. Due to this, specific (absent in monocultural regions) social institutes are peculiar for all multicultural regions—though, of course, the influence of these institutes on the economy of each multicultural region is different.

The purpose of the research is to determine the unique social institutes that are peculiar for multicultural regions of modern Russia and to develop the methods of state management of these institutes for accelerating the growth rate of the economy and increasing the sustainability of multicultural regions.

2 Materials and Method

The institutional specific features of socioeconomic development of modern regions are studied in the works Bezrukova et al. (2017), El-Jardali et al. (2015), Frolov et al. (2017), Gutiérrez et al. (2016), Menshchikova et al. (2017), Nitjarunkul (2017), Panhoon et al. (2018), Popkova (2013), Popkova et al. (2017a, b), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019). Though the modern regional economy is studied sufficiently from the institutional point of view, the cultural aspect of its development is not elaborated enough.

The research is performed with the help of the methodology of the institutional economic theory. A social institute is treated as a sustainable (recurring) social mechanism, within which the behavior of economic subjects in the region's economy takes place. Social institutes regulate the behavior of economic subjects—though they could be supported or disapproved by them. Unique social institutes in multicultural regions are determined in view of economic processes:

- During realization and consumption of goods and services
- During personnel selection, employment, and career building
- And organization and implementation of production

In the course of the research, the determined social institutes are modeled and compared to the social institutes that regulate the corresponding economic processes in monocultural regions, economic consequences of unique social institutes in multicultural regions (“effects” in the official statistics) are evaluated, and perspective means of state management of these institutes are offered.

3 Results

During the realization and consumption of goods and services in a multicultural region, an important role belongs to the social environment to which the supplier (company) and consumer belong (Fig. 21.1).

As is seen in Fig. 21.1, company A selected social environment A as a market's target segment. This choice was predetermined not only by the objective economic interests but also by the subjective social interests, and most employees of the company belong to this social environment, which ensures stable sales of products by the representatives of the market's target segment. The relations of representatives of company A and social environment A are close and informal. Consumer 1, who belongs to social environment A, is target consumer for company A, so it supplies goods and services by the most profitable conditions: maximum quality and minimum price.

Similarly, the target segment of company B is social environment B, due to informal ties between the company's representatives and this environment. Consumer 2, who belongs to social environment B, is target consumer for company B, so it supplies goods and services by the most profitable conditions: maximum quality and minimum price. However, when the representative of another (nontarget) social environment seeks goods and services from the company, e.g., consumer 1 from company B or consumer 2 from company A, they are provided by less profitable terms: lower quality and higher price.

The described mechanism is the institute of discrimination of consumers, because the result of its actions is significant differences in the quality and price of goods and services that are provided to consumers from different social groups (cultural

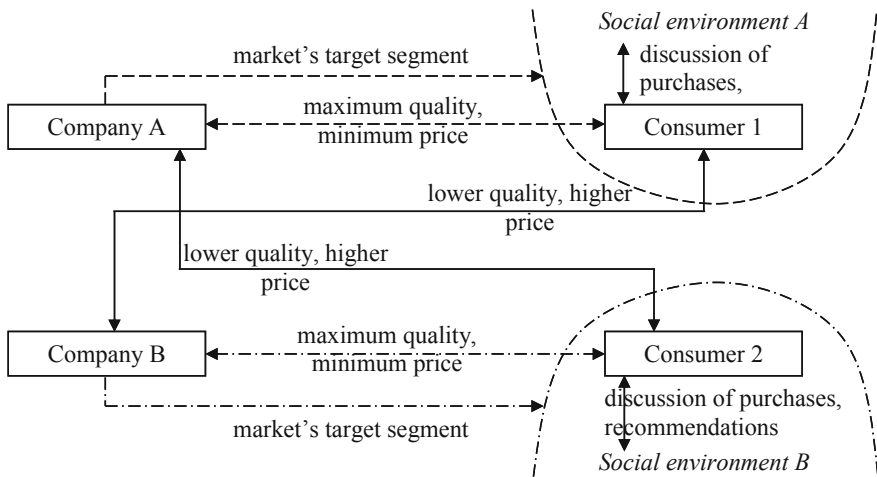


Fig. 21.1 Institute of discrimination of consumers that determines the mechanism of realization and consumption of goods and services in a multicultural region. Source: Developed and compiled by the authors

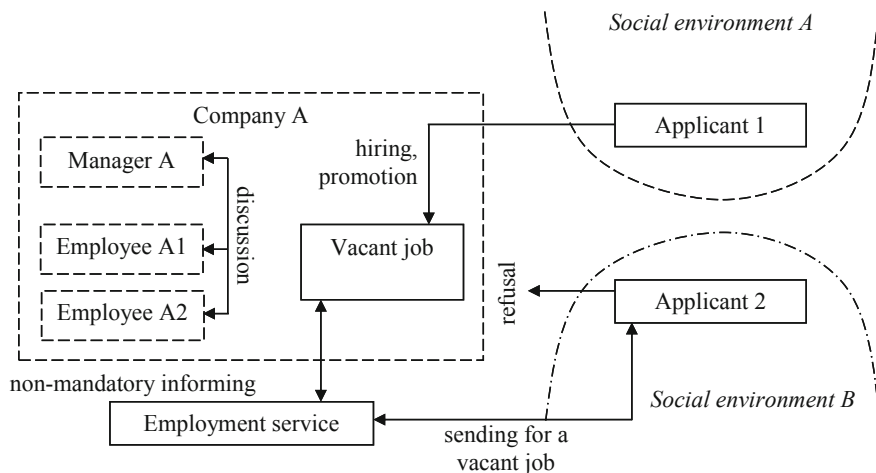


Fig. 21.2 The institute of discrimination of employees determines the mechanism of selection of personnel, employment, and career building in a multicultural region. Source: Developed and compiled by the authors

discrimination). From the normative and legal point of view, the consumers' rights are not violated, as goods and services for "other" consumers (from nontarget social groups) are provided by the general terms, and services for "target" consumers (from target social groups) are provided by the special terms.

An analog of the institute of discrimination of consumers, which exists in multicultural regions, in monocultural regions is marketing management of consumers' loyalty with the help of the system of discounts and other preferences for regular customers. According to the Federal State Statistics Service (2019), the number of unprofitable companies in multicultural regions in 2018 was below the average Russian level (31.9%), e.g., 29.8% in Leningrad Oblast and 30.2% in B Moscow Oblast. That is why state management is not necessary for the social institutes.

During personnel selection, employment and career building in a multicultural region, an important role belongs to the social environment, which includes management, the company's employees, and job applicant (Fig. 21.2).

As is seen in Fig. 21.2, company A has a vacant job. It is supposed that the company's management is interested in selecting the most optimal employee, regardless of his cultural belonging. HR manager A, within the execution of his professional responsibilities, places the information on a vacant job in the electronic systems of personnel selection and notifies the regional employment service (not mandatory).

Also, the manager informally selects employees for the job. If the HR manager or most employees of the company belong to social environment A, there is a high probability of their conspiracy and attraction of applicant 1 from this social environment. Even if he is not an optimal applicant for the job, he will be hired, and favorable conditions for career building will be created for him.

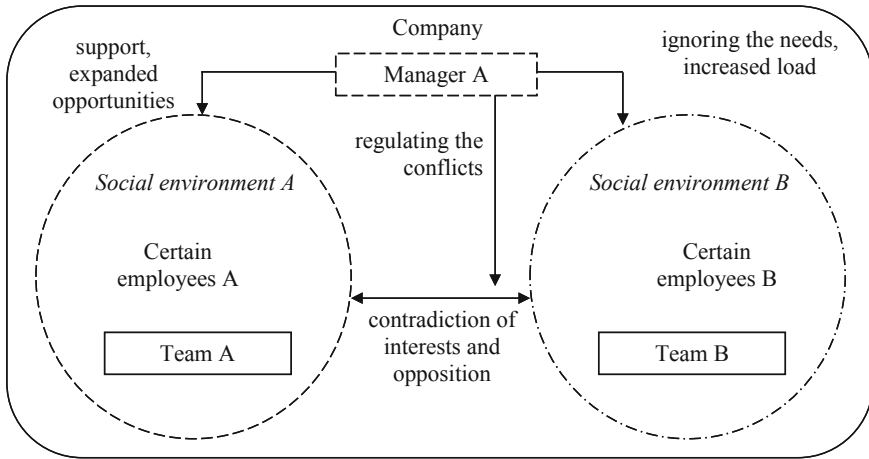


Fig. 21.3 The institute of labor contradictions that determines the mechanism of organization and production in a multicultural region. Source: Developed and compiled by the authors

Applicant 2 from another social environment, who learned of the job from the Internet or was sent by the employment service, will get a formal refusal regarding employment—even if he is an optimal candidate for the job. A negative consequence of the functioning of the institute of employees’ discrimination is the difference between the interests of companies’ owners and hired HR managers. Nonoptimal selection of personnel slows down the development of entrepreneurship.

In monocultural regions, social factors play a less important role during personnel selection, employment, and career building. Certain cases of hiring the representatives of the social environment to which the HR manager belongs are private practices that have not passed institutionalization. According to the Federal State Statistics Service (2019), due to the institute of discrimination of employees in multicultural regions the level of unemployment is lower than on average for the Russian regional economy, which constituted 5.2% in 2018. Thus, in Moscow Oblast the unemployment level constituted 3.2%, and in Leningrad Oblast 4.6%.

The positive influence of the institute of discrimination of employees on the economy of multicultural regions could be explained by the mutual support of employees, managers, and job applicants from the same social environment. Social identity ensures closeness of work groups, reducing personnel turnover. However, for protecting the interests of company owners in multicultural regions there could be state management of the described institute. Prevention of discrimination of employees is possible with the help of usage of the means of automatization, which eliminates the influence of the cultural factors on the choice of job applicants and ensures the optimal choice and management of the employees’ careers.

For organization and implementation of production in a multicultural region an important role belongs to the cultural structure of the company’s employees (Fig. 21.3).

As is seen in Fig. 21.3, the company's employees are divided according to the criterion of cultural belonging—into representatives of social environment A and representatives of social environment B. In each social environment, certain employees keep up close (including informal) relations and created own work groups. The creation of intercultural work groups is complicated due to vivid contradictions of interests and opposition of the representatives of different social environments.

HR manager has a complex task of harmonizing the interrelations of representatives of different social environments at the company. If he belongs to social environment A, he will support its representatives, providing expanded opportunities to them (e.g., flexible schedule) and reducing their workload. For representatives of social environment B, manager A will create less favorable conditions, ignore their needs, and set higher labor norms.

The institute of labor contradictions is also connected to labor discrimination of employees according to the cultural aspect. Monocultural regions could have labor discrimination of certain employees in case of their confrontation with the manager or other employees—but cultural factors are not important here. Moreover, discrimination according to the cultural aspect could pose a threat to the manager's career, as it reduces the effectiveness of the system of motivation and stimulation of labor at the company.

The institute of labor contradictions does not hinder the achievement of a higher level of labor efficiency in multicultural regions of Russia than on average for the regional economy. Though final data on labor efficiency in Russia's regions are not provided in the official statistics, this is shown by the performed calculations. According to the Federal State Statistics Service (2019), GRP of Russia constituted RUB 69,254,134.3 million in 2018, and the number of employed population was 71,842,700. Labor efficiency (GRP per capita) was RUB 963,968.98.

GRP of Moscow Oblast in 2018 constituted RUB 3,565,258 million, and the number of employed population—3,450,200. Labor efficiency (GRP per capita) constituted RUB 1,033,348.21. In Leningrad Oblast, GRP in 2018 constituted RUB 913,825.7 million, and the number of the employed population constituted 790,900. Labor efficiency (GRP per capita) constituted RUB 1,554,285.08. This could be explained by the fact that though intercultural work groups are not created at companies in multicultural regions, work groups of representatives of one social environment are created very actively, and closeness of connection of participants of these groups is higher—which ensures the growth of their labor efficiency. State management of the institute of labor contradictions envisages stimulating the labor adaptation of employees and their life-long learning, as it helps to erase the cultural differences.

4 Conclusion

As a result of the research, we determined three unique social institutes of a multicultural region: institute of discrimination of consumers, which determines the mechanism of realization and consumption of goods and services in a multicultural region; the institute of discrimination of employees, which determines the mechanism of personnel selection, employment, and career building in a multicultural region, and the institute of labor contradictions, which determines the mechanism of organization and production in a multicultural region.

These institutes determine the specifics of management (primarily, HR management) of companies in multicultural regions and set certain limitations on the possibilities of economic activities of the population of multicultural regions, determining the necessity for the accounting of social environment to which they belong. Unique social institutes in multicultural regions ensure a lower share of unprofitable companies, lower level of unemployment, and higher labor efficiency.

The methods of state management of unique social institutes in multicultural regions include stimulation of automatization of personnel selection, motivation, and labor and increase of accessibility of life-long learning. These measures are aimed at increasing the objectivity of economic activities and erasure of cultural differences. The need for targeted state management of the determined social institutes exists not in all multicultural regions. For example, this management is not required in Moscow and Leningrad Oblasts, as these institutes create advantages for the region's economy.

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Chapter 22

Budget Limitations as a Barrier on the Path of State Management of Socioeconomic Development of a Multicultural Region



Evgeny E. Shvakov, Galina G. Vukovich, and Irina N. Shvetsova

Abstract The purpose of the chapter is to study the specific features of formation and spending of the state budget in multicultural regions and the influence of budget limitations on state management of socioeconomic development of a multicultural region.

It is substantiated that in a modern multicultural region the problem of budget limitations is very urgent. This is caused by the increased complexity of tax administration due to low tax discipline of migrants (and their companies), large share of the shadow economy, and the increased load on the regional budget that is connected to large expenditures for sociocultural measures.

The deficit of state budget in multicultural regions does not allow for sufficient expenditures, but, at the same time, does not hinder the full-scale implementation of the necessary sociocultural measures, as multicultural regions have additional (non-budget: absent or weak in monocultural regions) methods of state management of socioeconomic development due to high level of globalization and expanded opportunities of attraction of private capital.

1 Introduction

During management of socioeconomic development of a region, the state uses the regional budget. At the same time, depending on the region's specific features, its state budget could be formed and spent differently. For example, in countries with the existing system of budget federalism—e.g., modern Russia—regions' revenues are redistributed for provision of the balance of development of the country's

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regional economy. There is donor region, which has surplus of the state budget—but the existing surplus is not spent for the region's needs but is sent to the federal budget, after which it is sent in the form of inter-budget transfers to the regions that face a budget deficit.

During classification of regions according to the sufficiency of their budget means the main attention is paid to the natural and geographical factors (the more favorable the climate for agriculture and living, the higher GRP and expenditures of the regional budget) and the economic factors (level of innovative development of regional entrepreneurship, favorability of the tax climate for timely and complete payment of taxes, level of tax discipline in the region, effectiveness, level of automatization, tax administration, etc.).

It is also necessary to take into account the sociocultural factors during the classification of regions as to sufficiency of their budget assets and to divide regions into monocultural and multicultural. In multicultural regions, the tax and budget sphere has a range of specific features that determine a set of the offered hypotheses:

Hypothesis H₁: High mobility of population and large number of migrants determine a lower level of tax discipline and higher share of the shadow economy in multicultural regions as compared to other regions.

Hypothesis H₂: A more vivid character of social problems for a multicultural region (e.g., the problems of migrants' adaptation and leveling of cultural differences) and the necessity for their primary solution leads to higher load onto its state budget as compared to other regions.

Hypothesis H₃: Openness of a multicultural region and its susceptibility to higher influence of the globalization factors ensure its expanded opportunities for the attraction of private investments into development. That's why budget limitations determine the socioeconomic development of a multicultural region to a lesser extent as compared to other regions.

The offered hypotheses determine the goal of the research, which is to study the specific features of formation and spending of the state budget in multicultural regions, as well as the influence of budget limitations on state management of socioeconomic development of a multicultural region.

2 Materials and Method

The scientific foundations of formation and spending of assets of the state budget in the region in the process of managing its socioeconomic development are set in the works Arif and Hussain (2018), Bezrukova et al. (2017), Frolov et al. (2017), Kaneko (2018), Molocwa et al. (2018), Popkova (2013), Popkova et al. (2017), Qiu et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Sun et al. (2018), and Vanchukhina et al. (2019). Based on these works, it is possible to conduct applied research in view of previously ignored factors, e.g., sociocultural. The research objects in this chapter are top-10 multicultural regions of

Russia that are distinguished according to the criterion of the coefficient of population's migration growth.

Hypothesis H_1 is verified with the application of the method of comparative analysis. The share of tax revenues in the structure of the regional state budget in multicultural regions is compared to the average value for the Russian regional economy. The hypothesis is confirmed by the lower share of tax revenues in multicultural regions as compared to the regional economy.

Hypothesis H_2 is also verified with the help of the method of comparative analysis. The share of expenditures for sociocultural measures in the structure of a regional state budget in multicultural regions is compared to the average value for the Russian regional economy. The hypothesis is proved if the share of expenditures for sociocultural measures in multicultural regions is higher than in the regional economy.

Hypothesis H_3 is verified with the help of the method of regression analysis. Regression curves that reflect the dependence of GRP per capita (as the indicator of socioeconomic development) on the balance of state budget in multicultural regions (as of 2018) and on average for the Russian regional economy (in the dynamics of 2009–2018) are built. Confirmation of the hypothesis is higher dependence (its indicator is coefficient b in the model of paired linear regression of the type $y = a + b \times x$) and higher correlation (its indicator is the coefficient of determination R^2) on average for the regional economy than in multicultural regions.

3 Results

The calculations based on the initial statistical data from Tables 22.1 and 22.2 provided the following results (Figs. 22.1, 22.2, 22.3, and 22.4).

According to Fig. 22.1, the share of tax revenues in the structure of aggregate revenues of the state budget among top-10 multicultural regions of Russia in 2018 is the highest in Sakhalin Oblast (96.29%), Tyumen Oblast (95.48%), and Leningrad Oblast (94.28%). The smallest share of tax revenues in the structure of aggregate revenues of the state budget is observed in the Republic of Crimea (37.21%) and Kaliningrad Oblast (39.83%). On average for Russia's regional economy, the share of tax revenues in the structure of aggregate revenues of the state budget in 2018 constitutes 83.53%, and on average for top-10 multicultural regions—79.12%.

Therefore, the share of tax revenues in the structure of aggregate revenues of the state budget in multicultural regions is lower than on average for Russia's regional economy. This confirms hypothesis H_1 on lower tax discipline of the population and entrepreneurship in multicultural regions and their higher dependence on subventions (inter-budget transfers). The shadow economy causes budget limitations on the path of state management of socioeconomic development of multicultural regions of modern Russia.

According to Fig. 22.2, the share of expenditures for sociocultural measures in the structure of aggregate expenditures of the budget among top-10 multicultural regions

Table 22.1 The value and structure of revenues and expenditures of the budget and GRP per capita in top-10 multicultural regions and on average for the Russian regional economy in 2018

| Region | Aggregate revenues, RUB billion | Tax revenues, RUB billion | Aggregate expenditures, RUB billion | Expenditures for sociocultural measures, RUB billion | GRP per capita, RUB |
|----------------------------|---------------------------------|---------------------------|-------------------------------------|--|---------------------|
| Regional economy of Russia | 10,758.1 | 8986.4 | 10,810.1 | 6453.0 | 472,161.9 |
| Leningrad Oblast | 133,890.6 | 126,236.5 | 142,545.9 | 87,398.9 | 511,836.5 |
| Moscow Oblast | 604,970.2 | 567,938.1 | 619,658.0 | 405,161.0 | 483,683.3 |
| Kaliningrad Oblast | 111,017.0 | 44,213.8 | 113,886.2 | 31,893.3 | 390,359.4 |
| Krasnodar Krai | 296,894.3 | 252,577.4 | 279,425.2 | 189,533.4 | 363,731.3 |
| Sakhalin Oblast | 130,111.0 | 125,278.4 | 137,258.6 | 11,472.0 | 1,575,642.6 |
| Voronezh Oblast | 114,198.0 | 88,776.2 | 108,403.9 | 69,207.4 | 360,418.2 |
| Republic of Crimea | 160,400.1 | 59,680.5 | 161,718.1 | 73,419.7 | 165,433.8 |
| Novosibirsk Oblast | 156,083.1 | 137,720.8 | 156,025.6 | 106,276.9 | 391,438.4 |
| Tula Oblast | 82,921.9 | 68,961.7 | 87,648.8 | 57,984.2 | 344,487.4 |
| Tyumen Oblast | 158,955.1 | 151,774.0 | 159,635.8 | 85,489.2 | 1,627,945.9 |

Source: Compiled by the authors based on the Federal State Statistics Service (2019)

Table 22.2 Revenues and expenditures of the budget and GRP per capita on average for Russia's regional economy in 2009–2018

| Year | Aggregate revenues, RUB billion | Aggregate expenditures, RUB billion | GRP per capita, RUB |
|------|---------------------------------|-------------------------------------|---------------------|
| 2009 | 6198.8 | 6253.1 | 238,867.4 |
| 2010 | 5926.6 | 6255.7 | 226,007.5 |
| 2011 | 6437.3 | 6636.9 | 261,803.7 |
| 2012 | 7644.2 | 7679.1 | 263,828.6 |
| 2013 | 8064.5 | 8343.2 | 317,515.3 |
| 2014 | 8165.1 | 8806.6 | 348,641.5 |
| 2015 | 8905.7 | 9353.3 | 377,006.0 |
| 2016 | 9308.2 | 9479.8 | 405,147.7 |
| 2017 | 9923.8 | 9936.4 | 449,097.9 |
| 2018 | 10,758.1 | 10,810.1 | 472,161.9 |

Source: Compiled by the authors based on the Federal State Statistics Service (2019)

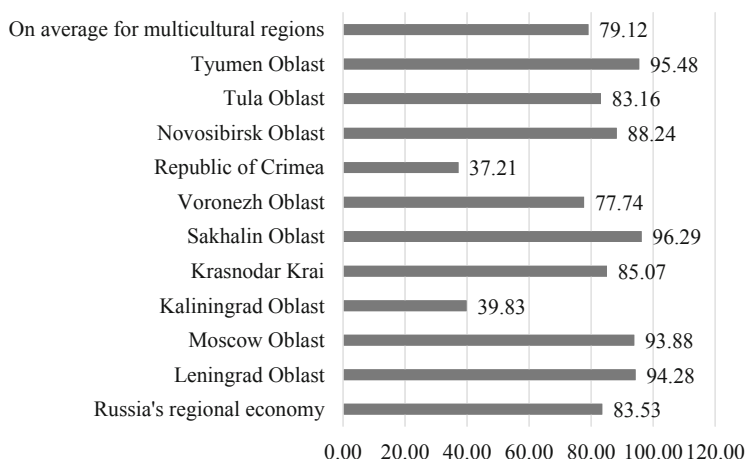


Fig. 22.1 The share of tax revenues in the structure of aggregate revenues of the budget in top-10 multicultural regions and on average for the Russian regional economy in 2018. Source: Calculated and compiled by the authors

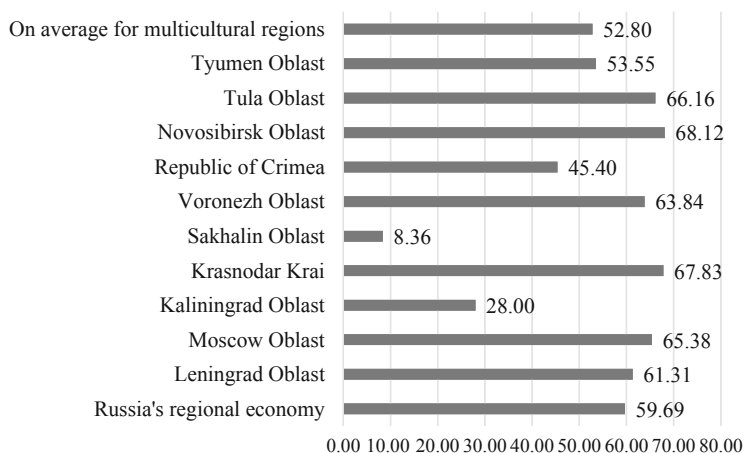


Fig. 22.2 The share of expenditures for socio-cultural measures in the structure of aggregate expenditures of the budget in top-10 multicultural regions and on average for the Russian regional economy in 2018. Source: Calculated and compiled by the authors

of Russia in 2018 is the highest in Novosibirsk Oblast (68.12%), Krasnodar Krai (67.83%), and Tula Oblast (66.16%). The lowest share of expenditures for socio-cultural measures in the structure of aggregate expenditures of the budget is observed in the Republic of Crimea (45.40%), Kaliningrad Oblast (28%), and Sakhalin Oblast (8.36%). On average, for Russia's regional economy the share of expenditures for sociocultural measures in the structure of aggregate expenditures of the budget in 2018 constitutes 59.69%, and on average for top-10 multicultural regions—52.80%.

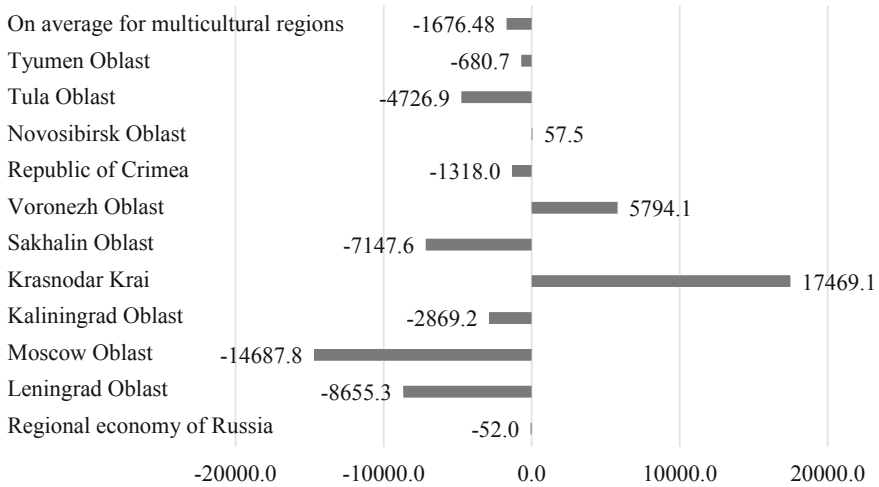


Fig. 22.3 Balance of the budget in top-10 multicultural regions and on average for the Russian regional economy in 2018. Source: Calculated and compiled by the authors

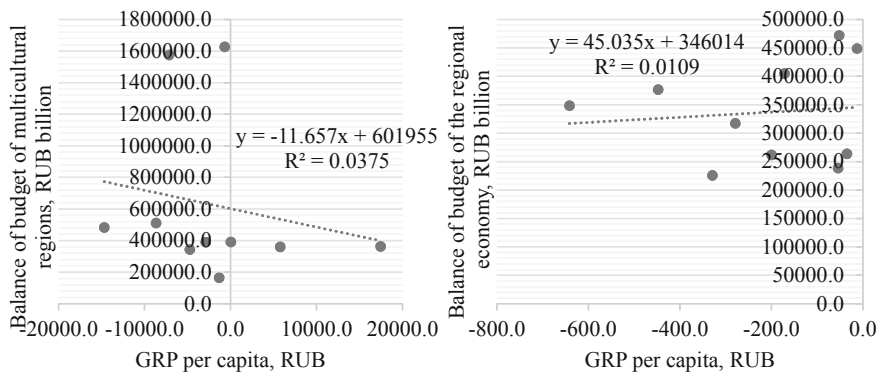


Fig. 22.4 Regression curves that reflect the dependence of GRP per capita on the balance of the state budget in multicultural regions in 2018 and on average for the Russian regional economy (in 2009–2018). Source: Calculated and compiled by the authors

Therefore, the share of expenditures for sociocultural measures in the structure of aggregate expenditures of the budget in multicultural regions is lower than on average for Russia’s regional economy. This disproves hypothesis H_2 . It should be noted that the reason for the observed situation could be not the lower need of multicultural regions for sociocultural measures but lower social responsibility of regional bodies of public authorities in multicultural regions and the problem of budget deficit.

The subventions have a target character and are aimed at financing of development of the regional economy’s infrastructure. That is why multicultural regions cannot spend them on sociocultural measures. In any case, the determined peculiarity shows

the existence of budget limitations on the path of state management of socioeconomic development of multicultural regions of modern Russia.

According to Fig. 22.3, the surplus of the budget among top-10 multicultural regions of Russia in 2018 was observed in Krasnodar Krai (RUB 17,436.1 billion, 5.88% of aggregate revenues) and Voronezh Oblast (RUB 5794.1 billion, 5.07% of aggregate revenues). Other multicultural regions of Russia showed budget deficit in 2018; the highest deficit was observed in Moscow Oblast (RUB 14,687.8 billion, 2.43% of aggregate revenues), Leningrad Oblast (RUB 8655.3 billion, 6.46% of aggregate revenues), and Sakhalin Oblast (RUB 7147.6 billion, 5.49% of aggregate revenues).

On average for Russia's regional economy, the deficit of the state budget in 2018 constituted RUB 52 billion (0.48% of aggregate revenues), and on average for top-10 multicultural regions—RUB 1676.48 billion (0.86% of aggregate revenues). This shows the presence of large budget limitations on the path of state management of socioeconomic development of multicultural regions of modern Russia.

According to Fig. 22.4, the correlation of GRP per capita with the balance of regional budget and in multicultural regions (3.75%), and in the regional economy of Russia (1.09%) is very low. However, the regional economy is peculiar for direct connection between the studied indicators (positive value of coefficient b : 45.035), and in multicultural regions—reverse connection (negative value of coefficient b : -11.657).

This shows that the higher the deficit of the state budget in multicultural regions the higher the level of socioeconomic development, while there is an opposite situation in the regional economy. Therefore, budget limitations are not a serious barrier on the path of state management of socioeconomic development of multicultural regions, as this management could and is based on private investments and nonfinancial tools. This disproves hypothesis H_3 .

4 Conclusion

Thus, the results of the research by the example of top-10 multicultural regions of Russia in 2018 showed that in a modern multicultural region the problem of budget limitations is very urgent and more vivid than in other regions. This is due to the increased complexity of tax administration due to low tax discipline of migrants (and their companies) and large share of the shadow economy, as well as increased load onto the regional budget, which is connected to the necessity to spend a lot for sociocultural measures.

Deficit of the state budget in multicultural regions does not allow for sufficient expenditures but, at the same time, does not hinder the full-scale implementation of the necessary sociocultural measures, as multicultural regions have additional (non-budget: absent or poorly expressed in monocultural regions) methods of state management of socioeconomic development due to high level of globalization and expanded opportunities for attraction of private capital. It is recommended to study and develop these methods in further works for their practical application in the modern multicultural regions.

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Chapter 23

Special Economic Areas in Multicultural Regions of Russia: Problems and Perspectives of State Management



Evgeny E. Shvakov, Natalia A. Shcherbakova, and Svetlana V. Kulay

Abstract The purpose of the research is to determine the problems and perspectives of improving the practice of state management of special economic areas in multicultural regions of Russia. It is determined that modern Russia has the problems of state management of special economic areas that hinder their creation and development. The perspective means of solving the above problems that allow improving the modern Russian practice of state management of creation and development of special economic areas in multicultural regions are protecting the interests of their potential and current residents of regional bodies of public authorities in a dialog with the Federal Government.

1 Introduction

Creation and development of special economic areas is a perspective method of gaining advantages from increased openness and globalization of multicultural regions and starting a cycle of quick socioeconomic development of the region. The first stage of the cycle is attracting the investments into the development of the region's economy. In multicultural regions, the institutional environment (accessibility and effectiveness of provision of state services, readiness of regional bodies of public authorities for cooperation with entrepreneurship, opportunities for placing external—from other regions—and foreign capital) is most favorable (as compared to monocultural regions).

This means that in multicultural regions there is a need for lower organizational and managerial preparation. Special economic areas that are created in multicultural

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regions are peculiar for increased attractiveness for external and foreign companies and investors. At the second stage, according to the neo-Keynesian economic theory, a multiplicative effect is achieved. Companies that are created in special economic areas provide new (additional) jobs in a multicultural region. This increases the incoming flow of migrants, of which the main share is skilled specialists (including managers) in the spheres of specialization of the companies of a special economic area.

New migrants residing on the territory of a multicultural region creates additional private “investments” into its economy, with the purchase of its goods and services and stimulation of further development of entrepreneurship based on increase of internal demand. In the third stage, the reputation of the multicultural region and its special economic area grow, as it is a favorable environment for entrepreneurship, residence, and investments. As a result, return to the first stage takes place, and new companies are attracted to the special economic area of a multicultural region.

Despite the above advantages, regions in the strategies of their development and companies and investors into the Russian regional economy consider special economic areas to be one of the methods of increasing the business activity and its effectiveness, together with other forms of integration: regional economic clusters, technological parks, innovative networks, and projects of public–private partnership. Based on this, the following hypothesis is offered: modern Russia has the problems of state management of special economic areas that hinder their creation and development.

The purpose of the research is to determine the problems and perspectives of improving the practice of state management of special economic areas in multicultural regions of Russia.

2 Materials and Method

Various conceptual and applied issues of creation and development of special economic areas and obtaining of advantages from them by interested parties—their participants and regions in which they are located—are studied in the works Ashournejad et al. (2019), Bezrukova et al. (2017), Brown (2019), Defever et al. (2019), Frolov et al. (2017), Godlewska-Majkowska et al. (2016), Ortega et al. (2015), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Vanchukhina et al. (2019), and Yang et al. (2019).

The information and analytical basis of this research is statistical materials of the Association of clusters and technological parks of Russia for 2018 and the Federal law “Regarding the special economic areas in the Russian Federation” dated July 22, 2005, No. 116-FZ (State Duma of the Russian Federation 2019), according to which:

- Special economic areas are to stimulate the development of the Russian economy and regions in which they are created, as well as spheres in which they specialize.

- Each special economic area is created for a period of 49 years without a possibility of extending it.
- Residents of special economic areas are not allowed to create branches outside of these areas.
- Within special economic areas, special (preferential) conditions for entrepreneurial activities are created, which are based on customs and tax subsidies.

The methodological provision is the method of regression and correlation analysis. It is used for building regression curves that reflect the regression and correlation dependencies of various indicators of development of special economic areas on the indicators of their state management in Russia in 2018. The objects of the research are the following special economic areas in multicultural regions of Russia:

- Special economic area (SEA) Alabuga (Republic of Tatarstan)
- SEA Dubna (Moscow Oblast)
- SEA Tekhnopolis “Moskva” (Moscow Oblast)
- SEA St. Petersburg (Leningrad Oblast)
- SEA Titan Valley (Sverdlovsk Oblast)
- SEA Stupino Kvadrat (Moscow Oblast)
- SEA Kaluga (Kaluga Oblast)
- SEA Innopolis (Republic of Tatarstan)
- SEA Istok (Moscow Oblast)
- SEA Uzlovaya (Tula Oblast)

The initial statistical and analytical data for the research are systematized in Table 23.1.

3 Results

As a result of the research, four problems of state management of special economic areas in multicultural regions of Russia were determined. The first problem: limited opportunities for providing the residents of special economic areas with tax preferences. Federal taxes dominate in Russia, while special economic areas are regional projects of socioeconomic development within which only subsidies for regional taxes could be provided.

As of 2018, these included subsidy for corporate tax (12.5% for 2018–2020 and 13.5% instead of standard 17%), subsidy for property tax (0% for 5 years, instead of standard 2.2%), subsidy for land tax (0% for 10 years instead of standard 1.5%), and subsidy for transport tax (0% instead of RUB 10–500 per HP) (Association of clusters and technological parks 2019). The influence of the volume of tax subsidies on the number of residents of special economic areas in multicultural regions of Russia in 2018 is shown by the regression curve in Fig. 23.1.

According to Fig. 23.1, an increase in the volume of tax subsidies per RUB 1 million that are used by residents leads to an increase in the number of residents by

Table 23.1 Indicators of development of special economic areas depending on the indicators of their state management in multicultural regions of Russia in 2018

| Special economic area | Volume of tax subsidies that are used by residents, RUB million | Number of residents | Number of foreign residents | Volume of investments from the assets of the regional budget | | Favorability of conditions for entrepreneurial activities, points | Provision with infrastructure, points |
|------------------------|---|---------------------|-----------------------------|--|----------------------------|---|---------------------------------------|
| | | | | RUB million | % of aggregate investments | | |
| SEA Alabuga | 2248.4 | 64 | 28 | 8626 | 6.2 | 2.070 | 2.061 |
| SEA Dubna | 511.9 | 137 | 9 | 2304.1 | 7.5 | 1.489 | 1.879 |
| SEA Tekhnopolis Moskva | 407.9 | 44 | 5 | 17,761.9 | 39.0 | 0.840 | 2.199 |
| SEA St. Petersburg | 849 | 46 | 7 | 10,437.5 | 21.8 | 0.656 | 1.891 |
| SEA Titan Valley | 81.8 | 14 | 2 | 2423.9 | 28.1 | 1.354 | 1.881 |
| SEA Stupino Kvadrat | 0.1 | 8 | 4 | 0 | 0 | 1.557 | 1.602 |
| SEA Kaluga | 147.2 | 14 | 3 | 1490 | 7 | 1.230 | 1.921 |
| SEA Innopolis | 25.5 | 61 | 6 | 11,807.6 | 39.3 | 1.620 | 1.604 |
| SEA Istok | 446.1 | 14 | 2 | 0 | 0 | 1.305 | 0.965 |
| SEA Uzlovaya | 57.8 | 8 | 0 | 781.1 | 19.9 | 1.444 | 1.812 |

Source: Compiled by the authors based on the Association of clusters and technological parks (2019)

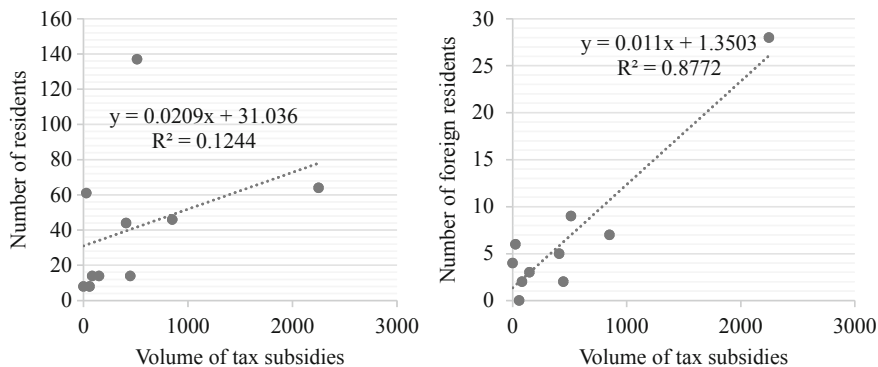


Fig. 23.1 Regression curve that reflects the influence of the volume of tax subsidies on the number of residents of special economic areas in multicultural regions of Russia in 2018. Source: Calculated and built by the authors

0.02 and the number of foreign residents by 0.01. In order to attract a new resident, it is necessary to provide RUB 50 million of tax subsidies, and in order to attract a foreign resident, it is necessary to provide RUB 100 million of tax subsidies. On the whole for the residents of special economic areas tax subsidies are not the main factor of participation in these areas—which is shown by moderate correlation (12.44%). At the same time, tax subsidies are a significant factor for foreign residents in terms of participation in special economic areas (correlation—87.72%).

The perspectives of increasing the attractiveness of special economic areas in multicultural regions of Russia in view of the determined value of tax subsidies are connected to protecting the interests of their potential and current residents by the regional bodies of public authorities in a dialog with the Federal Government. For example, the provided subsidies for added value tax—2%—would increase the attractiveness of special economic areas for foreign and domestic residents.

The second problem: necessity for placing regional investments into the creation and development of special economic areas. The share of investments from the regional budget into special economic areas in multicultural regions of Russia in 2018 in the total structure of placed investments is shown in Fig. 23.2.

According to Fig. 23.2, the highest share of investments from the regional budget in special economic areas among Russia's multicultural regions in 2018 was observed in SEA Innopolis (39.3%) and SEA "Tekhnopolis Moskva" (39%), and the lowest—in SEA Stupino Kvadrat (0%) and SEA Istok (0%). On average, the share of investments from the regional budget in special economic areas constituted 16.88%, which shows a large load on the regional budget in view of its deficit in most multicultural regions of Russia in 2018.

The influence of the volume of investments from the regional budget on the provision of special economic areas in multicultural regions of Russia with infrastructure in 2018 is shown by the regression curve in Fig. 23.3.

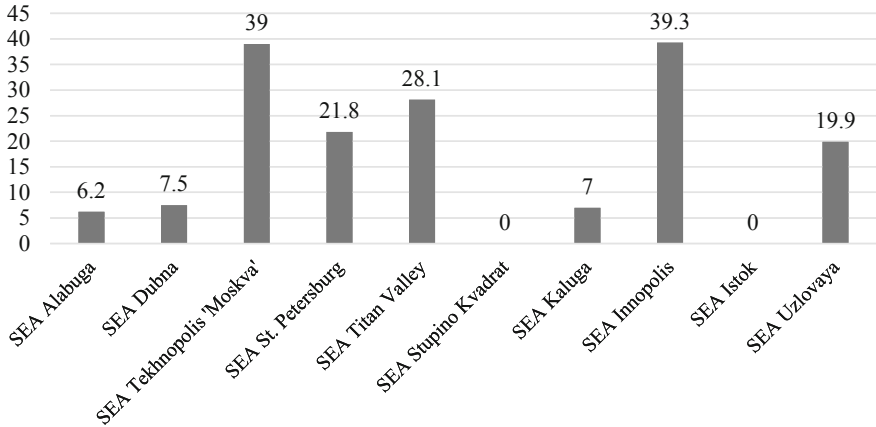


Fig. 23.2 The share of investments from the regional budget into special economic areas in multicultural regions of Russia in 2018. Source: Built by the authors based on Association of clusters and technological parks (2019)

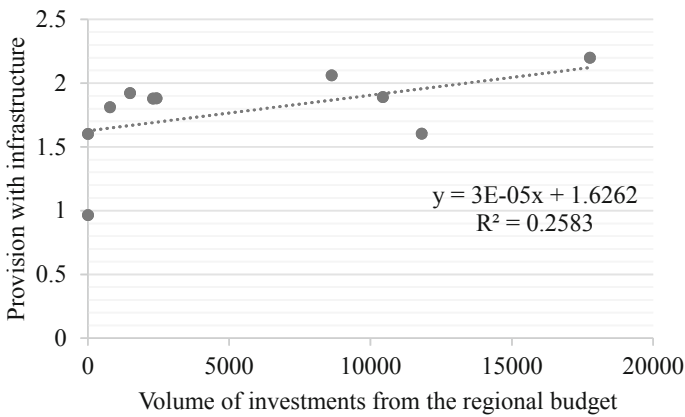


Fig. 23.3 Regression curve that reflects the influence of the volume of investments from the regional budget on the provision of special economic areas in multicultural regions Russia in 2018 with infrastructure. Source: Calculated and built by the authors

According to Fig. 23.3, an increase in the volume of investments from the regional budget by RUB 1 million leads to an increase in provision of special economic areas in multicultural regions of Russia in 2018 with infrastructure by 0.13 points. For increasing the provision of special economic areas in multicultural regions of Russia in 2018 with infrastructure by 1 point, it is necessary to have RUB 7.69 million investments from the regional budget. The perspectives of solving this problem are connected to increasing the attractiveness of special economic areas for private investors (with private investments replacing government investments).

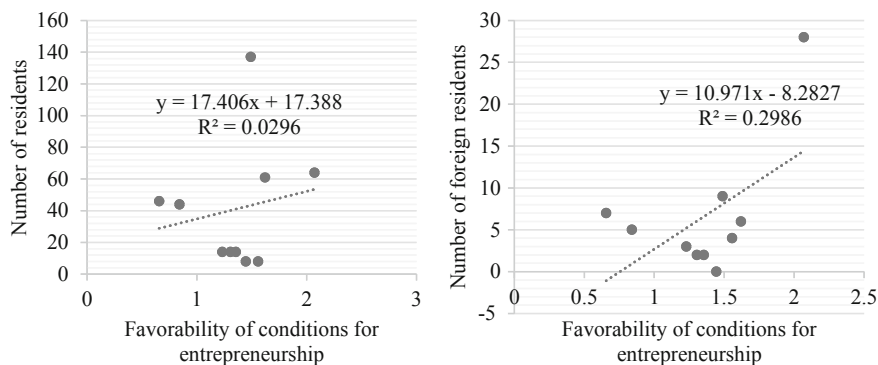


Fig. 23.4 Regression curve that reflects the influence of favorability of conditions for entrepreneurship on the number of residents of special economic areas in multicultural regions of Russia in 2018. Source: Calculated and built by the authors

The third problem: complexity of organizing the activities of special economic areas. Apart from creating infrastructure, regional bodies of public authorities have to develop effective provision of the necessary state services to the residents of special economic areas: information and consultation services, construction permits, etc. The influence of favorability of conditions for entrepreneurship on the number of residents of special economic areas in multicultural regions of Russia in 2018 is shown by the regression curve in Fig. 23.4.

According to Fig. 23.4, an increase of favorability of conditions for entrepreneurship by 1 point leads to an increase of the number of residents of special economic areas in multicultural regions of Russia by 14 and the number of foreign residents by 10 (almost 11). Correlation with foreign residents is higher (29.86%) with residents on the whole (2.96%). This shows that the organization of the activities of special economic areas is not the key, but still significant, factor of attraction of new residents in multicultural regions of Russia. A perspective solution to this problem is the digitization of state services in Russia's regions (development of the e-government system), which stimulates the increase of flexibility and accessibility of these services.

4 Conclusion

Thus, the offered hypothesis has been proved. Modern Russia has the problems of state management of special economic areas that hinder their creation and development: limited opportunities for providing the residents of special economic areas with tax preferences, necessity for placing regional investments into creation and development of special economic areas, and complexity of organization of the activities of special economic areas.

The perspective means of solving the above problems, which would allow improving the modern Russian practice of state management of creation and development of special economic areas in multicultural regions, are protecting the interests of their potential and current residents by the regional bodies of public authorities in a dialog with the Federal Government, increasing the attractiveness of special economic areas for private investors, and digitization of state services in Russia's regions (development of the e-government system), which stimulates the increase of flexibility and accessibility of these services.

It could be concluded that the determined problems of state management of special economic areas are probably characteristic also of monocultural regions of Russia. However, due to the lower significance of special economic areas for implementing the potential of socioeconomic development in monocultural regions, these problems are not that urgent. In multicultural regions, successful solution of the above problems largely determines the level and rate of their socioeconomic development. That is why multicultural regions could and should apply for federal support for their special economic areas in modern Russia.

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Chapter 24

The Principles of State Management of Multicultural Region's Economy and the Problems of Their Systemic Implementation



Dmitry V. Bateykin, Yuliya I. Rastova, and Anton A. Chernykh

Abstract The purpose of the chapter is to study the specific features of state management of a multicultural region's economy and to determine the principles of this management and the problems of their practical implementation in the activities of regional authorities in multicultural regions. Based on the study of specific features of development of the economy of Leningrad Oblast, which is a Russia's region with the highest level of multiculturalism in 2018, four principles of state management of a multicultural region's economy are determined: the principle of innovative development of the economy, the principle of preservation of stability (traditions), the principle of limiting the negative influence of globalization, and the principle of openness of economy for external resources that are necessary for its development.

1 Introduction

State management ensures coordination of the actions of economic subjects in a region's economy and has to balance their interests. At present, there are two priorities of state management of the region's economy. The first priority: achieving and supporting high effectiveness of state management and the region's economy. Financial resources of a region are limited, which is observed vividly in the conditions of deficit of the state budget, which is peculiar for a lot of modern regions in the conditions of their postcrisis restoration. At the same time, the social needs of each

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region are high and continue to increase. That is why state management should stimulate the fuller implementation of the needs of all interested parties with minimum spending of resources: state and private investments into the development of the region's economy.

The second priority: provision of sustainability of the region's socioeconomic system. Sustainability, in this case, is considered in a wide sense, in the unity of all meanings. Implementation of this priority envisages protection of the environment and saving of natural resources, as well as supporting the sustainability of the region's economy against the destabilizing influence of the negative internal and external factors. The provision of sustainability also includes the prevention of social crises by well-balanced achievement of interests of all social categories that are present in the region.

Despite the universal character of the above priorities, the principles of their achievement in the modern regions are different. Here the following hypothesis is offered: sociocultural factors play an important role in implementing the above priorities. The purpose of the chapter is to study the specific features of state management of a multicultural region's economy and to determine the principles of this management and the problems of their practical implementation in the activities of regional authorities in multicultural regions.

2 Materials and Method

The conceptual foundations and practical experience of state management of modern regions' economy are studied in the works Bezrukova et al. (2017), Bohátová et al. (2015), Brunet-Jailly (2012), Frolov et al. (2017), Liu (2014), Popkova (2013), Popkova et al. (2017), Pysar (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Tatli et al. (2013), and Vanchukhina et al. (2019). A drawback of the existing publications on this topic is the scattered character of studying the principles of state management of the region's economy and insufficient attention to the influence of sociocultural factors on this management.

During development of the principles of state management, the authors of this chapter analyze the specific features of the economy of a region of Russia that is peculiar for the highest level of multiculturalism as of 2018—Leningrad Oblast (the coefficient of migration growth of population constitutes 171 per 10,000). Also, an overview of statistical data that reflect the peculiarities of this region's economy in view of the influence of sociocultural factors is performed.

The authors use the materials of the Federal State Statistics Service for 2018 and the information and analytical materials as a result of monitoring of effectiveness of activities of educational organizations of higher education for the largest university of Leningrad Oblast in 2018: Autonomous educational establishment of higher education of Leningrad Oblast “State Institute of Economics, Finance, Law and Technologies.”

3 Results

Two specific features of multicultural regions that are formed under the influence of sociocultural factors are determined. The first one is connected to their inclination and expanded opportunities for innovative development of the economy. Dynamic social environment stimulates the formation of flexible society, which is open for innovations, in multicultural regions. The profile of innovative development of the economy of Leningrad Oblast in 2018 is shown in Fig. 24.1.

Figure 24.1 shows the share of organizations that deals with R&D in Leningrad Oblast in 2018 constituted 12%, the share of innovative products—2.20%, and the share of innovations-active organizations—9.30%. The share of expenditures for R&D in the turnover of organizations of Leningrad Oblast in 2018 constitutes 0.41% and the share of investments into modernization of fixed capital in the turnover—20.23%. The performed statistical data show that Leningrad Oblast is peculiar for a high level and quick rate of innovative development but also preserves a moderate level of risk in the economy.

The second specific feature consists in increased globalization of multicultural regions’ economy. Cultural tolerance and openness of society for incoming flows of migrants, resources, and companies create favorable conditions for their attraction. The profile of globalization of the economy of Leningrad Oblast in 2018 is shown in Fig. 24.2.

Figure 24.2 shows that the share of direct foreign investments in the structure of investments into fixed capital Leningrad Oblast in 2018 constitutes 1.12%, the share of foreign companies in the structure of the region’s entrepreneurship—0.40%, the share of foreign migrants in the structure of work force—0.21%, and the share of export in the structure of GRP—14.60%. The share of foreign students in the State institute of economics, finance, law, and technologies constitutes 0.23%, and the share of foreign lecturers in the structure of academic staff is zero. The created profile shows moderate globalization of economy of Leningrad Oblast in 2018.

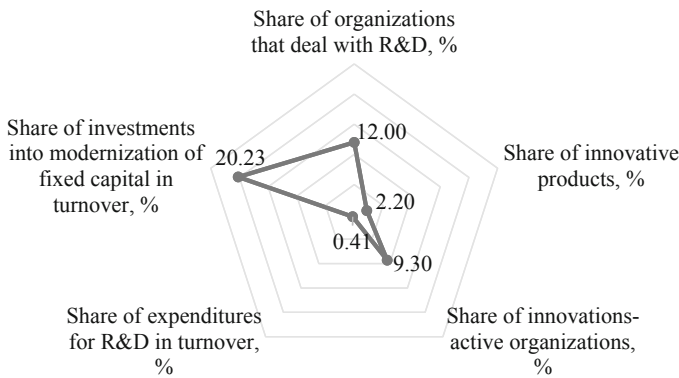


Fig. 24.1 The profile of innovative development of the economy of Leningrad Oblast in 2018. Source: Built by the authors based on Federal State Statistics Service (2019)

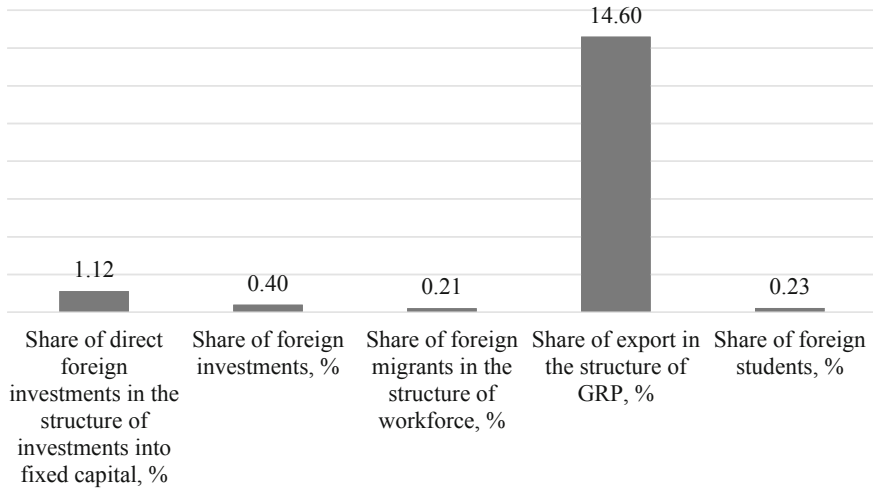


Fig. 24.2 The profile of globalization of the economy of Leningrad Oblast in 2018. Source: Built by the authors based on Federal State Statistics Service (2019) and the Ministry of Education and Science of the Russian Federation (2019)

Based on the determined specific features and compiled profiles of multicultural region's economy by the example of Leningrad Oblast in 2018, we determined the four following principles of state management of a multicultural region's economy:

- Principle of innovative development of the economy. Multicultural region has favorable conditions for manifesting high innovative activity. State management should ensure these conditions and usage of the existing opportunities for innovative development of the economy of a multicultural region in the interests of increasing its competitiveness.
- Principle of preservation of stability (traditions). Innovative activities are connected to high level of risk. That is why for supporting favorable business climate and preserving sustainability of development of the economy of a multicultural region, its state management should envisage reduction of entrepreneurial risks and limitation of innovative activities that destabilize the region's economy.
- Principle of limitation of the negative influence of globalization. Globalization could have a destructive influence on the economy of a multicultural region. For example, price dumping of foreign companies leads to monopolization of regional markets, crisis of regional entrepreneurship, and increase of deficit of regional budget. Apart from preventing the price dumping and other forms of aggressive foreign competition in a multicultural region, it is necessary to ensure import substitution for supporting its sustainability to crises, which destroy the region's foreign economic ties.
- The principle of economy's openness for external resources that is necessary for its development. The basis of competitiveness and development of the economy

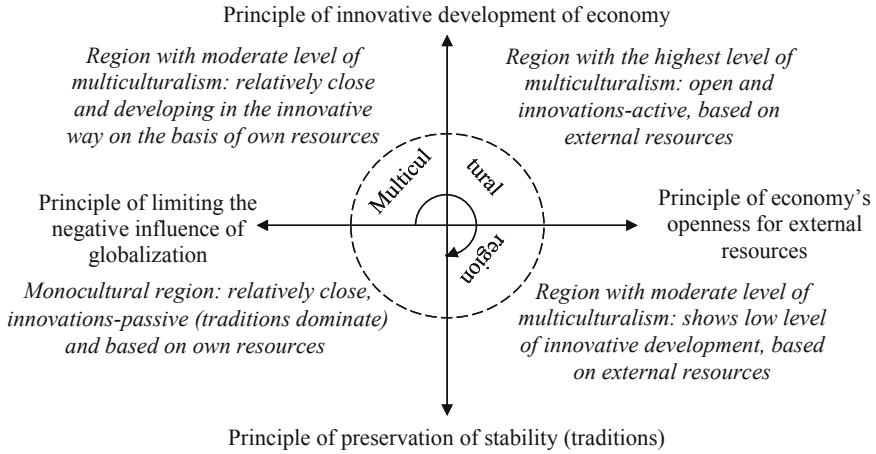


Fig. 24.3 The system of principles of state management of a multicultural region's economy. Source: Developed and compiled by the authors

of a multicultural region is its openness. State management of this region should support its globalization and ensure the attraction of external resources, population, companies, and investments in the interests of preventing their deficit in the region and implementation of the strategy of long-term socioeconomic development.

As is seen, the above principles contradict each other. This is shown in Fig. 24.3, which presents the system of principles of state management of a multicultural region's economy.

Figure 24.3 shows that the principles are divided according to two axes: the axis of innovative development and the axis of globalization of multicultural region's economy. The crossing of these axes features four approaches to state management of the region's economy. Using the principles of limiting the negative influence of globalization and the principle of innovative development of the economy leads to the realization of the approach of moderate multiculturalism, at which region's economy becomes relatively close and developing in the innovative way based on own resources.

When using the principle of economy's openness for external resources and the principle of innovative development of the economy, the approach of maximum multiculturalism is used, at which region's economy becomes open and innovations-active, developing on the basis of external resources. When using the principle of preservation of stability (traditions) and the principle of innovative development of the economy, the approach of moderate multiculturalism is applied, at which innovative activity in the region's economy is limited and external resources are attracted for its development.

When using the principle of preservation of stability (traditions) and the principle of limiting the negative influence of globalization the region becomes monocultural:

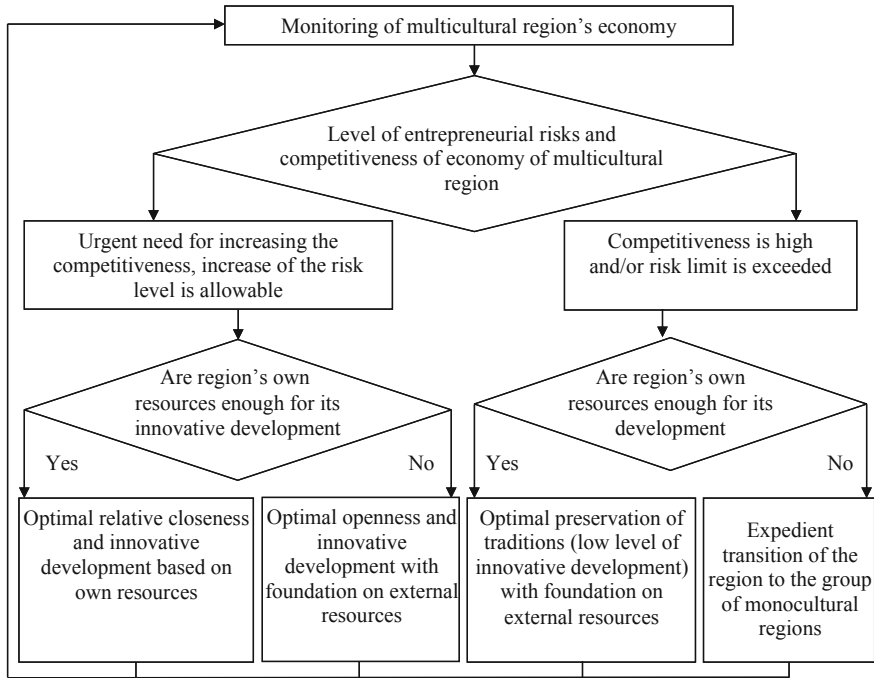


Fig. 24.4 Algorithm of systemic implementation of the principles of state management of a multicultural region's economy. Source: Developed and compiled by the authors

relatively close, passive in innovations (traditions dominate), and using own resources. The logic of systemic implementation of the principles of state management of a multicultural region's economy is reflected by the developed algorithm in Fig. 24.4.

Figure 24.4 shows that monitoring of a multicultural region's economy is performed on a constant basis; based on its results, the level of entrepreneurial risks and competitiveness is determined. If a multicultural region experiences an urgent need for an increase of competitiveness (e.g., in the conditions of crisis or postcrisis restoration) and it is allowable to raise the level of entrepreneurial risks, it is necessary to determine the sufficiency of region's own resources for its innovative development.

If resources are sufficient, relative closeness and innovative development on the basis of own resources are enough. In case of deficit of own resources, openness and innovative development with the foundation on external resources are optimal. If the competitiveness of a multicultural region is high and/or the limit of entrepreneurial risks is exceeded, it is necessary to determine whether the own resources of the regions are enough for its development. If the resources are sufficient, it is expedient to preserve the traditions (low level of innovative development) with foundation on external resources. In case of a deficit of own resources, it is expedient for the region to pass into the group of monocultural regions. Then, return to the first stage takes

place, and new monitoring of multicultural region's economy is performed, with repeated algorithm.

The developed algorithm shows that systemic implementation of the principles of state management of a multicultural region's economy is a complex optimization task, which conditions are subject to constant changes. Though all principles are implemented simultaneously, two of them are preferable in each period of development of the economy of a multicultural region. This requires constant correction of the approach and high flexibility of state management of a multicultural region's economy.

4 Conclusion

As a result of the research, the working hypothesis was confirmed. It is possible to conclude that state management of a multicultural region's economy is much more complex as compared to a monocultural region due to its higher variability. While in a monocultural region economy is always relatively close (low level of globalization) and is dominated by traditions (susceptibility to innovations is low), the opportunities in a multicultural region are much wider, due to which in each period of its development there is a choice between traditions and innovations and between closeness and globalization.

Based on studying the specific features of development of the economy of Leningrad Oblast, which is the Russian region with the highest level of multiculturalism as of 2018, four principles of state management of a multicultural region's economy were determined: the principle of innovative development of the economy, the principle of preservation of stability (traditions), the principle of limiting the negative influence of globalization, and the principle of openness of economy for external resources that are necessary for its development. The problem of systemic implementation of these principles is that they contradict each other (being mutually exclusive).

For solving the above problem in the economic practice of the modern multicultural regions an algorithm of systemic implementation of the principles of state management of a multicultural region's economy has been developed, which reflects the logic of setting the priorities during the selection between mutually exclusive principles. The offered algorithm allows for one-time and repeated—in each period of development a multicultural region—selection of the optimal approach to state management of its economy and thus ensures the necessary flexibility of this management, effectiveness, and sustainability of development of the economy of a multicultural region.

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Chapter 25

The Optimal Ratio of State Management to Market Self-Administration in a Multicultural Region



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and Darima A. Kozhakova

Abstract The purpose of the chapter is to develop the scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region and to approbate it by the example of multicultural regions of modern Russia. Analysis of the share of the employed with higher education, foreign trade balance, coefficient of migration growth per 10,000 people, and Gini coefficient in top-5 multicultural regions of Russia in 2018 and its direct average are analyzed. The scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region is offered, which allows determining the perspectives of reduction of expenditures of the state regional budget and determining the necessity for their increase.

1 Introduction

In multicultural regions, market environment differs a lot from monocultural regions. On the one hand, due to higher flexibility of the society and entrepreneurship in multicultural regions, innovative development could be natural under the pressure of competition—while in monocultural regions it often requires state interference.

Due to high mobility of human resources, the deficit of skilled personnel in a multicultural region could be overcome under the influence of market forces based on the mechanism of migration—which, as a rule, is inaccessible for monocultural

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regions, which have to train their own skilled personnel based on development of the system of education in the region. Similarly, a lot of other traditional directions of state management could be successfully implemented with the help of market self-administration.

On the other hand, the market environment of multicultural regions is peculiar for specific “gaps.” One of them is the protection of the environment. Corporate responsibility, which is a widespread phenomenon in monocultural regions, is not peculiar for the entrepreneurial structure of multicultural regions, which implement flexible strategies of development that envisage a lot of variants of territorial location. Corporate responsibility of companies in multicultural regions is not a significant factor of provision of their competitiveness and often leads to its reduction, which hinders its manifestation.

Another example of “market gaps” in multicultural regions is supporting social stability. Unlike monocultural regions, where the social environment and level of population’s income are relatively stable, they are subject to constant changes in multicultural regions. Multicultural regions have more categories of population with low level of income, most of which are migrants. That is why leveling of incomes and provision of social justice are a more complex task than in monocultural regions.

The specifics of the market environment predetermine the importance of studying the ratio of state management to market self-administration in a multicultural region and its optimization in the interests of the fullest implementation of the potential of socioeconomic development of the region during saving the assets of the regional budget. Complexity of this problem could be explained by its multidisciplinary character—it should be studied and solved at the joint of a range of disciplines within economics: state management, budgeting, regional economics, and the theory of market.

This problem is studied in this chapter, which purpose is to develop the scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region and to approbate it by the example of multicultural regions of modern Russia.

2 Materials and Method

The issue of provision of the balance of state management and market self-administration in the economy is studied in the works Bezrukova et al. (2017), Frolov et al. (2017), Ibietan et al. (2018), Jaeck and Kim (2018), Popkova (2013), Popkova et al. (2017), Reinsberg et al. (2019), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Vanchukhina et al. (2019), and Zhou (2018).

However, the regional aspect of this problem is not studied sufficiently, and the specifics of provision of the balance of state management and market self-administration in the economy of a multicultural region are poorly researched. For determining the optimal ratio of state management to market self-administration in

Table 25.1 The scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region

| Direction of state management | Increase of regulation: increase of state expenditures in the studied direction | Deregulation: reduction of state expenditures in the studied direction |
|---|---|--|
| Stimulation of increase of the level of education in society | $SEhe(mr_i) \leq SEhe(aver_{mr})$ | $SEhe(mr_i) > SEhe(aver_{mr})$ |
| Provision of growth of competitiveness of region's economy on the basis of its innovative development | $FB(mr_i) \leq FB(aver_{mr})$ | $FB(mr_i) > FB(aver_{mr})$ |
| Provision of favorable social environment in the region by leveling social disproportions | $CMgp(mr_i) \leq CMgr(aver_{mr})$ and simultaneously $GC(mr_i) > GC(aver_{mr})$ | $CMgp(mr_i) > CMgr(aver_{mr})$ and/or $GC(mr_i) \leq GC(aver_{mr})$ |

Source: Developed by the authors

multicultural regions of modern Russia, the following scientific and methodological approach is offered (Table 25.1).

In the official statistics of the Federal State Statistics Service, expenditures of region's state budget are structured in the following way:

- Expenditures for state issues and the national economy: they have no connection to regulation of region's economy and thus are considered to be constant.
- Expenditures for the housing sphere: they belong to the sphere of state management of the region's infrastructure, which, in most cases, is a "market gap," which is overcome with the help of public partnership—thus, they are considered to be constant as well.
- Expenditures for healthcare: they belong to the sphere of state management of the market of medical services in a region which deregulation is complicated in the conditions of the effect of the system of mandatory medical insurance—in this research they are considered to be constant.
- Expenditures for education: they belong to the sphere of state stimulation of increasing the level of education in society, performed under the influence of "knowledge economy" and the concept of "life-long learning," they have and should vary depending on the current capabilities of the market and the needs of the multicultural region's economy.
- Expenditures for social policy: they belong to the sphere of state provision of favorable social environment in the region by leveling social disproportions—they could and should vary depending on the current capabilities of the market and the needs of the multicultural region's economy.
- Expenditures for innovations: they belong to the sphere of state provision of growth of the region's economy's competitiveness on the basis of its innovative development—this is an additional item of expenditures of the state regional budget that is reflected indirectly in the Federal State Statistics Service—they could and should vary depending on the current capabilities of the market and the needs of the multicultural region's economy.

Thus, three directions of state management of a multicultural region's economy are determined, which could be implemented with the help of market self-administration:

1. Stimulating the increase of the level of education in society. If the share of the employed with higher education in multicultural region i ($SEhe(mr_i)$) drops below the average level for multicultural regions ($SEhe(aver_{mr})$), it is necessary to increase regulation: increase state expenditures in the studied direction. In the opposite case, it is recommended to conduct deregulation: reduction of state expenditures in the studied direction.
2. Provision of growth of competitiveness of region's economy on the basis of its innovative development. If foreign trade balance in multicultural region i ($FB(mr_i)$) drops below the average level for multicultural regions ($FB(aver_{mr})$), it is necessary to increase regulation. In the opposite case, deregulation is recommended.
3. Provision of a favorable social environment in the region by leveling social disproportions. If the coefficient of migration growth per 10,000 people in multicultural region i ($CMgp(mr_i)$) drops below the average level for multicultural regions ($CMgp(aver_{mr})$) and Gini coefficient in multicultural region i ($GC(mr_i)$) raises above the average level for multicultural regions ($GC(aver_{mr})$), it is necessary to increase regulation. In other cases, deregulation is recommended.

3 Results

Let us approbate the developed the scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region by the example of top-5 multicultural regions of Russia in 2018. The average value for multicultural regions is their direct average (for provision of clarity of calculations). Statistical data and analysis results are shown in Figs. 25.1, 25.2, 25.3, and 25.4.

As shown in Fig. 25.1, only in Moscow Oblast, the share of the employed with higher education (43.6%) is above the direct average of this indicator for top-5 multicultural regions of Russia in 2018 (33.5%). Therefore, deregulation is recommended (reduction of expenditures) in Moscow Oblast, and in other regions—increase of regulation (increase of expenditures).

As shown in Fig. 25.2, only in Leningrad Oblast foreign trade balance (RUB 1632.5 million) is above the direct average of this indicator for top-5 multicultural regions of Russia in 2018 (RUB 490.8 million). Therefore, deregulation (reduction of expenditures of) is recommended in Leningrad Oblast, and in other regions—increase of regulation (increase of expenditures).

As shown in Fig. 25.3, the coefficient of migration growth per 10,000 people in Leningrad (171), Moscow (111), and Kaliningrad (99) Oblasts is above the direct average of this indicator for top-5 multicultural regions of Russia in 2018 (98.6, rounded to 99).

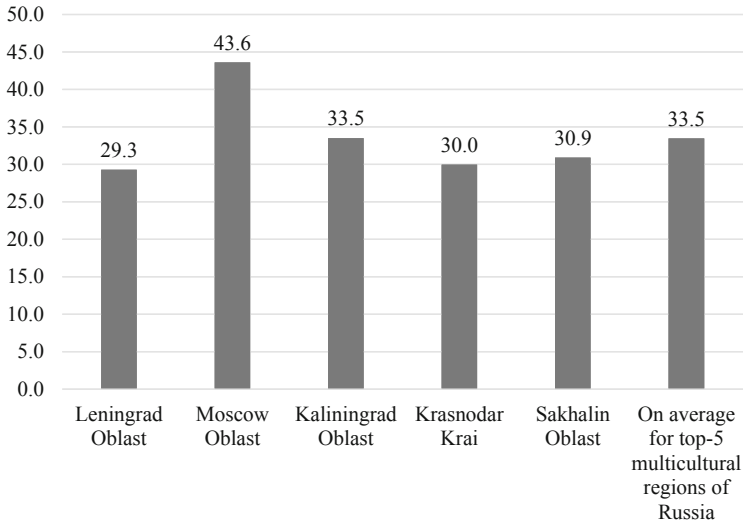


Fig. 25.1 The share of employed with higher education in top-5 multicultural regions of Russia in 2018 ($SEhe(mr_i)$) and its direct average ($SEhe(aver_{mr})$), %. Source: Built by the authors based on the Federal State Statistics Service (2019)

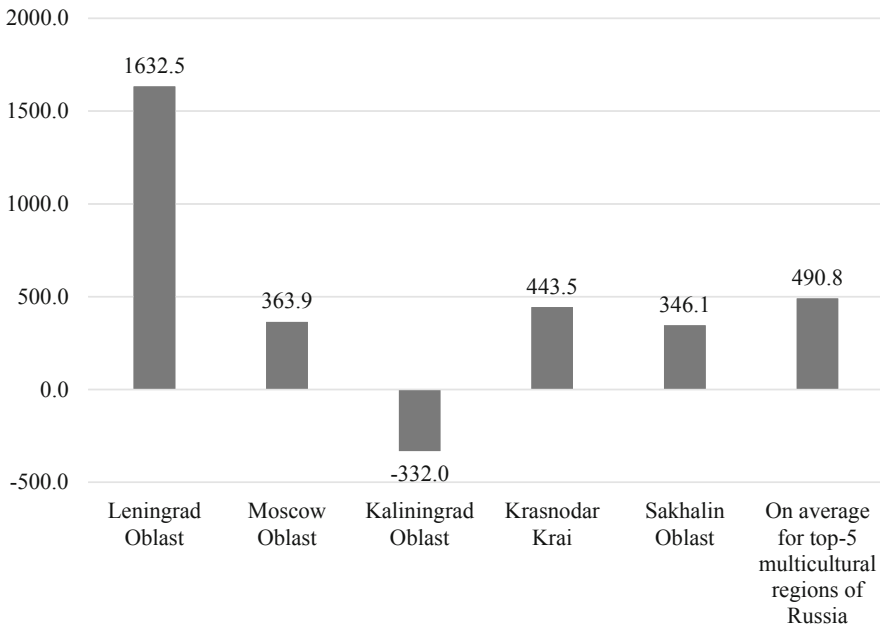


Fig. 25.2 Foreign trade balance in top-5 multicultural regions of Russia in 2018 ($SEhe(mr_i)$) and its direct average ($SEhe(aver_{mr})$), RUB million. Source: Built by the authors based on the Federal State Statistics Service (2019)

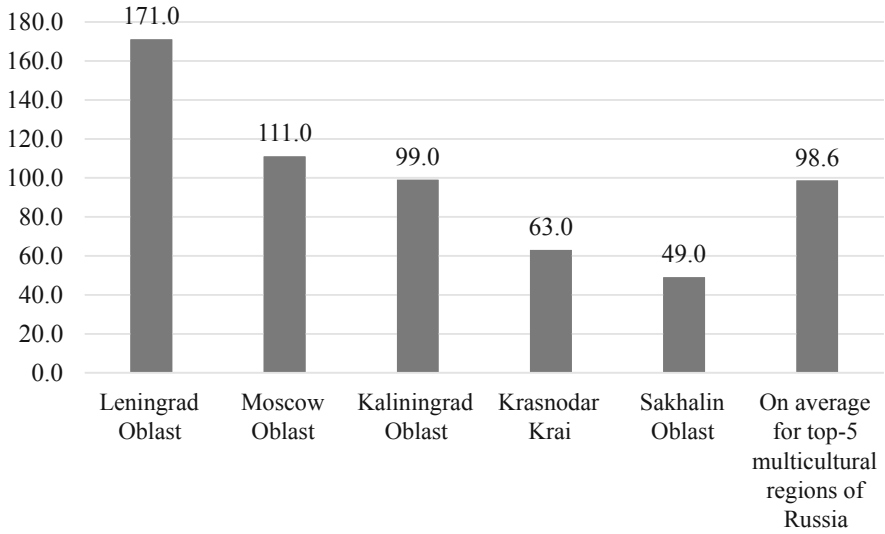


Fig. 25.3 Coefficient of migration growth per 10,000 people in top-5 multicultural regions of Russia in 2018 ($SEhe(mr_i)$) and its direct average ($SEhe(aver_{mr})$), people. Source: Built by the authors based on the Federal State Statistics Service (2019)

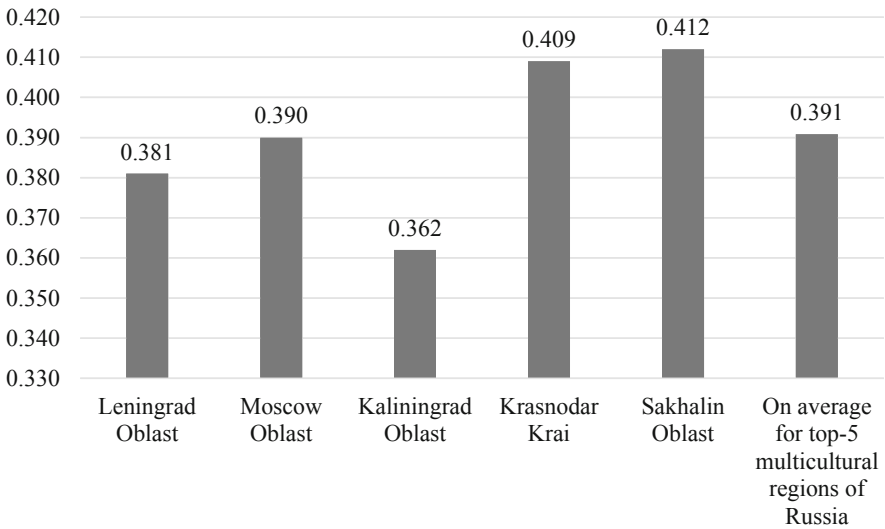


Fig. 25.4 Gini coefficient in top-5 multicultural regions of Russia in 2018 ($SEhe(mr_i)$) and its direct average ($SEhe(aver_{mr})$), shares of 1. Source: Built by the authors based on the Federal State Statistics Service (2019)

As shown in Fig. 25.4, in Leningrad (0.381), Moscow (0.390), and Kaliningrad (0.362) Oblasts this value is above the direct average of this indicator for top-5 multicultural regions of Russia in 2018 (0.391). Therefore, deregulation is necessary in all studied regions (reduction of expenditures).

The precise value of increase and saving of expenditures is performed, which allows determining the consequences of the optimization of ratio of state management to market self-administration for state budgets of top-5 multicultural regions of Russia in 2018 (Table 25.2).

Example of the performed calculations. In Leningrad Oblast in 2018, expenditures for education constituted RUB 39,516.9 million; $-SEhe(mri)/SEhe(aver_{mr})$ had the value 0.13. Therefore, there is a need for an increase of expenditures for education by 13%, i.e., $39,516.9 \times 0.13 = \text{RUB } 4954.3$ million. As shown in Table 25.2, in Leningrad Oblast, due to optimization of ratio of state management to market self-administration it is possible to reduce aggregate expenditures in 2018 by 60.6%, in Moscow Oblast—by 26.1%, in Kaliningrad Oblast—by 8.4%, in Krasnodar Krai—by 17.8%, and in Sakhalin Oblast—by 17.4%.

4 Conclusions

Thus, the authors offered a scientific and methodological approach to determining the optimal ratio of state management to market self-administration in a multicultural region, which allows determining the perspectives of reduction of expenditures of the state regional budget and determining the necessity for their increase. Approbation of the developed approach by the example of top-5 multicultural regions of Russia showed the necessity for deregulation and the possibility of reduction (saving) of expenditures of their state budgets from 8.4 to 60.6% (depending on the region).

Table 25.2 Consequences of optimization of ratio of state management to market self-administration for state budgets of top-5 multicultural regions of Russia in 2018

| Expenditures | Formula | Leningrad Oblast | Moscow Oblast | Kaliningrad Oblast | Krasnodar Krai | Sakhalin Oblast |
|---|--------------------------------|------------------|---------------|--------------------|----------------|-----------------|
| Aggregate expenditures, RUB million | | 142,545.9 | 619,658 | 113,886.2 | 279,425.2 | 137,258.6 |
| Expenditures for education, RUB million | Total, RUB million | 39,516.9 | 172,924.3 | 13,577.5 | 78,162.1 | 24,214 |
| | $1-SEhe(mr_i)/SEhe(aver_{nr})$ | 0.13 | -0.30 | 0.00 | 0.10 | 0.08 |
| | Increase | 4954.3 | - | - | 8166.2 | 1879.3 |
| | Saving | - | 52,135.4 | - | - | - |
| Expenditures for social policy, RUB million | Total, RUB million | 24,317.2 | 115,241.0 | 11,083.6 | 65,170.8 | 23,081.8 |
| | $1-FB(mr_i)/FB(aver_{nr})$ | -2.33 | 0.26 | 1.68 | 0.10 | 0.59 |
| | Increase | 56,566.7 | - | - | - | - |
| | Saving | - | 29,796.4 | 18,581.1 | 6280.7 | 6805.1 |
| Expenditures for innovations, RUB million | Total, RUB million | 3047.301 | 29,844.01 | 14,742.36 | 22,752.94 | 11,080.28 |
| | $1-CMgp(mr_i)/CMgr(aver_{nr})$ | -0.73 | -0.13 | 0.00 | 0.36 | 0.50 |
| | Increase | - | - | - | - | - |
| | Saving | 2237.6 | 3753.2 | 59.8 | 8215.1 | 5573.9 |
| | $1-GC(mr_i)/GC(aver_{nr})$ | 0.23 | 0.22 | 0.25 | 0.50 | 0.50 |
| | Increase | - | - | - | - | - |
| | Saving | 32,500.5 | 135,705.1 | 28,129.9 | 55,885.0 | 27,039.3 |
| Aggregate increase, RUB million | | 4954.4 | 29,796.4 | 18,581.1 | 14,446.9 | 8684.4 |
| Aggregate saving, RUB million | | 91,304.7 | 191,593.7 | 28,189.9 | 64,100.1 | 32,613.8 |
| Total saving (saving increase) | RUB million | 86,350.4 | 161,797.3 | 9608.6 | 49,653.2 | 23,929.4 |
| | % of aggregate expenditures | 60.6 | 26.1 | 8.4 | 17.8 | 17.4 |

Source: Calculated by the authors based on the Federal State Statistics Service (2019)

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Chapter 26

Algorithm of State Management of Modernization of a Multicultural Region's Economy



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Abstract The authors perform evaluation of the effectiveness of state management of economy's modernization in top-5 multicultural regions of Russia in 2018 with the help of a standard formula (through the ratio of the volume of innovative products to the volume of expenditures for R&D), which shows high effectiveness of this management. Also, the assessment of effectiveness of state management of the economy's modernization in top-5 multicultural regions of Russia in 2018 with the help of the offered new criteria is performed. It shows that all top-5 multicultural regions of Russia showed low effectiveness of state management of the economy's modernization in 2018. For solving this problem, the authors suggest using the improved algorithm of management.

1 Introduction

The importance of studying the accumulated experience and perspectives of improving the practice of modernization of Russia's regional economy is explained by its key role in implementing the Strategy of innovative development of Russian Federation until 2020, adopted by the Decree of the Government of the Russian Federation dated December 8, 2011, No. 2227-r and the Program "Digital economy of the Russian Federation," adopted by the Decree of the Government of the Russian Federation dated July 28, 2017, No. 1632-r.

The conditions for innovative development of economy in a multicultural region are more favorable than in a monocultural region. Their formation is stimulated by high interest of society (consumers) to innovations as the methods of increasing the living standards with reduction of expenditures, as migrants, who constitute a large part of the population of a multicultural region, are inclined to increased

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rationalization and have high consumer awareness. Innovative development of the economy of a multicultural region is also supported by entrepreneurship, which leads to active competitive struggle and considers innovations as a normal (inseparable) components of its activities.

Thus, during assessment of effectiveness of state management of modernization of a multicultural region's economy, it is expedient to take into account that a lot of functions of the state could be transferred to the market. This does not allow using the same formula for evaluating the effectiveness of state management of modernization of the economy in monocultural and multicultural regions. During the evaluation of effectiveness in multicultural regions, it is necessary to use stricter criteria that allow taking into account not only the return of the state investments but also their justification from the point of view of the objective necessity (existence of "market gaps").

Also, it is necessary to pay attention to the fact that large potential of innovative development of economy in multicultural regions does not guarantee the achievement of this development in practice. Implementation of the potential requires targeted efforts from the state for using the advantages of a multicultural region. That is why the set and order of implementing the measures of state management of modernization of economy in a multicultural region should differ from a monocultural region. Thus, the purpose of the research is to develop a perspective algorithm of state management of multicultural economy's modernization that would take into account its specific features and allow for precise assessment and maximization of effectiveness of this management.

2 Materials and Method

The modern experience of modernization of various regions' economies is studied in the works Bergius et al. (2018), Buy (2017), Popkova et al. (2017), and Wang and He (2017). The current problems of state management of region's economy modernization and possible methods of solving them are discussed in the works Bezrukova et al. (2017), Frolov et al. (2017), Popkova (2013), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019).

Thus, on the one hand, the issue of state management of region's economy modernization is studied sufficiently in the works of the modern economists, but, on the other hand, regions are not differentiated by them—while in practice of multicultural regions the conditions of management differ from the conditions of management in monocultural regions. Therefore, there is a necessity for additional studies that focus on the specifics of multicultural regions.

As a result of studying the modern Russian practice of state management of region's economy modernization, it is determined that it has the following algorithm:

1. Development of the strategy of modernization of the region's economy in view of its current needs and federal plans.
2. Applying for federal financing of the strategy and determining the volume of regional financing in view of the difference of the required investments and the volume of provided federal financing.
3. Attraction of private investments into the strategy as a means of reducing the regional financing.
4. Stimulation of regional entrepreneurship for modernization (provision of subsidies and tax subsidies for R&D and renewal of the fixed assets).
5. Assessment of the effectiveness of modernization through the ratio of the volume of innovative products and the aggregate volume of financing. Usually, the reason for low effectiveness is the deficit of financing, which is the basis for further allocation of additional federal financing for the region.

Logical analysis of the existing algorithm shows drawbacks of its application in multicultural regions. Firstly, private investments are not the main but additional source of financing of modernization of a region's economy. This shows incomplete implementation of the potential of a multicultural region and excessive spending of the assets of the federal and regional budgets. Secondly, the stimulation of regional entrepreneurship does not aim at the result. The provision of stimuli for the process (as state cofinancing of expenditures) does not guarantee the results—which reduces the efficiency of modernization.

Thirdly, assessment of effectiveness with the help of a standard formula cannot be applied to multicultural regions, as it does not take into account the level of implementation of their innovative potential and does not allow determining the justification of the invested state (federal and regional) investments into modernization. Fourthly, low effectiveness in a multicultural region shows the problems of state management—not the deficit of financing. That is why federal financing should be reduced in case of low effectiveness, and stimuli for private investments should be expanded. These drawbacks emphasize the necessity for developing an own algorithm of state management of modernization of a multicultural region's economy.

During assessment of effectiveness of state management of modernization of a multicultural region's economy, it is necessary to use the following criteria:

- Ratio of state (federal and regional) (PI) and private investments (EI).
- Ratio of the share of companies that conduct R&D (II) to the share of innovations-active companies (implementing innovations) (IE).
- Ratio of the share of innovations-active companies (implementing innovations) (IE) to the share of innovative products (IP).

The following scale is presented for the treatment of the results of the evaluation of effectiveness of state management of a multicultural region's economy modernization with the help of the offered criteria (Table 26.1).

Table 26.1 The scale for the treatment of the results of evaluation of effectiveness of state management of modernization of a multicultural region's economy with the help of the offered criteria

| Qualitative treatment of effectiveness | Ratio of results of evaluation |
|---|--|
| $E_{Ipr}/P_{Ipr} > E_{Ire}/P_{Ire}$ $I_{Epr}/I_{Ipr} > I_{Ere}/I_{Ire}$ $I_{Ppr}/I_{Epr} > I_{Pre}/I_{Ere}$ $E_{Ipr}/P_{Ipr} > 1; I_{Epr}/I_{Ipr} > 1;$ $I_{Ppr}/I_{Epr} > 1$ | Effectiveness of state management modernization of a multicultural region's economy is high |
| $E_{Ipr}/P_{Ipr} = E_{Ire}/P_{Ire}$ $I_{Epr}/I_{Ipr} = I_{Ere}/I_{Ire}$ $I_{Ppr}/I_{Epr} = I_{Pre}/I_{Ere}$ | Effectiveness of state management modernization of a multicultural region's economy is low |
| $E_{Ipr}/P_{Ipr} < E_{Ire}/P_{Ire}$ $I_{Epr}/I_{Ipr} < I_{Ere}/I_{Ire}$ $I_{Ppr}/I_{Epr} < I_{Pre}/I_{Ere}$ | Effectiveness of state management of modernization of a multicultural region's economy is critically low |

Source: Developed by the authors

In Table 26.1, index “pr” means that the indicator's value in the given multicultural region is used. Index “re” means that the value of the indicator on average for the regional economy is used.

3 Results

As a result of evaluation of effectiveness of state management of economy's modernization in top-5 multicultural regions of Russia in 2018 with the help of the standard formula (through the ratio of the volume of innovative products to the volume of expenditures for R&D) the following results were obtained (Federal State Statistics Service 2019):

- Effectiveness in Leningrad Oblast = $22,072.5/6863.5 = 3.22$: high
- Effectiveness in Moscow Oblast = $384,329/119,715.9 = 3.21$: high
- Effectiveness in Kaliningrad Oblast = $1244.4/1094 = 1.14$: moderate
- Effectiveness in Krasnodar Krai = $168,606/5422 = 31.10$: very high
- Effectiveness in Sakhalin Oblast = $1397.5/1163.3 = 1.20$: moderate

For comparison, evaluation of effectiveness of state management of economy's modernization in top-5 multicultural regions of Russia in 2018 with the help of the offered criteria is given. The initial statistical data are provided in Table 26.2.

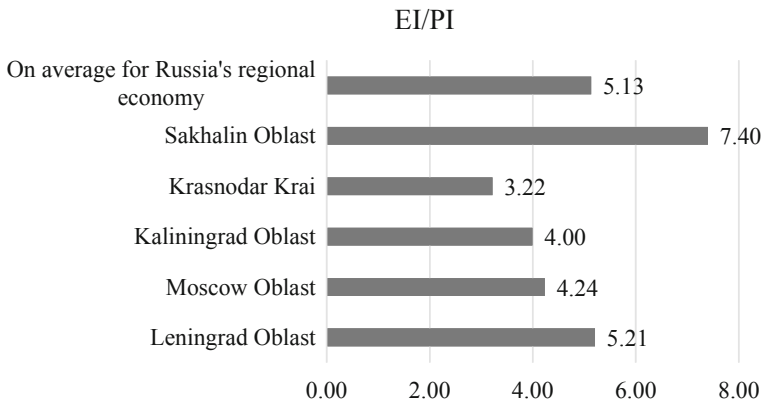
The results of the performed calculations are shown in Figs. 26.1, 26.2, and 26.3.

As shown in Fig. 26.1, on average for Russia's regional economy the ratio of state and private investments into the economy's modernization (E_{Ire}/P_{Ire}) in 2018 constituted 5.13. This value is exceeded in Sakhalin Oblast (7.40) and Leningrad Oblast (5.21); in other regions, the value E_{Ipr}/P_{Ipr} is below the average.

Table 26.2 Statistical data that characterize the effectiveness of state management of modernization of economy in top-5 multicultural regions of Russia in 2018

| Region | EI, RUB million | PI, RUB million | IE, % | II, % | IP, % |
|--|-----------------|-----------------|-------|-------|-------|
| Leningrad Oblast | 284,076.17 | 54,512.83 | 8.30 | 0.03 | 2.42 |
| Moscow Oblast | 548,722.86 | 129,550.14 | 7.60 | 0.10 | 10.78 |
| Kaliningrad Oblast | 95,112.00 | 23,778.00 | 3.50 | 0.02 | 0.32 |
| Krasnodar Krai | 369,372.12 | 114,732.89 | 10.70 | 0.07 | 8.36 |
| Sakhalin Oblast | 263,830.43 | 35,636.57 | 3.90 | 0.09 | 0.18 |
| On average for Russia's regional economy | 13,364,214.95 | 2,602,589.05 | 7.50 | 0.09 | 6.02 |

Source: Compiled by the authors based on the Federal State Statistics Service (2019)

**Fig. 26.1** Ratio of state (PI) and private investments (EI) in top-5 multicultural regions and on average for Russia's regional economy in 2018. Source: Calculated and built by the authors

As shown in Fig. 26.2, on average for Russia's regional economy the ratio of the share of companies that conduct R&D and the share of innovations-active companies (IE_{re}/II_{re}) in 2018 constitute 86.75. This value is exceeded in Krasnodar Krai (151.21), Kaliningrad Oblast (154.67), and Leningrad Oblast (249.17). In Sakhalin and Moscow Oblasts, the value IE_{pr}/II_{pr} is below the average level.

As shown in Fig. 26.3, on average for Russia's regional economy the ratio of the share of innovations-active companies to the share of innovative products (IP_{re}/IE_{re}) in 2018 constituted 0.80. This value was exceeded only in Moscow Oblast, and in other regions the value IP_{pr}/IE_{pr} is below the average level.

Therefore, in all top-5 multicultural regions of Russia were peculiar for low effectiveness of state management of the economy's modernization in 2018. For solving this problem it is offered to use the improved algorithm of management (Fig. 26.4).

As shown in Fig. 26.4, the first stage of the offered algorithm is social marketing. It aims at attracting the attention and interest of the residents and companies of a

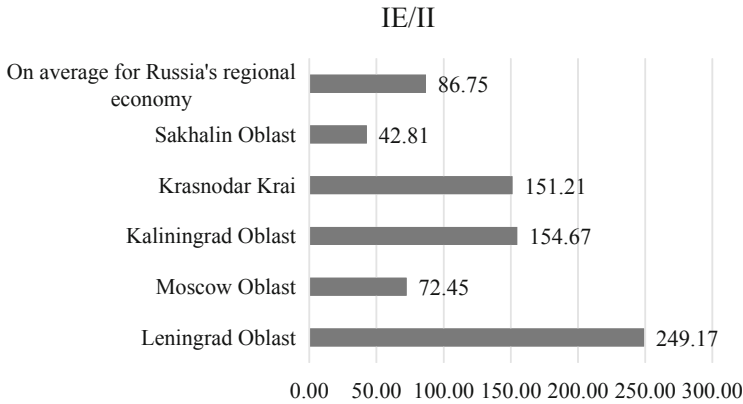


Fig. 26.2 The ratio of the share of companies that conduct R&D (II) to the share of innovations-active companies (IE) in top-5 multicultural regions and on average for Russia's regional economy in 2018. Source: Calculated and built by the authors

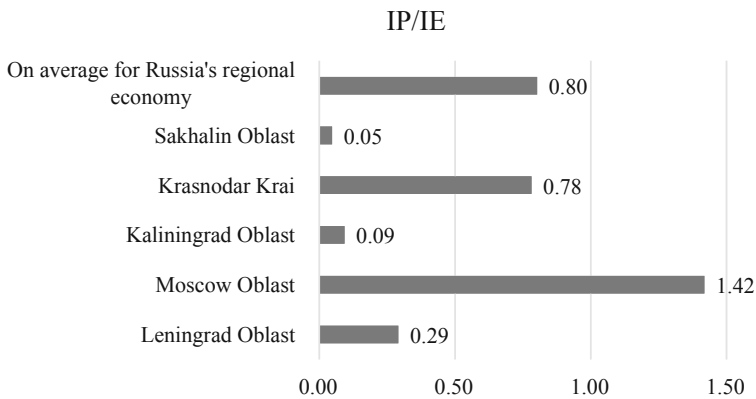


Fig. 26.3 Ratio of the share of innovations-active companies (IE) to the share of innovative products (IP) in top-5 multicultural regions and on average for Russia's regional economy in 2018. Source: Calculated and built by the authors

multicultural region to the future modernization of its economy. The result of this state should be further simplified sales of innovative products in the region. The second stage is developing the strategy of modernization. The third stage is attracting private investments. The fourth stage is applying for federal financing for the measures that are not covered by private investments. After the allocation of federal financing, the deficit of investments is determined and covered by regional financing.

The fifth stage is stimulating the modernization of entrepreneurship—stimuli (subsidies and tax subsidies) are provided for the result—manufactured and sold

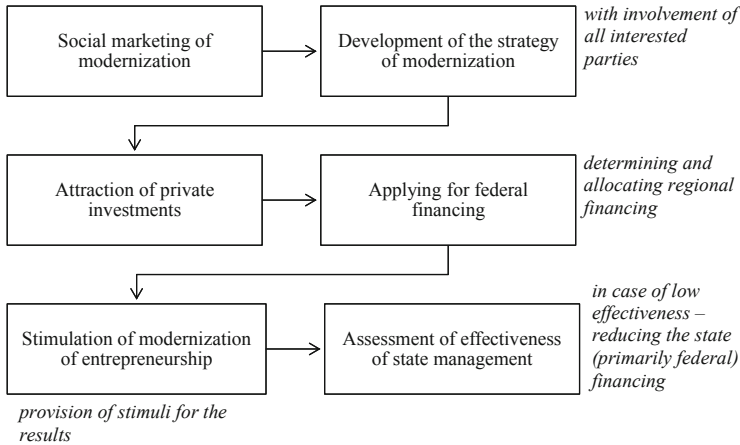


Fig. 26.4 The algorithm of state management of the economy's modernization of a multicultural region. Source: Developed and compiled by the authors

innovative products. The sixth stage envisages assessment of effectiveness of state management of modernization of a multicultural region's economy with the help of the offered authors' recommendations (estimate criteria and the scale for treating the results of evaluation). In case of low effectiveness, reduction of state (primarily federal) financing and attraction of additional private investments into the region's economy modernization take place.

4 Conclusion

Thus, it is determined that the algorithm of state management of the economy's modernization, which is used in modern Russia, cannot be applied to multicultural regions, as it does not ensure high effectiveness. It is also determined that the standard Russian formula for assessing the effectiveness of state management of economy modernization does not take into account the specifics of multicultural regions. This problem could be solved by the offered improved algorithm of state management of the economy's modernization of a multicultural region and the recommended criteria and the scale for treating the results of evaluation of effectiveness.

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Chapter 27

The Risk Model of State Management of Socioeconomic Development of a Multicultural Region



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and Dmitriy S. Lobaryov

Abstract The purpose of the research is to analyze the susceptibility of Russia's multicultural regions to the risks of socioeconomic development and to develop a risk model of state management of this development. It is determined that most negative changes of the values of the indicators of socioeconomic development in top-5 multicultural regions of Russia in 2011–2018 took place at the same time. It is substantiated that multicultural region is susceptible to increased risk of emergence of social and economic crises. That is why the model of state management of the risks of multicultural region's socioeconomic development should be proactive.

1 Introduction

A region's socioeconomic system develops in a cyclic manner, and at the downward wave of the development cycle two risks could arise, which are “market gaps” and which require state management. First risk: economic crisis. It is manifested in quick reduction of business activity in the economy and decrease of the volume of investments into region's economy. Its consequences are connected to reduction of jobs in the region. Second risk: social crisis. It is accompanied by reduction of population's incomes and increase of unemployment. Its consequence is increase of social tension in the region.

The above risks are interconnected and could be caused by the same reasons (e.g., reduction of GRP per capita) and implemented at the same time—which leads to a

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negative synergetic effect, connected to critical aggravation of the region's socio-economic position as compared to other regions and its further stagnation. Multicultural regions are more susceptible to these risks. Firstly, in a multicultural region the economic and social crises lead not only to reduction of the rate of economic growth, reduction of living standards (like in a monocultural region) but also lead to the outflow of population and capital. This could lead to loss of multiculturalism and opportunities for future growth and development.

Secondly, probability of implementing the above risks in a multicultural region is higher. Susceptibility of the business and social environments of a multicultural region to constant changes raises the frequency and amplitude of its cyclic fluctuations. The large share of socially unprotected categories (migrants) in the structure of population increases the probability of mass manifestation of dissatisfactions (strikes, social protests, etc.) that cause the growth of the number of violations of law in a multicultural region. Based on the above, the problem of state management of the risks of multicultural region's socioeconomic development is very important in the modern economic science and practice.

This research is to analyze the susceptibility of Russia's multicultural regions to the risks of socioeconomic development and to develop the risk model of state management of this development.

2 Materials and Method

The social and economic crises of regional economic systems and the accumulated experience of state management are studied in the works Bezrukova et al. (2017), Dias et al. (2019), Grillet et al. (2019), Petrenko et al. (2018), Popkova et al. (2016, 2017), Qerimi and Sergi (2017), Sergi et al. (2018), Simonova et al. (2017), Tsiapa (2019), and Vanchukhina et al. (2019). However, the specific features of multicultural regions are not taken into account, which is gap in the existing knowledge. The scientific and methodological basis of this research has been formed by the Theory of economic cycles, the Theory of regional economics, the Theory of state management of economy, and the Theory of risk management.

This research is conducted by the example of top-5 multicultural regions of Russia that are distinguished according to the criterion of the coefficient of migration growth per 10,000 people. The dynamics of the values of indicators of socioeconomic development of multicultural regions in 2011–2018 are analyzed, and the manifestations of risks are determined. Also, the connection between the indicators of socioeconomic development of multicultural regions in 2018 with the value of the coefficient of migration growth per 10,000 people is determined by calculating the coefficients of autocorrelation for determination of the influence of risks of this development on the level of the region's multiculturalism. Based on the determined manifestations of risks of socioeconomic development of a multicultural region, a perspective model of their state management is developed.

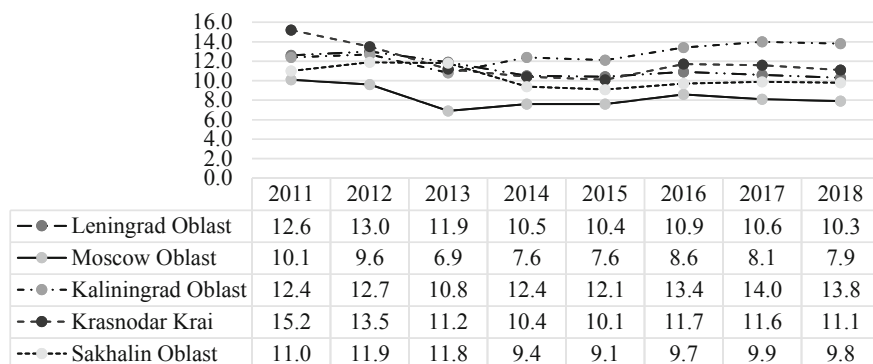


Fig. 27.1 Dynamics of the share of population with incomes below the subsistence level in top-5 multicultural regions of Russia in 2011–2018, %. Source: Built by the authors based on the Federal State Statistics Service (2019)

3 Results

The dynamics of values of the indicators of socioeconomic development of top-5 multicultural regions of Russia in 2011–2018 are shown in Figs. 27.1, 27.2, 27.3, and 27.4.

According to Fig. 27.1, the share of population with income below the subsistence level in top-5 multicultural regions of Russia in 2011–2018 is peculiar for moderate fluctuations. A slight increase in the value of this indicator, which, when combined with other negative manifestations in the regional economy, could be a sign of social crisis, is observed in the following regions:

- In Leningrad Oblast in 2012 (increase up to 13.0% as compared to 12.6% in 2011) and in 2016 (increase up to 10.9% as compared to 10.4% in 2015).
- In Moscow Oblast in 2016 (increase up to 8.6% as compared to 7.6% in 2015).
- In Kaliningrad Oblast in 2012 (increase up to 12.7% as compared to 12.4% in 2011), in 2014 (increase up to 12.4% as compared to 10.8% in 2013), in 2016 (increase up to 13.4% as compared to 12.1% in 2015) and in 2017 (increase up to 14.0% as compared to 13.4% in 2016).
- In Krasnodar Krai in 2016 (increase up to 11.7% as compared to 10.1% in 2015).
- In Sakhalin Oblast in 2012 (increase up to 11.9% as compared to 11.0% in 2011), in 2016 (increase up to 9.7% as compared to 9.1% in 2015) and in 2017 (increase up to 9.9% as compared to 9.7% in 2016).

According to Fig. 27.2, the volume of investments into fixed capital in the current prices per capita in top-5 multicultural regions of Russia in 2011–2018 is peculiar for moderate fluctuations. A slight reduction of the value of this indicator, which, when combined with other negative manifestations in the regional economy, could be a sign of economic crisis, is observed in the following regions:

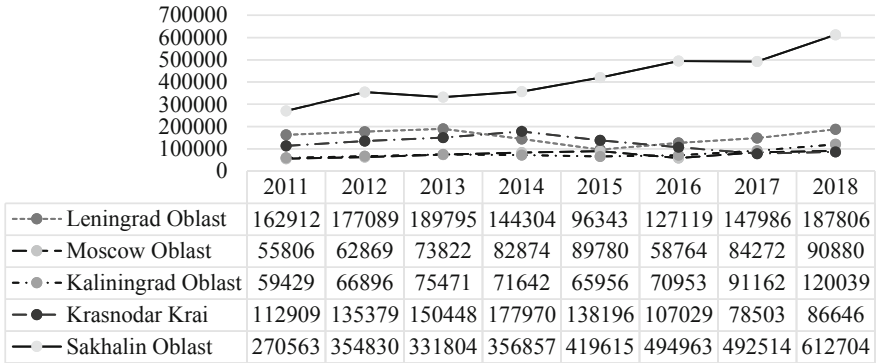


Fig. 27.2 Dynamics of investments into fixed capital in the current prices per capita in top-5 multicultural regions of Russia in 2011–2018, RUB. Source: Built by the authors based on the Federal State Statistics Service (2019)

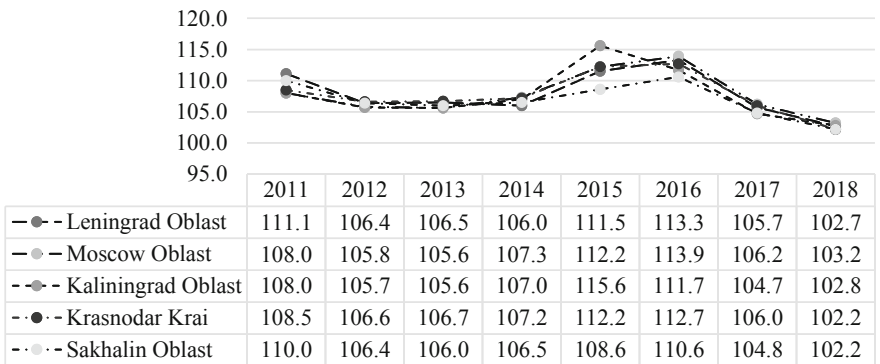


Fig. 27.3 Dynamics of the index of consumer prices in top-5 multicultural regions of Russia in 2011–2018, shares of 1. Source: Built by the authors based on the Federal State Statistics Service (2019)

- In Leningrad Oblast in 2014 (decrease to RUB 144,304 as compared to RUB 189,795 in 2013) and in 2015 (decrease to RUB 96,343 as compared to RUB 144,304 in 2014).
- In Moscow Oblast in 2016 (decrease to RUB 58,764 as compared to RUB 89,780 in 2015).
- In Kaliningrad Oblast in 2014 (decrease to RUB 71,642 as compared to RUB 175,471 in 2013) and in 2015 (decrease to RUB 65,956 as compared to RUB 71,642 in 2014).
- In Krasnodar Krai in 2015 (decrease to RUB 138,196 as compared to RUB 177,970 in 2014), in 2016 (decrease to 107,029 as compared to RUB 138,196 in 2015), and in 2017 (decrease to RUB 78,503 as compared to RUB 107,029 in 2016).

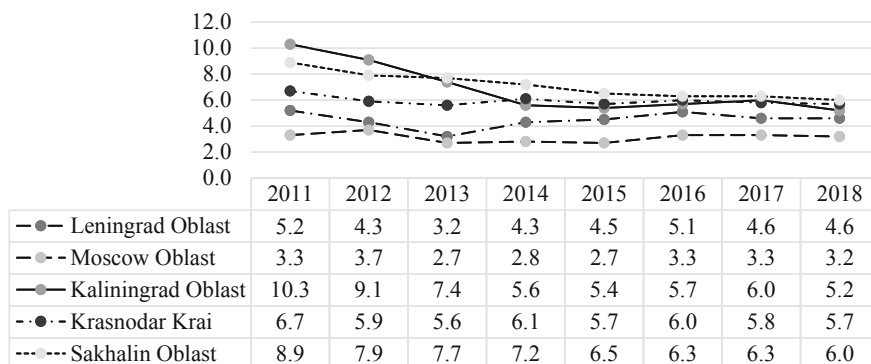


Fig. 27.4 Dynamics of unemployment level in top-5 multicultural regions of Russia in 2011–2018, %. Source: Built by the authors based on the Federal State Statistics Service (2019)

- In Sakhalin Oblast in 2013 (decrease to RUB 331,804 as compared to RUB 354,830 in 2012) and in 2017 (decrease to RUB 492,514 as compared to RUB 494,963 in 2016).

According to Fig. 27.3, the index of consumer prices in top-5 multicultural regions of Russia in 2011–2018 is peculiar for moderate fluctuations, which almost coincide in all studied regions and are probably caused by external (e.g., macroeconomic) factors. A slight increase of the value of this indicator, which, when combined with other negative manifestations in the regional economy, could be a sign of a social crisis, is observed in the following regions:

- In Leningrad Oblast in 2015 (increase up to 111.5 as compared to 106.0 in 2014) and in 2016 (increase up to 113.3 as compared to 111.5 in 2015).
- In Moscow Oblast in 2014 (increase up to 107.3 as compared to 105.6 in 2013), 2015 (increase up to 112.2 as compared to 107.3 in 2014), and in 2016 (increase up to 113.9 as compared to 112.2 in 2015).
- In Kaliningrad Oblast in 2014 (increase up to 107.0 as compared to 105.6 in 2013) and in 2015 (increase up to 115.6 as compared to 107.0 in 2014).
- In Krasnodar Krai in 2013 (increase up to 106.7 as compared to 106.6 in 2012), in 2014 (increase up to 107.2 as compared to 106.7 in 2013), in 2015 (increase up to 112.2 as compared to 107.2 in 2014), and in 2016 (increase up to 112.7 as compared to 112.2 in 2015).
- In Sakhalin Oblast in 2014 (increase up to 106.5 as compared to 106.0 in 2014), in 2015 (increase up to 108.6 as compared to 106.5 in 2014) and in 2016 (increase up to 110.6 as compared to 108.6 in 2015).

According to Fig. 27.4, the level of unemployment in top-5 multicultural regions of Russia in 2011–2018 is peculiar for moderate fluctuations. A slight increase of the value of this indicator, which, when combined with other negative manifestations in the regional economy, could be a sign of an economic and social crisis, is observed in the following regions:

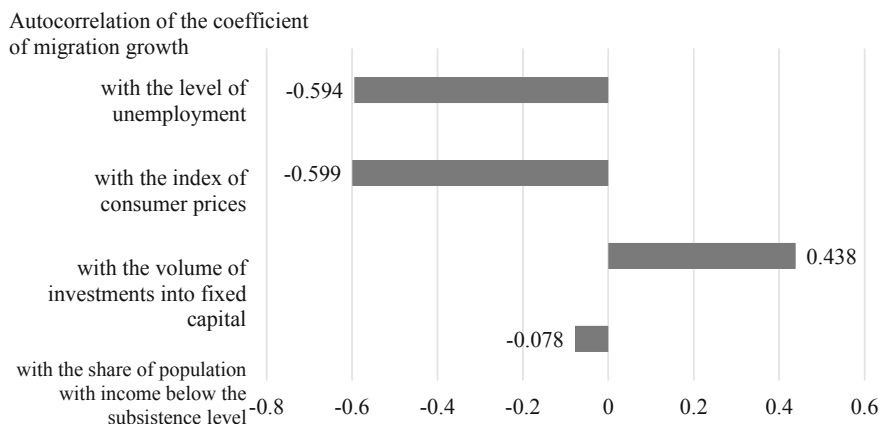


Fig. 27.5 Coefficients of autocorrelation of the indicators of socioeconomic development of multicultural regions in 2018 with the coefficients of migration growth per 10,000 people. Source: Built by the authors based on the Federal State Statistics Service (2019)

- In Leningrad Oblast in 2014 (increase up to 4.3% as compared to 3.2% in 2013), in 2015 (increase up to 4.5% as compared to 4.3% in 2015), and in 2016 (increase up to 5.1% as compared to 4.5% in 2015).
- In Moscow Oblast in 2012 (increase up to 3.7% as compared to 3.3% in 2011), in 2014 (increase up to 2.8% as compared to 2.7% in 2013), and in 2016 (increase up to 3.3% as compared to 2.7% in 2015).
- In Kaliningrad Oblast in 2016 (increase up to 5.7% as compared to 5.4% in 2015) and in 2017 (increase up to 6.0% as compared to 5.7% in 2016).
- In Krasnodar Krai in 2014 (increase up to 6.1% as compared to 5.6% in 2013) and in 2016 (increase up to 6.0% as compared to 5.7% in 2015).

As is seen, most of the negative changes of the studied indicators of socioeconomic development in top-5 multicultural regions of Russia in 2011–2018 took place at the same time—cyclic fluctuations of the value of the indicators within each region (separately) coincide. This shows a systemic influence of the negative tendencies on the economic systems of the studied multicultural regions and shows high probability of their social and economic crises. Coefficients of autocorrelation of the indicators of socioeconomic development of multicultural regions in 2018 with the coefficients of migration growth per 10,000 people are shown in Fig. 27.5.

According to Fig. 27.5, migration growth per 10,000 people reduces in case of growth of the unemployment level (correlation—59.4%), increase of the index of consumer prices (correlation—59.9%), increase of the share of population with income below the subsistence level (correlation—7.8%), and reduction of the volume of investments into fixed capital (correlation—43.8%). For preventing the reduction of the level of a region's multiculturalism (as a result of outward migration flows in the conditions of a social and economic crisis) and the capital outflow a risk model of state management socioeconomic development of a multicultural region is offered (Fig. 27.6).

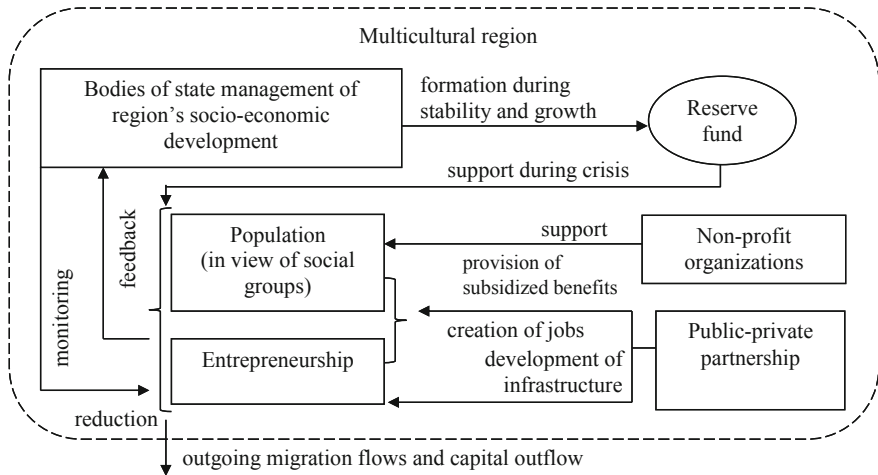


Fig. 27.6 The risk model of state management socioeconomic development of a multicultural region. Source: Developed and compiled by the authors

According to Fig. 27.6, the offered model is based on high flexibility of the bodies of state management of region’s socioeconomic development. They perform regular monitoring of the region’s socioeconomic development (based on analysis of the indicators that are studied in this research) and collect feedback from the population and entrepreneurship on the negative manifestations in the social (reduction of living standards) and business environments (aggravation of business climate).

During stability and growth (the upward phase of the cycle of development of the region’s economic system), a reserve fund is formed on the basis of the regional state budget. During a crisis (the downward phase of the cycle of development of the region’s economic system), the reserve fund is used for supporting the population with income below the subsistence level and the companies that suffer losses, show the signs of insolvency and are likely to end bankrupts.

In addition to this, the state stimulates the development of nonprofit organizations and realizes the projects of public–private partnership, which agreements envisage the measures of support for certain social groups of population, provision of subsidized benefits, creation of additional jobs, and development of the infrastructure. As a result, the negative manifestations of social and economic crises in the economic system of a multicultural region decrease, which allows reducing or preventing the outflow of population and capital.

4 Conclusion

As a result of the research, it is determined that a multicultural region is susceptible to increased risk of emergence of social and economic crises, which is shown by the increase of the share of population with income that is below the subsistence level,

increase of the index of consumer prices and unemployment (signs of differentiation of society and increase of intercultural conflicts), and reduction of the volume of investments into the fixed capital (the sign of the investments' outflow).

That is why the model of state management of the risks of multicultural region's socioeconomic development should be proactive, i.e., envisage not only situational but also preventive measures, which should include formation of the reserve fund and stimulation of development of nonprofit organizations and public-private partnerships that provide support for population and entrepreneurship in a multicultural region.

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Chapter 28

State Management of Migration in a Multicultural Region: Current Problems and Their Solutions



Elena V. Kletskova, Olga V. Titova, and Viktoria V. Vorobyeva

Abstract The research shows that despite the tendency of significant increase of migration growth of population in multicultural regions of Russia, the incoming migration flows do not stimulate the achievement of strategic priorities of social policy in the regions. This shows either insufficiency or low effectiveness of state management of migration. The current problems of state management of migration in multicultural regions of modern Russia include forced urbanization, increase of load on able-bodied population shadowization of the labor market, and growth of unemployment. The methods of solving these problems are connected to increase of government's attention to the interests and needs of migrants and provision of mutual profit of migration—for migrants and for the hosting multicultural region.

1 Introduction

Increased migration flows are the most important specific feature of a multicultural region that determines the tendencies of its socioeconomic development. At the same time, the influence of migration on the economic system of a multicultural region is contradictory and is determined by qualitative and quantitative characteristics of migration. On the one hand, migration could help in case of the deficit of personnel in a region.

The inflow of skilled migrants could stimulate the growth of business activity due to improvement of the infrastructural provision of entrepreneurship. Migrants with developed culture and positive features (e.g., responsible production and consumption) could translate these features in the region, and then the diffusion of cultures leads to institutionalization of the positive features in the economic system of a multicultural region.

On the other hand, if the inflow of migrants into the region is too large, the tension in the labor market grows and the problem of unemployment aggravates. Low level of

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migrants' skills and their low requirements to the labor conditions and wages could lead to reduction of the power of sellers in the multicultural region's labor market. This will lead to reduction of the general level of wages and population's living standards. Negative features of the migrants' culture (e.g., irresponsible production and consumption) could also be distributed and institutionalized in the region.

Thus, determining the number of migrants that are necessary for accelerating the socioeconomic development and their quality (qualification level and cultural characteristics) is a complex optimization task that could be solved with the help of state management. The purpose of this chapter is to determine the current problems of state management in a multicultural region (by the example of top-5 multicultural regions of Russia) and to offer their perspective solutions.

2 Materials and Method

Advantages and drawbacks of migration for hosting region's economy and various issues of state management of migration at the region's level are discussed in the works of the modern researchers and experts: Bezrukova et al. (2017), Dibeh et al. (2019), Frolov et al. (2017), Hendrickson et al. (2019), Mitze (2019), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019). Despite the large number of the existing publications, they require further systematization.

In this chapter, the current problems of migration and perspectives of their state management are studied through an overview of statistical data on the dynamics of the number of migrants, their structure, and consequences for the economy of top-5 multicultural regions of Russia. For determining the tendencies of migration in multicultural regions, the data in their dynamics in 2010 and 2018 are studied. Based on the determined tendencies, the consequences of migration for socioeconomic systems of top-5 multicultural regions of Russia in 2018 are determined, the current problems of managing the migration in multicultural regions are determined, and recommendations for solving them are developed.

3 Results

For determining the tendencies that characterize migration in top-5 multicultural regions of Russia (as of 2018), we analyze the dynamics of coefficients of migration growth per 10,000 people in these regions in 2010 and 2018 (Fig. 28.1).

As is shown in Fig. 28.1, the coefficient of migration growth per 10,000 people Leningrad Oblast grew by 2.5 times in 2018, constituting 171 as compared to 2010, when it equaled 64. Moscow Oblast had the highest level of multiculturalism in 2010—the coefficient of migration growth per 10,000 people constituted 108, and it reached 111 in 2018. In Kaliningrad Oblast, the coefficient of migration growth per 10,000 people in 2010 constituted 35 and it grew by 3 times by 2018.

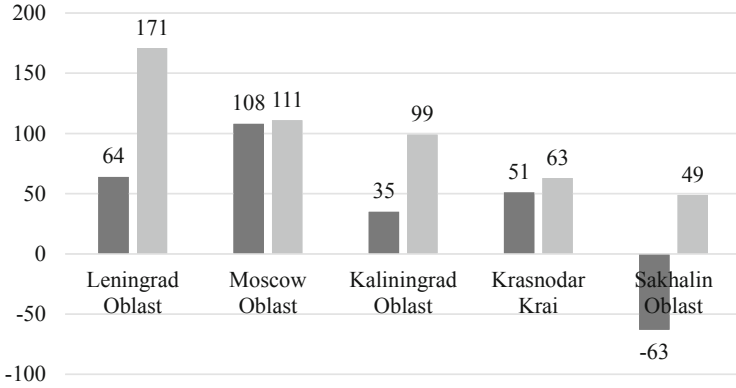


Fig. 28.1 Dynamics of the coefficients of migration growth per 10,000 people in top-5 multicultural regions of Russia in 2010 and 2018, people. Source: Compiled based on the Federal State Statistics Service (2019)

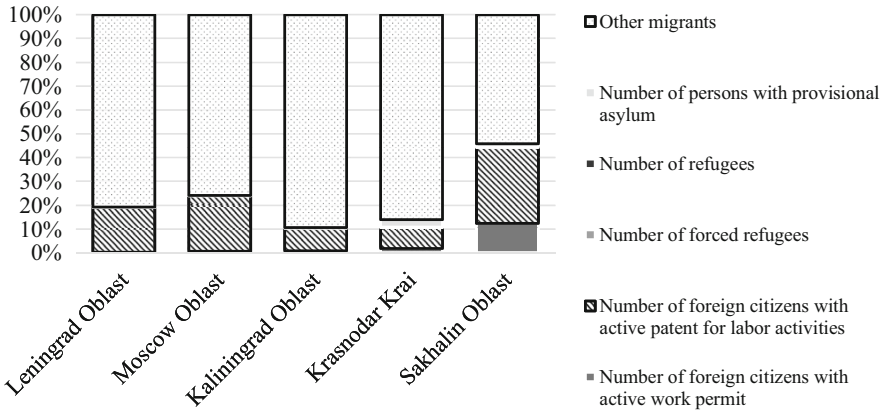


Fig. 28.2 The structure of migrants in top-5 multicultural regions of Russia in 2018, people. Source: Compiled based on the Federal State Statistics Service (2019)

In Krasnodar Krai, the coefficient of migration growth per 10,000 people grew slightly: from 51 in 2010 to 63 in 2018. Sakhalin Oblast was a monocultural region in 2010—the outflow of population constituted 63 people per 10,000 people. In 2018, it became the fifth Russian region as to the level of multiculturalism—the coefficient of migration growth per 10,000 people constituted 49. Therefore, over the recent 8 years there formed a tendency of increase of the incoming migration flows into Russia’s regions. For the qualitative treatment of migration, the structure of migrants in top-5 multicultural regions of Russia in 2018 is analyzed.

As is seen in Fig. 28.2, migrants from other regions of Russia dominate in the structure of migrants in all top-5 multicultural regions of Russia in 2018. Also, the

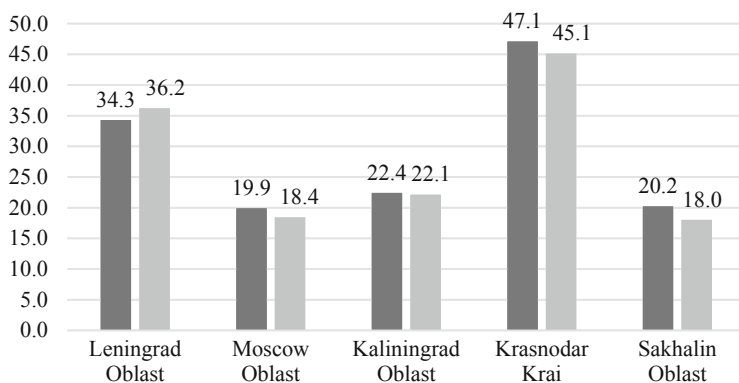


Fig. 28.3 Dynamics of the share of rural population in top-5 multicultural regions of Russia in 2010 and 2018, %. Source: Compiled based on the Federal State Statistics Service (2019)

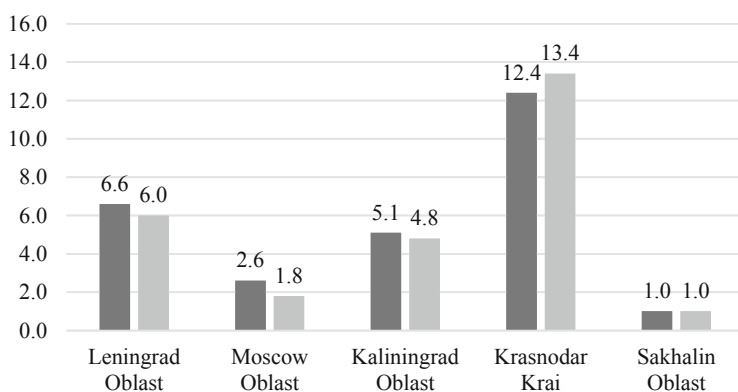


Fig. 28.4 Dynamics of the share of agriculture in the structure of GRP in top-5 multicultural regions of Russia in 2010 and 2018, %. Source: Compiled based on the Federal State Statistics Service (2019)

share of foreign citizens who have a patent for labor activities is rather high. As a result of studying the dynamics of the value of the indicators that are accessible in the statistical reports of the Federal State Statistics Service on the topic of migration, three current problems of migration were determined.

First problem: forced urbanization that hinders the development of agriculture and provision of food security (at the regional and national levels) (Figs. 28.3 and 28.4).

As is seen in Fig. 28.3, only Leningrad Oblast is peculiar for growth of the share of rural population in 2018 as compared to 2010. Other studied regions are peculiar for reduction of the share of rural population, which is a sign of urbanization.

As is seen in Fig. 28.4, the share of agriculture in the structure of GRP grew only in Krasnodar Krai and reduced in all other studied regions in 2018 as compared to 2010. This shows that migrants prefer relocating to urban territories. The task of state

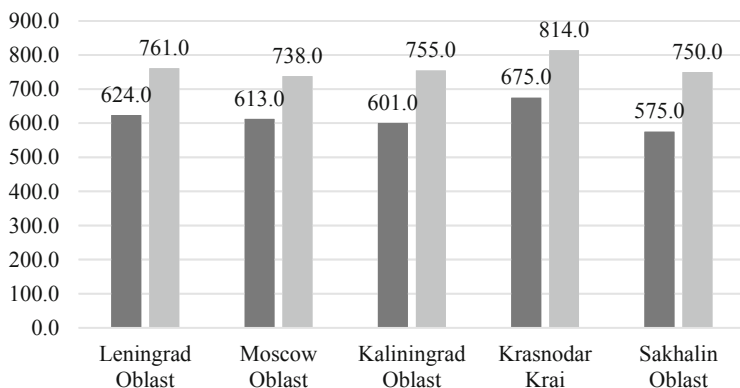


Fig. 28.5 Dynamics of the number of people of unemployable age per 1000 people of able-bodied population in top-5 multicultural regions of Russia in 2010 and 2018, people. Source: Compiled based on the Federal State Statistics Service (2019)

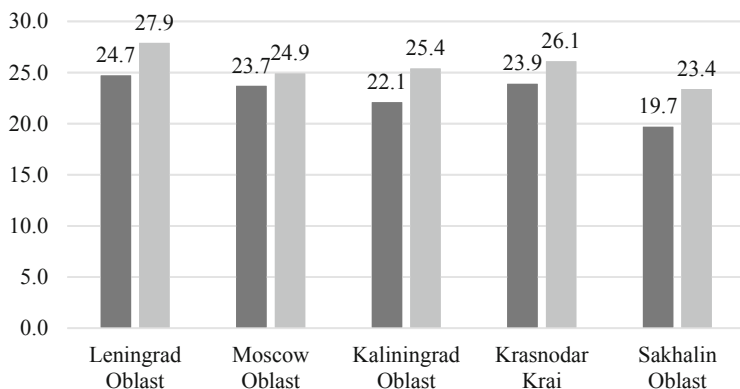


Fig. 28.6 Dynamics of the share of population above the employable age in top-5 multicultural regions of Russia in 2010 and 2018, %. Source: Compiled based on the Federal State Statistics Service (2019)

management of migration in multicultural regions is to stimulate the inflow of migrants to rural territories for development of agriculture for ensuring food security.

Second problem: increase of load on able-bodied population. Either the inflow of the migrants of employable age is insufficient for overcoming the tendency of aging of Russian population or the inflow of migrants above the employable age takes place. In any case, multicultural regions and other regions of Russia are peculiar for the tendency of increase of the load on able-bodied population (Figs. 28.5 and 28.6).

As is seen in Fig. 28.5, in all top-5 multicultural regions of Russia the number of people of unemployable age per 1000 people of able-bodied population grew by 24% on average in 2018, as compared to 2010.

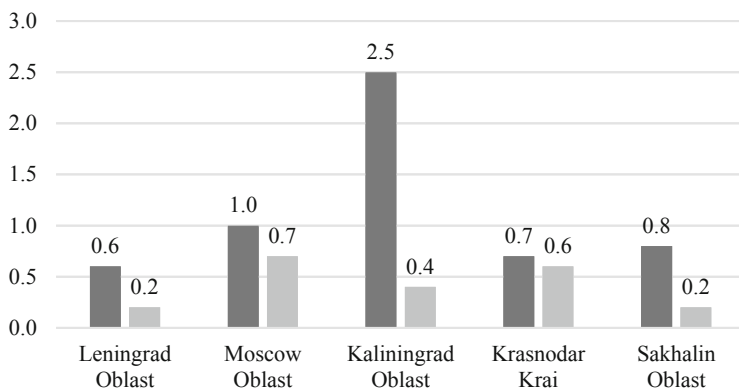


Fig. 28.7 Dynamics of the number of the registered unemployed per one vacant job in top-5 multicultural regions of Russia in 2010 and 2018, people. Source: Compiled based on the Federal State Statistics Service (2019)

As is seen in Fig. 28.6, the share of population above the employable age grew by 12% on average in all top-5 multicultural regions of Russia in 2018, as compared to 2010. Therefore, a task of state management of migration in multicultural regions is to attract the migrants of employable age and to stimulate the growth of birth rate among the migrants.

Third tendency: shadowization of the labor market and growth of unemployment. In most cases, migrants do not apply for the employment service, preferring using personal connections or striving to obtain a better job and higher wages than the employment service would provide (Figs. 28.7 and 28.8). Migration distorts the data of statistical accounting and increases unemployment in Russia's regions.

As is shown in Fig. 28.7, in all top-5 multicultural regions of Russia the number of registered unemployed per one vacant job reduced in 2018 as compared to 2010, which shows a deficit of personnel in the regional economy.

As is seen in Fig. 28.8, the number of the factual unemployed per one vacant job in Leningrad, Moscow, and Kaliningrad Oblasts and Krasnodar Krai exceeds one by two times, which shows a large excess of offer over demand in the labor market. In Sakhalin Oblast, the number of the factual unemployed per one vacancy in 2018 grew as compared to 2010. Therefore, a task of state management of migration in multicultural regions is to stimulate the employment of migrants and to organize the target attraction of migrants to the vacant jobs that are ready for them.

As shown in Table 28.1, the issue of forced urbanization is solved in modern Russia in the conservative way—by stimulating the migrant's relocation to rural territories. This envisages the offer of rural territories to migrants as the recommended directions of relocation and creation of favorable conditions for their adaptation and assimilation. However, the issue of employment of migrants remains open and is subject to market self-management. A progressive (new) path of solving this problem is provision of self-employment (creation of companies) of

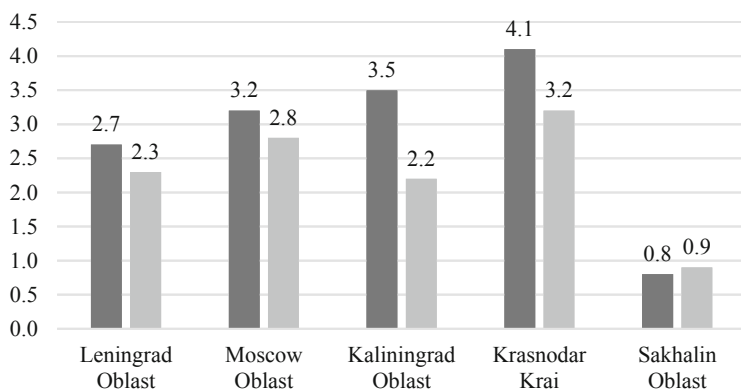


Fig. 28.8 Dynamics of the number of the factual unemployed per one vacant job in top-5 multicultural regions of Russia in 2010 and 2018, people. Source: Compiled based on the Federal State Statistics Service (2019)

Table 28.1 The current problems of state management of migration in multicultural regions of Russia and ways of solving them

| Current problems | Way of solving | |
|--|---|--|
| | Conservative | Progressive (recommended) |
| Forced urbanization | Stimulation of relocation of migrants to rural territories | Provision of self-employment of migrants in the sphere of agriculture on rural territories |
| Increase of load on able-bodied population | Creation of barriers on the path of attraction of migrants above the employable age into the region | Implementing the programs of keeping the foreign students who graduate from the region’s universities |
| Shadowization of labor market and growth of unemployment | Social marketing of de-shadowization of labor market | Modernization of the employment service that is aimed at increase of its flexibility and effectiveness |

Source: Developed by the authors

migrants in the sphere of agriculture in rural territories, which will allow increasing their attractiveness for migrants who need jobs.

The problem of increase of the load on able-bodied population is solved in Russia in the conservative way—by creating barriers on the path of attracting migrants above the employable age into the region. As a rule, this is national requirements to having a certain work experience for retirement plan, which the migrants below the retirement age do not have and thus cannot apply for a pension. In a lot of cases, migration takes place in families, and these barriers restrain migration on the whole, instead of ensuring its selectiveness. A progressive (new) path of solving this problem is implementing the programs of keeping the foreign students that graduated from the region’s universities. This will allow keeping the specialists who do not require adaptation.

The problem of shadowization of the labor market and growth of unemployment is solved in Russia in the conservative way—through social marketing of de-shadowization of the labor market. The absence of strategic plans with a lot of migrants reduces the effectiveness of social marketing. A progressive (new) path of solving this problem is modernization of the employment service, aimed at increasing its flexibility and effectiveness. The employment service has to be not an intermediary that complicates the process of employment (as is the case in Russia) but a guide that provides the opportunity of optimal employment and protection of labor rights, career building, and maximization of income. This guide should provide advantages for employers and migrants in the labor market.

4 Conclusion

Thus, the results of the research showed that despite the tendency of significant increase of migration and growth of population in multicultural regions of Russia, the incoming migration flows do not stimulate the achievement of strategic priorities of social policy in the regions. This shows insufficiency or low effectiveness of state management of migration.

In a multicultural region, management of migration is one of the key functions of the state, which is to perform three tasks: stimulating the inflow of migrants to rural territories for development of agriculture for ensuring food security; attracting migrants of the employable age and stimulating the growth of birth rate among migrants; stimulating the employment of migrants and organization of target attraction of migrants for jobs that are ready for them.

The current problems of state management of migration in multicultural regions of modern Russia include forced urbanization, increase of load on able-bodied population shadowization of the labor market, and growth of unemployment. The methods of solving the determined problems are connected to increase of government's attention to the interests and needs of migrants and provision of mutual profit from migration—for migrants and the hosting multicultural region. A complex of authors' recommendations is offered for this.

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Chapter 29

Social Justice in a Multicultural Region: Qualitative Treatment, Economic Measuring, and State Management



Ekaterina N. Pop, Irina V. Chernyaeva, and Irina M. Savchenko

Abstract The purpose of the chapter is scientific determination of a new and practice-oriented qualitative treatment of social justice in a multicultural region, economic measuring of social justice in multicultural regions of modern Russia, and development of recommendations for state management of provision of social justice in a multicultural region according to the offered new treatment. It is determined that the existing treatment of social justice as the equality of incomes cannot be applied to multicultural regions, as it undermines stimuli for labor, reduces effectiveness of the region's economy, and slows down its growth and development, leading to cultural discrimination (redistribution of GRP in favor of indigenous residents or migrants).

1 Introduction

Multicultural region is an economic system in which discrimination in any form causes a vivid public resonance. That is why one of the key tasks of state management of the economy in a multicultural region is provision of social justice. However, a problem of scientific treatment of social justice as an economic category and a method of supporting social stability in a multicultural region arise.

The classical treatment of social justice as general equality causes high complexity and even impossibility of its practical implementation, being contradictory and inapplicable for a multicultural region. According to a classical treatment, migrants arriving in the region have an equal value for the region's economy together with its indigenous residents. That is why state support for the initial adaptation and further residence is necessary for avoiding their outflow.

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At the same time, this support is financed by means of taxes from economic activities of the region's indigenous residents. In addition to this, state paternalism undermines the motivation and eliminates the stimuli for manifestation of economic activity (e.g., employment and creation of companies) by migrants and leads to their systemic dependence on external support.

Thus, redistribution of regional income in favor of migrants takes place, which contradicts the initial idea of provision of social justice. That is why artificial leveling of incomes (regardless of their contribution into public reproduction) by state interferences into natural market processes is inexpedient in a multicultural region, as it leads to discrimination of the representatives of the region's indigenous residents.

Thus, the scientific determination of a new and practice-oriented qualitative treatment of social justice in a multicultural region is very important. This is the purpose of this research—together with economic measuring of social justice in multicultural regions of modern Russia and development of recommendations for state management of provision of social justice in a multicultural region according to the offered new treatment.

2 Materials and Method

The topic of social justice as a source of effectiveness of economic activities and the condition of supporting the stability of the modern regional socioeconomic systems is discussed in the works Bezrukova et al. (2017), David (2017), Farbotko (2018), Frolov et al. (2017), Parker (2017), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), Vanchukhina et al. (2019), and Voigt (2018). As a result of the performed content analysis of the publications, it is determined that considering a region as a universal socioeconomic system without the specifics of multicultural regions is a large drawback of the above works.

The authors offer a qualitative treatment of social justice in a multicultural region as the equality of opportunities:

- During labor activities: equal conditions for employment (criteria and order of selection of job applicants), career building, redundancy dismissal and expulsions, and wages (absence of discrimination as to the cultural character)
- During buy and sell of goods and services (including government ones): equal conditions (quality, order of consultation, payment, delivery, service, and cost) for all buyers, i.e., absence of cultural discrimination by sellers as to quality and price
- During receipt of state support: equal conditions (accessibility and order of receipt) of state support in case of necessity—in case of unemployment and during critical reduction of incomes (below the subsistence level)—i.e., absence of cultural discrimination during provision of state support

It should be noted that as the research is performed within the economic theory, the emphasis is made on social justice in the process of economic activities—so interpersonal and intercultural interactions that belong to noneconomic social science are not taken into account. In other words, the aspect of social justice that is connected to equality of cultures goes beyond this research and is recommended for studying within other social sciences.

The criterion of social justice should be economic effectiveness in the interests of a region (rationality), and the mechanism of its achievement should be competition between representatives of different cultures. According to this, it is necessary to differentiate the categories of interested parties in the process of provision of social justice (representatives of different cultures in a multicultural region) and to distinguish the following:

- Indigenous population, which have been living in the territory for more than 3 years.
- Target migrants: specially attracted personnel in the process of labor migration according to preliminary agreement with entrepreneurship and regulators of the region.
- Additional migrants: migrants who arrived in the region by their own initiative, without any preliminary coordination of the perspectives of their employment.

According to the offered treatment of social justice in a multicultural region, all these categories of interested parties should have equal opportunities and be considered equal for the region's economy.

3 Results

Let us analyze the specifics of provision of social justice in top-5 multicultural regions of Russia in 2018 during labor activities. For its economic measuring, the statistics of tension in the labor market is studied (Fig. 29.1).

Figure 29.1 shows that the level of tension in the labor market in top-5 multicultural regions of Russia in 2018 is rather high. The coefficient of tension (number of factual unemployed per one vacant job) varies from 0.9 in Sakhalin Oblast to 2.8 in Moscow Oblast. The average time of search for a job by the unemployed constitutes from 6 months in Leningrad Oblast to 7.6 months in Kaliningrad Oblast. The share of the unemployed that look for a job for 12 months and more varies from 19.3% in Moscow Oblast to 29.8% in Sakhalin Oblast.

The given statistical data show the high level of competition between sellers in the labor market in multicultural regions of Russia. On the other hand, they show the absence of optimality in the labor market and the problem of unemployment in multicultural regions of Russia. A probable cause of this problem (apart from excess of offer over demand in the labor market) is cultural discrimination and domination of informal connections in the labor market. This shows incomplete correspondence

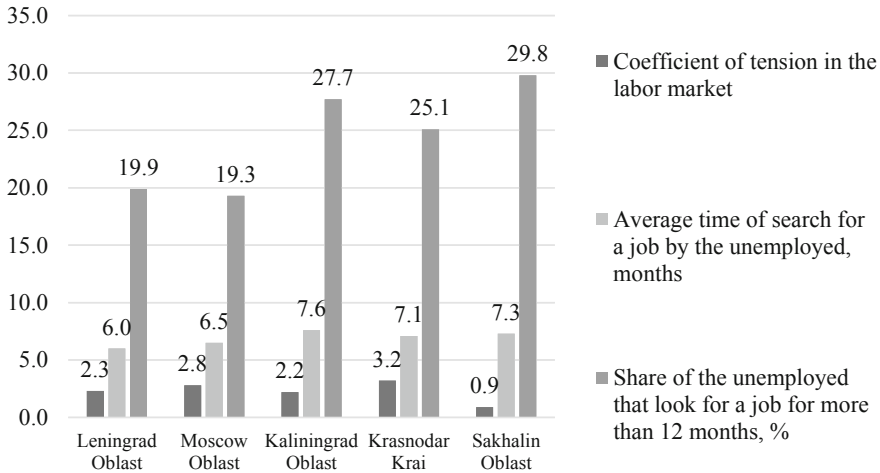


Fig. 29.1 Indicators of tension in the labor market in top-5 regions of Russia in 2018. Source: Compiled by the authors based on the Federal State Statistics Service (2019)

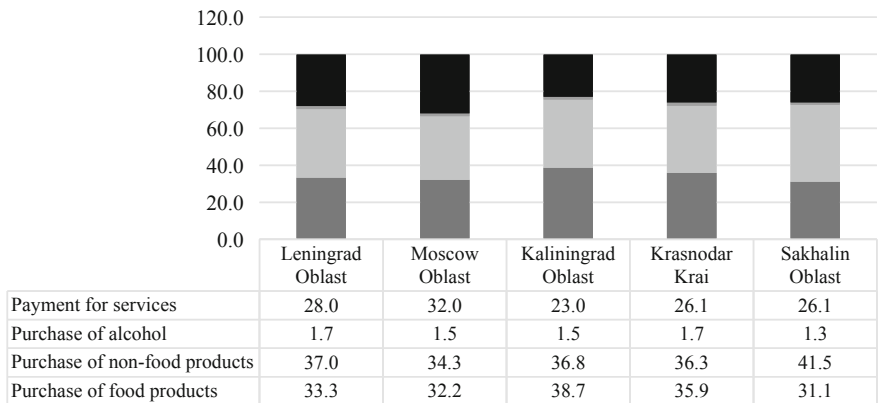


Fig. 29.2 The structure of consumer expenditures of households in top-5 regions of Russia in 2018. Source: Compiled by the authors based on the Federal State Statistics Service (2019)

of the process of labor activities in multicultural regions of Russia to the offered treatment of social justice.

Let us determine the specifics of provision of social justice in top-5 multicultural regions of Russia in 2018 during buy and sell of goods and services. The statistics of consumer expenditures of households is shown in Fig. 29.2.

Figure 29.2 shows that the structure of consumer expenditures of households in all top-5 multicultural regions of Russia is dominated by expenditures for purchase of nonfood products: from 34.3% in Moscow Oblast to 41.5% in Sakhalin Oblast. The second position belongs to expenditures for food products: from 31.1% in Sakhalin Oblast to 38.7% in Kaliningrad Oblast. The third position belongs to

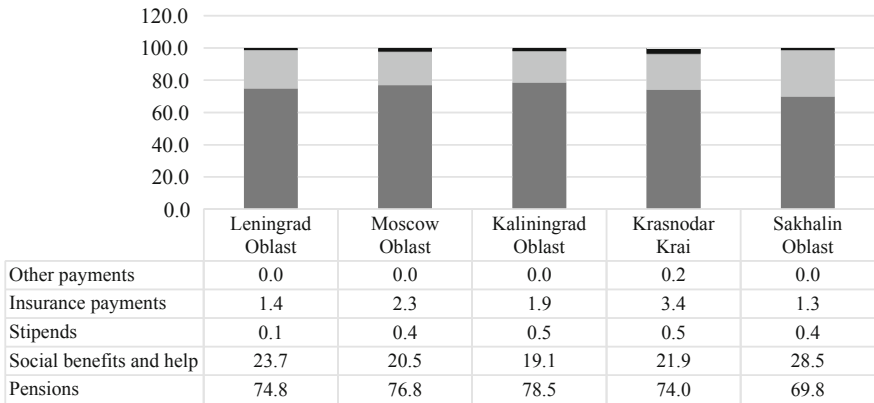


Fig. 29.3 The structure of social payments of the state in top-5 regions of Russia in 2018. Source: Compiled by the authors based on the Federal State Statistics Service (2019)

payment for services: from 23% in Kaliningrad Oblast to 32% in Moscow Oblast. The last position belongs to expenditures for the purchase of alcoholic beverages: from 1.3% in Sakhalin Oblast to 1.7% in Leningrad Oblast and Krasnodar Krai.

Though the structure of consumer expenditures characterizes the social justice during buy and sell of goods and services in the indirect way the studied statistical data show that the differences in the structure of consumer expenditures of households in multicultural regions of Russia are rather large—which allows speaking of the differences in the structure of expenditures of the representatives of different cultures in each multicultural region. This could be a result of different consumer preferences and cultural discrimination. That is why incomplete correspondence of the process of buy and sell of goods and services in multicultural regions of Russia to the offered treatment of social justice is observed.

Let us consider the practice of provision of social justice in top-5 multicultural regions of Russia in 2018 during receipt of state support. The statistical of social payments is shown in Fig. 29.3.

Figure 29.3 shows that the structure of social payments of the state in top-5 regions of Russia in 2018 was dominated by pensions: from 69.8% in Sakhalin Oblast to 78.5% in Kaliningrad Oblast. The second position belongs to social benefits and social help: from 19.1% in Kaliningrad Oblast to 28.5 in Sakhalin Oblast. The very idea of social benefits and help contradicts the offered qualitative treatment of social justice in a multicultural region, as their provision means cultural discrimination and limitation of competition. Therefore, the provision of state support does not fully conform to the offered treatment of social justice in multicultural regions of Russia.

The offered recommendations for bringing all studied economic practices in multicultural regions of Russia in correspondence with the new treatment of social justice are shown in Table 29.1.

Table 29.1 The current problems of provision of social justice in multicultural regions of modern Russia and the methods of solving them with the help of state management

| Economic process | Current problem | Solution with the help of state management |
|------------------------------------|---|---|
| Labor activities | Cultural discrimination of job applicants by using informal connections by employers | Formation of online labor market in the region |
| Buy and sell of goods and services | Cultural discrimination of buyers through differences in price, quality, and service | Development of intra-regional e-commerce |
| Provision of state support | Cultural discrimination through redistribution of GRP in favor of population with lower income, which reduces stimuli for labor | Nonprofit support for population with low income through stimulation for employment |

Source: Developed and compiled by the authors

Table 29.1 shows that overcoming the problem of cultural discrimination of job applicants by using information connections by employers could be done by formation of an online labor market in the region. It is recommended to introduce a requirement—companies that have vacant jobs have to use the online employment service; noncompliance will lead to large fines. The online employment service should be a digital portal at which employers cannot see job applicants' cultural factors and use only the data on the level of their education (without any information on the place of study), experience, etc. This will allow selecting the optimal employees and eliminating the possibility of cultural discrimination.

For overcoming cultural discrimination of buyers through differences in price, quality, and service it is recommended to develop intra-regional e-commerce. This will stimulate the establishment of long-term balance of demand and offer in the commodity and services markets and will prevent cultural discrimination. For example, provision of subsidies for corporate tax for online companies will be a stimulus for mass transition of multicultural regions' companies in the online form and de-shadowization of the economy.

In order to overcome cultural discrimination through redistribution of GRP in favor of population with lower incomes, it is recommended to use nonfinancial support for population with a low level of income with the help of stimulation of employment. If the coefficient of tension in the labor market is high (above one), state stimulation of employment of all the unemployed (regardless of the cultural differences) by provision of the possibility of subsidized training and retraining in the region is recommended. In case of long unemployment (more than 12 months), it is recommended to stimulate self-employment (creation of individual companies in the region). Instead of social benefits and payments, which undermine stimuli for employment, it is recommended to provide the unemployed with the possibility of employment through training. This will allow solving the problem of unemployment and optimizing the labor market in multicultural regions.

4 Conclusion

As a result of the research, it is determined that the existing treatment of social justice as equality of incomes cannot be applied to multicultural regions—as it undermines stimuli for labor, reduces effectiveness of region’s economy, and slows down its growth and development, leading to cultural discrimination (redistribution of GRP in favor of indigenous residents or migrants). A new qualitative treatment of social justice in a multicultural region is offered—as the equality of opportunities of all interested parties during employment, buy and sell of goods and services, and receipt of state support.

As a result of economic measuring of social justice in multicultural regions of Russia in 2018, it is determined that the process of labor activities, process of buy and sell of goods and services, and process of provision of state support in multicultural regions of Russia do not fully conform to the offered treatment of social justice. For solving this problem, the authors offer recommendations on the formation of online labor market in the region, development of intraregional e-commerce, and canceling of social benefits and transfer to nonfinancial support for population with low incomes by stimulating employment in multicultural regions of Russia.

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Chapter 30

The Problem of Supporting High Flexibility of State Management of a Multicultural Region's Economy and Its Solutions



Elena V. Kletskova, Olga V. Titova, and Viktoria V. Vorobyeva

Abstract The purpose of the chapter is to develop the algorithms of flexible state management of changes in the economy of a multicultural region and to appropriate them by the example of top-3 multicultural regions of modern Russia. The problem of supporting high flexibility of state management of the economy of multicultural regions consists in underdevelopment of the scientific and methodological provision of this management depending on the context and the current needs and capabilities of the region. A perspective method of solving the determined problem is the usage of the developed and presented algorithms of flexible state management of migration flows and foreign economic activities in a multicultural region.

1 Introduction

Economy of a multicultural region is susceptible to constant changes. Some changes have a stabilizing influence on the economy of a multicultural region and stimulate its growth and development. Other changes have the destabilizing and destructive influence on the economy of a multicultural region, slowing down its development and increasing the probability of its crisis. That is why supporting high flexibility of state management of a multicultural region's economy is very important for the modern science and practice.

Complexity of solving this problem is caused by the fact that should be solved with “soft” measures—recommendations, not requirements. This is due to the fact that the same changes—depending on the context (current tendencies and needs)—could have a positive or negative influence on the region's economy. That is why the practice of monocultural regions that is connected to determining the negative changes and prohibiting than and determining the positive changes and stimulating them, as well as determining the limited list of contradictory changes and their flexible regulation, cannot be applied to multicultural regions.

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Prohibiting the negative changes at present (e.g., the measures of limitation of foreign investments) could reduce the region's competitiveness (attractiveness) among multicultural regions (potential territories for placing investments). That is why when the region feels a need for foreign investments, the possibilities of their attraction will be reduced even if the stimulating measures are introduced. Thus, there is a need for restraint and strategic orientation during state management of a multicultural region's economy.

2 Materials and Method

The necessity for manifesting flexibility during state management of the region's economy as a socioeconomic system of the meso-level, at which changes are more frequent and vivid than at the macro-level, is emphasized in the works Bezrukova et al. (2017), Rocha and Abreu (2018), Frolov et al. (2017), Hilmer Pedersen and Johannsen (2018), Hu et al. (2018), Oliveira (2017), Popkova (2013), Popkova et al. (2017), Sergi et al. (2012, 2019), Shakhovskaya et al. (2018), Simonova et al. (2017), and Vanchukhina et al. (2019).

At the same time, despite the high level of elaboration of the problem at the theoretical level, it is not sufficiently studied at the empirical level—in particular, the practical solutions that allow ensuring high flexibility of state management of region's economy are very rare in the existing scientific works and thus require further development, in view of the specifics of multicultural regions.

Two specific directions of state management of the economy that require high flexibility in a multicultural region are distinguished:

- Management of migration flows
- Management of foreign economic activities

High flexibility of state management within these directions is to be ensured by systemic monitoring of the tendencies of development of these directions and by implementing the differentiated measures depending on the determined tendencies and current opportunities and needs of a multicultural region: the corresponding measures of stimulation of the existing tendencies or measures of their restraint.

3 Results

The following algorithm of flexible state management of migration flows in a multicultural region is offered (Fig. 30.1).

As is seen in Fig. 30.1, the initial point of the developed algorithm is monitoring the number and structure of the population (in dynamics) and the labor market in the region. As a result of this monitoring, the multicultural region's need for migrants is determined. If the annual growth rate of the load on able-bodied population (number

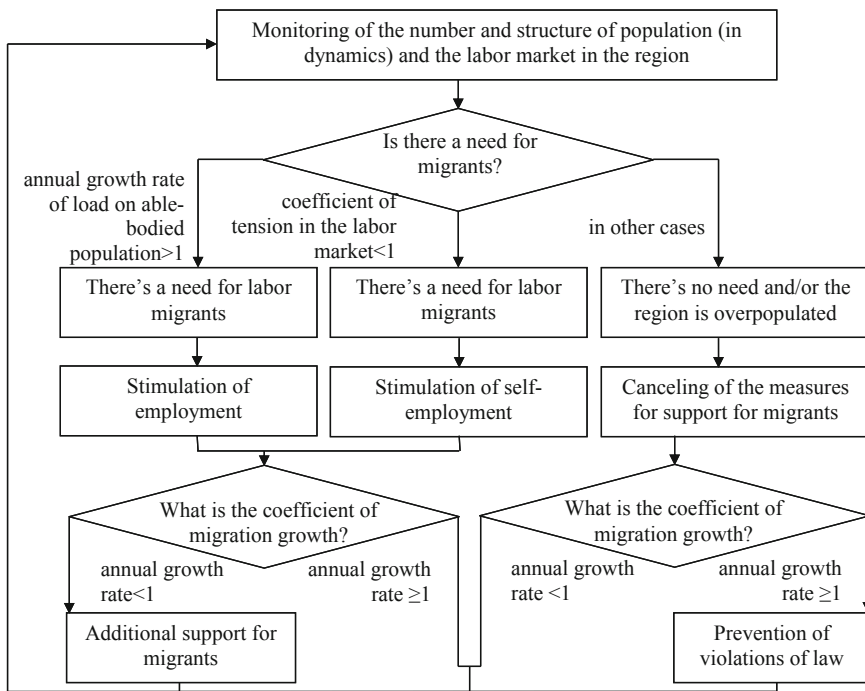


Fig. 30.1 Algorithm of flexible state management of migration flows in a multicultural region. Source: Developed and compiled by the authors

of disabled residents of the region per 1000 able-bodied residents) exceeds 1000 (i.e., the load grew over the recent year), there is a need for labor migrants. In this case, stimulation of employment through mediation of the state (e.g., in the form of the Chamber of trade and commerce of the region) between job applicants and employers is expedient.

If the coefficient of tension in the labor market (number of job applicants per one vacant job) is below one (deficit of employees), there is a need for migrants (not necessarily labor migrants). In this case, it is offered to stimulate self-employment by allocating regional grants for the creation and development of companies. Then, if the annual growth rate of the coefficient of migration growth per 10,000 people is below one (increase of the incoming flow of migrants in the region is not achieved), it is necessary to additionally support the migrants, e.g., with social benefits, subsidies for rent and purchase of accommodation, etc.

If the need for migrants is absent and/or region is overpopulated, it is necessary to cancel the measures of support for migrants, in order to limit the inflow of migrants into the region and to save the assets of the regional state budget. Then, if the annual growth rate of the coefficient of migration growth per 10,000 people exceeds or equals one (inflow of migrants into the region continues), it is necessary to adopt the measures of prevention of violations of law, which growth is explained by increase

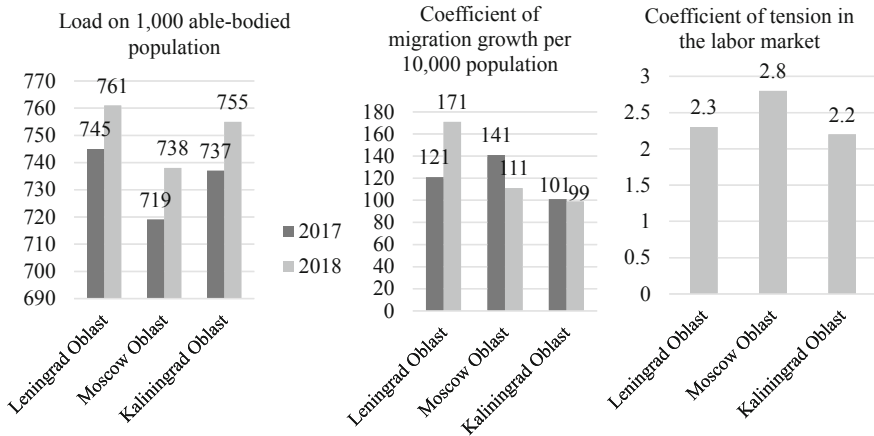


Fig. 30.2 Results of monitoring of the number and structure of population (in dynamics) and the labor market in top-3 multicultural regions of Russia in 2017–2018. Source: Compiled by the authors based on Federal State Statistics Service (2019)

of unemployment in the region and reduction of living standards, as well as growth of the share of population with the income below the subsistence level. Then, return to the beginning of the algorithm takes place (the algorithm is cyclic).

The approbation of the developed algorithm by the example of top-3 multicultural regions of Russia in 2018 is performed based on the statistics that are shown in Fig. 30.1.

According to Fig. 30.2, the annual growth rate of the load on able-bodied population in Leningrad Oblast constitutes 1.02 (761/745), in Moscow Oblast—1.03 (738/737), and in Kaliningrad Oblast—1.02 (755/737). That is why it is recommended to stimulate the population's employment in all regions. The coefficient of tension in the labor market in all regions exceeds 1, constituting 2.3 in Leningrad Oblast, 2.8 in Moscow Oblast, and 2.2 in Kaliningrad Oblast. The annual growth rate of the coefficient of migration growth per 10,000 people in Leningrad Oblast constitutes 1.41 (171/121), in Moscow Oblast—0.79 (111/141), and in Kaliningrad Oblast—0.98 (101/99). That is why there is a need for additional support for migrants in Moscow and Kaliningrad Oblasts.

The following algorithm of flexible state management foreign economic activities in a multicultural region is offered (Fig. 30.3).

As is shown in Fig. 30.3, the offered algorithm envisages the initial monitoring of foreign economic activities and commodity markets (in dynamics) in the region. As a result of monitoring, foreign trade balance is determined. If the balance is positive (export exceeds import), it is necessary to determine the growth rate of the number of companies and their turnover. If the growth rate of these indicators is high (≥ 1), the region's competitiveness is determined.

High competitiveness should be a signal for stimulation of export, low competitiveness—for stimulation of innovations. If the region's foreign trade balance is

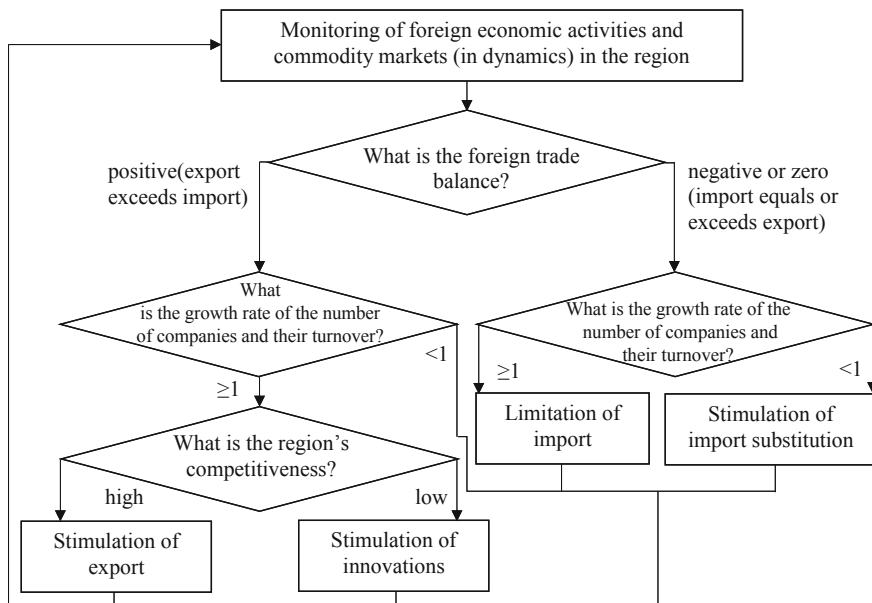


Fig. 30.3 The algorithm of flexible state management foreign economic activities in a multicultural region. Source: Developed and compiled by the authors

negative or zero (import exceeds export), the growth rate of the number of companies and their turnover are determined. If the growth rate of these indicator is high (≥ 1), it is offered to limit import; if it is low (< 1)—it is offered to stimulate import substitution in the region’s economy. Then, return to the beginning of the algorithm takes place (The algorithm is cyclic).

The approbation of the developed algorithm by the example of top-3 multicultural regions of Russia in 2018 is performed with the help of statistics that are shown in Fig. 30.4.

According to Fig. 30.4, foreign trade balance in Leningrad Oblast (USD 1632.5 million) and in Moscow Oblast (USD 363.9 million) is positive. Growth rate of the number of companies in Leningrad Oblast constitutes 0.97 (36,028/37,057), in Moscow Oblast—1.00 (239,276/240,423). Growth rate of companies’ turnover in Leningrad Oblast constitutes 5.73 (9462/1652), in Moscow Oblast—0.20 (1673.9/8330). Both regions should stimulate innovations for increasing the competitiveness, which, as of 2018, constituted 2.54 points in Leningrad Oblast and 3.8 points in Moscow Oblast.

In Kaliningrad Oblast, foreign trade balance is negative—USD –332 million. Growth rate of the number of companies in Kaliningrad Oblast constitutes 0.96 (53,028/55,261), and growth rate of companies’ turnover—13.09 (714.7/654). Import substitution is recommended in this region. The implementation of the offered measure is supported by high competitiveness of Kaliningrad Oblast, which, as of 2018, constituted 2.03 points.

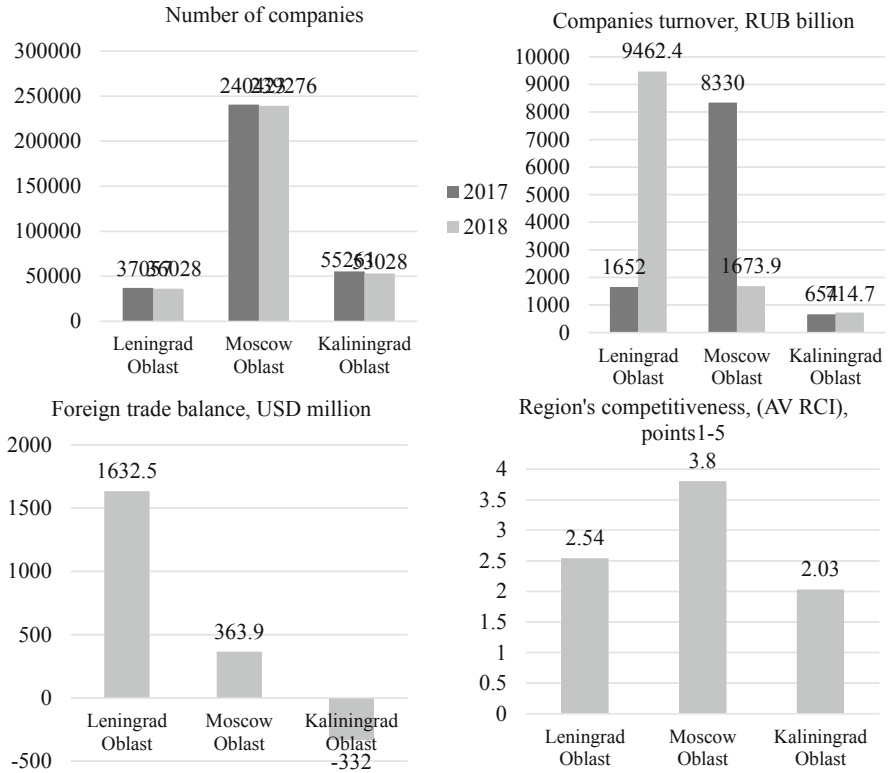


Fig. 30.4 The results of monitoring of foreign economic activities and commodity markets (in dynamics) in top-3 multicultural regions of Russia in 2017–2018. Source: Compiled by the authors based on Federal State Statistics Service (2019) and the Forum of Strategists—2018: stakeholders of the future (2019)

The results of the performed approbation of both developed algorithms showed that monitoring of the number and structure of population (in dynamics) and the labor market and monitoring of foreign economic activities and commodity markets (in dynamics) in Russia’s multicultural regions do not require special collection of statistical data; the existing data of the official statistics and simple analysis suffice.

At the same time, the framework character of the measures of state management of economy, outlined in both algorithms, should be noted. Practical implementation of these measures envisages foundation on the accumulated experience of stimulation and restraint of migration and foreign economic activities in each multicultural region and determination—in view of this experience—of the most preferred tools of management, which should differ depending on the context.

4 Conclusion

It is possible to conclude that modern multicultural regions require flexible state management of their economy in two directions: migration flows and foreign economic activities. The problem of supporting the high flexibility of state management of the economy of multicultural regions consists in underdevelopment of the scientific and methodological provision of this management depending on the context, current needs, and region's needs.

A perspective solution to this problem is the usage of the developed and presented algorithms of flexible state management of migration flows and foreign economic activities in a multicultural region. The compiled algorithms reflect the conditions of stimulation or restraint of certain economic activities in a multicultural region and offer the framework measures of state management.

The advantage of the developed algorithms is that their practical application does not require the collection of additional statistical data; simple analysis of the available data suffices. The performed approbation of the developed algorithms by the example of top-3 multicultural regions of Russia showed the simplicity of their practical application. For Leningrad and Moscow Oblasts, it is recommended to stimulate innovative development of the economy for increasing its competitiveness for further increase of import. Import substitution is recommended in Kaliningrad Oblast. Stimulation of the population's employment is recommended in all regions. Additional support for migrants is recommended for Moscow and Kaliningrad Oblast.

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Part IV
Education and Transformation of Russian
Society as the Objects of Public
Administration and Regional Management
in Russia

Chapter 31

Developmental Strategies of Higher Professional Education Within External Challenges



Yuriy I. Razorenov

Abstract The chapter states that present-day globalization is both a threat and an opportunity for the development of national systems of higher education. In particular, the sharpening of competition between universities and the emergence of threats from new providers of educational services (training companies, telecommunication companies offering distant programs as well as corporate universities) have universities to develop new innovative forms of training and international cooperation. The chapter concludes that it is necessary for higher education institutions to develop strategic guidelines to make their qualification degrees both transparent for students and employers in their own country and attractive to foreign citizens and organizations.

1 Introduction

Current trends of global development quickly change the lines of the world economy; technologies get dramatically transformed. The position of Russia should be leading in the global division of labor and secure in the economy, technology, and professional expertise. Therefore, Russian professional education should be focused on the country's future, active economic development, the demands of society and the younger generation who should be ready to become successful in their profession and just decent people with a strong spirit.

The primary purpose of higher professional education is not just the transfer of information to students, but the development of a well-defined desire for continuous acquisition and update of existing knowledge, skills, and expertise (Lenkov 2013). This task is feasible provided that students develop the skills of independence, search, and processing of information and research activity during study at the university. A modern specialist should be ready from an intellectual, moral, and social point of view to live and work in terms of multicultural space, while he/she

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should have essential features such as tolerance, high spirituality, goodness, and professional expertise. Therefore, the educational task of bachelor's degree program consists in developing the necessary foundations of professional culture and primary activity expertise (communication skills, information search, and analysis, self-education, teamwork, etc.) (Kaygorodova 2011).

The master program is aimed at training specialists who are able to solve complex professional tasks, to arrange new areas of activity, and to carry out research and management as significant areas that ensure the social and economic development of the country. For this purpose, international projects and programs were developed and adopted to mold new views on the opportunities of higher education in the modern world, preservation of diversity and enhancement of compliance with the requirements of modern times and quality (Vorobiev et al. 2011).

As a result, higher education becomes an essential factor of internationalization of global processes, basis for solving global environmental, demographic, and social problems; guarantor of the establishment of high universal moral values, basis for the perception of the student as a globally minded person; one of the terms for the entry of a particular country into the global information society.

2 Methods and Materials

A great deal of research in modern scientific discourse touches upon the issues of reforming and developing Russian higher education. We should highlight the works of scholars who have offered different innovative models for the development of higher education (Vodenko 2019; Kaygorodova 2011; Lenkov 2013; Morozov 2015; Gorshkov and Sheregi 2010, etc.).

The development of appropriate theoretical and methodological techniques is important within the implementation of the research purpose. In this study, we need to use the structural and functional approach represented in the fundamental works by Parsons and Smelser with the help of the above we analyzed the construct between various subsystems of Russian society, in particular, the institutions of national culture, politics, economics, and education (Parsons and Smelser 1956). Thus, the university system is traditionally considered from the standpoint of the structural and functional approach, the description of the university system as a mechanism of social mobility, professional social adjustment, and differentiation by the professional profile.

The neo-institutional approach describes a higher education institution as a social institution with official and unofficial rules of performance, to which the fulfillment of both explicit and implicit functions is related. The neo-institutional approach emphasizes the difference between open and limited access to higher education, which is manifested in the fact that open-access universities have substantial independence in academic and economic activities (North 1981).

3 Results

The theoretical lack of appeals to the idea of a classical university is evident when addressing the real history of the development of universities as an educational institution. In particular, this history reveals a long and ever-growing distance between university ideology embodied in a concentrated form in the ideal of Humboldt University of Berlin and university pragmatics embodied in appearance of a peripheral local university (Perov 2006).

Thus, the classical (Humboldt) university finds its inconsistency with the project of post-modernity, foremost, concerning the principle of authorized oppositionism (Gorshkov and Sheregi 2010). Moreover, the demand for universalism contradicts the principle of intellectual freedom and independence, because of depreciating local self-identification, showing it in a historical perspective and not considering as a possible intellectual alternative it makes a free discussion impossible and, thus, undermines its own foundations.

At the same time, it should be noted that the idea of a university as a knowledge factory better meet the realities of industrial society than a new information one. In an industrial society with unification and standardization as the prevailing trends, education nevertheless retained particular national and cultural features (at least, one still talks about Anglo-Saxon, Continental, or American higher education systems).

Currently, universities are a new type of the so-called interactive organization building relationships with actors not on the principles of authoritarianism, subordination, and influence, but on the readiness to dialogue, integration of central management and initiative of faculty members, information exchange between departments, establishment of a positive dynamic culture, development of a competitive assessment system of education actors, etc. In the new social conditions, the idea of an autonomous university become transformed (if necessary) into the idea of an open university limiting local social practices and, at the same time, transferring any authority impact on the processes of creation and transmission of knowledge (Morozov 2015).

Therewith, in the new type of society, the role of the university changes dramatically due to the growing mass nature of higher education, as well as inflow of different-age students, the introduction of lifelong learning principle, reorientation of the inside ideology of educational institution from the “school” to the “knowledge pool.” Now the priority is placed on the tasks of creating a system of lifelong learning for adults, cementing the national foundations, and preserving the cultural heritage that increases the competitiveness of the nation, as well as the tasks on the professional development of young specialists and forging their leadership skills. This ideal sets multiple directions for the reformation of the existing system of higher education in Russia. Modern university reform projects are represented within a wide range of conceptual models: passionate university; innovative university; entrepreneurial university; research university; social university (Vodenko 2019).

At present, it is already possible to mark the main directions of further development followed by the universities of Europe, the USA, and Russia:

- Development of a single general pedagogical theory of humanistic education.
- Transformation of higher education framework by joining the opportunities of individual universities and the establishment of specialized bodies to provide multidisciplinary training of students, their multicultural, emotional, and moral education.
- Development of advanced training system for faculty staff as an integral part of the higher professional education system.
- Shift of higher education from extensive to intensive development.
- Revision of traditional forms and methods of training to the reduction of lecture time, more significant number of students, their higher independence as well as the growth of new technologies, extensive use of individual, distant and active forms of learning.
- Fundamentalization of higher education with regard to the features of major specialization and training programs.
- Humanization of engineering and technical education and the introduction of some STEM disciplines into humanitarian training programs.
- Addition of management, social pedagogy, and computer literacy in the curricula of all universities regardless of their specialization.

Even despite the versatile nature of existing concepts, the present discussion on the issue of modernization of higher professional education until recently has been actually determined by the opposition of the strategies of an “entrepreneurial” university and a “national social” one. From the point of ideological content, they are characterized as instances of liberal and neo-conservative reformist traditions (Starygina 2017, 288).

4 Results

The national history and practice of professional education had a reasonably step-by-step structure of training. Multistage professional training guaranteed admission to higher education institutions of persons with either a secondary technical (basic) education or with job experience in the relevant specialty. This fact confirmed the status of the body as an educational institution training high-skilled specialists, mainly of administrative and engineering specialization in different industries of the economy.

New requirements for the quality of educational management determine the presence of two main components: core—managerial and basic—industry, as well as mandatory job experience. It is impossible to give these special skills in higher education institutions to former pupils who hardly understand the essence of innovation and learn the basic principles of management. Of course, educational programs provide work placement, but the percentage in the educational process is so low. If students do not have basic technical education or work experience, practical methods and technologies are not always successful.

Practitioners are ideal for the system of professional education; however, they do not always teach the major disciplines—which causes an insufficient level of practical skills among students. In its turn, the employer wants to satisfy the demand for staff, both quantitatively and qualitatively. However, when hiring a graduate, the employer does not receive a specialist who is ready to do his job professionally and has to train him/her at his own expense (Vavilina 2009).

Labor legislation in our country does not assist in protecting employer's rights in relations with employees on the issue of investment refund. In fact, an employer who has invested in the professional training of his staff is not insured against their loss. The employee can resign voluntarily even he/she signed an agreement on work-ff and funds invested in training.

It seems quite topical to engage in the educational process managers of specialized enterprises, to conclude contracts with them not only for the term of work placement but also for the entire term of study so that the educational process could be somewhat integrated into the production process.

Today, such methods of work are already being used. It should become traditional and should be supported by correspondent government regulations, possible preferences for employers who actively participate in the development and saturation of the educational process with practical training.

It is also essential to envisage the participation of specialized company representatives at the final and midterm assessment of students in disciplines that in demand of enterprises; to develop a system of government promotion of companies participating in the scholarship programs, i.e., ones paying students' training with a guarantee of subsequent employment. According to the data on graduates employed in the chosen specialty, we can practically determine popular educational programs and universities among the employers that meet modern commercial market demands and, therefore, have a right to exist.

The international practice of fee-based education provides not only penalties for poor-quality and irresponsible student's work, but also non-issuance of diplomas in the event of student's failure to pass certification tests with the appropriate level of knowledge. The practice does not imply dismissal from the higher education institution but returns a non-achieving student to the previous course until he/she will be well-prepared to pass the qualification tests. This practice is already introduced in many profit higher education institutions, but it is absent in public educational institutions due to the restrictions imposed by the relevant supervising authorities (Nesterov 2012).

The issue of advanced training for employed specialists is also very urgent. It has been established that obsolescence is drastic within current scientific and technological progress. An employee who does not regularly advance his qualification has a risk to lose it entirely in 6 months or a year. The same issue also concerns the higher education system. Most higher education institutions, especially public ones, are not able to use a modern IT database and do not even have it in their own disposition. Therefore, students of many higher education institutions after graduation of the desired specialty have to complete several specialized paid courses to master modern technical production tools, software, practical methodologies, etc.

5 Conclusion

The scientific and expert community widely discusses the requirements for higher education. The real economy needs high-skilled staff. Employers have to train employees in their own training centers and obtain a specialist ready to independently solve complex production tasks and meet qualification requirements only 2–3 years after graduation and training following their own educational programs aimed at the development of professional skills and professional thinking. New programs of higher education institutions do not correspond to present economic realities and cannot provide the real economy with skilled staff.

However, it should be noted that not all employers want to make a midterm forecast of the demand for staff. Higher education institutions have to control the proper ratio between the breadth and depth of the major (engineering) training. Also, under the regional labor market demands the companies need broad-specialized employees with basic training (Reznik et al. 2013), who easier master new job and adapt to new conditions than highly specialized ones.

Moreover, today it is not enough to possess only expertise, knowledge, and skills. Therefore, professors try to push the limits of the university educational space, explicitly or implicitly proceeds from the fact that presently there are two types of education (Perov 2006).

The first type presented in the programs of engineering higher education institutions should be mandatorily completed and controlled, the second one (additional education) is some kind of secondary product of the educational process including the results that contribute to the development of engineer's expertise that cannot be acquired through addition of expertise, knowledge, and skills. To become a professional, a student needs to leave the space of knowledge and enter the space of activity and life purposes (Kibanov 2017). For this, the educational process is based on innovative training methods that contribute to the development of an innovative personality.

Innovative education is a process and the result of purposeful development of particular knowledge, skills, and methodological culture as well as comprehensive training of specialists in the field of engineering and technology, innovative engineering activities owing to the appropriate content of training methods and technology (Gorshkov and Sazonova 2011).

The improvement of modern technical education should have the foundations of the competence approach. In training Russian specialists within technical universities, there is an acute issue of a qualitative alteration of the three components of the educational process: training in the field of natural sciences, professional technical disciplines, and humanities.

Study of qualitative changes in engineering training in the cycle of natural science training programs is perspective from the point of changing training technology (problem, activity, design one, etc.).

This issue becomes differently topical in changing the quality of training for professional technical and humanitarian disciplines. Here the search for

fundamentally new activity-oriented technologies to develop core and sole competences of the engineer is urgent.

For the postindustrial society following the evolution model of development, it is typically the prevalence of information-intelligent resources over the material-physical one. Exactly knowledge and information, the communication component, new intelligent technologies, aspiration to self-learning become the current central resource.

For successful professional activity, a modern engineer should be able to foresee the social, economic, and environmental consequences of his ideas and inventions as well as navigate the global professional space, know how to use tools and technologies to fulfill the economic potential of new ideas and projects, have teamwork skills, and be a leader if necessary. The potential of the solution to these problems is found out in the traditions of the Russian Technical University, which is a kind of symbiosis of a technical institute and a classical university. In this regard, we do not have to make a fundamental restructuring; it seems relevant only to shift focus toward the adjustment of humanitarian components in the general training of engineering staff.

Further development of an innovative model of technical education should be related to the transition from a general theoretical vision of its content to the development of subject-specific educational programs, appropriate situation-modeling technologies, and testing-assessment materials. To ensure interrelation and convergence of humanitarian, special and general technical disciplines and, as a consequence, the creation of a systemic effect of technical education, it is necessary to introduce particular didactic principles and procedures at different stages of engineering education content projects.

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Chapter 32

Management of Scientific and Educational Communities in Terms of Digitalization



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Abstract The chapter is dedicated to the study of developmental features of the education system and university science in terms of innovation processes. We examine the prospects to change the basic principles of university performance and management within the development of a digital society, including ideological concepts to intensify innovation growth. It is noted that the main trends of education and science follow global ones, but their implementation is determined by the sociocultural features of the evolution of respective social institutions. The high potential and readiness of universities for innovation based on the principles of the digital economy are often hindered by the existing socioeconomic conditions and traditions of traditional management of education and science systems.

1 Introduction

Russian science includes various government and nongovernment organizations, academic institutions, higher education institutions, design bureaus, etc. Each of them has its own specific features. However, in terms of the development of a digital knowledge-driven economy, higher education institutions as scientific and educational communities should be considered the most critical institutional links of science.

When the volume of scientific data is growing exponentially, and the requirements for qualifications on the labor market are qualitatively transformed in response to the demands of the innovation economy, it is the universities that carry out the reciprocal relationship between science and education become of particular

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importance. Critically reconceiving new scientific knowledge, education transmits it, simultaneously ensuring the reproduction of science. The latter, of its part, determines the quality of higher education, allows universities to graduate specialists competitive at the current stage of economic development. The purpose of this study is to reveal issues related to the transition of an educational and scientific institution in the era of the digital economy.

2 Materials and Methods

In Western social studies, there are several paradigms for the study of research teams. Within social studies of occupations, research teams are analyzed as special professional groups (Weber 1990; Merton 2006; Parsons and Storer 1980). In terms of social studies of science, one can distinguish the post-Merton paradigm (Mullins 1980; de Solla Price 1980) and the cognitive psychology (Latour 2002; Kuhn 2013; Polanyi 1985). In Russian social studies, the issues of scientific communities are covered in the works by Bondarev and Boychenko (2011), Korbut (2013), Mansurov and Yurchenko (2009), Plotnikov (2005), and others.

A great deal of researches concerns the issues of modern reformation of Russian science and education. Here it is worth noting the proceedings of academic specialists who have proposed various innovative models to manage research and educational teams in modern Russia, such as Vodenko et al. (2016), Gokhberg (2009), Lezhebokov and Sergodeev (2016).

The theoretical basis was the concepts (Weber 1990; Latour 2002; Merton 2006; Parsons and Storer 1980) substantiating and developing various ideas of the nature and framework of scientific communities. The chapter reflected the ideas and principles of the activity and activist approach in social studies of management (Bourdieu 2004), which makes it possible to envisage management as a system of coordinated measures of social actors.

When studying traditional and innovative models of research team management in modern Russia, we used the methods of comparative and historical research as well as ones for document analysis. At the hypothesis stage, we actively applied the basic principles of modern social studies of management. The authors carried out a secondary analysis of social research results on the issues of research team management in terms of digitalization published in scientific periodicals.

3 Results

The current situation in science and education is typical for many developed countries where universities are not only the flagships of basic science (up to 50% of researches in this area) but also performers of numerous applied researches. In the twenty-first century, this trend is only escalating. Talking about the redesigning of

relations between science, education, and production leading to the reformation of traditional scientific and educational organizations, modern researchers have substantiated the concept of “triple-helix innovation.” They call it the third form of knowledge industry working in terms of intensification of relations between science and business. As Grebenshchikova notes, “The foundation for the conceptual framework became the synthesis of several sociological theories and the analogy from the biological sciences: confluence of two double helices “universities-enterprises” and “government-universities” is synthesized in the innovation triple helix “universities-government-enterprises” funding the knowledge-based economy” (Grebenshchikov 2011).

This concept suggests that in modern terms only those scientific institutions that will manage to combine traditional research and educational functions will be useful. Besides, another important function—interaction with society to provide financial support for scientific research—should be updated. In the framework of this model, the university turns into a business organization and respectively changes the patterns of professional behavior of employees.

However, Russian university science is underestimated and is often deemed as an additional element of the educational institution. This is evidenced by the policy of financial support for university science. “For several decades, university research was not among the real priorities of government scientific and educational policy and were funded by residual principle. Their sufficient financial support had been renewed only in recent years” (Gokhberg et al. 2009).

Meanwhile, nowadays several features give it particular competitive advantages in comparison with other scientific sectors. Plotnikov distinguishes its following features (Plotnikov 2005):

1. The relation of science with the educational process encourages the professor to master the latest scientific achievements actively.
2. “Dissertation science” is intensively developing in universities.
3. Active cooperation with youth allows universities to employ the most talented researchers.
4. The university has essential foundations for the establishment of scientific schools.

However, the fulfillment of these advantages is mainly determined by the real state of the scientific and educational communities in modern Russia.

The modernization of the Russian higher education system (initiated in the twenty-first century) is related to its recognition as a strategic national resource and is focused on the following purposes:

- Alteration of the educational paradigm due to the transformation of social and economic development nature.
- Integration of Russian higher education into the global cultural and educational space.
- Adjustment of education to the demands of a market economy.
- Elimination of gaps between science, education, and production.

The current system of higher education is a set of interacting and successive educational programs of different levels and directions, federal government educational standards and requirements; networks of educational institutions and scientific organizations implementing these programs; managing bodies in education, subordinate institutions and organizations; associations of legal entities, nongovernment associations and public–public partnership in education. At the same time, in the market terms, it is a system of economic relations about the production, distribution, exchange, and consumption of education services and the results of research (Vodenko 2019).

Nowadays the purpose of its reformation is stated as an enhancement of the university system performance by improving the quality of education. For this purpose, a system of performance criteria for the upgrade of educational institutions network was developed.

The choice of most criteria is determined by the orientation of upgrade focus to the following tasks: entering of Russian universities the world university ratings, developing the university science, raising professors' salaries, and increasing the accessibility of education and ensuring its quality in terms of digitalization of main social areas (Bazhenova and Bepalova 2019).

In the present-day conditions research of the potential of Russian universities as centers of the socioeconomic and scientific-innovative development of regions is growing really popular. The fact that Russia loses its leading positions in the global scientific community, that Russian universities become uncompetitive in the provision of educational services is only the statement from the outside. Actually, we observe the changes in the value space of participants in the educational process, differentiation to the value of science, scientific activity, and scientific career. The danger of social value disorientation of the participants of the global innovation process is that they have difficulties in identifying signs of genuine and false innovation and using the opportunity to promote the first and block the second one (Vodenko et al. 2018).

Since 2011 Russia has established a new form of educational institutions—national universities. The new organizational and legal form of universities provided higher independence and a higher level of efficiency. By now ten federal universities have been established: Baltic, Far-Eastern, Volga, Crimea, Northern, North-Eastern, North-Caucasus, Siberian, Southern, and Ural.

In general, the number of universities, and the number of students increases in turn over 2000–2010 and decreases by 2018. The distribution of students in public and private higher education institutions shows a change of funding sources in education. This is also evidenced by the increasing number of students studying on a fee basis. The data on the “graduates” demonstrate a gradual reorientation of education to a multilevel training model.

It is worth saying that Russian universities are the leading platform for training high-skilled staff. More than 80% of postgraduate and doctoral students are trained precisely by educational institutions and not by academic ones. The decreasing number of universities training scientific and pedagogical staff and the number of postgraduate and doctoral students are aggravated by the fact that a doctoral thesis

defense traditionally gives about 20% of postgraduate students and doctoral thesis—about 25% of doctoral students. A considerable reduction of staff engaged in scientific research is also symptomatic.

4 Discussion

A contemporary author Plotnikov concludes that the distribution of scientific research is uneven across the regions based on monitoring data on the scientific activities of universities. Almost one-third of university research projects belong to the Central Federal District. At the same time, there is an uneven distribution of local funding and the lack of a direct relationship between the allocated sources and the growth of scientific performances (Plotnikov 2005).

In his opinion, the inefficiency of funding is also evidenced by the discrepancy between the growth of candidates and doctors of science and other fixed indicators: the number of monographs and articles in leading peer-reviewed journals, international scientific cooperation, and commercialization of scientific results. Thus, Russia accounted for only 2.08% of scientific articles published in scientific journals indexed in the Web of Science database (for comparison, in France—4.67%, Germany—6.47%, and in China—15.08%). The citation level of works by Russian scholars remains quite low: 2–3 times lower against scholars from Japan, France, and Germany.

In general, we can reveal the following trends in the development of higher education institutions in modern Russian society:

- Decreasing number of universities due to the recognition of their inefficient activities by the Ministry of Education and Science.
- Introduction of a multilevel education system acting in Western countries.
- Shift of the education system to a market model suggesting the reduction of budget places and the diversification of funding sources.
- Improvement of the qualitative framework of scientific and educational staff.
- Unification of educational programs.

These trends cannot be unambiguously assessed since each of them has its own pros and cons.

With all its advantages, the trend to establish enlarged multidisciplinary educational institutions leads to high bureaucratization of the educational process and scientific activities. Besides, multidisciplinary encumbers the quality control of all training programs. In this sense, the model of a research university as an innovative university is of interest. According to the Western classical model, such a university should meet the following criteria: a significant number of students of the master degree programs and high-skilled staff training; close integration of science and education; large-scale basic research; commercialization of scientific research results; interaction with international research centers. In Russia, the status of a

national research university is assigned based on a competition held by the Ministry of Education and Science.

The shift of the education system to a market model partly turns it into the area of service provision, which leads to the so-called student-centered education model. Admittedly, it contributes to versatile education, involves the development of its individual paths. However, it also allows the student to lay down his own rules in the university, which does not always have a positive effect on the quality of education.

The two-level education framework (bachelor–master) is quite tricky to fit into Russian real life. This model, which is a copy of Western traditions within Russia, has taken peculiar forms. In Europe and North America master programs are predominantly designated for scholars, but in Russia, it is the completion of higher education. Employers hardly admit new qualifications, not being able to fit them into the professional duties of employees adequately.

Low rates of postgraduate and doctoral students defending their theses and a general reduction in their number make a drop in scientific capacity visible. Also, the staff policy is not entirely successful; attempts to establish a system to stimulate the flow of young people into science, education and high technologies are not continuous, which does not allow avoiding scientific staff aging. The policy of attracting scholars from international Russian expatriate communities has mainly a declarative nature. The salary of professors is still low, especially in comparison with the salaries of research staff members in developed countries.

The procedure for monitoring of higher education institution performance remains problematic. Experts cannot apply these criteria to small highly specialized higher education institutions due to regional inflexibility of assessment parameters.

5 Conclusion

Escalation of negative trends related to the issues of the shift to the digital economy requires adjustment of some lines of higher education reform. We agree with the modern author Plotnikov who offers the following measures to mitigate negative trends in the development of scientific and educational communities (Plotnikov 2005).

- Increasing the volume of higher education funding on the part of the government and the simultaneous engagement of private investors.
- Refusal of reorientation of universities to self-sufficiency.
- Departure from the strategy of multidisciplinary university development.
- Stimulation of students and postgraduates' research, also owing to specialized grants.
- Reformation of criteria for the assessment of university performance.
- Enhancement of policy to accessible higher education.

In conclusion, it is worth stressing the particular importance of universities in the development of innovative and digital sociocultural environment. Performing the

normal functions of education and social adjustment, they provide social changes and become the primary agents of innovative social development.

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Chapter 33

Specifics of Managerial Competencies in the Context of Managing the Personnel of an Educational Organization



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Abstract The chapter considers the specifics of the formation of managerial competences of a leader in the field of personnel management of an educational organization. The authors distinguish the concepts “competence” and “competency.” The authors designate two groups of managers: non-pedagogical specialists who have successfully proven themselves in the labor market in the field of personnel management and pedagogical specialists who have shown their professional image in the educational system. The competence model of the head of an educational organization is considered; it includes three components of competency: key, basic, and special. In addition, the authors consider the sociopsychological competency of the leader in the process of personnel management of the educational organization.

1 Introduction

The problem of the leader’s competences in the field of personnel management of an educational organization has rather deep research roots and has always been interesting for the management team. It acquires particular relevance in the context of the modernization of education in connection with the change of the educational paradigm from knowledge to activity- and personality-oriented, aimed at the formation of sociopsychological competency and professional training of a leader’s personality.

The introduction of a competence-based approach is an important condition for improving the quality of education. According to modern teachers, the very acquisition of vital competencies gives an individual the opportunity to navigate in

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modern society and forms the ability to quickly respond to current pressing needs and sociocultural risks (Gafiatulina et al. 2018).

If we understand the professional training of the educational organization as a process of professional development, mastering the experience of future management activities, then we can say that the competent specialist manager is focused on the future, anticipates transformations in the educational system, and is focused on independent education.

An important feature of the professional competency of a leader's personality is that this competency is implemented in the present tense, but at the same time, it is oriented toward the future. At the present stage of development of educational organizations, the concept of "socio-psychological competency" becomes a key concept, when managing personnel of an educational organization, including the integral characteristics of a leader as an active person interested in realizing his abilities (Gamaley et al. 2015), highly motivated in optimal problem solving and constructive interaction through effective professional activities in the field of personnel management of an educational organization.

It is important to note that management activity is a complex technological process, requiring a wide range of knowledge from the field of management sociology, personality psychology, social psychology, and social communication. In the structure of management technologies in the management system of an educational organization, administrative, managerial and psychological technologies are of particular importance as methods of direct operational impact on an educational organization as a managed object. Psychological technologies are a way of influencing social and psychological processes, qualities, phenomena, attitudes, as methods of influencing on attitudes, the nature of the reaction, the will of the individual, interpersonal relationships, and social and psychological interactions (Morozova 2006).

2 Materials and Methods

In general, the definition of competency as a value-targeted and resultant foundation of the management system of an educational organization is related to the fact that: firstly, the category of competency contains the idea of interpreting the content of management activities in an educational organization "from the result;" secondly, competency, as a complex, multifaceted category, has an integrative nature, combining communicative, professional, intellectual, and skill components; thirdly, it incorporates a number of closely related skills in the personnel management system of an educational organization, relevant to the broad sphere of communicative culture and professional competence in human resource management activities in the process of organization management (Shcherbakova 2008).

For the first time the concept of "competency" was introduced in 1982 by R. Boyatzis in the field of management psychology, which defined this concept as a certain ability inherent to the leader's personality and underlying behavior that satisfies professional requirements within one or another organizational environment.

In accordance with the model of Boyatzis, the competences demonstrated in the behavior of the leader while managing the organization's personnel can be divided into three groups:

1. Acquired competences—knowledge and skills acquired in the course of professional activity, as well as in the process of learning and household activities (This type of competence is often evaluated when organizing a competition for the position of a manager).
2. Natural competences are the basic qualities of a leader's personality (Assessment of natural competences is carried out using personal tests: extraversion/inversion, emotional stability/anxiety, good faith/spontaneity, etc.).
3. Adaptive competences are a set of qualities that allow a manager to achieve new goals in a new working environment (Assessment of this type of competences is also based on personality tests) (McGlelland 1973).

Nevertheless, how can we methodologically justify and distinguish between the two, at first glance, identical concepts—"competency" and "competence"?

The analysis of existing scientific knowledge makes it possible to judge these concepts by the "potential-real" basis as follows. Competence is a characteristic of a potential state of a person, and competency is a characteristic of a person, manifested in real activity. Proceeding from this position, it can be inferred, that competency is a complex integral characteristic consisting of a whole complex of competences determined by basic goals, objectives, and the nature of activity.

In the Russian socio-pedagogical field of scientific knowledge, the competency of the head of an educational organization is often considered from the point of view of the formation of professional competences.

The managerial competence of the head of an educational organization is a given social and professional requirement for the training of a specialist, which is necessary for his effective professional activity as a leader in the context of managing an educational organization. Moreover, the manifestation of the presence of managerial competences in the management of an educational organization is recorded only in the context of a real specific situation (Chechel 2012).

3 Results and Discussion

In the framework of understanding the specific features of managerial competences in the management system of an educational organization, it is important to identify two groups of managers:

- The first group includes non-pedagogical specialists who have successfully proven themselves in the labor market in the field of modern educational management. For this group, the preparation for personnel management of an educational organization is focused on the adaptation of a specialist in the educational environment, the formation of pedagogical competences, the formation of a group

of sociopsychological, economic, pedagogical, regulatory and legal managerial competences in the field of personnel management of an educational organization.

- The second group includes pedagogical specialists who have shown their professional image in the educational system. This group of managers is formed from faculty and teaching staff. Due to changes in the scale of tasks and the level of responsibility of such managers, it becomes necessary to form the competences of the socioeconomic and regulatory order.

In addition, for leaders in the field of personnel management of an educational organization, it is very important to form leadership competences (in particular, strategic thinking, management of organizational changes, communication skills, skills of persuasive communication when working with staff of an educational organization), as well as active work in the information environment (the so-called information competence).

Modern successful leader, according to Ponomareva, should have not only professional knowledge and skills that are included in the so-called threshold competency necessary to perform professional tasks but also sociopsychological competency—the manager’s ability to interact effectively with other people in the interpersonal system and achieve high professional results (Ponomareva 2008).

Sociopsychological competency of a leader includes: the ability to navigate in social situations, correctly and accurately identify personal characteristics and psycho-emotional states of employees of an educational organization, choose appropriate ways to communicate with them in the process of interpersonal interaction (Gafiatulina 2012).

According to Chechel, the competency of the head of an educational organization can be represented as the development of abilities, personal qualities, and mental resources of an individual and the acquisition of a cognitive component and management experience in the educational system. Moreover, knowledge and skills become not just goals but are constantly improving means of solving various professional tasks (Chechel 2012).

The above position in relation to the understanding of the competency of the head of an educational organization differs from the American model of a competent manager of an educational organization. So, for example, the American model of a competent leader is centered precisely on that set of individual psychological qualities, which include, along with the communicative qualities of a leader, such qualities as independence, discipline, and the need for self-development (i.e., the ability to set goals and successfully achieve them). In addition, an important component of managerial competency, according to the American model of a competent leader, is the ability to adapt—quickly and without any conflicts—to the organization’s personnel and specific working conditions, as well as the dynamics of their changes (Woodcock and Francis 1991).

Indeed, the dynamics of the development of social processes (Shakbanova et al. 2018) and professional development, as well as constant changes in the educational system, suggests that the professional activities of the head of an educational

institution cannot be predetermined for the entire period of his professional career. Continuing education, systematic and continuous improvement of professional competency in the field of personnel management is necessary (Taranov et al. 2018).

In this regard, we consider the results of the research by Russian scientists (from St. Petersburg University named after A.I. Herzen). Investigating the problem of a competent approach in the educational system, scientists have identified several important aspects of professional competency, which give an understanding of the issues of the formation of managerial competency of the head of an educational organization.

The essential signs of competency, determined by the transformational modifications observed in the world community, determine the requirements for “successful,” professional leadership. First, competency has an activity character of generalized skills in combination with subject knowledge, skills, and abilities in specific areas; secondly, competency is manifested in the ability of a leader, personnel manager, to make a choice, based on an adequate assessment of himself and his capabilities in a given problem-working situation (Kozyrev and Rodionova 2004).

In the course of study, scientists clarified the understanding of the professional competency of a leader–manager as a combination of its three constituent elements: key, basic, and special competencies (Kozyrev and Rodionova 2004).

Thus, the key competencies are necessary for all professional activities, they are associated with the success of an individual in a rapidly changing world. They are the key competencies of the manager in the field of personnel management of an educational organization that today acquire greater significance. They are manifested in the ability to solve professional tasks based on the use of available information, social communication (including in a foreign language), and universal moral values, social and legal foundations of individual behavior in civil society.

The basic competencies in the field of personnel management reflect the characteristics of a particular professional and managerial activity in an educational organization (pedagogical, socio-psychological, medical and social, etc.). For the professional activity of a manager in the field of personnel management of an educational organization, the basic will be the competences that are required for “building up” professional activities in the context of personnel management of an educational organization at a certain stage of the development of society. Let us clarify here that the leaders of an educational organization who came into the sphere of the educational system from economic structures who are not pedagogical specialists should certainly undergo special training for assigning basic socio-pedagogical and managerial competences.

As for the special competences, they reflect the specific features of a certain subject- or above-subject sphere of professional activity. Special competences can be viewed as the execution of key and basic competences of leader in the field of personnel management of an educational organization.

Note that all three components of the leader’s competency identified above are interrelated and develop simultaneously, which forms the individual managerial style of activity, creates a holistic image of the head of the educational organization and, ultimately, ensures that his professional competency becomes a certain integrity, integral personal characteristic of a leader of an educational organization.

All three components of the competence-based model of the head of an educational organization, interacting with each other, manifest themselves in the process of solving professional tasks of different levels of complexity and in different contexts, using certain educational areas.

Since the success of the managerial activity of a leader depends on the realization of his positive personal qualities in his everyday behavior, the transformation of these qualities into stable characteristics of his practical activity, i.e., in an effective leadership style, in this regard, as an integral indicator of the level of socio-psychological competency of the head of an educational organization can be the individual style of his professional communication. As noted by Shcherbakova and Malkarova, this provision is also confirmed by the practice of attestation of managerial and pedagogical personnel and analysis of the professional activities of the leaders of educational organizations. As a result of the research of self-assessment of an individual style with the help of S.A. Shein, conducted by Scherbakova and Malkarova, it turned out that “52% of managers demonstrate a democratic style, 14%—an authoritarian, 30%—a permissive, and 21%—a conflict” (Shcherbakova and Malkarova 2010).

Speaking about the socio-psychological competency in the management of an educational organization, it is necessary to identify certain signs of the competency of the leader, namely:

- Completeness of the reflection of the sociopsychological characteristics of the organization (Ponomareva 2008).
- Optimal level of psychological knowledge about the patterns of individual and group activities in the organization, behavior, relationships, and communication of people in crisis situations (Igel'nik 2002).
- The presence of special personal–professional (strength of personality, psychological stability) and moral qualities that provide leadership behavior that contributes to the formation of trust in the personnel management of an educational organization (Igel'nik 2002).
- Manager's ability to predict changes in the structure of the educational organization not only among employees but also among students.
- Completeness and nature of the mapping by the head of the sociopsychological characteristics of their employees, the specifics of their professional socialization (Gafiatulina 2013).
- The ability to apply administrative, managerial, and psychological technologies to diagnose and predict the behavior of their employees in a given situation.

Pugachev emphasizes that the effectiveness of the personnel management of an educational organization is largely determined by the correspondence of the manager's individual traits to the roles and functions that it implements in the organization (Pugachev 2005). As Pugachev emphasizes, in the most general form, the requirements for a leader are reflected in the social roles assigned to him by the educational organization and included in the structure of the sociopsychological competency of the leader. Moreover, the nature of role self-determination of the head of an educational organization is associated with two factors: attention to the

implementation of the tasks and attention to its staff. The basic social roles of a manager are:

1. Role of a leader (The head of an educational organization must have a high authority and ability to exert social and psychological influence on other people through various social and psychological mechanisms—suggestion, persuasion, encouragement, praise, etc.).
2. Role of the administrator (The ability of the manager to control, organize, and coordinate the actions of his employees, to ensure compliance with social, legal, and administrative standards).
3. Role of the scheduler (Optimization of the future activities of the educational organization by analyzing the changes both of the organization and its environment; in addition, determining management alternatives in the management system of the educational organization and choosing the best of them).
4. Role of the entrepreneur (The ability to find new activities, the ability to use psychological technologies in the management of an educational organization, the ability to make nonstandard decisions, readiness for a certain risk in personnel management).

One more role can be added to this list of social roles of a manager: a psychologist (In order to optimize the activities of an educational organization, it is necessary to take into account not only the individual psychological qualities of each employee but also the effects caused by joining people into groups). It means the ability of a manager to take into account the factor of psychological compatibility, determined both by the similarity of some characteristics of the members of the work group and their difference. The presence of the psychological compatibility of the pedagogical staff of an educational organization contributes to better triggered, and, ultimately, more effective professional activity (Morozov 2017).

4 Conclusions

The chapter identifies two real groups of leaders of an educational organization: pedagogical and non-pedagogical specialists. The competency model of the head of the educational organization is given. This model includes three components of competency: key, basic, and special. Four basic social roles of the head of an organization are considered: the role of a leader, the role of an administrator, a scheduler and the role of an entrepreneur. The authors proposed another role of the leader in the field of personnel management of an educational organization—the role of a psychologist.

The main recommendations for improving managerial competences of a leader in the personnel management system of an educational organization can be the following. It is important to take into account the specifics of sociopsychological competency—this is a necessary condition for the effective activity of every leader. Sociopsychological competency allows the management staff to carry out optimal

interpersonal interaction between the manager and subordinates, to create a favorable sociopsychological climate in the organization, to reveal the intellectual and moral potential of employees. The ability to effectively build personal and socially oriented communication with people around, mastering the art of managerial influence, choosing an effective leadership style, using various ways to motivate employees is a powerful lever for increasing the effectiveness of personnel's work within an educational organization.

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Chapter 34

Social and Investment Activities of University as a Subject of the Socioeconomic System in the Context of Provision of National Security



Konstantin V. Vodenko

Abstract In the conditions of depleted potential of the resource model of development and increase of the crisis phenomena in the life of regions, social security of the Russian society is peculiar for consolidation of the all-Russian space, in which negative factors of interregional differentiation work. The author comes to the conclusion that socio-investment activities of universities as subjects of the region's socioeconomic system are most optimal for strengthening of social security of the Russian society, as within the educational and project activities it stimulates the preservation of the socio-investment inclinations of the population and confidence in the future, which reduces the risks of social depression in relations with the subjects of regional development and has the role of monopolist in the sphere of the educational and culture policy.

1 Introduction

In the conditions of increase of internal and external challenges, which contain risks in the context of provision of social security and social stability of the Russian society, it is important to study and consider the role of the university system in the social and investment development of a country as the most adequate method of neutralization of social risks, which might lead to disintegration processes, threatening the integrity of Russia.

Russian universities have a large intellectual, research, and development potential, which leads to necessity for including them into the system of provision of social security of the Russian society, together with other public and government institutes. Whether we speak of creation of economy of a new type or the policy of import substitution, we discuss the issues of preservation of sociodemographic resources and

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actualization of the role of youth as a reserve of social development, when the university becomes the object of high public and government interest (Vodenko 2019).

Russian universities—despite the losses due to a difficult period of adaptation, surviving, and transition to the market model of the educational process—were able to preserve the reputation, personnel, and cognitive positions. The state of intra-regional and trans-regional relations and models of interaction with the federal center is a top-priority discourse in analysis of the perspectives of social security of the Russian society. Characterizing social security as minimization and neutralization of social risks in the form of trans-regional and intra-regional disproportions, we take into account the fact that the problems of social security moves in the region and that the real indicators of socioeconomic development determine the perspectives of social security of the Russian society. It is necessary to consider universities as subjects of the region's socioeconomic system. The existing model of trans-regional relations contains the mechanisms of the resource economy, which are very difficult to transform. The resource economy is determined by new information, organizational, and social technologies. University in the regional space is the indicator of not only intellectual potential of the region and culture and historical heritage but also becomes a link in transition to a new economy. A seemingly abstract position acquires a specific social sense in the conditions of “depletion” of the resource model and the corresponding scheme of subsidized development of Russian regions.

Socio-investment activities of university, as a subject of the region's socioeconomic system, are the direction of the university's activities on investing the efforts of the technological, educational, professional, research, and culture character for growth of human and social capital of the region as the main mechanism of regional stability and security. In this context, Russian universities slowly but progressively transform the schemes and programs of activities, which are connected to strengthening of the university's positions in the socioeconomic system of the region and to change of the university's status as a partner of regional authorities and avant-garde groups of the regional community in development and implementation of the system of social security of the region, which, in the current conditions, requires not only neutralization of external and internal threats but creation of durability, which is necessary for regional development. Interest to the region of Southern Russia is caused by the fact that though being a “middle region” it does not have “configuration of favorable consequences (resource, trade, and preferential), and, on the other hand, Southern Russia is not a socially depressive region, though there is inequality of socioeconomic development in the regional space, which allows avoiding the necessity for studying the effects of external management of the region through the system of financial transfers.

Southern Russia has a large geopolitical value and, with developed logistics infrastructure and preserved segments of the industrial economy and, what is most important, concentration of the Rostov potential, it could become a flagship region in provision of social security of the Russian society. This is confirmed by the fact that the regions that are leaders as to financial and economic indicators are remote from the federal center and depend on the “shift” schemes—in this sense, Southern Russia has obvious, though yet not realized, advantages. Thus, these issues have to be studied in the conceptual, social, and applied aspects.

2 Materials and Methods

The works of the Russian scholars Tikhonov (2017), Gorshkov and Tikhonova (2018) outline understanding of the fact that social security in the regional space of the Russian society contains the social and investment vector, which is aimed not only at elimination of social and territorial disproportions in accessibility of work, healthcare, education, and culture, but also formation of a “window of opportunity” of quality of life of the population of Russian regions, which allow supporting social confidence and social consolidation as an integration indicator of social security.

Thus, according to the position of Tikhonov, Merzlyakov, and Bogdanov, the subject is the transformation of the institutional and sociocultural environment, within which it is possible to define the role of university as a subject of the region’s socioeconomic system (Regional Social Sciences 2015). Analysis of the perspectives of implementing new social technologies, according to the authors’ logic, gets us to the thought that universities become organizations with a high level of competitiveness in the sphere of promotion of innovative projects. However, social security goes beyond the existence of socioeconomic and technological spaces, which is acknowledged by the authors of the research. Also, it is obvious that the research plan speaks of the explication of functions and structures of social organizations (including universities), which stimulate the acceleration of the social and investment policy. It should be emphasized that the social and investment and social and innovative directions are complementary in that social innovations—as significant changes in various spheres of social life activities—cannot be implemented without high social resource base, which includes “investments” into education, culture, and professional potential, according to the scheme of “delayed future.”

Thus feature is noted by M.K. Gorshkov, D.L. Konstantinovskiy, and N.E. Tikhonova. They state that the Russian society has a level of investment expectation and, as a result, investment behavior of socially active groups of society. The regional space establishes interest of education, which allows expecting the “revival” of human potential and the movement away from the situational model of increase of mercantile professionalism, which is characteristic of the residents of capitals (Capitals and regions in modern Russia: myths and reality fifteen years later, 2018). It is possible to say that adoption of education as a top-priority social resource by the population of Russian regions shows the universities’ positions within satisfaction of the regional community’s demand for good education. This thought is confirmed by Konstantinovskiy, who treats motivation for obtaining high-quality education through the indicators of accumulation of human capital, which determines sustainability of the system of social security in society. Social security is satisfaction with the “present” and the level of hopes and expectations from better future. Regional universities, according to D.L. Konstantinovskiy, are “recognizable,” democratic, and accessible for the regions’ youth (Transforming Russia 2012, 210).

Thus, in the Russian sociological though regional universities are analyzed from the position of functional equivalence—when it is stated that university education in the region focuses on the function of professional training of youth for the regional

economy and in this sense is a part of the region's socioeconomic system. Under the influence of transition to the investment model of regional development, the indicators of human capital appear in emphasis are made on studying the "renewable" resources of regional development. In this context, universities in the region are the object of sociological analysis as to criteria of investment attractiveness and investing resources and efforts for the region's "better future" and substantiation and support for social and economic projects that have the long-term value within fighting the resource dependence.

A new situation with the position of regional universities, as subjects of regional development, actualizes the principles of the subjective and pragmatist approach, which is described by the Russian sociologists as the key in understanding universities in the system of provision of social security. Social and investment activities in the region and social security in this chapter are treated as "single-level": social and investment activities in the context of the research are defined as social actions of the subjects of the region's socioeconomic system that are aimed at saving and developing human capital (educational, cultural, and professional) on the basis of stimulation through the economic, social, and sociopsychological mechanisms of orientation at creation of guarantees for future development and solution of the current problems in the context of priorities of social security. Social security is treated as proportionality and balance of the spheres of regional society on the basis of coordination of interests of socially and economically active groups of a regional society. Socio-investment activities of university expand the window of opportunities of social security, as, compared to the functional equivalent, the university ceases to be only a space of social aging of the youth or delayed unemployment in the conditions of economic crisis. Transformation and reorientation of the university structure and academic and administrative personnel at design and implementation of social investments take place. This has three aspects. Firstly, university, as a part of region's socioeconomic system, is included into implementation of the programs of regional development from the point of view of provision of social security. Secondly, this is specified in the fact that professional training in university works for preparation of specialists according to the criterion of competitiveness and creativity. Thirdly, university in the regional space goes from interaction with the subjects of regional development according to the principle of "order" to formation of "order," training of specialists for the segments with high social investment attractiveness, which are good for business structures and for social and cultural development of the region. It is possible to state that in order to become a real subject of regional development, a regional university requires sociological expertise and substantiation that is connected to priority of social security as quality of regional development, which excludes growth of crisis tendencies in trans-regional connections and connections with the federal center, development of the horizontal ties in the system of social security, and real distribution of responsibility for sustainable and predictable development of the Russian society.

University, as the subject of the region's socioeconomic system, is an institute of educational and social and investment activities, which set the goal of determining the university's specific features as a socioeconomic institute. In the situation when

the character of relations between the models of social action, which dominate in the regional space, and the university determines the trend of social and investment development, which is the objective background for social security, there exists the necessity for building the explanatory institutional construction, which is to determine the search or window of opportunities of the university's social and investment activities. It is important to analyze the totality of formal and informal norms that are the basis of social contract between the university as the subject of socioeconomic system of region and regional community. The provisions of the sociocultural approach are actualized in the similar way in the context of studying the university's cultural capital, its reputation as a culture center, translator of cultural and historical heritage, and driver of new cultural trends and intentions in the life of small and medium cities of the region.

3 Results and Discussion

For example, Rostov Region is the leader of Southern Russia in development of infrastructure of higher education and performed an important strategic task for provision of the national and regional economy with skilled specialists in the sphere of engineering, agrarian, pedagogical, and humanitarian profiles. Obviously, entering the post-Soviet period negatively influenced the dynamics of higher education in the region: dissolution of respectable scientific schools, violation of strong connections with universities, and limitations in acceptance, training, and employment of the specialists. Commercialization of higher education, which actively started in mid-1990s, led to changes of "improvement" of the financial state of universities and to limitation of access of youth from poor groups of population to university education, as well as to difficulties with implementation of "market" criteria in the activities of university staff. This was expressed in the loss and narrowing of positions for training of specialists of the engineering and agrarian profiles and disproportions of "market" professions (managers, lawyers, and economists) (Radaev 2003).

One should not ignore the "pressure points" of functioning of university as the subject of the region's socioeconomic system, which appeared and are reproduced in the context of university's transition to "market rails." This transition, which is presented as optimization of the system of higher education, could seem impeccable according to the criterion of financial expenditures and ratio of "commercial" and "state-financed" openings in the university. But the real problem of "marketization" of university in the regional space consists of three dimensions. Firstly, regional universities are treated by the region's population as accessible and high-quality universities not only based on territorial parameters but also based on expenditures for higher education. In view of the fact that in the region of Southern Russian 90% of universities have a certain government-related status, the regional community preserves the setting for obtaining higher education either on the state-funded basis or on the paid basis (with payment that is affordable for the family budget). Firstly, transition to market mechanism increases the economy and accounting of financial

resources that are allocated for the university and thus leads to “invention” of various forms of commercial educational services that are often of the mandatory character. This does not influence the cognitive and professional motivation of undergraduates in a positive way and makes the academic staff a hostage of the “money making” schemes. It should be emphasized that there are disproportions between the cognitive, research, and social aspects of the university’s functioning. Research and activist sectors of the university life suffer, as interest to these types of activities decreases—for they do not have an immediate commercial effect. Thirdly, there is a risk of erosion of qualification potential in the university, as “domination” of managers from the education appears—they aim at finding and actualizing the criteria of economic effectiveness of the group on the whole and specific actors of university activities. So it becomes impolite to think that university should pay less attention to reputation of the academic staff and pay more attention to activity of the managerial staff, which deals with financial flows (Abramov et al. 2017).

At present, it is possible to observe a tendency of achieving balance between the traditional function of professional training and provision of educational services, which brings certain self-financing to universities. However, this scheme also shows certain drawbacks, as fundamental R&D cannot be financed based on self-financing schemes. It is possible to say that the role of intra-regional connections in the university system of the region of Southern Russian became weak: the desire for more financing from the federal center and for recruitment based on the criterion of territoriality led to doubling of professional training and unhealthy competition for attraction of youth based on the criterion of accessibility. This led to reduction of quality of higher education, which, together with the aging of the model of mandatory employment of graduates led to the risks of unemployment of graduates, decrease of fundamental research directions, and reduction of contacts within the university community (Russia: reformation of the managerial hierarchy in the context of the problems of sociocultural modernization of regions, 2017).

Overcoming the accumulated “bottlenecks” in development of the university system is determined by the level of readiness and real inclusion of universities of Southern Russia into the social and investment activities. This requires creation of the conditions of growth of the university potential in the long term. According to the results of the sociological surveys, trust in scientific and educational structures in the regional community reaches 43–45% (Twenty-five years of new Russia: Rostov Oblast, 2018, 105). Of course, the studies that record the level of trust to the main government and public institutes do not determine the independent trend in the population’s moods toward the university system, but it contains the facts that show that education and science, despite the period of depreciation and reduction of authority, occupy a stable position in the social and socioeconomic life of the regional community. Moreover, the reputational capital of university education contains the hope that implementation of the model of socioeconomic development, which is developed and contains expertise of the university and scientific community, is perceived in the region as realistic and containing less unpredictability and uncertainty of the results.

As regional universities are interested in expansion of independent, as a mechanism of provision of stability of the university's functioning, the university environment—in order to avoid the excessive dependence on financing from the center—refused from the idea of competition for finances from the center. Transition to the state of the subject of the region's socioeconomic system means inclusion of the regional university by "equal rights" with other subjects and government and business structures, which have resources and competence in the implementation of socioeconomic development. In the context of new social reality, which makes regions responsible for security and stability of the country, on the whole, objective influence of the university on the character, specifics, and direction of public transformations in regions is the most important precondition and an inseparable condition of successful solution of the current tasks of development of the effective policy of social security (Putilov et al. 2017).

Considering this aspect of the activities of regional universities, the basic factor that is the basis of the university's functioning is the socio-investment activities, which include the university's transition to a new direction of professional training, connected to creation of innovative socioeconomic segments and development of the research programs that contain the conceptual and social and applied values for provision of social security. In the context of conceptuality, the region's universities participate in development and implementation of more than 300 programs that are aimed at implementing the systems of ecological, technological, and information security. These directions are conceptual according to the consequences, as they move social security from the sphere of managerial relations to the strategy of accumulation and development of human capital.

It is possible to state that the university system in the Russian regions becomes not only the part of the region's socioeconomic system if it is treated as a totality of economic relations, mechanisms, and regulators that work in the regime of reproduction of material resources, but also a driver and accelerator of transition of the region's economy to a new state, which allows switching the provision of social security from cost-based mechanisms of prevention of technological and social risks to formation of the structures of access to social resources in the context of expanded social reproduction. Universities in regions—as compared to other subjects of regional development—experience the incompleteness of the organizational transformation, but are prepared for usage of new intellectual and social technologies. Having a sufficient expert potential, universities work in a new fashion and work within trust to the professional qualities of the university staff.

The real indicators of social and investment activities of the university, as a subject of the region's socioeconomic system, in provision and increase of the quality of social security are structural and functional, institutional, and subject and pragmatist criteria. The structural and functional criteria include the criteria of functional equivalence, which include quantitative indicators of the structure of the university and specific departments (students, academic staff, and management), organizational indicators (quantity of departments, schemes of interaction, and totality of vertical and horizontal ties), the volume and quality of the university's functions of professional training, scale, and character of scientific research, and the

social and cultural mission, which is expressed in university's participation and influences on the regional and local life. The institutional indicators include "windows of opportunities," which are characterized by effectiveness of formal and informal norms and access to the institutional resources (financial, organizational, and legal) of the actors of higher education, the existing formal and informal practices in various spheres of the university life (Practices as behavioral models that are connected to the formally legal status or influence of informal norms through the corporate ethics of the university), norms of interaction in small groups (student groups and chairs), and understanding and influence of informal social contract, which is connected to execution of mutual obligations between the university management and staff. The subject and pragmatist criteria include measuring the university's capability—at the level of group actions—of social and investment activities, real infrastructure of socio-investment projects, forms of stimulation of the social and investment activities, and formation of the university's image as a social and investment center within the socioeconomic system within the region of Southern Russia.

While in the economic and managerial sphere of the region of Southern Russia there was quick replacement of personnel in later 1990s, the university system, as was mentioned above, is peculiar for "aging" of personnel—and this is a positive factor of succession in a university's development. Russian scholars Sheregi, Dmitriev, and Arefyev note the preservation of demand for the intellectual product of Russian universities and come to the conclusion that motivation of the academic staff for participation in scientific projects remains high (57.5%) (Sheregi et al. 2002). This indicator has not changed much for the past period, as in the conditions of complexity of increase of high-quality educational services in the regional universities, the development of regional and local projects by the universities remains very important. In order to preserve competitiveness and attractiveness for the region's youth, the universities of Rostov Oblast, Krasnodar Krai, and Stavropol Krai set the "winning direction" as participation in the regional economy.

This interaction is not manifested in a simplified scheme of cooperation of universities and companies, as the forms of property changed and there is no policy of state order: most universities offer their own technological and intellectual projects, in view of difficult work at the international level and real competition with the Moscow universities, which have the government support. Regional universities have to transform their activities for the purpose of stimulation of the region's economic stabilization as to the real indicators of acceptance and graduation of specialists. It is possible to observe the flight of young people from the university sphere in the socially depressive regions; the reasons include poverty and impossibility to obtain education on the paid basis.

This is stated by a group of sociologists under the guidance of Konstantinovskiy. Noting the influence of the social and territorial barriers on the basis of the factor of the paid/free basis a conclusion is made that this factor becomes the top-priority factor or a very important factor during the selection of a school and university (42% of parents prefer free basis) (Konstantinovskiy et al. 2006). On the whole, the results of the research show that the connection "school–university" still remains, but

accessibility of high-quality education plays a very important role. Regional universities are interested in the regional rating, which consists of the positions of acceptance of students, chances for graduates' employment, preservation of the core of academic staff, prestige, and succession. It is predictable that prestige is the most important social marker is predetermined by entering the region's socioeconomic system with a claim for the status of a real participant.

In the context of realia of the region of Southern Russia, it becomes obvious that the top-priority adaptive strategy for the population is saving money and, as a result, limitation of the university's possibilities to provide commercial educational services. It is necessary to pay attention to transition of the leading universities of the region—based on integration with the universities of the “second row”—to expansion of acceptance of students, which allows preserving the social and investment strategies of the population and establishing—through the social and investment activities—the university's position in the sphere of social security. Such conclusion is confirmed by the fact that regional leading universities increase their influence in previous uncovered territories, where mainly university branches and commercial universities used to work. Concentrating personal and professional resources, the leading universities of Southern Russia start “dictating the terms regarding the educational, cultural, and, eventually, economic policy. This fact is obviously seen by the regional management and business structures, as according to the indicators of the subjects (oblasts and kraia) of Southern Russia, this region occupies the middle position [Perspectives of the investment development of a region (by the example of Rostov Oblast), 2018].

In the current conditions, the reason for calming disappears, and the middle character increases “vulnerability” of the region under the scheme of “stimulating the leaders” and supporting the regions with a vivid low potential of growth. Regional universities attract attention of the subjects of the region's socioeconomic system with the perspective of “straightening” of social disproportions through the social investment attractiveness of higher education (Skorobogaty and Khazbiev 2018). It is also important that regional universities competitiveness and cooperation in development, i.e., they unite into interuniversity research complexes and seek stable contacts with regional managerial and business structures (Kleiner 2018).

In other words, low indicators of population's revenues and risks of unemployment are leveled by expansion of access to higher education, especially for the regional periphery. Monopoly of regional universities could be considered a positive factor, as the level of investments and “distribution” of assess for education decreases, the scheme of the university's revenues becomes more transparent, and it becomes possible to use free resources for investment activities. Despite the obvious character of negative consequences of the economic crisis, which complicates the development of the socioeconomic system of Southern Russia, there is a need for accelerating transition to innovative economy, and, therefore, regional universities become a factor of “temporary break” and fill the “holes” that appeared as a result of optimization of the region's social infrastructure.

The data of studies of the Russian sociologists show that in the conditions of reduction of population's durability (only 8% of Russians have long-term savings)

(Gorshkov 2017), the socioinvestment activities of universities increase the level of social confidence and give higher education the role of “ticket to the future” (growth of interests of the region’s population at the level of 32–35% into social investments in personal and family development). A paradox though it might be, there is depreciation of higher education, and the attitude of the subjects of regional development to the university system is peculiar for acknowledgment of the role of regional higher education as a growth factor of social and investment attractiveness. Southern Russia, with its middle role, receives new opportunities for adapting to new economic conditions in the context of search for the compensation mechanisms, which raise social security through blocking social exclusion—especially in the regional periphery—preservation of status cultural potential (Yanitsky 2006), possible achievement of material well-being, and prevention of the socio-cultural segregation, which creates new areas of social tension.

4 Conclusions

Based on the implemented subject and activities approach, positioning of the university in the regional space is expanded: in the conditions of the crisis phenomena in the socioeconomic life of the universities in Southern Russia, they are offered the alternative to the inertial scenario. The results of sociological research show that the investment activities of universities may bring certain results: creation of new innovative clusters on the basis of university achievements and specific participation of the universities, appearance of new jobs that are connected to supporting the social infrastructure and gradual increase of the leading regional universities, and selection of the strategic direction of regional development that is based on the real intellectual resources of Southern Russia (Cherkesova et al. 2017).

In the context of social security, as a socially symmetric development of the region, a regional university acquires a status of “brain center” and positively influences the preservation of the developed regional advantages (developed logistics, agro-industrial complex). Secondly, one should not forget that high rates of economic growth are impossible, and the issue of social security in Russia faces the problem of reduction of the level of differentiation between rich and poor regions. Southern Russia—as a middle region—could be modal during determination of approaches to overcoming the trans-regional gaps that stimulate the level of social danger on the Russian society.

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Chapter 35

Management Process of Students' Professional Patriotism Formation in Multicultural Educational Environment



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Abstract The chapter is devoted to the study of management features of secondary vocational education system in conditions of innovative changes. The prospects for development of a new form of educational institutions management are considered. This form results in development of “professional patriotism” in more than 70% of students and contributes to reduction of the state’s need in regular labour force. Former students seldom try to find a job in the chosen profession after receiving a diploma of professional education, because the modern education is aimed at development of professional skills without any sense of importance and love for the chosen profession.

1 Introduction

The basis of professional patriotism is the choice of profession. According to the results of test named “Why do I choose this profession”, 35% of the SB PEI (State Budget Professional Educational Institution) “Mozdok Mechanics and Technology College” first-year students believe the chosen profession will be well paid in the future, 15% of the students “have the ability”, 22% were advised to choose this profession by parents, 8% do not care where to study, 12% were guided by popularity of their future profession among peers, 8% have dreamed about the chosen profession since childhood. At the same time, not all of the graduates will be employed in their specialty. The main task of the educational organization is to prevent the increase in number of graduates who give the chosen profession up.

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The formation of professional patriotism is currently the main task of professional educational organisations. In the first stages they increase the student's interest in the chosen profession. Later on, due to the well-organized and carried out work, this interest will grow into professional patriotism to reduce the percentage of unemployed graduates, reluctant to engage in the chosen activity.

The aim of the work is to identify the management mechanisms of professional patriotism formation process in students of professional educational organisations.

2 Materials and Methods

A lot of researches treat the problems of patriotism formation as love for the motherland, the native land, but no attention is paid to the formation of professional patriotism.

The theoretical basis of this chapter is formed by the concepts of Isakov (2011), Krysko (1999), Demidova (2012), Dahl (2011), Lisetskaya (2019). These concepts ground and develop different ideas about the essence of patriotism. The work reflects the ideas and principles of professional patriotism formation in a multicultural educational environment developed by Kolonitskaya (2010), Saenko (2018), Saenko and Bobryshov (2016).

In the study of the term "patriotism" there were used the methods of theoretical comparative and historical research. At the stage of hypotheses development there were actively applied the basic principles of modern sociology of management. The authors analysed the results of sociological researches on formation of patriotism in educational institutions published in scientific periodicals.

3 Results

According to sociological surveys, the applicants mostly choose professions in the sphere of creativity, business and management. Very few choose to become a chef, mechanic, baker or technologist. But, despite the fact that robots came to replace men in the modern world, this replacement is impossible in all the industries. In this regard, there is a problem, namely, how to influence the choice of modern youth and draw attention to such specialties as "Technology of Storage and Processing of Grain", "Technology of Bread, Confectionery and Alimentary Products".

At the state level, they carry out various activities, aimed at promoting such professions as mounter, mechanic, builder, such as: competitions of professional skills, establishment of additional material incentives, promotions and trainings. But this is not enough. Educational organisations shall work a lot in this direction. At the stage of professional orientation before employment there should be done the work aimed at formation of students' professional patriotism.

Thus, educational organisations that will be able to rebuild their educational process so that the percentage of graduates' employment was close to the maximum will be effective in the modern educational space.

The formation of professional patriotism as a goal should be incorporated in the strategy of educational institution. All management structures should coordinate their activities in order to get not only a competent specialist but also a person who wants to work in the chosen specialty at the end of training.

Professional patriotism is unindifferent to the chosen kind of activity, it is associated with the desire to grow professionally, constantly improve and achieve new successes, glorifying the profession and specialty.

Thus, professional patriotism requires additional study as a new concept in the modern science. Professional patriotism is a pedagogical category because it is considered by pedagogical science. Today, it is necessary to solve the following tasks:

1. To determine the content of professional patriotism concept.
2. To formulate the main problems to be solved in the process of professional patriotism formation.
3. To identify the current pedagogical conditions in order to enhance students' professional patriotism formation.
4. To develop the technology of professional patriotism formation in the framework of professional educational organisations.

4 Discussion

Many works are devoted to the study of formation, establishment and development of patriotism. Even in the days of ancient Rus' (ancient Russia) they discussed, what patriotism is. The thinkers of those times adhered to the idea that patriotism is a whole complex of views and ideas filling life of the Russian people with spirituality and nobility.

Patriotism was based on the idea of national unification and harmony, protection of the native land or region, on the ideas of motherland, moral duty to humanity, responsibility for the fate of the motherland (Lisetskaya 2019).

During the reign of Peter the Great "patriotism" was considered in the context of military-professional orientation as boundless devotion to the motherland, respect and observance of military rituals and awards, honour of the uniform.

In antiquity the term "motherland" was applied to the native city and native land but not to the more extensive territories; thus, the term *patriota* meant the city-state citizen, though, for example, the feeling of all-Greek patriotism was formed during the Greco-Persian wars, and the Roman writers described the peculiar feeling of Italian patriotism in their first works (Krysko 1999).

In times of the Roman Empire patriotism was understood in the form of local "Polis patriotism" and "Imperial patriotism". "Polis patriotism" was formed through the use of various religious cults of a particular area. For example, the Roman

emperors for the sake of uniting the population under leadership of Rome tried to make some cults popular throughout the Empire, for example, deifying the Emperor.

The opposite meaning of the term “patriot” was formulated during the first revolutions. In France, the patriots called themselves “fighters with the monarchy”, supporters of the Republic. In those days, the concept of “patriotism” was identical to the concept of “nationalism”. At the same time, the concept of nation was not ethnic in nature. In America of the eighteenth century, the concept of “patriot” had the same meaning as the concept of “revolutionary”. With introduction of “nationalism” concept, patriotism began to be opposed to nationalism as a commitment to a particular country, territory, state—commitment to the human community and the people.

In Russia, patriotism has never been equated to nationalism; these concepts were always separated from each other.

In the Explanatory Dictionary of Dahl patriotism is interpreted as “love for the motherland”. By this definition, a patriot is “the one who loves his motherland, a zealot for its good, a constant lover” (Dahl 2011).

The analysis of patriotism concept definitions in modern encyclopaedic dictionaries allows concluding that patriotism is associated with emotional awareness of a person of his small motherland (the place of birth of this individual), his education, childhood and youth impressions, his formation as a person.

In modern science “patriotism” includes the following elements: attitude of man to the fate of his homeland, respect for history, respect to the ancestors, love for the “small” motherland and “great” motherland.

Patriotism first of all assumes indifferent attitude of a person to concrete everyday affairs for improvement of political, economic and military situation of the motherland, its arrangement and role in international division of labour, worthy development of all the state’s subjects, protection of interests of the country.

To form professional patriotism in students, there is a need for purposeful control of the process through identification and implementation of pedagogical conditions. There are many scientific works devoted to definition of the essence of pedagogical conditions. Let us consider several views on this concept.

Such authors as V.I. Andreev and A. Ya, Nain define pedagogical conditions as a set of objective possibilities, content, forms, methods and material-spatial environment aimed at solving the tasks set in pedagogy. N.V. Ippolitova and M.V. Zvereva understand pedagogical conditions as a component of the pedagogical system characterizing the set of internal and external elements that ensure its effective functioning and further development (Babaskina 2010).

B.V. Kupriyanov, S.A. Dynina and others interpret pedagogical conditions as a systematic work in educational process of an educational institution, which provides the possibility to verify results of scientific and pedagogical research.

Considering these different approaches to interpretation of “pedagogical conditions” concept, we can draw the following conclusions: pedagogical conditions are a component of pedagogical system; they represent a system of educational and material-spatial environment; pedagogical conditions affect development of

personal characteristics of the subjects of education and contribute to formation of procedural basis of the educational environment; only well-chosen pedagogical conditions contribute to the further development and effective functioning of the pedagogical system.

Within the framework of the topic of professional patriotism formation, it can be concluded that pedagogical conditions are a component of pedagogical system management which represents a set of educational and material-spatial environment and contributes to formation of students' professional patriotism in the framework of educational process.

It is customary to allocate the following groups of pedagogical conditions: organizational and pedagogical conditions, psychological and pedagogical conditions, didactic conditions.

Organizational and pedagogical conditions include forms, methods and measures of influence and conditions that contribute to successful implementation of pedagogical tasks. These conditions facilitate the purposeful development of procedural basis management of pedagogical system as a whole.

The experience of teaching practice and analysis of literature allows identifying the following organizational and pedagogical conditions of professional patriotism formation in the framework of professional education: development of students' positive motivation for future employment, students' awareness of future professional activity from the standpoint "I'm the doer, I am professional", actualisation of the labour sphere in the process of additional professional education.

To comprehend the professional activity is to understand, to be aware of the "meaning" of your work. "Comprehension" is a mental action, personal perception of environmental changes which denotes not only the process but also the result of activity. "Finding meaning is the process of actualisation of environmental potential that meets the needs of the individual" (Belozertsev 1990). The same activity can have different, sometimes opposite meanings for different people. Thus, the search for the meaning of social activity becomes a problem of training a cultivated professional, a doer (Demidova 2012).

Organisation and preparation of students for professional competitions can be considered the way to manage and implement these conditions. Professional skills competitions, in recent years, become relevant; they acquire new value in education. WorldSkills International today is a very popular competition.

WorldSkills Russia holds all-Russian Championships of professional skills in five areas:

- Professional skills competitions for students of colleges and technical schools under the age of 22. Once a year the winners of the regional championship compete at the National final of "Young professionals" (WorldSkills in Russia 2019). In 2017 there appeared a specific age category—WorldSkills juniors (16 and under).
- Corporate Championships held at industrial sites of the largest Russian companies. The competitions are attended by young workers aged 16–28. The winners present their corporation at the annual final WorldSkills Hi-Tech championship.

- Championship in the field of high-tech IT sector—DigitalSkills. Age limit—up to 28.
- AgroSkills is a sectoral professional skills championship for employees of agricultural sector companies (aged 18–28), co-organized by the Ministry of agriculture of the Russian Federation. The championship is carried out in three competencies: “agronomy”, “veterinary”, “operation of agricultural machinery”.
- The WorldSkills interuniversity championship on WorldSkills standards is a professional skills competition for students of higher educational institutions. The winners of University Championships meet in the national final.

It requires well-managed work of the teachers to prepare students to participation in this competition. They should not only study the strict organizational rules but also they have to find creative approach to the teaching process. It is impossible to train students only in the field of theory; there is a lot of practical training, requiring involvement of the student in production process. The teacher should organize close cooperation with representatives of enterprises, i.e. dual training of the student.

This training will allow getting acquainted with the future job functions, and contribute to the fact that the students who have no interest in future profession can change the training profile. Of course, only the most talented students with excellent professional skills will participate in international competitions. In addition, taking part in them requires significant financial costs and the budget of some educational institutions allows no participation in such championships. In this regard, we should not forget about competitions in the framework of educational institutions.

Professional competitions on the basis of educational institutions should not go into the background but become mandatory. This obligation should be regulated at the federal level.

Actualization of the labour sphere in the process of additional professional education is possible due to implementation of such training module as “Performance of work in one or more working professions, positions of employees”. For example, as part of development of the specialty “Protection in emergency situations” students can learn such professions as fire fighter, car driver, lifeguard and so on. As a rule, professional educational organisations make it possible for the student to get additional profession in the second year of training. This allows involving students in professional activities as soon as possible.

However, this module is not provided in all federal state educational standards. In the field of “Law and Organization of Social Security” and “Law Enforcement” there are no professional modules in which students can get a profession. It is possible to fill this gap only by independent introduction of professional module “Performance of work in one or more working professions, positions of employees” in the curriculum. This can be done at the expense of electives but demand a careful study and justification. However, as a rule, educational institutions refuse to introduce such a module.

Psychological and pedagogical conditions are understood as measures that have an impact on the development of personality of the subjects. In this case, the authors have different interpretations of who is the subject in this case. Some treat students as

the subjects but the others state that the subjects are teachers and educators. Psychological and pedagogical conditions contribute to the functioning and development of personal characteristics of the subject of educational environment. These conditions both educate and develop the student's personality. These measures should be selected taking into account the goal and personal qualities that should be formed.

The following psychological conditions contributing to professional patriotism formation of the students of professional educational organisations can be identified in the course of the study: taking into account the psychological and age characteristics of the students, active interaction of the teacher with the student, creative and relaxed atmosphere in practical classes, formation of students' significant motivation for professional activity, integration of problem-based learning with traditional means of learning, implementation of hermeneutical approach.

The hermeneutical approach implies well-managed work with information and self-development of intelligence (Garayeva 2009; Saenko et al. 2018). Students should be able to analyse the current problem, analyse the available facts, develop hypotheses and offer solutions. Implementation of this approach will contribute to development of students' independent thinking, creativity and ability to find solutions in situations of problem nature.

Within the framework of professional educational organisations, this approach can be implemented by: testing students' competency, creative competitions (like "Art-profi" in Russia), conferences, meetings with successful graduates of educational organisations and exhibitions of achievements.

It is possible to allocate the following didactic units of formation of professional patriotism: systematic formation of each educational subject and the curriculum as a whole, the unity of specific and invariant opportunities of various educational subjects in formation of educational activity, awareness of all the formed components of educational activity, increase of independence degree in the course of educational activity formation, formation in unity of substantial and operational and motivational components of educational activity.

Thus, by creating organizational and pedagogical, psychological and pedagogical and didactic conditions, it is possible to form professional patriotism in students of professional educational organisations in multicultural environment.

5 Conclusion

The modern standard of living imposes the need to revise educational process. There has been done a serious work to improve professional education. The main directions of this work are provided by the RF Government Resolution of 3 March 2015 No. 349-r on approval of the set of measures, benchmarks and indicators of the set of measures aimed at improving the system of secondary vocational education for 2015–2020.

The Resolution approved the list of prospective, top requested professions along with updated and approved federal state secondary vocational educational standards for the 50 most promising and popular professions and specialties in accordance with professional standards, including the best foreign practices, advanced technologies, etc.

Much attention is given to updating the material and technical resources of educational institutions.

Every year they held competitions aimed at development of the best project to improve material and technical components of the educational process. But all that affects only a part of the training process and does not apply to educational work with the students. After all, the essence of education is not just to teach in popular professions as many people as possible, but to get a competent specialist who, after receiving a diploma, will not abandon the chosen profession, but will begin practical activities (Isakov 2019). That is why it is necessary to talk about such a concept as “professional patriotism”, which is responsible for desire of the former student and “newly made” specialist to implement their skills and the primary professional experience in the chosen profession.

In this regard, it is necessary to develop a set of measures aimed at establishment and further formation of professional patriotism. Professional patriotic education should become an integral part of harmoniously developed personality of the students. Work on the formation of professional patriotism should be systematic and regular. That requires not only cultivating love of motherland and family but also love of the work and engagement.

In SB PEI “Mozdok Mechanics and Technology College” there are training about 900 full-time students. The College is a multinational educational institution due to its geographical location. In this regard, formation of professional patriotism within the framework of this educational institution has an additional specificity, there is a need to take into account national and ethnic identity of the student.

The pedagogical staff of the College has an additional goal to form a multicultural educational space, contributing to training of a competitive specialist—not only skillful, but also aware of the culture, traditions and characteristics of the peoples living on the given territory. All that can be best implemented in such fields of training as “Chef”, “Confectioner”, “Technology of Bread, Confectionery and Alimentary Products”.

The study of national and cultural characteristics is a necessary condition to form the ability to conduct a dialogue of cultures, to develop a tolerant attitude to peoples of different religions, traditions, customs, views and beliefs, and this, in turn, implies formation of multicultural competence (Kolonitskaya 2010).

The necessary condition for management of professional patriotism formation process is to develop competence in the FSES standard aimed at formation of professional patriotism. This competence of the standard will fully ensure formation of students’ professional patriotism and focus the graduates on professional development and self-improvement.

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Chapter 36

Relationship of Corruption and Organized Crime Groups in the Russian Society



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Abstract The chapter is devoted to the analysis of the relationship of corruption with organized crime in Russia. Organized crime groups (OCG) are the main corrupter, since corruption and organized crime are two interconnected, interdependent, intertwining, and fueling each other negative, antisocial phenomena. Through a determination approach, which allows investigating the mechanisms of self-determination of corruption crimes, the work traces the interrelationships between corruption and organized criminal groups, examines various types of corruption technologies, and analyzes the results of opinion polls conducted by experts. In conclusion, a set of measures to combat corrupt organized crime is proposed.

1 Introduction

Numerous studies of specialists in various fields of humanitarian knowledge (sociology, political science, and criminology) show that the scale of corruption in the most dangerous forms of its manifestation and the level of criminal situation in Russian society have increased significantly over the past decades, reaching alarming proportions. Corruption in Russian society manifests itself not only in

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the form of individual acts but also in the methods of committing various criminal acts, as well as the wide practice of organized criminal groups. Corruption is systematically associated with transnational and other large-scale organized criminal activities of an economic, socio-political, extremist, terrorist nature and is one of the most serious threats to national state security (Vaskov et al. 2018). Criminal communities, through a variety of corrupt ties, penetrate into the economy and the financial system; try to influence political processes, block law enforcement. As M.D. Musabekov emphasizes, the problem of corruption and organized corruption of the public sector of the economy in modern conditions is a serious threat to the “economic security of the Russian Federation constraining ongoing innovative development, the formation of a truly highly competitive market and the diversification of the economic structure (Musabekov 2018).

Corruption is closely related to organized crime. Organized criminal groups (OCG) are the main corrupter. A corrupter is a private or legal person who enjoys, for a fee, official authority, services, connections, or the position of a state or municipal employee, a person performing managerial functions in a commercial or other organization to achieve personal, narrow group, or corporate goals. The OCG acts as the customer for the actions of the bribed side, “and this conditions the self-determination of organized corruption, which is manifested in the involvement of a wide circle of people in corruption relations” (Astaniin 2009). In this regard, the most important tasks of this work are the interpretation of corruption, the establishment of the relationship between corruption and OCG, the analysis of sociological polls, anti-corruption education and the development of measures to combat corruption crimes (Eminov and Maksimov 2015).

2 Materials and Methods

The methodological problem of fighting corruption and OCG is the lack of an interdisciplinary approach to studying the problem, developing recommendations to combat this antisocial phenomenon. Many researchers believe that from a methodological point of view it is advisable to focus on the interdisciplinary specificity of the study of corruption, the need to develop theoretical and methodological approaches to the study of various levels and forms of corruption and organized crime (Kasyanov et al. 2018; Kitova et al. 2017). In solving the problems posed by the authors, general scientific methods were used: sociological analysis and synthesis, the method of social polls, and the comparative method.

3 Results

Corruption is a complex and changeable socio-legal phenomenon, the study of which is the subject of many scientific works of specialists in the field of criminal law and criminology, economists, sociologists, deviantologists, and philosophers. It is appropriate to mention the works of such domestic authors as Astanin (2009), Golovko (2006), Ischenko (2010), and others.

The definition of corruption is already sufficiently developed in the criminological literature, defined in modern Russian legislation (Federal Law “On Countering Corruption”). Corruption is one of the most important factors in the self-determination of organized crime. On the one hand, corruption can directly and indirectly affect the state and extent of organized criminal groups. On the other hand, it can also be an indirect form of self-determination of organized crime, affecting, for example, the moral and psychological state and social well-being of society as a whole.

To study the mechanisms of self-determination of corruption crimes, it is possible to designate among them separate types. Following the classification based on the relationship of corruption and organized crime proposed by the Russian scientist S.V. Maksimov, it is necessary to differentiate three types of corruption. In particular, the author highlighted “Bright corruption,” which is not related to offenses; “Gray,” related to offenses of noncriminal nature, as well as “Black” corruption—this type of crime, according to S.V. Maksimov, is committed of in the interests of the corrupt, this is what defines the self-determining nature of “Black” corruption. So, for example, under corruption protection of the OCG, crimes related to illegal business are committed; illegal banking operations, the so-called “laundering” of money obtained by illegal means and illegal obtaining of a loan; illegal land transactions, the extraction of natural resources; evasion of customs payments, state taxation; fraud; violation of copyright and related rights, etc. (Maksimov 2000).

Solving the problem of classification of OCG corruption activities, I.S. Parshin, proceeding from the system of the Criminal Code of the Russian Federation, divided them into two large groups: (1) corruption crimes disrupting the normal functioning of the Russian economy and (2) corruption crimes disrupting the normal work of all levels of state power (Parshin 2013).

One of the peculiarities of the reformation of Russian society was the fact, that criminal groups not only formed their capital at the expense of the shadow and criminal economy (arms trade, living goods, drugs, etc.), but also penetrated in the official business by all means, and through corruption approached the socio-political power of all levels. This was the way, the process of criminalization of Russian politics, economics, finance, selection of a compliant managerial apparatus took place; the struggle for ownership over national natural resources such as oil, gas, timber, precious metals, etc. was carried out. Ruthlessness, cynicism, cruelty, aggressiveness of the “new” OCG leaders predetermined their relationship with each other and with the authorities and society. By building corrupt ties with state authorities and ministries and departments, judicial and investigative bodies, they

sought to run their criminal business without control and with impunity or with minimal losses.

Experts emphasize that, unfortunately, the system of corruption in all sectors of civil society in Russia has already been built. At the same time, it has its own characteristics in relation to the highest echelons of power, local officials; it is characterized by specific features depending on the sectors of the economy, industry, types of activities, and regional peculiarities. Opinion polls show that almost half of Russians are convinced that most government officials are mired in corruption and organized crime. The first place in this antisocial phenomenon belongs to the employees of the Ministry of Internal Affairs (MIA) and customs, the second—to judges and prosecutors, and the third—to the highest federal and municipal authorities, then the army, the Orthodox Church, and trade unions.

The manifestations of corruption differ in their multifaceted nature, take on various forms, modify and improve, conquering new frontiers in the socio-political, economic, managerial, and other activities. Corruption is spreading in Russian society in both breadth and depth. It is very difficult to measure its scale, it is even more difficult to estimate the scope of all negative corruption consequences, the volume of economic losses and material damage caused to the state and society, as well as other extremely negative aspects of harm that predetermine a change in public consciousness. In civil society, during the years of social reforms, the moral standards were changing, consistently changing the view of the previously existing “good and evil” criteria, deforming attitudes toward many social values.

Corruption created fertile ground for the Russian criminal community for the development of the shadow economy, the organization of illegal industries, clandestine accumulation of initial capital, trafficking and the subsequent legalization of “dirty” money, the spread of organized economic crime, and alcoholism and drug addiction of a large part of the population, especially among young people.

Thus, the study of public opinion among underage youth showed that every 148 teenagers out of 1000 are convinced that legal responsibility in the case of involvement in drug trafficking could be safely avoided.

Surveys conducted among 90 adult experts from 18 constituent entities of the Russian Federation found a significant degree of corruption in regional administrations, judges, police lawyers, customs officers, and other categories of state employees (acting as intermediaries in financial reward (bribery)). About 87% of all respondents pointed to some actual cases of corruption in the sphere of illicit drug trafficking. First, these individuals illegally received monetary rewards (bribes) both in rubles and in hard currency (61%). About a quarter of officials took gifts in the form of industrial goods or food. As the most expensive gratuity, corruptors received cars (15.4%) and cottages (7.7%). Less regularly, criminals organized visiting restaurants for their clientele (15.8%). Moreover, every tenth, as a rule, as a sign of gratitude for the result obtained, was rewarded with help in moving up the career ladder.

It is worth noting that during the period of the Russian reforms, not only the traditional forms of bribing officials in the form of monetary rewards and expensive gifts became widespread. Along with this, the cases of opening currency accounts in

foreign banks for corruption have become more frequent; inclusion as co-founders in newly created joint-stock companies; organizing overseas trips for them and their family members at the expense of various private business entities under the pretext of giving lectures, participating in exhibitions and other events with payment for these trips and issuing large amounts in foreign currency equivalent in the form of travel allowance (Kuznetsov and Marshakova 2012).

Currently there are a lot of other different types of corruption technologies, for example, the representation of exclusive rights for its corporate group with the diversion of government revenues; use of nominees, relatives in commercial structures; manipulating information for personal and corporate gain, lobbying for the adoption of regulations in the interests of corporate groups, etc.

The most dangerous thing is that state bodies of the law enforcement system (being OCG) are involved in this circular corruption process, which, by their purpose, must resist the spread of such negative social phenomena in society. Moreover, even when the facts of organized corruption are revealed, in the conditions of a “market” economy, this information often becomes a commodity for which a price is set, allowing you to pay off even criminal liability and punishment. Compromising materials collected on corrupt officials can sometimes be used by law enforcement officers as a means of blackmail in a long chain of endless extortion, closing the vicious circle of corruption of the antisocial activities of the OCG, from which it is difficult to find a way out.

At present, perhaps, it is impossible to give an exhaustive list of the most corrupt sectors of the economy, types of activities, production of goods and services, and most importantly, the existence of the most dangerous activity of organized criminal groups.

First, corruption is the basis for the arms trade, terrorism, all manifestations of dangerous types of crime, and illegal drug trafficking. Without corruption, the existence of a criminal market for weapons and drugs, which in turn are indispensable attributes of the activities of terrorists who have high-ranking patrons in many of the highest echelons of power, is unthinkable.

Secondly, corruption and organized crime, including drug crimes, are essentially two interrelated, interdependent, intertwining, and fueling each other negative, antisocial phenomena that in practice it is not possible to isolate and separate from each other. Modern organized corrupt crime in Russian society has reached the present level of development only because it has merged with the power and oligarchic structures, financial magnates, both in Russia and at the level of representatives of the international criminal community.

Today, organized crime has become an integral part of civil society and the Russian state. It has turned into one of the unnatural forms of social life organization. Interfering in the activities of many sectors of the economy, OCG dictate their conditions and establish their world order in almost all commercial banks, food markets, enterprises for the production of alcohol and tobacco products, the pharmaceutical industry for the manufacture of counterfeit medicine and drugs in the form of bath salts, smoking mixtures, etc. Often, organized crime groups also extend their power to local administrations, representative and law enforcement agencies.

Corrupt leaders of organized criminal communities act on public conscience through mass media purchased or fully controlled by them, which, using manipulative mechanisms, impose, inspire this or that information and form the necessary opinion among various strata of the Russian population (Kuntsman and Sultygova 2017).

The author M.V. Koroleva underlines the well-known fact, “crime is determined by the interaction of many negative phenomena and processes occurring in the socio-economic, political, legal and other areas of society, which have a negative effect on the moral and legal consciousness of the population. However, there is a reverse impact of crime on all of the above areas of society. For example, its negative impact on the public consciousness of the population promotes and stimulates various forms of antisocial behavior. And this is just one of the mechanisms of its self-reproduction” (Koroleva 2015, 71).

The analysis of statistical data allows concluding that the growth of corrupt organized crime in Russia is contributed by the following legal, socio-political, and economic factors as the imperfection of the legal framework and the judicial system; power immunity and impunity of high-level officials; lack of real political competition; the crisis state and weakness of most public institutions; relatively low level of development of the country’s economy; social polarization—a huge gap in the level of income of different groups of the population; as well as a weak civil society.

The results of numerous sociological polls show that almost half of the Russian population is quite tolerant of organized corruption. At the same time, for more than 12% of respondents, various services, bribes, material “gratitude,” and other acts of corruption are useful in helping to solve pressing social problems. Every fifth Russian was in a situation where to solve a specific issue (for example, housing, education, employment issues, etc.) it was necessary to informally pay or provide this or that service to an official.

Let us turn to the survey conducted by the Public Opinion Foundation (FOM) among citizens of the Russian Federation from 18 and older (N-1500) in February 2018 in 104 settlements of 53 constituent entities of the Russian Federation. According to the FOM survey, about 42% of the Russian population considers the level of corruption in Russia to be higher than in most European countries. When answering the question, what is the main reason for the high level of organized crime in Russia in comparison with Europe, 10% pointed to “the result of impunity, weak fight against corruption, connivance of state authorities.” About 7% believe that organized corruption crime “evolved historically, this is a consequence of the mentality of the Russians,” while 5% hold the opinion that “corruption and bribery of officials have become ubiquitous” in Russian society.

The results of sociological studies show that there is a clear relationship between attitudes toward corruption activities on the part of certain social groups of the population, differing in age characteristics, material and economic status and type of professional activity. FOM research has defined that age has a direct impact on attitudes toward corruption and corrupt behavior. Young people are more categorical in their judgments in relation to these phenomena, since they occupy extreme positions from approval to blame and denial. However, due to the circumstances,

the most tolerant of corruption and corrupt behavior of officials on different levels are entrepreneurs. This is due to their particular professional activity, the desire to work for the result, overcoming all kinds of bureaucratic obstacles and barriers. As the results of research show, among modern Russian entrepreneurs it is customary to solve problems with the help of corrupt actions (Zornikov 2003).

The officials' motives and determining factors of participation in corrupt organized activities have been revealed. Thus, based on studies of the corrupt behavior of state and municipal servants, it has been revealed that the main source of corrupt actions in government bodies is the deformation of the moral and volitional qualities of the individual, the decline of moral principles and the denial of socially significant norms and values, legal nihilism. Against the background of such regressive tendencies of personality, a significant number of officials make a choice in favor of personal material benefits to the detriment of public interests (Karabanov and Melkin 2010).

4 Conclusions

Thus, within this work, based on the analysis of sociological polls, an interrelation has been revealed between corruption and OCG. Based on the above it seems necessary to distinguish the following ways of improving information counteraction of corruption in the Russian Federation:

- An obvious need for a common operational definition for corruption crimes and its reflection in the record system, as well as a common methodology in the analysis of the status and trends of the crimes in question.
- As a basis for anti-corruption education of citizens, it is advisable to use the principles of attractiveness, simplicity, and accessibility of official information of law enforcement, supervisory and judicial authorities on the results of countering corruption.
- The content of materials on the inadmissibility of corrupt behavior should disclose the facts of corruption occurring both in the Russian Federation and on the territory of foreign states.
- In promoting the standards of anti-corruption behavior adopted in the Russian Federation, it is necessary to use mechanisms of interaction with not only state and public structures but also with initiative groups of citizens (representatives of civil society), commercial and non-profit organizations.
- To eliminate the predominance of the corruption component in the activities of officials, the creation of necessary conditions for business activities by the state is required, legal clarity is also necessary, eliminating the difficulty of interpreting legislative documents.
- It is necessary to impose informational opposition to corruption on the relevant permanent state body, strictly focused on the clear position of the state on ethics and behavior culture of officials, confirming the inevitability of punishment for the creation of administrative barriers and extortion.

In general, in order to eliminate the dominance of corrupt organized crime, it is necessary to conduct a large-scale anti-corruption policy aimed not only at combating the consequences of organized criminal corruption groups and corrupt behavior but also at developing preventive anti-corruption measures. The actualization of the role of public opinion in the formation of an anti-corruption culture in Russian society is urgently needed.

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Chapter 37

Digitalization of Russian Society: Issues, Challenges, and Prospects of Existence in a New Environment



Dmitry A. Lipinsky, Roman A. Romashov, Svetlana G. Golenok, Konstantin N. Evdokimov, and Aleksandra A. Musatkina

Abstract This research is aimed at identifying the main challenges associated with the digitalization of Russian society taken in conjunction with the legal regulation of social relations. It has been substantiated that the opportunities provided by modern digital technologies fundamentally change the principles of the use of information, the criteria for determining its value, and, accordingly, the models of potential confidentiality threats. Therefore, the development of the national digital economy requires a review of Russian legislation with respect to the ability to influence new types of relations, refinements with account of the identified gaps in their legal definition, namely: new objects and subjects of informational legal relations, specific rights, duties, and responsibilities.

1 Introduction

The transition of society to the digitalization era in all of its life spheres is inevitable. The idea of “digital existence” that originated in the twentieth century predetermined the emergence of the concept of electronic economy, based on the transition of mankind in its economic activity from the processing of atoms to the processing of electronic bits (Iniushkuin 2016). The society became caught in the realities of big data, artificial intelligence, neurotechnology, blockchain, quantum technologies, industrial Internet, robotic science and sensory science, wireless communications

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technology, virtual technologies, and so on and so forth. In connection with the ingress and active development of new technologies, the language component of public relations is updated: cryptocurrency, blockchain, crowdfunding, tokens, mining, distributed ledger technology, digital letter of credit, digital wallet, validation, digital mortgage, smart contract, and many others. Today, processing facilities almost started to replace the employment functions of a person on a shop floor and in an institution. Large modern enterprises can be served by two operators, and robots can even replace the “broadcasting of a journalist.”

This is precisely why the upcoming overwhelming digitalization of public life makes us think about the prospects of a person’s existence in a new environment, his/her employment, correlation of his/her interests with public interests, including interests of the state, comprehension of new forms of interaction of parties to relations, development of legal regulation in a new environment, and enforcement of legal protection of subjects of law. On the one hand, digitalization of social life generates new opportunities of parties to relations. Thus, the advantages of the new economy compared to traditional economy management include the lack of weight of goods, virtuality of economic relations, a significant reduction in the need for raw materials, labor effort, the needlessness of unmanageable transport infrastructure, the possibility of rapid global movements, the use of new digital currencies, etc.

According to the results of opinion polls held by the All-Russian Public Opinion Research Center in 2017, the population of the Russian Federation generally speaks positively about the implementation of a number of digital technologies. Thus, one-third of Russian citizens are ready to obtain electronic passport Official Website of “Interfax” (2019), blockchain technology “is becoming familiar with” new sectors of economy, and the registration of patents on blockchain is recognized as a more reliable and safe way of securing rights Official Website of “Rossiyskaya Gazeta” (2019).

An increasingly growing number of citizens of the Russian Federation are recognizing the need for digital competencies, but the level of usage of personal computers and the information and telecommunications network “Internet” in the Russian Federation is still lower than in Europe. According to the PIAAC international study in 2018, the share of population of the Russian Federation with digital skills was as low as 26 %. And according to the report “Global information technologies” at year-end 2018 Russian Federation ranks 41st in terms of preparedness to digital economy (Networked Readiness Index, NRI) and is in the middle of the second group of countries (catching up) according to the digital economy and society index (I-DESI). That said, the scope of specialized personnel training and compliance of educational programs with the needs of digital economy is lacking (Official Website of “Natsionalnaya Tekhnologicheskaya Initsiativa” 2019). In addition, the objects of artificial intelligence are able to reproduce the complete manufacturing cycle (Eucken 2018).

In addition, one of the aspects of distrust in new technologies consists in considerable risks associated with ensuring and protecting the interests of both an individual and organizations.

The scope of implementation of the Internet of things predetermines the amount of potential cases of infringement of rights in the field of information security and unauthorized access to data accumulated in storage devices—parts of systems of the Internet of things. Moreover, cyberthreats are immediate both at the level of individual, ordinary users of various equipment and at the level of urban (regional and national) information systems.

Therefore, an assessment of the social consistent patterns of emerging digital relations and their proper formalization from the perspective of the genetic plea for social justice requires a planned sensible approach from the state and corporations with due account for social risks and possible adverse trends.

2 Results and Discussions

In a climate of global digitalization of social relations, the state is charged with the extremely difficult task of finding a balance “when calculating the dose of political regulation (and therefore its legalization) necessary for the construction of social market economy” (Crawford et al. 2017), which would ensure the effective performance of institutions and would neutralize social tension. On the one hand, the state needs economic efficiency to ensure proper government revenues and the search for solutions to this problem led the Russian political elite to the idea of the need for development of business initiative among the population. Within the framework of digital economy, prompt provision of information about the possibilities of using incentive institutions and funds, the introduction of simplified taxation system, electronic reporting system, calculations, bidding, contracting, etc., naturally, increase the attractiveness of “own business.”

However, entrepreneurial spirit always means creative initiative which is only possible in the context of freedom in a fair competition market. However, under conditions of concentration of ownership, monopolization of markets by major “actors,” the idea of “fair practices” of parties to economic relations is seems unlikely, where “big” business (usually “chain business” and (or) “state-owned business”) will be able to use the entire potential of digital technologies in a struggle for profit, being in advance of the “small” and “medium” market actors, reducing (or eliminating) their ability to compete and develop.

Such trends in economic administration lead to equally miserable changes in the structure of society. A significant proportion of population is turning “into slavish, urbanized recipients of wages and salaries integrated into the production and commercial hierarchy” (Crawford et al. 2017). All of the above, according to Wilhelm Röpke, leads to “social and economic depersonalization of an individual” (Official Website of “Finansovaya Gazeta” 2018) and this is followed by the destruction of the institution of the family in the traditional sense, decay of rural social life, the decay of villages. People turn into “abstract individuals” who maintain “the closest anonymous relations of the external and mechanistic type” and who only support

social functions: voters, taxpayers, spectators, benefit recipients, etc. (Karapetov and Savelyev 2012).

The unification of parties to relations (IP addresses, email, unique codes, passwords, etc.) leads to the isolation of individuals (primarily spiritual and moral), “pseudointegration” of society, as well as “pseudo-leadership,” the conditions for which are established due to the lack of “true spiritual leadership;” as a result, territorial communities obtain an elite-appointed leader whose rise to power is achieved through social (mass) consciousness manipulation technologies.

Manipulations with information and the emerging “clip thinking” prevent users of information from assessing its reliability and may lead to social disasters that were not estimated by the state. There are changes in political sphere, too. Centralism and bureaucracy mechanize the state structure due to the “seamless vertical structure,” the organization of discussions on the problems of the existence of society within the allocated “communication platforms” deform the communication interaction between the population and the government. As a result, threats emerge with regard to such political institutions as legislation and administration that lose the capacity of impartiality in decision-making and control over implementation of decisions, consistency of activity, prompt correction of decisions, and compliance with the framework of reasonable intervention of state in the performance of market economy. The implementation of immature economic positions results in belated and unsatisfactory reforms (for example, pension system reform), lop-sided and ineffective (from the perspective of society) structural and functional transformations in social sphere (with the lack of security in terms of provision of quality services in education and medicine along with the insecurity of the status of employees of abovementioned spheres), failure to achieve goals specified in adopted government programs (the problem of single-industry cities and towns, housing and public utility sector, recycling of household waste, etc. is still unresolved).

Similar facts “highlight” a fairly observable trend in state and municipal administration: the gap between the problems of society and the goal-setting of public policy. In particular, there is a shift in its efficiency criteria from achieving a real result while solving society-centered problems to the process of solving tactical (departmental, market-related) tasks (sometimes not compatible with the designated strategic national goals). The implementation of such a policy, which, in essence, represents the idea of creating a “ostensibility” of solution of problems, resulted in the reinforcement of processes of the delimitation of power in the form of explicit or latent distrust in actions of the government, reforms, laws, and, consequently, a decrease in social activity in various fields (economic, spiritual, political, etc.).

However, the implementation of tasks related to the development of market economy outside the principles of freedom, equality, and justice seems illusory. “Development strategy of information-oriented society in the Russian Federation for 2017–2030” was adopted by Presidential Decree on May 9, 2017. The program “digital economy of the Russian Federation” was adopted in the summer of 2017. These documents stipulated strategic goals and objectives involving the creation of digital economy in Russia for the period until 2025. Nevertheless, despite the established schedule of stages of its implementation, the actual continuity of the

substantive blocks for the implementation of its goals and objectives, there is still no clear understanding of the adoption, management of provision of technology solutions to meet the interrelated interests of society, the state, and population in a digital environment.

One of the critical areas of activity of the modern Russian state consists in the need for resolving the issue of national assessment of social threats related to the informatization of social relations and the capacity to guarantee the protection of interests of an individual. Since the introduction of a wide range of technologies covering a significant range of social relations may lead to multidirectional results, the fundamental principle of national security policy should consist in activity related to the identification of the modes of processing of various information categories (not only formally qualified as personal data). It appears that an important task in this regard is the determination of the boundaries of freedom of subjects of digital communication and the establishment of state restrictions and control in this field.

Even today, digital technologies make it possible to achieve transition to paperless interaction of subjects of legal relations in the field of civil transactions, support of labor relations, pension accounting, judicial proceedings (electronic signature, electronic trading, competitive tenders of the electronic contract form, employment record book, medical records, courtroom videoconferencing system, etc.), which, naturally, simplifies and cheapens the usual flow of documents and procedures. However, such fundamental changes in society stipulate that the state should make high-quality guaranteed decisions regarding the formalization of principles and peculiarities of formalization of relations replacing traditional institutions (signature of an employment contract by one's own hand, documents on protection of labor, record of labor activity of an employee in the employment record book, etc.), as well as the introduction of mechanism for control and responsibility of authorized subjects to ensure the reliability, integrity, and security of electronic databases.

According to experts, for the purpose of the implementation of tasks in the context of the use of artificial intelligence, the information "is not presented in a human-readable format," and there is a risk of grave consequences in the field of data protection, since this means that parties to relations may be lacking proper information about the way the data is used and what decisions are made. Such threats actualize the issue of strategic legal regulation of automated data processing.

The exposure of digital technologies is deemed to be the main obstacle toward their implementation in the provision of mid-sized business activity. Thus, 53% of companies identified similar fact as the risks of entrepreneurial activities. In addition, business community relates major threats to legal uncertainty in regulation of relations in the context of the use of digital technologies. The regulatory support of this field is in many cases insufficient, complicated, or completely absent. Therefore, their use by companies often goes beyond legal boundaries.

The current state of affairs has obvious reasons, namely: immature legal thought (both in Russia and abroad) regarding the use of modern digital technologies and the lack of sufficient understanding of their operation, effect, and real impact on social relations. In addition, the sequence and discretion in taking any actions of state influence, as well as the predictability of their effect should acquire paramount

importance with respect to the pace of adoption of regulatory documents with a view to avoiding excessive and inexpedient administrative barriers.

The absence and ambiguity of nomenclature of law, covering digital technologies, the issues of legal identification of subjects involved in relations with their use, the ambiguousness of their legal status, the lack of security of rights of the subjects, constructs of infringement of rights in the field under consideration, prosecution procedures, the insufficient level of development of the legal consciousness and legal culture, as well as moral and ethical values, still preclude us from asserting with certainty about the proper legal coverage of “digital relations.” In turn, the risks of unlawful use of results of intellectual activity significantly reduce the level of confidence in the digital economy and put brakes on it. As a result, the need of achieving a “healthy balance” between copyright protection and priority public policies in the field of education, research, and innovation becomes actual.

In point of fact, we are referring to the elaboration of legal constructs of legal relations in a new environment and direct the legislator both to the need to improve the existing standard models with additional protection factors in the context of the use of digital technologies and to develop radically new models of legal relations that never existed before. The backbone of such legal constructs is made up of already-existing standard forms included in the current Civil Code, Family Code, and Criminal Code of the Russian Federation. However, statutory regulations call for amendments to ensure the legal status of participants of the digital economy through the specific definition of their rights and obligations, and through the imposition of prohibitions (service providers, cloud service customers, online users, etc.), clarification of attributes of infringement of rights (constructs of compositions, for example, in connection with the involvement of robots), prosecution procedures (forms of action) within the framework of enforcement and administration of the law.

Thus, the use of digital technologies in taxation has become the imperative of our time. In order to achieve an effective tax policy, electronic taxes, naturally, simplify the process of communication between tax agents and tax authorities; however, when determining the principles of taxation, disputants still cannot come to any decision. As before, the practice of taxation is tightly linked to the principles of place of creation of value. However, the conditions of digital economy prevent from formalizing it definitively already, “since the concept of “value” is derived from the digital market” (Apel 1988), the taxation of Internet platforms certainly not fits into the patterns of the usual systems of taxation of transnational corporations, since their activity is diverse from the perspective of place of creation of value and ways of generation of profit. It is not possible to impose regular taxes on the platform in jurisdictions with a large group of users. Therefore, administration procedures in these areas of economy become highly questionable, and the task of finding new taxation approaches becomes increasingly clear to the states (Horn 2010).

Particular attention should be paid to issues associated with legal regulation of rights for the results of intellectual activity in a digital environment, primarily with regard to their protection, additional mechanisms for the capitalization of their results.

Modern challenges require prompt response to emerging digital phenomena from the legislator. Rule-making bodies at different levels will have to take into account the difficulties of social development that are manifested expressed in the mismatch between the mechanisms of action of process operations with legal mechanisms: between the conclusion of blockchain trading agreement and the possibility of invalidation of transactions due to the fact of dishonesty of participants, between securing of suits by means of seizure of electronic accounts and their implementation in relation to the interests of the creditor (without the consent of the person, the application of real measures against the debtor seems hardly realizable). The protective function of the state should be expressed in the guaranteed status of parties to relations (specification of rights, obligations, determination of types of liability and implementation procedures, including law enforcement, etc.).

In addition, “digital existence” implies the constant transformation and development of new technologies, and the categories of risk of infringement of rights of subjects involved in emerging legal relations become variable, which will require adjustment or even complete change of state regulation system (its algorithms) from the government in accordance with the principles of transparency, cross-sectoral communication, the use of artificial intelligence platforms for the purposes of ensuring the planning and development of an integrated digital space.

In the context of extremely accelerating rate of development of information technologies, there is a need for elaboration of a new model of regulation of processing of personal data which would guarantee their adequate protection and conform to the principle of free flow of information, which is a fundamental principle of development of digital economy. Therefore, the general trend should consist in simplification of the circulation of information as the subject of transactions, and the protection of personal data and privacy should become the subject of state regulation to the extent that it can be really achieved (Iniushkuin 2016).

Without doubt, heightened risks of unlawful use of results of intellectual activity significantly reduce the level of confidence in the digital economy and put brakes on it. Today, experts propose to consider the possibility of formalizing the strengthened position of copyright holders in conditions and payment for online use of the content of their video sharing platforms; management of payment for the work of authors and performers according to the new transparency principles; provide for special tax and other benefits for companies carrying out activities associated with the development of information technologies. Besides, it is necessary to achieve a “healthy balance” between copyright protection and priority public policies in the field of education, research, and innovation, and to meet the needs of individuals with disabilities.

In order to create a system of incentives for the development of digital economy, we are concerned with the experience of the European Union, where on September 14, 2016, a number of measures were put forward that guarantee the best Internet connection for participation in the digital society and digital economy (Crawford et al. 2017). These offers stimulate investment in networks with extremely high bandwidth and accelerate the adoption of 5G wireless technologies and free Wi-Fi access points in public places. In general, it is proposed that the following areas

should be implemented as the main areas in the field of expansion of network of users, their involvement in social relations via the Internet:

- Optimize the rules in the field of telecommunication services (including eliminating the isolation of national markets, inconsistency, and insufficient predictability in regulation).
- Make a revision of statutory regulation in the field of media services; optimize specific aspects of employment legislative setting of peculiarities of documentation of labor relations in digital economy, including in terms of transition to paperless interaction of employees and employers (introduction of an electronic format for the conclusion of employment agreement).
- Ensure the functioning of the distance employment infrastructure; optimize cross-border chain retailing and consumer protection measures (for example, harmonizing the amount of compensation for damages in case of delivery of defected goods).
- Harmonize the rules for the conclusion of agreements when purchasing goods, regardless of its format (hard copy or electronic), specify and broaden the powers of the competent authorities, improve coordination of their activity and create a Europe-wide dispute resolution platform, etc. (Horn 2010).

3 Conclusions

Unparalleled opportunities provided by modern digital technologies fundamentally change the principles of the use of information, the criteria for determining its value, and, accordingly, the models of potential confidentiality threats. Therefore, the development of the national digital economy requires a review of Russian legislation with respect to the ability to influence new types of relations, refinements with account of the identified gaps in their legal definition (new objects and subjects of informational legal relations, specific rights, duties, and responsibilities).

Digitalization is beginning to go far beyond the changes in technologies as such and even in business—they become a macroeconomic and political factor. Not only engineers, scientists, and entrepreneurs but also politicians, philosophers, lawyers, and public figures are trying to comprehend the changes that are currently in process.

Lawyers are faced with the paramount task of streamlining the still “mosaic” mechanism of informational legal regulation. An enormous amount of work is to be done on the elaboration of the existing standard models of legal relations (at least according to the object principle), definition of the subject matter of standard legal relations, principles of their formation, regulatory approaches. There is a need for the extensive work with definitions in the field of regulation of informational legal relations. The pacing factor of economic development is the elimination of legal obstacles that are available at present in information legislation and its practical application. In particular, certain legal institutions in the field of digital economy require development.

A key principle in the implementation of reforms aimed at development of the digital economy should consist in achieving a balance in ensuring the free flow of information and increasing the level of protection of privacy and the level of individual confidentiality, which is a great challenge at present. And in order to do this, it is necessary “to correctly include cyberspace in the field of current legal regulation, not opposing the real and virtual worlds, but realizing that these worlds exist together, and events in one world may carry grave consequences in another world” (Web Portal “Information For All” 2016).

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Chapter 38

Cyber Crimes as a Threat to Digital Economy of the Russian Federation: Current State, Dynamic Pattern, and Trends



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Abstract This research is aimed at identifying the essence and characteristic of cybercrimes from the perspective of threats to normal operation of digital economy. Measures are proposed to improve the criminal legislation of the Russian Federation in terms of regulation of responsibility for violation of the rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks. The introduction of a section (chapter) on the corporate responsibility into criminal legislation as well as relevant amendments to the chapters of the Special Part of the Criminal Code of the Russian Federation would expand the range of legal tools for prevention of modern cyber (technotronic) crime and fight against crimes in the field of computer information.

1 Introduction

At present, there is an increase in the number of crimes in the field of computer information in the Russian Federation, which do significant harm to Russian society and economy of our country. According to the Office of the Prosecutor General of the Russian Federation, 174,674 crimes committed with the use of information telecommunication technology were registered in 2018 in Russia. In addition to the above, their twofold increase has been registered for the second year already. The Prosecutor General of the Russian Federation Y. Chaika notes the following: “In

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Russia, a twofold increase in the number of crimes committed with the use of IT solutions has been registered for the second year already". At the same time, violation of rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks is classified among those crimes in the field of computer information, which are difficult to trace. Article 274 of the Criminal Code of the Russian Federation (hereinafter referred to as the Criminal Code of the Russian Federation) provides for criminal responsibility for individuals for commission of such act.

In accordance with Part 1 of Article 274 of the Criminal Code of the Russian Federation, violation of rules for the operation of media for storage, processing or transmission of computer information and information and telecommunications networks and terminating equipment, as well as rules of access to information and telecommunications networks, which resulted in the destruction, blocking, modification, or copying of computer information which caused major damage to the amount of more than RUB 1 million, carries a penalty for guilty persons of up to 2 years of imprisonment. In case of infliction of grave consequences or creation of threat of their ensuing, the sanction provides for a penalty of up to 5 years of imprisonment (Part 2 of Article 274 of the Criminal Code of the Russian Federation). The current state and dynamic pattern of commission of crimes in the field of computer information, including acts specified in Article 274 of the Criminal Code of the Russian Federation, according to official statistics, is regressive. In particular, the number of criminal cases over crimes of this type that were registered, investigated, and referred to court, is consistently decreasing every year. According to the Main Information and Analysis Center of the Ministry of Internal Affairs of the Russian Federation, the total number of crimes in the field of computer information (registered during the current period of the calendar year), specified in Articles 272, 273, 274 of the Criminal Code of the Russian Federation was as follows: in 2009—9489, 2097 and 4, respectively; in 2010—6132, 1010, and 0, respectively; in 2011—2005, 693 and 0, respectively; in 2012—1930, 889, and 1, respectively; in 2013—1799, 764, and 0, respectively; in 2014—1151, 585, and 3, respectively; in 2015—1396, 974, and 12, respectively; in 2016—994, 751, and 3, respectively; in 2017—1079, 802, and 2 respectively; in 2018—1761, 733, and 5, respectively (GazetaRu 2014).

2 Results and Discussion

As we can see, the number of criminal cases that were initiated upon violation of rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks, is negligible and has no impact on the overall picture of cybercrime in the Russian Federation, since the percentage of crimes specified in Article 274 of the Criminal Code of the Russian Federation is usually equal to deciles of % of the total number of crimes in the field

of computer information. Yagudin, A. N. believes that the statistical data on the application of the provisions specified in Article 274 of the Criminal Code of the Russian Federation bear witness to the fact that their percentage in the structure of cybercrimes is insignificant, although experience has proven that this is not due to the absence of facts of violation of rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks (Yagudin 2013). A similar situation holds in the field of investigation of this category of criminal cases. In particular, the only criminal case that was initiated in 2012 upon commission of a crime specified in Article 274 of the Criminal Code of the Russian Federation was suspended by the criminal investigator due to the failure to identify a person to be prosecuted. In 2014, only one criminal case out of three initiated criminal cases was referred to court with indictment, while investigation of the other two criminal cases was suspended due to the failure to identify a person to be prosecuted (Paragraph 1 of Part 1 of Article 208 of the Criminal Procedure Code of the Russian Federation), in 2016, only one criminal case out of three criminal cases was referred to court with indictment, and one criminal case was suspended in accordance with Paragraph 1 of Part 1 of Article 208 of the Criminal Procedure Code of the Russian Federation. In 2011, 2012, 2013, 2017 investigated criminal cases were not referred to court.

Year 2015 was the exception when the criminal activity of several organized crime groups (“ANUNAK,” “BUHTRAP,” “LURK,” etc.) was put under restraint as a result of the joint operation of the Ministry of Internal Affairs of the Russian Federation and the Federal Security Service of the Russian Federation; these crime groups were stealing monetary means from ATMs and accounts with commercial banks by means of illegal bank-to-bank transfers within the territory of 19 constituent territories of the Russian Federation (Kommersant 2016). That year, investigators initiated 12 criminal cases under Articles 158, 272, 273 of the Criminal Code of the Russian Federation, as well as under Part 1 of Article 274 of the Criminal Code of the Russian Federation, and these cases were subsequently referred to court for violation of rules for the operation of ATMs which caused damage to the amount exceeding RUB 1 million.

In their analysis of the dynamic pattern and the current state of commission of cybercrimes, included those specified in Article 274 of the Criminal Code of the Russian Federation, the experts in information security and the representatives of academic community and law enforcement agencies point out the negative trend of radical change in the structure and progress of cybercrime, its qualitative and quantitative transition to crime in the field of telecommunications and computer information. This criminal transformation was made possible thanks to the active use of state-of-the-art IT solutions (grid technologies, Internet of Things, anonymous decentralized and hybrid information networks, anonymous messengers, malicious software for portable computers, etc.) for commission of property crimes, economic crimes, crimes of extremist and terrorist organizations, that is acts, the subject of criminal infringement of which is not public relations in the field of safe handling of computer information.

In addition, a negative trend in the field of telecommunications and computer information in recent years has consisted in a significant rise in crime with the use of IT solutions and primarily with the use of information and telecommunications network "Internet."

In particular, the Prosecutor General of the Russian Federation Y. Chaika, delivering his report at the 15th meeting of prosecutors general of member states of the Shanghai Cooperation Organization on November 29, 2017, pointed out the following: "An increase in the number of wrongful acts committed with the use of state-of-the-art IT solutions has been observed in Russia for several years now. For the first half of this year, it amounted to almost 30%, and the total number of cybercrimes has increased six times for the period from 2013 till 2016, from 11,000 to 66,000".

The analysis of forensic and investigative practice shows that currently criminals are massively using anonymous information and communications networks (Tor, Freenet, Zeronet, Virtual Private Network, etc.), anonymous messengers (Brosix, Wickr, Jabber, etc.), cryptocurrency (Bitcoin, Litecoin, Namecoin, SwiftCoin, Ethereum, etc.) for commission of wrongful acts (illegal turnover of drugs, weapons, and child pornography; prostitution, sale of stolen information, and illegal gambling; acts of terrorism, enlistment to terrorist organizations, and extremist activity; legitimization of income obtained by criminal means, etc.).

Another trend of commission of crimes in the field of telecommunications and computer information in the Russian Federation consists in the fact that it is not ordinary citizens, but banks, financial institutions, major companies, and corporations that are increasingly frequently becoming victims of cyberattacks. For example, on January 21, 2016, hackers intruded into computer network and stole from the correspondent account of Central Bank of Russia (hereinafter referred to as CB), the annual return of the Russian International Bank to the amount exceeding RUB 508.67 million. That said, according to the CB, losses of banks from hacker attacks for the fourth quarter 2015 and first quarter 2016 exceeded RUB 2 billion (RgRu 2016). In December 2017, criminals, for the first time in Russian practice, used malicious software to intrude into the international financial messaging system SWIFT and stole from accounts of Globex Bank (subsidiary bank of the Bank for Development and Foreign Economic Affairs) an amount equivalent to USD 1 million (Vedomosti 2017). According to Group-IB, the profit of hackers from targeted attacks on banks for the period from June 2015 till May 2016 "surpassed the total earnings from all other theft methods, making banks the most attractive target." Hackers managed to steal RUB 2.5 billion from the banks, RUB 956 million from legal entities, RUB 6.4 million from individuals via desktop computers, and RUB 348.6 million from individuals via smartphones for the specified period.

Currently hackers penetrate the corporate network of the bank, intrude into office computers which serve the ATM network, and load malicious software into ATMs. Accomplices of hackers who were engaged in encashment of monetary means, come close to ATMs, and the hackers send a remote command to the unit to deliver bills. This money stealing scheme is gaining popularity. Occurrences of such thefts were occasionally reported by the media, but the amounts of thefts and names of owners of ATMs were not specified. Such a scheme is convenient for hackers due to the fact

that it allows violators to commit theft from a large number of ATMs in a short period of time involving a small number of accomplices.

Elmar Nabigaev, head of the information security threat response department at Positive Technologies, states the following: “Banks may not immediately notice this, since ATM cash collection is not performed every day, and banking systems may report that there is still money left in ATMs. A week may pass until it turns out that the money has been stolen. It is difficult to find the intruders, because time is already lost, and the traces of their crimes are usually concealed—for example, hackers disable the cameras built into ATMs”. In light of the foregoing, it can be concluded that organized crime groups currently have little interest in the settlement accounts of bank customers or companies, and are making every effort to penetrate directly into computer systems of financial institutions, banks, corporations, and major companies, and snatch a very large sum of money by stealing monetary means to the amount of hundreds of thousands or millions of rubles.

Therefore, economic damage from cybercrime caused to mid-sized and big-sized business in Russia amounts to billions of rubles. So, according to the results of a joint research carried out by the Internet Initiatives Development Fund (IIDF) and multinational companies Group-IB, Microsoft, the damage from cybercrime caused to the Russian economy in 2015 exceeded RUB 200 billion, which is 0.25% of the GDP of the Russian Federation (Ria 2019). That said, this trend is global, and banks, companies, and organizations both in Russia and in the USA, Great Britain, Germany, France, Japan, as well as in other countries with well-developed information infrastructure are equally exposed to cyberattacks of criminals. According to the international research consultancy Allianz Global Corporate and Specialty, the total amount of damage caused by online crime to international economy (including direct losses, lost profits, and expenses for system recovery) in 2016 exceeded US\$575 billion. This is equivalent to about 1% of global GDP. In 2017, the damage to the international economy from cyberattacks which become more frequent, according to Sberbank forecasts, exceeded US\$1 trillion, and in 3 years it will roll over to US\$2 trillion (as a comparison: global drug trafficking turnover currently amounts to about US\$500 billion per year) (Grammatchikov and Vandysheva 2017).

That said, according to experts of the multinational company Group-IB (Government of Sweden 2001) in 2018, the general danger for banks and financial institutions will consist not in the theft of money, but in the destruction of their IT infrastructure as the final stage of a well-targeted hacking attack.

According to Kaspersky Lab, in the event of a successful cyberattack, major companies lose about RUB 20 million, and medium and small businesses lose RUB 780,000 on average due to downtime, lost profits, and expenses for additional services of specialists. Major companies additionally spend about RUB 2.1 million, and small ones—about RUB 300,000 (GazetaRu 2014) for rectification of the consequences of the incident and its prevention. Anyway, while we point out the trend of commission of crimes in the field of computer information in conjunction with other crimes (illegal sale of narcotic drugs, weapons, and explosives, illicit traffic of materials with sexual content; prostitution and slave trade, illegal gambling; financing of terrorism, financing of extremist activity; legitimization of income

obtained by criminal means, etc.), it should be stated that violation of the rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks often acts not only as a *modus operandi* of other criminal acts but as a means of destruction or suppression of traces of property crimes, foundations of the constitutional system and national security, economic crimes.

High latency of the act specified in Article 274 of the Criminal Code of the Russian Federation and other crimes in the field of computer information. Thus, according to experts, only 3–4% of cybercrimes are solved globally today (Grammatchikov and Vandysheva 2017), which is due to their transboundary nature, latency for users, and owners of computer information; the technical complexity of their detection, disclosure, and investigation by law enforcement agencies. The above can also be fully applied to the Russian Federation, where a pronounced trend toward the reduction of quantity of solved crimes in the field of computer information, as well as reduction of the number of criminal cases referred to court with indictment, has recently been observed.

The analysis of crime statistics holds that up to 75% of criminal cases over crimes in the field of computer information that are being investigated by investigators remain cold. In particular, former head of the special technical arrangements bureau of the Ministry of Internal Affairs of the Russian Federation Colonel General Boris Miroshnikov noted in his interview: “when we talk about cybercrimes, we often stress that the highest latency—up to 80%—can be observed in this area” (Zakon 2019). According to independent experts, as little as 10–15% of cybercrimes are made public, since organizations which suffered in consequence of commission of such crimes provide information highly reluctantly, since it may result in the loss of their reputation or commission of similar crimes (Grammatchikov and Vandysheva 2017; Genproc 2019).

Most prominent criminologists assess the latency of crimes of this type as extremely high. According to the data from research that was conducted by Professor Inshakov, SM, the latency coefficient of an act specified in Article 274 of the Criminal Code of the Russian Federation (violation of rules for the operation of media for storage, processing or transmission of computer information and information and telecommunications networks), is 30.0. 68–72% of the specified number of latent crimes were not reported by persons affected, and 28–32% of such crimes were concealed (from 2004 till 2009) (Inshakov 2011). According to Starichkov, M. V., the level of latency of crimes specified in Articles 272–274 of the Criminal Code of the Russian Federation runs up to 99.7–99.8% (Starichkov 2006).

In our opinion, one more negative trend in the rise in crime in the field of telecommunications and computer information in the Russian Federation consists in the increased number of cyberattacks on the critical information infrastructure facilities, that is on information systems, information and telecommunications networks, automated control systems operating in the field of health care service, science, transportation, communication, energy production, banking sector and other fields of financial market, fuel and energy sector, in the field of nuclear energy,

defense industry, rocket-and-space industry, mining industry, metallurgical industry, and chemical industry (Inshakov 2011).

In particular, websites, computer systems, databases of federal executive authorities, law enforcement agencies, mass media, government-owned corporations, and major Russian companies suffered from well-targeted cyberattacks (DDoS attacks, the use of file-encrypting viruses: WannaCry, ExPetr (NotPetya), BadRabbit, and other malicious software) over the past year.

For example, on May 12, 2017, experts of the Department of Information Technology, Communications and Information Protection of the Ministry of Internal Affairs of the Russian Federation recorded a WannaCry virus attack on personal computers of the department running Windows operating system; about 1000 computers were harmed Government of the Russian Federation (2017); in addition, the mobile phone providers MegaFon and Vypelkom as well as PJSC Russian Railways became victims of this cyberattack (GazetaRu 2019). In June 2017, Rosneft, Bashneft, Mars, Nivea, and Mondelez International (Alpen Gold chocolate manufacturer) were attacked by the ExPetr file-encrypting virus in Russia, and the websites of Tatneft and the Magnitogorsk Iron and Steel Works were down. In addition, the Bank of Russia reported cyberattacks on Russian banking institutions, which, however, did not lead to any upsets in operation of the banks (Tass 2019). In turn, the website of prosecutor's office of Yaroslavl Oblast was hacked on June 11, 2017; criminal case into the use of malicious software and illegal access to computer information was initiated (Kommersant 2016). The Interfax news agency, the Fontanka.ru web paper suffered from Bad Rabbit file-encrypting virus in October 2017 (RgRu 2019a, b), and the official web portal of the Federal Service for Supervision in the Sphere of Communications, Information Technology and Mass Communications (Roskomnadzor) suffered several DDoS attacks on April 17, 2018 (Interfax 2019).

In all of the above cases, we can observe the use of malicious software, that is commission of an act specified in Article 273 of the Criminal Code of the Russian Federation; moreover, in our opinion, it is a violation of rules for the operation of media for storage, processing, or transmission of protected computer information (computer servers) and information and telecommunications networks by the perpetrator. Based on the foregoing, we can draw the following conclusions on the current state and trends of violation of rules for the operation of media for storage, processing, or transmission of computer information and information and telecommunications networks in the Russian Federation:

- The act specified in Article 274 of the Criminal Code of the Russian Federation is a variety of crimes in the field of computer information and is currently extremely rare in occurrence in forensic and investigative practice as a self-sufficient corpus delicti. In most cases, this crime is committed in conjunction with other criminal acts (for example, crimes against constitutional rights and freedoms of the person and of the citizen, property crimes, economic crimes, crimes in the field of computer information, etc.). This type of crime often acts as a modus operandi

of other criminal acts (for example, thefts of monetary means from ATMs and payment terminals).

- It is high tech in nature, which is due to the use of state-of-the-art IT solutions by the criminal, as well as expertise, knowledge, and skills in using software, media for storage, processing, or transmission of computer information, information and telecommunications networks, knowledge of data access techniques, operation, programming, etc.
- Features high latency reaching from several tens to several thousand % by various types of criminal acts specified in Article 274 of the Criminal Code of the Russian Federation. The reasons for latency of the act under consideration are diverse: from the technical complexity of detection and documentation of unlawful acts to failure of banks and banking institutions to turn to law enforcement agencies in order to avoid reputational risks.
- It has a pronounced transborder and transnational nature, since media for storage, processing, or transmission of computer information, “cyberspace” operates outside the state boundaries and national interests.
- The act has acquired economic traits, since, like with most cybercrimes, it is committed in the banking, financial, and economic sectors. In recent years, international and domestic cybercrime has transformed into crime of political nature, which is associated with the activization of hacktivist movements, secret services, and security agencies of foreign states, international extremist and terrorist organizations in the “cyberspace.”

In view of the above, we believe that criminal legislation of the Russian Federation requires further improvement and modernization in terms of prosecution of those responsible for cybercrimes which resulted in grave consequences. In particular, according to authors, the reduction of the age of criminal responsibility of individuals for crimes specified in Part 2 of Article 274 of the Criminal Code of the Russian Federation from 16 to 14 years old will be expedient. We reinforce this point of view with legal experience and current legislation of European countries where criminal responsibility for cybercrimes is incurred by individuals after they turn 14 years old, Government of France (1993), Government of Holland (2001), Government of Republic of Latvia (2019), Government of Spain (1998), Government of Sweden (2001), and Government of the Russian Federation (2017).

A survey of two groups of respondents was conducted on this matter: experts (209 public prosecution officers) and computer users (239 students of law schools of Irkutsk). When all survey findings were processed, it was found that 53.1% and 61.9% of responding public prosecution officers and computer users, respectively, expressed themselves in favor of the reduction of the age of criminal responsibility of individuals from 16 to 14 years old, in case of commission of cybercrimes which resulted in grave consequences (for example, death of a person, causing bodily harm to him/her or damage to his/her property in especially big amount, etc.) (Yevdokimov 2018). Today, commission of most cybercrimes is an easy task for teenagers who barely turned 10–14 years old.

As can be seen from the above, in order to resolve the existing criminal law and social collisions, we believe that it is possible to add *corpus delicti* specified in Part 2 of Article 274 of the Criminal Code of the Russian Federation in the list of acts specified in Part 2 of Article 20 of the Criminal Code of the Russian Federation, which will be a healthy step toward the improvement of criminal legislation of the Russian Federation. In addition, the analysis of foreign criminal legislation shows that legal entities are recognized as the subject of crime in a fairly large number of countries across the world (Australia, Albania, Belgium, Great Britain, Hungary, Denmark, Israel, India, Ireland, Iceland, Canada, China, Latvia, Netherlands, the USA, France, etc.).

Discussion about the need to introduce the institution of corporate criminal responsibility has been held for many years already in Russia, and this measure found support from a number of prominent Russian scientists in the field of criminal law (Kapinus 2010). As a result, the relevant draft law was introduced in the State Duma of the Federal Assembly of the Russian Federation in 2015 Government of the Russian Federation (2019). However, this draft law is still at the stage of discussion. The authors, being supporters of the implementation of this novelty in criminal law of the Russian Federation, conducted a survey of 209 public prosecution officers (experts) and 239 students of law schools of Irkutsk (computer users) on the point in question regarding the need to introduce the institution of corporate criminal responsibility for cybercrimes in legislation of the Russian Federation. As a result, more than 2/3 of survey respondents expressed themselves in favor of the introduction of a new legal institution (Yevdokimov 2018).

3 Conclusions

In summary, we believe that the introduction of a section (chapter) on the corporate responsibility into criminal legislation as well as relevant amendments to the chapters of the Special Part of the Criminal Code of the Russian Federation would expand the range of legal tools for prevention of modern cyber (technotronic) crime and fight against crimes in the field of computer information.

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Chapter 39

Sociological Analysis of Social and Psychological Resources of Russian Post-penitentiary System Through the Example of Multicultural Regions



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Abstract Using the example of multicultural regions, the authors of the chapter actualize and analyze social and psychological resources of resocialization of individuals who enforced court judgments in prisons and custodial facilities in Russia, as factors determining the level of efficiency of the process of adaptation of citizens of this category to living in society. The authors proceed from the premise that there is a need for a multifaceted approach toward resolution of the problem of resocialization of individuals of this category, which would take into account the fact that criminal behavior is predetermined by a number of factors derived from determination of personal qualities by three sources: natural (heredity of an individual, genotype), social, and personal.

1 Introduction

The modern Russian society is not psychologically and organizationally ready to accept individuals who enforced sentences in prisons and custodial facilities in their circle without a backward glance at their past. This is the essence of the urgency of this issue, since such cautious and often negative attitude toward people with criminal history on the part of society provokes them to subsequent criminal

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behavior in the future in consequence of unsuccessful integration into society as its full-fledged member.

It must be understood that the people of this formation are a specific social group, declassified and interning in social relations out of prison with a certain set of personal traits and qualities acquired in the correctional institution, adherence to certain values of criminal subculture, with a lot of problems (housing, material, psychological, social, family, etc.), in addition to being in state of a “status and role moratorium” (Semchenko 2007). Given these conditions, this set of problems and difficulties, these citizens have to come to decision on how they should act further on: to offend against the law again or to live within the framework of norms and rules permitted by society. Moreover, taking into account multicultural characteristics of regions, the essential task in this situation is to:

- Create special conditions for successful adaptation of citizens of this category to outside life
- Provide assistance in employment, household management
- Ensure seamless inclusion of former prisoners in the system of social ties

Nevertheless, not everything depends on this; therefore, social and psychological problems of social adaptation and resocialization of individuals of this category become actual. Moreover, in this regard it is essential to know about their psychological problems and to understand that assistance in their resocialization must be individualized. In particular, an individual approach should be applied to every citizen depending on his/her criminal history and background, social and psychological patterns, culture, nature of social and psychological problems.

So and in no other way can the high rate of recidivism in Russia be decreased, since currently penitentiary and post-penitentiary system in it not only fail to prevent recidivism, but acts as its main source, since it equalizes all criminals before society and the state both in terms of an attitude which is formed toward them and in terms of the system of punishment.

2 Material and Methods

A methodological foundation of this research consists in the structural and pragmatist paradigm which is based on the recognition of social subjectness as the central category which plays a critical role in the basis of assessment of efficiency of resocialization of individuals adapting to reality which is new to them after a period of isolation from society (Shabanova 2001). Within its framework, we consider the social subjectness of such individuals as their willingness and readiness to responsible life in society in accordance with social norms and values accepted in it. And the process of resocialization of an individual as such is interpreted as a recovery (or acquisition) of social status of a freeman willing and able to lead a responsible life in it based on the generally accepted system of legal, social, and cultural norms existing in the region, by an individual. According to the authors, post-penitentiary

system is treated as the established social order and regime of integration of individuals exposed to the criminal impact in the system of social ties and relations based on resocialization.

Sociological studies of the problem of post-penitentiary adaptation and resocialization of individuals are represented by various directions and research subjects. In particular, what is meant here is:

- Multicultural specificity of regions to which individuals return after they enforced court judgments in the setting of penitentiary system;
- Gender-based problems of resocialization of individuals of this category with emphasis on social adaptation and resocialization of women.
- The role of nongovernment organizations in the resolution of problems of post-penitentiary resocialization of citizens, not only in the real socioeconomic but also in a multicultural space.
- The need for effective teamwork and cooperation of the state and civil society for the integration of citizens affected by criminal culture in society.
- The introduction of probation services in Russia and the accumulation of human and social capital of ex-convicts themselves.

These aspects of the topic we are studying are addressed by such researchers as Knyazkov (2015), Omelchenko and Sabirova (2012), Popova and Albegova (2012), Nesterov (2017, 2018), Sadykov (2011), Klenova and Shchukina (2018), Schukina and Nikitina (2018), and Shapar (2017).

Social and psychological resources of post-penitentiary adaptation are considered by Gubanov and Gubanov (2016), Malenchuk (2009), and Revagin (2016) who pay special attention to their paramount importance in the resocialization policy that is implemented in society and in many cases eliminating social and psychological factor within the framework of punitive strategy of correction of individuals of this category.

The works of the following foreign scientists actualizing the social and psychological component of the process of resocialization of individuals who enforced court judgments in the setting of penitentiary system, and analyzing the most diverse aspects of their social adaptation, are of apparent value: Haney (2019), Smith (1997), Vandebosch (2005), Maruna and Copes (2005), Sykes (1958), Sykes and Matza (1957), and Silver (1995).

In general, it can be concluded that various research subjects associated with the problem of resocialization of individuals of this category are represented in sociology and are of scientific interest, since the author's idea and viewpoint evolve in each of them, algorithms and solutions of the pressing problem of recidivism in society from the perspective of its prevention are proposed taking into account the high rate of reproduction of recidivism and low efficiency of post-penitentiary resocialization system in Russia. That is why the problematics involved with the study of social and psychological resources and multicultural conditions in which the resocialization of these individuals takes place, needs further extensive conceptualization and empirical verification.

The chapter used the results of the author of sociological research “Resocialization and social adaptation of individuals in the setting of Russian post-penitentiary system” which was conducted in 2018 in such multicultural regions of Russia as the Republic of Tatarstan (according to the 2010 census, there are more than 170 nationalities in the Republic) and in the Kirov Region (more than 100 nationalities) of the Russian Federation using the survey method (The total number of respondents was 287 people) and experts in problematics under study (174 persons participated in the expert survey).

A pilot survey which involved individuals who were set at liberty from places of deprivation of freedom was conducted in the cities of the Republic of Tatarstan such as Kazan ($N = 87$), Naberezhnye Chelny ($N = 49$), Yelabuga ($N = 34$), Nizhnekamsk ($N = 26$), Zelenodolsk ($N = 27$), Zainsk ($N = 16$), Bugulma ($N = 17$), and in the city of Kirov of the Kirov Region ($N = 31$). The number of respondents included 268 men and 19 women at the age of 18–55 years old and older. The majority of respondents have secondary education (152 respondents) and vocational secondary education (100 respondents).

The expert survey which was conducted in the same residential communities involved officers various law enforcement state agencies. They include: 107 men and 67 women.

3 Results and Discussion

The results of empirical study have demonstrated that the degree of moral and psychological stability of citizens who enforced court judgments in the setting of penitentiary system in the process of their adaptation to living conditions out of prison and, accordingly, efficiency of resocialization process, largely depend on the attitude of others toward them, which by no means always do their best to see into problems of citizens of this category, are not eager to understand what difficulties they have to be confronted with. Nevertheless, many of these people are at a loss and fear new reality, and this fact registered in our empirical study (Table 39.1).

It is significant that most of our respondents noted that a person, having returned to society, most often feels elation and hope to change their life for the better (24.2%), which can be quite easy to explain, but a new life also settles other sensations and feelings in their consciousness—feeling of being lost and confused (16.5%), feeling of being useless (16.1%), apprehensiveness (12.6%), helplessness (9.5%), and despair (8.4%).

At the level of personal sensations associated with the moment of return to society, respondents identified an identical range of feelings and emotions, sensations and fears in the same sequence of their manifestation, but the situation is significantly different in terms of gender: if men believe that dominant feelings and sensations of a person upon getting out of jail include elation and hope to change their life for the better (38.9%), feeling of being lost and confused (27.2%), and feeling of being useless (25.7%), then women equally (33.3% each) mentioned as

Table 39.1 Emotional and psychological state of an individual in the estimation of respondents, %

| What feelings and sensations do an individual experience most often when returning to society? | | | |
|--|----------|----------------|----------------------------|
| Possible answers | Answers | | Percentage of observations |
| | Quantity | Proportion (%) | |
| 1. Feeling of aggression toward others | 21 | 4.6 | 7.4 |
| 2. Feeling of being useless | 73 | 16.1 | 25.7 |
| 3. Indifference to everything, including their own destiny | 29 | 6.4 | 10.2 |
| 4. Feeling of being lost and confused | 75 | 16.5 | 26.4 |
| 5. Despair | 38 | 8.4 | 13.4 |
| 6. Feeling of helplessness | 43 | 9.5 | 15.1 |
| 7. Apprehensiveness | 57 | 12.6 | 20.1 |
| 8. Elation and hope to change life for the better | 110 | 24.2 | 38.7 |
| 9. Other | 8 | 1.8 | 2.8 |
| Total | 454 | 100.0 | 159.9 |

such the feeling of being useless and apprehensiveness, and elation from their point of view is not the main feeling experienced by an individual in such situations (26.7%), amounting to despair (26.7%) and indifference to everything, including their own destiny (26.7%).

This state of affairs is due to a more complex perception of their future fate by women returning to society with a greater gap of social ties and more biased attitude (Rowe 2011) than that toward men in society that has not yet exhausted the potential of a double standard in terms of behavior of men and women. Apparently, this is why the feeling of aggression toward others is mainly inherent precisely in women, which can also be seen from the data in table above.

The same situation is typical at the level of self-appraisal of own omissions upon getting out of jail by a person: women demonstrated more aggressive attitude compared to men (14.3% and 9.4% respectively), though, it is worthy of note that in an individual self-appraisal, the attitude associated with elation felt by women turned out to come first (42.9%), as well as the attitude associated with elation felt by men (38%), which testifies that generally the situation with women in Russia who were set at liberty from places of deprivation of freedom is assessed by female respondents as less optimistic and psychologically more difficult than their own situation.

Of course, age influences greatly a person's perception of his/her life prospects upon getting out of jail, and our research registered that the lowest number of those who feel helplessness, feeling of being lost and confused, and the highest number of those who felt elation and hope to change their life for the better (71.4%) is among young respondents. Among young respondents, there were no individuals who experienced a sensation of aggression toward others, feeling of being useless, indifference to everything, including their own destiny.

Table 39.2 Emotional and psychological state of an individual in the estimation of experts, %

| What feelings and sensations do an individual experience most often when returning to society? | | | |
|--|----------|----------------|----------------------------|
| Possible answers | Answers | | Percentage of observations |
| | Quantity | Proportion (%) | |
| 1. Feeling of aggression toward others | 49 | 13.4 | 29.3 |
| 2. Feeling of being useless | 70 | 19.2 | 41.9 |
| 3. Indifference to everything, including their own destiny | 46 | 12.6 | 27.5 |
| 4. Feeling of being lost and confused | 71 | 19.5 | 42.5 |
| 5. Despair | 24 | 6.6 | 14.4 |
| 6. Feeling of helplessness | 26 | 7.1 | 15.6 |
| 7. Apprehensiveness | 39 | 10.7 | 23.4 |
| 8. Elation and hope to change life for the better | 32 | 8.8 | 19.2 |
| 9. Other | 8 | 2.2 | 4.8 |
| Total | 365 | 100.0 | 218.6 |

A number of negative feelings and sensations experienced by representatives of various age groups to different extents in actual fact are not characteristic of the eldest age group (55-year-old. and older)—for the most part, they concentrated in a single feeling of being useless (66.7%) which is very hard from the perspective of psychological perception, and this can be explained by the fact that an individual can hardly discern the prospects of further outside life and successful adaptation out of prison at this age. And this does not cause any sensation of fear or aggression, despair or helplessness, but is only a feeling of hopelessness and reciepnce of situation as it is. They do not hope for help from outside, realizing the entire littleness of their human, and, therefore, adaptation resources. The identified situation once again makes it possible to actualize the problem of an individual approach to the problem of social adaptation of citizens taking into account their age peculiarities of psychological perception of their own projects of life after the end of the term of sentence, as well as multicultural characteristics of an environment which they get into in a real-life situation which suddenly changes for them.

In our opinion, we should also mention the fact that more stressful feelings and sensations (feeling of being lost, feeling of being confused, helplessness, despair, and apprehensiveness) caused by this situation, were manifested by those respondents whose term of sentence is rather insignificant—less than a year. Apparently, the respondents of that category have not yet adapted to the new conditions or have already received a dose of disappointment, although they initially belonged to society with a considerable sense of optimism and hope for the best (46.5%).

But the most amazing thing is the divergence of points of view of respondents and experts on this matter (Table 39.2).

As shown in research results, only 8.8% from among the latter are of the opinion that under such conditions a person feels elation, and priority is given to feeling of being lost and confused (19.5%), feeling of being useless (19.2%), and a sense of

Table 39.3 Help to which an individual who enforced a court judgment can count on to a greater extent when returning to society in the estimation of respondents, %

| Whose help can an individual count on to a greater extent in modern Russia when returning to society? | | | |
|---|----------|----------------|----------------------------|
| Possible answers | Answers | | Percentage of observations |
| | Quantity | Proportion (%) | |
| 1. To the help of the government | 24 | 5.5 | 8.5 |
| 2. To the help of nongovernmental structures, associations, organizations | 26 | 6.0 | 9.2 |
| 3. On the help of their family | 204 | 46.9 | 71.8 |
| 4. On the help of their friends | 110 | 25.3 | 38.7 |
| 5. On the help of the church | 27 | 6.2 | 9.5 |
| 6. On the help of former fellow workers | 31 | 7.1 | 10.9 |
| 7. Other | 13 | 3.0 | 4.6 |
| Total | 435 | 100.0 | 153.2 |

aggression (13.4%), which, according to answers of respondents, is far fewer characteristic of people upon getting out of jail.

Based on empirical evidence, it is apparent to us how far such perception is from real psychological picture from the perspective of psychological state of individuals, and if we take into account the fact that such incomprehension can be seen in people who are just a step away from the problem we deal with, it is fair to assume that this psychological situation may be even more divorced from reality for ordinary people (who have nothing to do with the problems of citizens of this category), which may be the source of antagonism to citizens of this category by society. It consists in a misunderstanding of what is happening to a person returning to society, in a space of ignorance and misunderstanding that cannot become a platform for dialogue and participation in the destiny of these people, many of which, as our research has shown, get out of jail hoping to change their life for the better, not with aggression as a dominant feeling, as follows from the survey of experts.

As a result, even having ample social and psychological resources, respondents scarcely ever can fully implement them, since this is hampered by a lack of understanding of the emotional and social and psychological makeup, ignorance of the feelings, hopes, fears, and sentiments that possessed them during this period; this, in turn, is caused by the isolation of such citizens from society during the penitentiary period, which becomes a period of cardinal alienation of prisoners from the rest of the world. This is probably why, when answering the question about whose help can individuals count on to a greater degree in modern Russia, respondents in the vast majority of cases answered that they can count on the help of their family (about 47%) and on the help of their friends (25.3%), while fellow workers, church, nongovernmental organizations, and the government were not considered as those whose help the individuals who got out of places of deprivation of freedom can actually count on (Table 39.3).

Table 39.4 Help to which an individual can count on to a greater extent in the estimation of experts, %

| Whose help can an individual who enforced a court judgment can count on to a greater extent when returning to society in modern Russia? | | | |
|---|----------|----------------|----------------------------|
| Possible answers | Answers | | Percentage of observations |
| | Quantity | Proportion (%) | |
| 1. To the help of the government | 53 | 16.1 | 31.2 |
| 2. To the help of nongovernmental structures, associations, organizations | 34 | 10.3 | 20.0 |
| 3. On the help of their family | 132 | 40.1 | 77.6 |
| 4. On the help of their friends | 79 | 24.0 | 46.5 |
| 5. On the help of the church | 21 | 6.4 | 12.4 |
| 6. On the help of former fellow workers | 7 | 2.1 | 4.1 |
| 7. Other | 3 | 0.9 | 1.8 |
| Total | 329 | 100.0 | 193.5 |

Personal experience of our respondents in the Republic of Tatarstan and in the Kirov Region has shown that an individual can only count on their family (52.7%) and friends (25.7%). Moreover, the opinions of respondents and experts were mostly concurring in this survey (Table 39.4).

Thus, 40.1% of experts believe that an individual can count on their family, and 24% of experts believe that an individual can count on friends; however, experts also noted the fact that nongovernmental structures, associations, and organizations (10.3%) can act as a fairly significant support, whereas only 6% of respondents are of such an opinion.

Citizens who enforce court judgments, being equally exposed to the impact of resocialization in the setting of penitentiary system, without taking into account their specifics, criminal history, degree of criminalization of consciousness, axiological deprivation, and deformation of a personality, culture, learn the experience of antisocial culture which may have certain consequences for various categories of citizens. And the fact that what can become the reason to take the “true path” for some people, can turn out completely the opposite for the category of “accidental” people who, being in the center of criminal subculture, will gain negative experience they were unfamiliar with before. And it can transform into persistent criminal beliefs these people did not have before. Upon getting out of jail, having lost former experience and weal criminal mindset which grew into firm conviction, “accidental” offenders are more likely to end up in a situation of social maladaptation, which may provoke a new offense (Luneev 1997).

In other words, modern penitentiary system fails to properly perform its functions involving the correction of condemned individuals and reduction of crime rate in society, and it is worth agreeing with the opinion that Russian prisons and custodial facilities became a sort of universities of crime.

This is how the recidivism reproduction mechanism looks like when the penitentiary system turns “accidental” offenders into “hardened,” “determined,” who

subsequently get into the category of “incorrigible offenders.” This is the price of an established state policy with regard to citizens who offended against the law and protection of population from crime, which erected a solid wall between the free society and those citizens who made a false step, and this wall is usually not destroyed even when a person returns to society, since those citizens who have a clean record extremely unwillingly mix with those fellow citizens who offended against the law, suffered their sentence and subsequently returned to them from places of deprivation of freedom. Even more so, they do not care about the psychological problems these people face; moreover, as we have already noted, it is the psychological factors that every now and then turn out to be critical in recidivism, since, in the end, only a personality itself decides—to be a law-abiding citizen or to stay in the criminal environment. An important part of this phenomenon is played by the fact that specialists and members of the public by no means always take into account multicultural peculiarities of regions where these individuals end up in. As a matter of fact, they by no means always return to environment that is familiar to them, in which they lived before the sentence. And this decision largely depends on moral and psychological stability of individuals returning to society, to the difficulties they face during this period, their willingness to overcome the difficulties they will have to face, and not to break bad again.

In turn, the desire of respondents to go straight largely depends on the attitude of others toward them, who by no means always understand or want to understand what difficulties people of this category face with after a period of isolation from society in a world dominated by quite different rules and principles of living, where the severity of penal regime drives many people to despair, physical, and spiritual degradation.

Thus, even having certain social and psychological resources in their arsenal, respondents cannot fully use them in society which has no information about their feelings and sentiments, their hopes and fears, personal resocialization resources, because that isolation from society becomes a factor in their radical rejection from the rest of the world. Certainly, psychologists employed in prisons and custodial facilities must identify the psychological characteristics of offenders as early as during the execution of the court judgment by an individual in order to promote and guide the process of their adaptation to conditions of life in this facility. According to experts, it is only after its execution when a different situation arises, when the return to society causes psychological stress in everyone, no matter how he/she is excited at this event, though it is quite difficult to be excited at such an event, since this person is still to learn this feeling and skill—to enjoy life (Revagin 2016). What is more, this is hindered by the fact that psychological problems associated with the fact that social ties which enable such people to feel the joy of being and returning—family, friendly, professional and labor, are severed or significantly weakened. The unwillingness on the part of the microenvironment to contact such a person and include him/her in a circle of close communication also becomes a factor in psychological trauma which blocks the very desire to restore lost micro-ties, with the result that their activity in this direction is significantly reduced. These

problems often arise when these citizens make it into a multicultural environment that is unusual for them. At the same time, against the backdrop of rejection from the previous environment of a personality of the former convicted person, his/her desire for the previous environment is ripening and growing, the degree of exposure to antisocial influence increases, which may eventually bring this person back to offending behavior. Unfortunately, it often turns out that the ties that were acquired in prisons and custodial facilities are stronger, more stable than those that were left “out of prison;” as a result, such a citizen who was rejected by society returns back to those people with whom he/she will not feel himself/herself an outcast (Slobodenyuk and Volkova 2015).

Scientists involved in conceptualization of the psychological determination of criminal activity, recidivism in particular, draw attention to the need for their typologization as the basis for further work with them at the stage of their resocialization out of prison, and distinguish three groups at that:

1. A group of individuals with a high rejection of social values and norms; the members of this group can only be compelled to comply with them by a strong fear of even more severe punishment than they have already suffered.
2. A group of individuals characterized by the presence of both asocial and prosocial attitudes, and a focus on abiding or unabiding behavior which depends on a number of factors, on a particular situation (the place where the sentence was served, etc.).
3. A group of individuals generally inclined toward prosocial values and norms, but fearing the forthcoming return to society in need of advisory psychological aids to a greater extent (Mikhailov 2016).

Thus, moral and psychological stability of citizens of this category differentiates depending on what category they belong to, and therefore its formation has its own specifics. But in any case, it is important to start the process of psychological adjustment of their personality in time in order to prepare it for life out of prison—in the family, in the work collective, and in society in general, including, in particular, taking into account its multicultural peculiarities. This process is quite complex, since a person who has returned back to normal has to act in a way from which he/she has already become disaccustomed to—in family, in occupation, etc. Such an individual needs to learn again to be independent in solving everyday household, labor, and other problems, to take care of themselves and family members if any. Therefore, such an individual has to pass on from passive life philosophy to active life philosophy, but this is often hindered by apprehensiveness, lack of confidence in the future in which their willingness to perform various roles and functions determines the way how social expectations of the convict will be consistent with reality upon getting out of jail. In these expectations are inconsistent with reality, conflicts are possible, alienation of this personality from social environment, multicultural environment, and, as a result, negative scenario of their resocialization.

A lot of things depend on the degree of willingness of an individual to resocialization, on his/her motivation to become integrated in society, accept the

existing axiological and normative attitudes (Malenchuk 2009). However, reality testifies that most of them, having faced difficulties of social adaptation, demonstrate an unstable behavior pattern and life philosophy, and their actions are largely situational, depending on external rather than internal (world outlook, axiological) factors. Still, successful process of social adaptation is only possible subject to a stable moral and psychological and axiological structure of a personality focused on such essential principles of morality as “do not steal,” “do not kill,” “do not cause violence,” “respect the world around you.”

4 Conclusion

Research results afford ground for making a conclusion that potential and efficiency of social and psychological resources of the system of resocialization of individuals are determined by the scale of the gap that divides society and this social group at the level of social and psychological perception of the very problem of return to normal existence of individuals who enforced court judgments in the setting of penitentiary system. In Russian reality, this gap is so significant that it decreases initially fairly large stock of social and psychological resources of such citizens, which, according to the survey conducted by the authors, is expressed in elation and hoping to change their life for the better as a determining feeling compared to other feelings (fear, feeling of being confused, helplessness, aggression, and indifference). A factor stimulating an increase in the space of maladaptation to conditions of life in a regulatory environment consists in their multicultural segregation from the environment in which they turned out to be upon execution of a court judgment, its antagonistic attitude toward this category of our citizens, in particular, due to multicultural factor.

In addition, these studies make it possible to actualize the problem of an individual approach to social adaptation and resocialization of citizens taking into account their age, gender, cultural, and other peculiarities of psychological perception of projects of life with a view of having the opportunity of full use of available stock of social and psychological resources of such citizens by authorized institutions.

In general, it is fair to say that ignoring the social and psychological resources of society in conjunction with the psychological characteristics of a personality, its microsociety as a medium of communication and adaptation becomes a recidivism reproduction factor in Russia. The logic of state policy aimed at ensuring the safety of population by means of isolation of citizens from society and applying punitive measures to them, regardless of the category of acts committed by them, their life path and history of offending behavior, cultural commitments, psychological features of resocialization, is the cause of the fact that penitentiary and post-penitentiary systems became a mechanism of reproduction of crime in society.

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Chapter 40

Socioeconomic Potential of Protest Sentiment in the Stavropol Territory in the Context of the Process of Erosion of Fundamental Principles of Social Consensus



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Abstract In this chapter, which is reflective of results of authors study of protest sentiment in the Stavropol Territory, consideration is given to the problem of erosion of social consensus in society which has recently become increasingly relevant. The chapter identifies conditions of rupture of consensus agreement between the authorities and society. The authors come to conclusion that erosion of consensus between the authorities and society is manifested not in the form of one-time individual campaigns, but generally in mass proportions due to the belief that only a mass expression of dissatisfaction is able to change the situation of injustice. A case study of the Stavropol Territory made it possible to identify the main trends in the dynamic pattern of protest sentiment in South Russian regions.

1 Introduction

The relevance of the subject of our research is resulting from the increased influence of civic engagement on political developments in general and policy decisions made in particular. The accumulation of experience in civic participation by Russians has been observed over the last decade. Thus, according to Levada-Center, “over the past year, about 38% of respondents donated their clothes and belongings to those in need, 30% of respondents teamed up with other people to solve common problems,

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26% of respondents donated money to charity, up to 15% of respondents participated in the activities of various civil associations. In addition, since 2006 (when the relevant indicators were first measured), the number of people who believe that it is possible to influence the events in their country at least a little has significantly increased (from 18 to 35%), and the number of people who believe that it is possible to influence the events in their city at least a little has significantly increased too (from 39 to 52%)” (Volkov 2019).

It appears that civic engagement is influenced by the processes associated with execution, maintenance, or dissolution of consensus agreement between the authorities and society. It is self-confidence resonant with processes that devalue such an agreement, can act not only as a catalyst but also as a motive/reason for protest activity. The authenticity of results of this research will be achieved through the use of modern methods and techniques of political and sociological analysis within the framework of an interdisciplinary approach and multistage testing of the obtained results in practice.

2 Materials and Methods

The issues of social protest as a mass sociopolitical phenomenon are covered in the studies of foreign classics of collective action theories: Blumer (1951) and Smelser (1963).

Modeling of social processes, in particular, protest behavior is studied by the scientists of the Russian Academy of Sciences. The book “Social networks: models of information influence, control and confrontation” (Novikov 2010) discusses models for managing the behavior of actors in social networks, examines the role of the mass media in unified management in homogeneous networks.

The influence of network structures on various social protests in society is studied in the works by Wellman (2001), Hogan and Quan-Haase (2010), and Marcoux and Lusseau (2013).

Protest communities and factors of their consolidation are studied by Deutsch (1961) and Cameron (1974). S. Tarrow studies the dynamic pattern of social protests (Tarrow 1994). Strategies of social protest were studied by Gamson (1975).

Such form of social protests as environmental protest and environmental violence is studied by Kosov and Nefedov (2013) and Percival and Homer-Dixon (1995).

The analysis of research literature demonstrates that currently a fairly extensive theoretical and empirical basis has been created for the scientific and political substantiation of determinants of modern social protests. However, despite the significant volume and results of abovementioned works, we should take note of the fact that the problem of the comprehensive analysis of the influence of erosion of social consensus on the protest activity has been insufficiently studied in research literature, in general.

3 Results and Discussions

Consensus between society and the authorities is usually a noninstitutionalized state of the sociopolitical system in which society agrees to support the vector of development put forward by the authorities (social, economic, political, etc.) even under conditions of infringement of some of their interests if they understand that the authorities will compensate for this damage (in symbolic terms, psychological terms, material terms, etc.) in a segment of social being that is significant for society. The remarkable thing is that such state of the sociopolitical system can remain noninstitutionalized long enough. Moreover, both formal and informal forms of behavior are developed on the part of the “authorities” and on the part of “society,” areas of common interest and permissible limits are determined. While maintaining the basic conditions for maintaining social comfort by the authorities, informal rules of the game are usually supported by society.

In what situations is the consensus agreement between the authorities and society dissolved? Firstly, “re-execution” or reformatting of the grounds of consensus occurs when the authorities and society are willing to progress, to advance, to diversify social, economic, and political space, to extend the degree of influence of civil society, in general, and each individual in particular on the process of shaping the strategy of the future, on the process of policy decision-making. Secondly, if the authorities allow reformatting of conditions for the maintenance of level of social comfort because of their incompetence, society can terminate the “contract” for consensus.

The presence of consensus between the authorities and society can be treated as one of conditions/manifestations of legitimacy/legitimization of the current authorities. A fairly strong support of basic political institutions, acceptance of their activities, support of decisions made by the authorities, isolated cases of social protest caused by certain decisions of the authorities, are the manifestation of the current consensus between the authorities and society. Whereas the increase in quantity and quality of social protests, expansion of territories covered by them, is an indicator of erosion of fundamental principles on which this type of consensus was based.

The remarkable thing is that erosion of consensus between the authorities and society is manifested not in the form of one-time individual campaigns, but generally in mass proportions due to the belief that only a mass expression of dissatisfaction is able to change the situation of injustice. The reasons for such a belief may lie both in decisions of government institutions associated with the disruption of consensus grounds and in purposeful activities of certain social/political frameworks and institutions and individuals. Of course, activating factors and catalyzing situations in both real and virtual information space can play a significant part in it. All of the above cause erosion of credibility, a sense of deceit, a hostile attitude toward each other between the structures of the authorities and society. Mass manifestations of social dissatisfaction in the context of destruction/reformatting of connection between society and the authorities often result from inadequate activities of

government agencies, when the social control institutions, devaluated over time under the influence of both external and domestic factors, are destroyed. All of the above may eventually result in spontaneous expansion of protest behavior.

Social protests in a situation of nominal consensus between society and the authorities are occasional in nature, and the growth of protest sentiment and the increase in quantity and change in quality of social protests can be observed in case of destabilization of consensus grounds.

We can emphasize social consensus of the second half of the 2000s, when the population was quite comfortable with the experiments of the authorities with the political system during the “fat” years of the Russian economy. Decline in the standard and quality of life at the beginning of the second decade of the twenty-first century resulted in the fact that this consensus is disappearing nowadays. Thus, a peculiar kind of change of heart in social consciousness, growth of protest sentiment was registered by Dmitriev and Belanovskiy (2011) in their report “Political crisis in Russia and its possible development mechanisms” (Dmitriev and Belanovskiy 2011).

The authorities turned to advantage the patriotic potential and the situation called “Crimean spring” for the execution of a new agreement with society which was called “Crimean consensus.” According to pollsters, “selectorate of this consensus is 85–95% of citizens of the country” (Kulikov 2015).

According to the results of qualitative studies conducted in spring 2019, “the prevailing view was that firm presidential government fell short of expectations. Focus group participants complain about rising retirement age, raised taxes and payments, galloping prices, problems with medicine, unemployment, and humiliatingly low salaries” (Kamakin 2019). Crimean consensus is eroded, and society starts to lay its claims associated with the deterioration of its economic and household standard of living, to the authorities.

One of the markers of erosion of social consensus is the growth of distrust of the authorities on the part of citizens. Thus, in May 2019, 63% of respondents answered “it increased” to the question: “Has the number of people dissatisfied with the authorities recently increased, decreased, or remained unchanged in your opinion?”. And to the question: “Has the number of people satisfied with the authorities recently increased, decreased, or remained unchanged in your opinion?” 51% of respondents answered, “it decreased” (Protest Potential 2019). If to the question: “Everything is all right, in general, in the country today, or maybe the country is moving the wrong way?” in May 2018, 56% answered that “everything is all right,” then in May 2019 there were 49% of such people. Whereas 27 and 40% of respondents, respectively, are of the opinion that “the country is moving the wrong way” (Approval of Government Institutions 2019). If 79% of respondents supported the President of the Russian Federation and 20% of respondents did not support the President of the Russian Federation in May 2018, then in May 2019, 66 of respondents supported the President of the Russian Federation and 32% of respondents did not support the President of the Russian Federation. 79% of respondents disapprove the activities of the Chairman of the Government of the Russian Federation in May 2019, and there were only 42% of such respondents in May 2018 (Approval of Government Institutions 2019).

The results of survey conducted in May (2019) by “Levada-Center” are indicative of the fact that the willingness of Russians to participate in massive protests is on the increase. Thus, 27% of respondents are willing to demonstrate against drop in the living standards, whereas 69% of respondents are unwilling to do it. That said, 22% of respondents are willing to put forward policy demands (Protest Potential 2019).

In late May–early June 2019, the authors’ team conducted a sociological research. 1275 respondents were interviewed in all areas of the Stavropol Territory.

This survey made it possible to identify the main socioeconomic reasons which can force the residents of the Stavropol Territory to participate in protest movements. Thus, 29.9% of respondents are willing to participate in a particular form of protest movements in case of long detention of wages; 20.9% of respondents are willing to participate in protest movements in case of mass dismissal of employees; 20.2% of respondents are willing to participate in protest movements in case of unfair dismissal; 16.9% of respondents are willing to participate in protest movements in case of repeal of benefits or reduction of their quantity; 12.1% of respondents are willing to participate in protest movements in case of coercion into unsociable hours of work.

Moreover, the survey has shown that the most popular form of social protest which will be willingly supported by the majority of respondents is the signing of a petition letter (36.8%). Next in popularity in decreasing order are rallies (26.3%), strikes (7.7%), pickets (7.1%), and participation in the boycott (3.9%). 18.2% of respondents failed to express their opinion regarding their support of a particular form of protest.

21.7% of respondents are of the opinion that protest movements are useless and cannot achieve the desired result; what is more, the number of women who do not put their faith in protest potential exceeds the number of men. 24.8% of respondents believe that protest movements can sometimes be an efficient measure, while 23.7% of respondents firmly believe that participation in protest movements is acceptable if they involve protection of one’s rights. Moreover, in both the second and third cases, there were more than 10% of men who were “in favor” than women.

The remarkable thing is that the residents of Caucasian Mineral Waters are less likely to see positive in protest movements, whereas 25.1% of residents of the Eastern regions of the Stavropol Territory believe that “protest movements will certainly not help to achieve the desired result,” and 35% of residents of the Eastern regions of the Stavropol Territory believe that participation in protest movements can only have effect in some cases. That said, almost 40% of respondents found it difficult to answer the question. In the remaining regions of the Territory, about 56–58% of respondents believe that “participation in protest movements is an acceptable form of protection of one’s rights” or “participation in protest movements can sometimes be an efficient measure.”

11.7% of top-level executives, 21.1 of mid-level executives, and 33.4% of ordinary employees failed to provide their opinion about their attitude toward the level of efficiency of protest movements. Most respondents who believe that “protest movements will certainly not help to achieve the desired result” belong to top-level executives (24.2%), 21.2% of ordinary employees and 20.0% of top-level executives

are of the same opinion. Ordinary employees believe that “participation in protest movements is an acceptable form of protection of one’s rights” least of all (20.3%), and most of respondents who believe that participation in protest movements is an acceptable form of protection of one’s rights belong to top-level executives—38.3%. 25.2% of ordinary employees, 22.3% of mid-level executives, and 30.0% of top-level executives believe that “participation in protest movements can sometimes be an efficient measure.”

The question “Would you personally be able to participate in protest movements?” was unambiguously answered “Yes” by 14% of respondents, 69.6% of respondents are willing to participate, but “it depends on the kind of protest movements,” and only 16.4% of respondents answered that they are unwilling. Of those who are definitively ready to participate in protest movements 24.5% are men and 11.7% are women. 12.9% of men and 17.2 of women will definitely not participate in such protest movements. At the same time, 71.1% of women and 62.6 of men are willing to participate in certain protest movements.

There is an interesting breakdown off answers of respondents by the regions of the territory. The residents of Caucasian Mineral Waters (19.3%), Eastern (17.1%), Western (15.4%), and Central regions (13.4%) are unwilling to participate in protest movements, whereas the residents of Central (86.5%), Western (84.6%), Eastern regions (83%), and Caucasian Mineral Waters (80.7%) are willing to participate in protest movements to a greater or lesser degree.

Ordinary employees constitute the majority—17.5% of respondents who will under no circumstances participate in protest movements, whereas only 8.3% of top-level executives and 14.3% of mid-level executives will refrain from participation in such protest movements. Only 52.6% of ordinary employees are willing to participate in particular forms of protest movements, whereas 91.7% of top-level executives and 85.6% of mid-level executives are willing to participate in them.

It is noteworthy that among those who claim that “we experience no difficulties, we could purchase an apartment or a house if need be” there are most respondents who are definitively willing to participate in protests (11.8%), as well as those respondents who will under no circumstances participate in protests (44.1%). Nevertheless, 42.1% out of this number of respondents are willing to participate in protests in a number of cases. 80.9% of respondents among those who claim that “we have enough money to buy major appliances, but we cannot afford a new car; pollsters, 82.7% of respondents among those who claim that “we do not have enough money even for food;” 13.7% of respondents among those who claim that “we have enough money to buy a new car, but we cannot afford buying a new apartment or a house;” 13.7% of respondents among those who claim that “we have enough money for food, but we do not have enough money for buying clothes and shoes;” 15.3% of respondents among those who claim that “we have enough money for buying clothes and shoes, but we do not have enough money for buying major appliances” are willing to participate in protest movements.

Among those who believe that “protest movements will certainly not help to achieve the desired result,” most of respondents claim that “we do not have enough money even for food” (34.8%) or “we experience no difficulties, we could purchase an apartment or a house if need be” (47.1%).

4 Conclusion

Consensus between society and the authorities consists in the noninstitutionalized state of the sociopolitical system in which society agrees to support the vector of development put forward by the authorities (social, economic, political, etc.) even under conditions of infringement of some of their interests if they understand that the authorities will compensate for this damage (in symbolic terms, psychological terms, material terms, etc.) in a segment of social being that is significant for society. Erosion of social consensus is fraught with growth of protest sentiment in society. Erosion of consensus between the authorities and society is manifested not in the form of one-time individual campaigns, but generally in mass proportions due to the belief that only a mass expression of dissatisfaction is able to change the situation of injustice.

Inference should be drawn that devaluation of basic parameters of social consensus caused deterioration of social well-being and sentiment, contributed to the emergence of descending trend with regard to the authorities, and, as a result, to the increase in civic engagement.

Devaluation of Crimean consensus, decline in the standard and quality of life, lack of faith in tomorrow, misunderstanding of the logic of the country's development and "breakthrough" in the economic domain, mental fatigue from the emerging image of a "besieged" fortress are the causes of growth of protest sentiment in the Stavropol Territory. Representatives of the middle-class nurse protest ideas more often than others.

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Part V
Problems and Perspectives of Regional
Management in Russia in the Context
of Provision of Multicultural Region's
Social Safety

Chapter 41

The Consequences of Modern Regional Policy in Russia



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Irina V. Vdovina, and Elena V. Dotsenko

Abstract The chapter presents the results of scientific research of topical problems of Russian regional policy. The excessive differentiation of the socioeconomic situation in the regions is identified as the most important problem. It is presented that the differentiation of the level of socioeconomic development of regions is due to the presence (or absence) of significant territorial competitive advantages. Russia's regions are divided into six strata according to the level of GRP per capita. It is established that more than 70% of the country's regions can be classified as disadvantaged. The negative consequence of excessive socioeconomic differentiation of regions is a high degree of migration toward Moscow and St. Petersburg. All that accelerates degradation of depressed regions.

1 Introduction

The process of transformation of the Russian economy and its integration into the world division of labor has a negative impact on many regions of the country. Due to the growing degree of their socioeconomic differentiation, its economic geography is changing (Melentyev 2011; Leksin and Porfiriev 2017). The trend is so significant that the Russian Government is forced to develop a new structure of the territorial organization of the country.

This is partly due to the increasing migration processes, as a result of which some settlements lose their population and some even cease to exist. At the same time, the population of Moscow and some regions (successful in terms of economic

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development) is growing. Both developing regions and the depressed ones require large amounts of investment in infrastructure.

It should be noted that there is a misconception that development of infrastructure will keep the population in depressed regions. According to the results of mathematical modeling, more than 70% of migration processes are motivated by the level of wages (Ozherelev et al. 2015). At the same time, the rejection of economic incentives for labor-intensive industries such as dairy farming (in favor of beef cattle) minimizes the amount of jobs in rural areas, which further accelerates migration processes and leads to depopulation (Ozherelev et al. 2011a, b).

The analysis of the situation with interregional differentiation is relevant, since it will allow formulating recommendations on formation of an acceptable scenario for transformation of depressed regions in order to ensure the viability of their economy and stability of their infrastructure (Gazizullin 2014).

2 Materials and Methods

The authors use the main methods of economic research: economic and mathematical modeling, correlation and regression analysis, and retrospective analysis of large amounts of statistical data. Statistical reporting (Rosstat 2016, 2017; Bryanskstat 2017), materials of periodicals and the Internet served the information basis of the study.

3 Results

The differentiation of the level of socioeconomic development of the regions is due to the presence (or absence) of significant competitive advantages on their territory. The initial impetus for accelerated development is usually given by natural (physical) advantages, then a high level of development of the region or its special administrative status could be considered.

It should be noted that different drivers of development are typical for different periods of history. In some cases, this role is played by fertile land, in others—mineral resources. Almost always a good position in relation to the transport network emerging in this period contributes to the development of the region. And since in historical retrospect there changes the economical importance of certain resources, the rating of the region may change over time.

Differentiation of regions is typical for any large country, in particular—for the USA. Thus, the population of California is growing rapidly and has already exceeded 39 million people, while the state of Montana (comparable in area) is home to only one million people. It is clear that California attracts migrants not only by the favorable climate. The gross regional product (GRP) of the state per capita is 1.4 times more than in Montana (Lugovoy et al. 2007). So, the material incentive to

choose a place of residence is obvious. The situation is similar in Canada, which is close to us in terms of climate (Lugovoy et al. 2007; Trade Representation of the Russian Federation in Canada 2016). A significant difference between Russia and North America is the level of differentiation of GRP regions per capita, the criterion for assessing it in the country as a whole being the coefficient of variation. In Russia, this figure is 2.65 times higher than in Canada and 1.55 times higher than in the USA. That is, if in Canada the coefficient of variation is 22.6%, in Russia it reaches 60% (in the USA—38.6%).

Naturally, GRP per capita in the capital of the state, as a rule, is higher than the national average. The average Russian figure is 40.4% of Moscow, with the share of Moscow in the population of the country being 8.5%. The situation is similar with the district of Columbia, where the main US government agencies are located. The difference is that only 600 thousand people live in this territory. If we combine the surrounding regions of Washington, which population is 8.5% of the USA population, the average American figure exceeds 83.2% of the level of the capital with the surrounding area.

The situation is similar in comparison with Canada. The maximum value of the difference between its provinces in terms of GRP per capita is 1.83 times, while the Bryansk region is 5 times inferior to Moscow. If we consider the GRP at face value, Moscow goes to the level of the Czech Republic, while the Ivanovo region is sliding to the level of Swaziland. As a result, there is a paradoxical situation. In the center of the country is a region with a European level of well-being, surrounded by the subjects of the Federation with the economy level of South African “Bantustans” of the apartheid period. Such a high level of economic differentiation of regions is typical for underdeveloped economies of postcolonial type (for example—for Nigeria), and it is the main incentive to redistribute the population, that is—to its mass migration toward the capital.

The economic backwardness of the territory inevitably leads to its social degradation, which is expressed, in particular, in the loss of population. To analyze the situation, all the subjects of the Russian Federation were divided by the level of GRP into six strata (Fig. 41.1).

The first includes five major unique oil and gas regions and Moscow, with the level of GRP from RUB 1 million to RUB 5 million per capita. The total population growth in the group for the last 5 years exceeded 4%. According to this indicator, there is a high level of differentiation between regions within the group. Thus, Sakhalin, Chukotka, and Yamal-Nenets Autonomous district have lost their population over the past 5 years, while its number in Moscow annually increases by 0.7%. Intragroup differentiation of migration processes takes place because within the oil-producing region the degradation of enterprises of many other industries is accelerating. In particular, this is due to the high price of labor, the level of which is set by the dominant sector of the region’s economy.

The second group included seven of the strongest, mainly resource-producing Northern and far Eastern regions, as well as St. Petersburg, with the level of GRP from RUB 500,000 to RUB 1 million per capita. They are characterized by oil and gas production only for the Komi Republic. The dynamic development of other

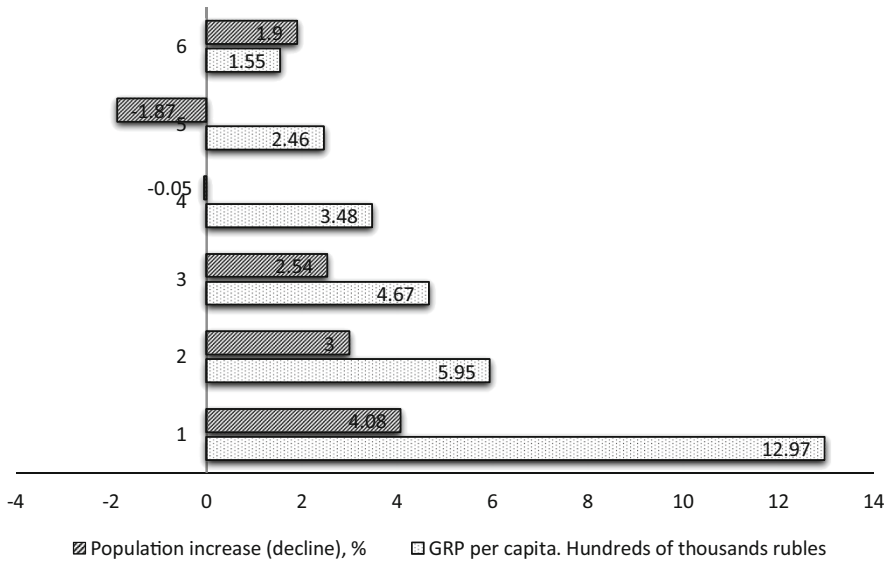


Fig. 41.1 Classification of Russian regions by GRP per capita

regions is provided by extraction of ferrous, non-ferrous, and precious metals, seafood (In Murmansk and St. Petersburg there are port facilities as well). In addition, St. Petersburg is the most important center of education, science, and engineering.

The population growth in the group is 3%. At the same time, its decline is noted in the Murmansk, Kamchatka, Magadan regions, and in the Komi Republic, which (as in the previous case) is due to the uncompetitiveness of other areas of specialization, except the strategic ones. In addition, many industries are transferred to the shift mode of operation, in order to reduce infrastructure costs. The same is done in Canada, minimizing the population in mining cities and towns, while using the most unmanned mining technologies (Lomakina 2013).

The third group consisted of eight strong regions (including Leningrad and Moscow regions, as well as Tatarstan) with the most successful combination of natural resources and market demand for scientific and industrial potential, with the level of GRP from RUB 400,000 to RUB 500,000 per capita. The population growth of the group exceeded 2.5%. At the same time, only two regions of the group (Khabarovsk Territory and Irkutsk region) have experienced population decline over the past 5 years (0.12–0.17% per year). Probably, the higher cost of living in the Far East compared to the Belgorod region or Tatarstan motivates people (with comparable incomes) to migrate to the European part of the country.

Thus, the first three groups of regions (35.5% of the country's population) can be considered relatively prosperous in terms of socioeconomic development level. The small loss of population in some regions is due to the closure of “non-core”

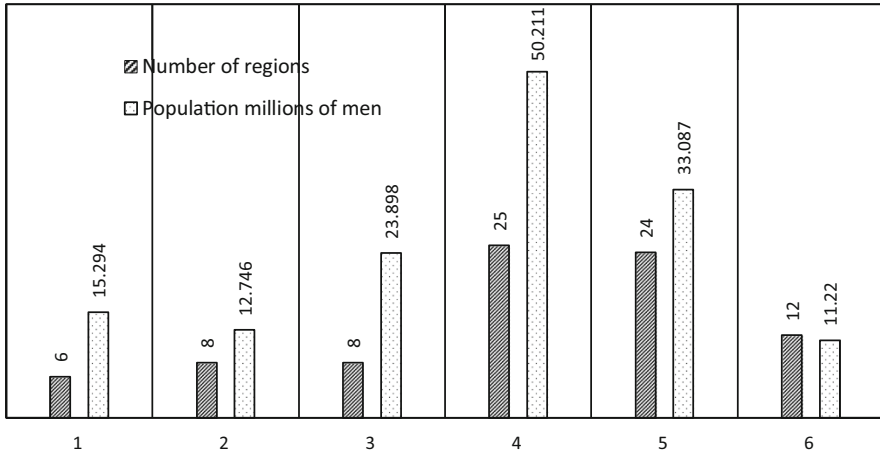


Fig. 41.2 Distribution of regions into groups by GRP per capita

enterprises, which in harsh climatic conditions cannot be competitive and are subject to closure or relocation to regions with more favorable climate.

The most numerous group consists of 25 middle-developed regions, without significant competitive advantages and the level of GRP from RUB 300,000 to RUB 400,000 per capita. The agro-climatic advantages of certain regions of the group (Krasnodar region, Voronezh, Lipetsk, Tula, and Omsk regions) did not become reliable drivers of socioeconomic development.

As for the population dynamics, it has increased in 9 regions, while in the remaining 16 regions it has decreased. In general, the group result is close to zero, with a small deviation of minus.

A group of 24 underdeveloped (mainly agricultural) regions turned out to be unattractive for investors, and the existing industrial potential in modern conditions is uncompetitive and therefore not in demand. The level of GRP varies from RUB 200,000 to RUB 300,000 per capita. In these circumstances, the only Stavropol Krai (resort) and Buryatia have increased the population. In the group as a whole, it decreased by 1.87% in 5 years.

In the group of 12 regions that are catastrophically weak in terms of the level of socioeconomic development, 8 represent the North Caucasus and 2 more—the mountain republics of southern Siberia. In them, on the contrary, the main socio-economic problem is the “demographic explosion,” which annually increases the population, for example, in Ingushetia by 2%. Neither the local economy nor the social structure is ready for such a situation.

Thus, the last three groups of regions should be classified as disadvantaged. They are home to more than 94.5 million citizens of Russia (64.5% of its population). If we count the number of subjects of the Federation, the number of disadvantaged regions should include 73.5% (Fig. 41.2).

Table 41.1 The main characteristics of the regions of Russian historical core

| Region | GRP per capita, thousand rubles | | | | Population growth (decline), % per year | |
|----------------------|---------------------------------|---------|--------|----------|---|-----------|
| | 2000 | 2005 | 2010 | 2015 | 2012–2001 | 2018–2012 |
| 1. Moscow | 26,688 | 106,260 | 252,82 | 439,114 | 0.88 | 1.077 |
| 2. Leningrad | 33,265 | 128,665 | 292,10 | 479,812 | 0.32 | 0.598 |
| 3. Belgorod | 27,970 | 97,376 | 259,18 | 442,811 | 0.1 | 0.096 |
| 4. Voronezh | 20,366 | 58,589 | 140,80 | 352,822 | −0.37 | 0.027 |
| 5. Kaluga | 22,438 | 73,198 | 182,93 | 331,511 | −0.49 | 0.103 |
| 6. Lipetsk | 39,051 | 123,112 | 217,35 | 395,811 | −0.5 | −0.169 |
| 7. Chuvashia | 17,277 | 56,635 | 121,89 | 202,432 | −0.61 | −0.173 |
| 8. Mari El | 15,115 | 47,815 | 118,60 | 241,299 | −0.64 | −0.186 |
| 9. Vologda | 53,433 | 157,114 | 209,88 | 394,582 | −0.71 | −0.269 |
| 10. Penza | 16,900 | 51,934 | 114,32 | 249,437 | −0.72 | −0.454 |
| 11. Vladimir | 21,073 | 59,355 | 151,78 | 256,201 | −0.81 | −0.512 |
| 12. Nizhniy Novgorod | 29,090 | 86,614 | 195,49 | 328,000 | −0.83 | −0.28 |
| 13. Ryazan | 22,070 | 71,399 | 150,63 | 279,717 | −0.88 | −0.328 |
| 14. Yaroslavl | 29,828 | 98,221 | 184,30 | 339,638 | −0.88 | −0.083 |
| 15. Mordovia | 19,220 | 53,381 | 125,09 | 232,214 | −0.91 | −0.283 |
| 16. Smolensk | 25,798 | 67,542 | 151,67 | 268,091 | −0.93 | −0.438 |
| 17. Tula | 24,292 | 67,496 | 153,04 | 316,500 | −1.01 | −0.436 |
| 18. Bryansk | 17,414 | 49,908 | 113,15 | 220,174 | −1.02 | −0.572 |
| 19. Ivanovo | 14,240 | 41,522 | 92,65 | 166,039 | −1.06 | −0.545 |
| 20. Tambov | 19,134 | 56,733 | 127,54 | 328,457 | −1.08 | −0.657 |
| 21. Orlow | 25,168 | 69,187 | 130,34 | 270,742 | −1.09 | −0.616 |
| 22. Novgorod | 29,347 | 91,024 | 201,06 | 390,200 | −1.13 | −0.519 |
| 23. Kursk | 23,677 | 73,194 | 170,91 | 299,375 | −1.14 | −0.057 |
| 24. Tver | 23,073 | 66,988 | 161,96 | 261,458 | −1.17 | −0.626 |
| 25. Kostroma | 21,985 | 63,221 | 138,58 | 242,252 | −1.22 | −0.397 |
| 26. Kirov | 23,166 | 55,124 | 124,14 | 213,189 | −1.36 | −0.452 |
| 27. Pskov | 20,545 | 56,055 | 125,70 | 205,638 | −1.47 | −0.639 |
| 28. Moscow | 115,631 | 384,596 | 728,00 | 1097,534 | 3.6 | 0.732 |
| 29. St. Petersburg | 39,811 | 145,503 | 341,64 | 578,640 | 0.78 | 1.074 |

The analysis of the situation in 29 regions of the historical core of Russia (from Voronezh to Vologda and from Smolensk to Kirov), including Moscow, St. Petersburg, Moscow, and Leningrad regions (Table 41.1) is of particular interest. A characteristic feature of the sample is that the regions included in it are deprived of mineral resources, except for iron ore deposits in the Belgorod and Kursk regions. At the same time, some regions have significant agro-climatic potential.

The sample represents the regions of all the six groups. At the same time (in contrast to the all-Russian sample) there dominates the fifth group of weak regions—48.3% and the average developed regions—31%. Taking into account the Ivanovo region (the sixth group), 82.8% of the regions of the historical core of

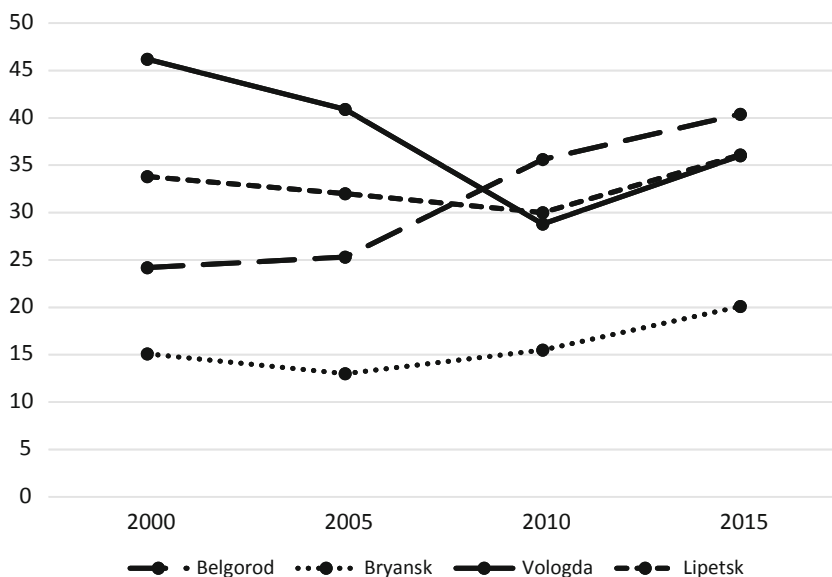


Fig. 41.3 Dynamics of GRP per capita change in the regions compared to Moscow, %

Russia are socially disadvantaged, while in the country as a whole this figure is 73.6%.

Over the past two decades, the sample regions have been characterized by different dynamics of development (Fig. 41.3). Four regions have a stable increasing trend in comparison with Moscow (Fig. 41.3—Belgorod), two regions (Vologda and Kirov regions) are characterized by a downward trend with a minimum in 2010, three regions (Lipetsk, Orel, and Yaroslavl regions) have upward trends with a minimum in 2010, and the rest show growth, with a minimum in 2005 (for example, the Bryansk region).

In 11 regions in the first decade of the twenty-first century, the annual population decline exceeded 1%. In 13 regions, the rate ranged from 0.37 to 0.93%. Over the past 5 years, the rate of annual population decline has fallen by about a half. At the same time, Kaluga and Voronezh regions showed population growth.

In the Kaluga region, the trend toward stable growth of the economy and population is due to the arrival of foreign investors who have formed a car cluster in the immediate vicinity of the main Russian market—Moscow. Of course, the main role in choosing the location of production plays successful logistics. In addition, the factor of personal participation of the regional administration in creating the most favorable conditions for investors is important as well.

As for the Voronezh region, the growth of the economy and population in recent years is associated with construction of a new railway bypassing Ukraine and with the transfer of the Irkutsk Aviation Military Institute to the region. In addition, in favor of the Voronezh region there took place redistribution of rail transport, previously carried out through the territory of Ukraine and sent to Ukrainian ports.

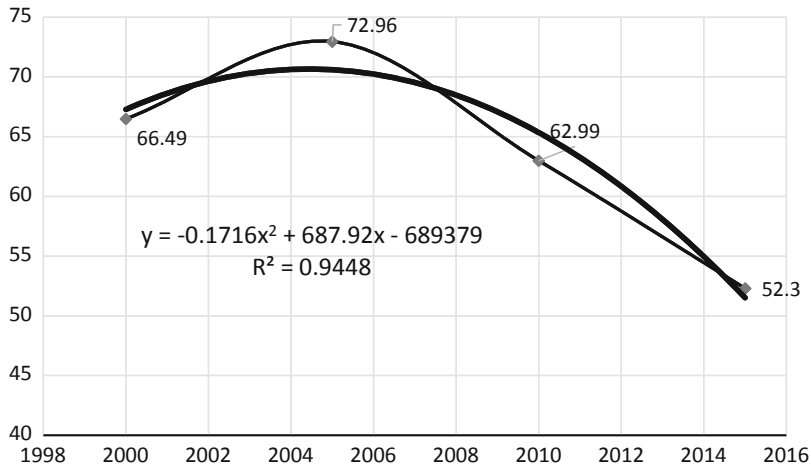


Fig. 41.4 Dynamics of the coefficient of variation in the size of GRP per capita between the regions of the historical core of the Russian Federation, %

Currently, all the passenger trains connecting the center and the North of the European part of Russia with the Southern and North Caucasus Federal districts transit Voronezh.

It should be noted that if the economy of the Voronezh region as a result of the Ukrainian conflict was in the win, the Bryansk region suffered significant losses. The number of passenger trains transiting Bryansk to Ukraine has significantly decreased. The freight turnover of the railway has also decreased by about three times. In addition, the intensity of road traffic on the transit routes of the region has decreased. All this reduces the volume of incoming financial resources and adversely affects both transit enterprises and trade and services.

The increase in the gap from Moscow level in the period up to 2005 is typical for the sample as a whole (Fig. 41.4).

As the coefficient of variation begins to decrease, there is a tendency to equalize the economic indicators of the regions (Rosstat 2016). But it is not so much the result of the accelerated growth of the economy of individual regions (the city of St. Petersburg, Leningrad, Moscow, Kaluga, Belgorod, Voronezh, and Tambov regions), as the result of the rapid decline in the population of depressed regions [Preliminary Assessment of Russian Population on 01.01.2018 (in Russian)].

4 Discussion

For most economically weak regions without natural advantages or administrative preferences, the process of degradation is irreversible. So, in January–February 2018 in the Bryansk region there were 1785 births and 3081 deaths. So, the mortality rate

exceeds the birth rate by 1.7 times (Brjanskije Fakty 2018). In the next 5 years, the retirement age in the region will reach another 91.5 thousand people, while the working age should include only 52 thousand people, which could compensate for the decline of the working-age population by 56.9%, if the most successful graduates of secondary schools and universities will not leave the region (Bryanskstat 2017).

A vicious circle (or rather a downward spiral) of despair is formed due to the fact that poverty and extremely low wages (in the Bryansk region it is two times lower than the average for the Central Federal district and three times lower than in Moscow) are mistakenly perceived as the main competitive advantage of the region and the only incentive for investment. Therefore, if in the group of strong regions investments in fixed capital in 2017 exceed RUB 100,000 per capita, in the Bryansk region this figure is about half (RUB 56,000). In part, that is why experts refer the Bryansk region to the so-called “Rust Belt” of Russia (by analogy with the “Rust Belt” of the USA) (Nechaev 2017).

This should take into account the qualitative differentiation of investments. If in the Leningrad or Moscow region funds are invested in innovation-intensive projects (engineering or port facilities), where high-paying jobs are created, in the Bryansk region, the main object of investment is agriculture, the level of wages in which is extremely low. In addition, a shoe factory was recently opened in Pogar, where the level of wages is even lower than the average (regional). That is, poor-quality investments preserve the socioeconomic backwardness of the region and do not slow down the outcome of the population (Ozherelev et al. 2012).

The formation of machine-building cluster, designed to give high-paying jobs, is still in its infancy (Scantsev et al. 2014). In particular, this applies to the transfer to Bryansk tractor plant from Kharkiv (Ukraine). While the level of localization of production in the Bryansk does not exceed 50%, and the production equipment of the calculated ones. The new production, organized on the basis of almost bankrupt enterprise (OAO “Bryansky Arsenal”), which since 2016 is part of the military-industrial company perimeter management, has not yet become a full replacement for the powerful road engineering collapsed over the past two decades. Thus, the reference of the Bryansk region to the “Rust Belt” of Russia as a whole adequately reflects the situation.

The intensity of the destruction of families correlates with activity of young people exodus from the region. If in Moscow the number of divorces in 2016 was 50.42% of the number of marriages in Russia 61.71%, in the Bryansk region it is 76.3% (Rosstat 2017).

Not only the migration and exodus of the population but also its aging and mass retirement significantly reduce the effective demand, which, first of all, affects the trade business, services, and related structures. To a large extent, these are the problems of small business, the very “middle” class, the well-being of which is an important part of the material base of the population’s reproduction. Unfortunately, in these conditions it is difficult to count on formation of moral qualities in Russian business environment that can become one of the drivers of development, as was the Protestant ethics in the West (Nifaeva and Nekhamkin 2013).

5 Conclusion

1. If no actions are taken by the state in relation to the depressed region, then (most likely) a negative scenario of its further transformation will be realized through the so-called “invisible hand” of the market. The process of interregional migration is one of the effective tools for leveling the degree of differentiation of regions in terms of socioeconomic development, as evidenced, in particular, the experience of the USA. In a few years or decades, when there is no one to serve the existing infrastructure of Federal importance (for example, oil pipelines) and the extremely “compressed” economy of the depressed region, there may even begin the process of reverse migration. In this case, they will have to pay to the specialists sent to work in Bryansk even more than they get in their prosperous regions. Thus, the depressed regions will lose their last competitive “advantage”—cheap labor. At the same time, their population may decrease significantly, and the education system may completely degrade.
2. A positive scenario could be considered in which the rate of loss of the region’s population is reduced to a natural minimum in the current situation, and migration is practically stopped. It should be realized that the regions of the historical core of Russia have exhausted the opportunity to be donors of labor resources for Moscow and St. Petersburg.

The implementation of a positive scenario is possible in formation of a reliable system of multipliers that can become drivers of development. First of all, it concerns financing of scientific developments with the potential to exceed the world level, with the subsequent localization of the result at regional enterprises. High consumer properties and the corresponding selling price will allow receiving the big added value which can be the only reliable financial base for the growth of salary levels.

A similar version of the country’s development is indicated in the “Strategy of Spatial Development of the Russian Federation” developed by the Ministry of Economic Development of the Russian Federation, but the proposed scenario should be considered positive only in part. It captures only the emerging trends, without planning to reverse the most negative of them. In particular, the development of rural areas is expected to be assigned mainly to small businesses, the problem of efficiency of which is not considered in the Russian conditions. At the same time, the trend of population concentration in large cities and agglomerations with its corresponding loss in rural areas and small cities will continue (Grigoryeva 2018).

Implementation of the positive scenario is impossible within the existing load on university teachers. In recent years, the leading universities of the country have received a positive scientific result, including after the academic load on the teacher has been significantly reduced. It is impossible to perform 900 hours of training load and at the same time successfully compete with the world leading developers of technology, which all their working time can give the solution of the relevant scientific and technical problems. Thus, the significant increase in the

funding level of the Fund of labor remuneration in regional universities is also one of the most important multipliers in the framework of the positive scenario of development of the regions.

3. A radical scenario of leveling interregional differentiation is the transfer of the capital. It has been successfully tested in Brazil and Nigeria. From the point of view of equal accessibility of the capital for the population of the European part of the country, the preferred place of its new location is the city of Murom (Vladimir region), but this is a separate big problem that requires more detailed study and broad discussion.

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Chapter 42

The Place and Role of the Institution of Religion in the Current Context of Interethnic Interaction and Migration Policy in the South of Russia



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Abstract The chapter deals with the study of the place and role of interfaith relations in the context of interethnic interaction of the elements of social structure in the South of Russia, as well as assessment of capabilities of implementation of foreign patterns of migration policy in Russian regions. The chapter concludes that the cultural capital of interethnic interaction has been accumulated in the south of Russia with the involvement of the ideological potential of traditional religious denominations with spiritual authority, offering the ideal of spiritual and moral education of an individual and having a centuries-old experience of peaceful coexistence of different religious cultures in the same region.

1 Introduction

The study of the place and role of interfaith relations in the context of interethnic interaction of the elements of social structure in the South of Russia implies the consideration of interaction of various religious denominations emerging in the process of migration as a social setting, as well as interrelated study of axiological

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components of faith-based worldviews of social units interacting with each other. The issue of international and interethnic relations is largely a matter of interfaith relations.

The rooting of social life in ancient religious traditions determines the national stability and social sustainability, ensures the preservation of the union between a personality and their cultural sensitivities, knowledge of their roots and fruitful understanding of their history in educational and pedagogical activities (Vodenko et al. 2015).

2 Materials and Methods

Religious tradition is, above all, a special perception of environment, a worldview based on religious beliefs of a person. However, religion is manifested in society not only as a personal faith of an individual but also as an adherence to family and national traditions, passed down from generation to generation in the upbringing process, where these traditions are a “protective cover” (Malinovskiy, K. B.) of a personality and the guarantee of its permanent conjugacy with the national ethnicity and traditional culture.

Religion acts as a functional universal of society, which is responsible for widespread use of structural and functional analysis in our research. According to Talcott Parsons, the cultural element is the main element in the organization of religion. It is included in the sample support system, emphasizing the values and forming a religious component of culture (Parsons 1994).

In the study of interfaith relations, it is impossible to do without the basic principles of institutional sociology. At the same time, it is important to bear in mind that religion as a sociocultural institution, despite the lengthy process of mainly modern European secularization, by no means lost its ideological and political potential of influence over general population. According to Anthony Giddens, social institutions constitute “the practices which have the largest spatiotemporal extent within a framework of particular communities” (Giddens 2005). The above definition of the British sociologist relating to religion must also be considered due to the fact that many religions take priority over other institutions in terms of duration of their existence (For example, all universal religions that are present in the South of Russia are undoubtedly older than the Russian statehood as such).

The most important aspect of the issue concerning the place and role of religion in the sociocultural process consists in the national and cultural identity of peoples that is inseparably associated with religion. The relation between the national and cultural identity of the Chinese and Confucianism, the Indians and Hinduism, the Jews and Judaism needs no proof. Careful preservation of religious traditions by these ethnic groups facilitates the union between a personality and their cultural sensitivities, knowledge of their roots and fruitful understanding of their history. All basic moral concepts, everyday habits, attitude toward parents, patriotism, patterns of family life, and pedagogical concepts were formed under the influence of religious

imperatives. However, religion does not only turn to the sphere of the source of spiritual values, it remains a permanent culture-forming factor.

The study is based on preliminary studies of the South Russian scholar school for interfaith and international relations (Lubsky et al. 2016; Volkov et al. 2017, 2018).

3 Results

Today, interethnic relations are in no small measure determined by migration flows. Migration processes in the region can be subdivided into internal migration flows which mainly spread from the republics of the North Caucasus to the Rostov Region, and external migration flows of labor migrants from their countries of Central Asia in the same direction.

When we analyze the mutual relations of the three world religions in the region—the Christian faith, Islam, and Buddhism, inference should be drawn that adherents of Islamic faith become numerically dominant primarily over people who have been traditionally practicing the Christian faith or claiming to be Christians, which is due to both the higher level of demographic indices in the Muslim environment, as well as the inflow of labor migrants from the countries with the predominant spread of Islam. Considering the challenges of international terrorism, the institution of religion, including all official religious denominations opposing extremism, become to a certain degree responsible for the harmonization of interfaith relations in the region, and are obliged to develop solutions and institutional practices aimed at helping public authorities in the development of civic identity (Vodenko 2016).

The interfaith aspect of interethnic interaction in the South of Russia has a strongly pronounced ethnic basis. Therefore, we can fully agree with the opinion of the contemporary author M. Z. Magomedova, who notes the following: “The specific nature of the modern religious space of the North Caucasus is that religion here turns out to be closely related to the idea of ethnicity. Hence, when we analyze the ethnopolitical situation in the region, one should consider both religious and national factors, since religious consciousness, religious forms of perception of life have become intertwined with the fabric of public life of North Caucasian ethnic groups” (Magomedova 2010).

The development of the All-Russian civic identity in the South of Russia, unlike, for example, the regions of central Russia, occurs in the context of concentration and influence of a significant number of unique political actors (republics of the North Caucasus), where there are predominant traditions supported by local ethnic and faith-based identities.

As is noted by the contemporary author Yusupova, G. I., it is quite obvious that “the intercultural dialog in the globalized world becomes a dominant trend of development of the mankind. At the same time, it should be noted that the openness and nonlinearity of the globalization process and the increasing role of random fluctuations make the prospects of modern civilization cliffhanging” (Yusupova

2015). At the same time, the prospects for harmonization of the interfaith interaction in the South of Russia can be predicted considering the main economic, geopolitical, and demographic factors.

Migration is accompanied by the creation of local national “quarters,” diasporas, autonomies, and self-contained foreign cultural communities in the indigenous society. Moreover, as we can see, these closed communities with their own unusual traditions and religion sometimes act as an irritatory agent, and their generally accepted values may collide with the values of the host society. The growing migration processes largely determine the conflict situations within the framework of interfaith interaction in the region, especially in the Rostov Region and the Stavropol Territory, since they involve representatives of various ethno-confessional groups. According to civil services, the most common cause for inter-ethnic conflicts which result, inter alia, in human toll—is a different vision of the standards of conduct in everyday life, which is most closely interrelated with domestic religious culture which determines, inter alia, domestic traditions of the society. The researchers of ethnoinstitutional factors of ethnic tension Barkov, F. A., and Serikov, A. V. point out that, for example, the increase in the “conflict potential” in the Rostov Region is accompanied by discursive development of accusations against migrants of their unwillingness to adhere to local customs and traditions, and counteraccusations on the part of migrants against the local community of its being enchained by stigma and xenophobia, while the mass media circulate only negative images of migrants (Barkov and Serikov 2014).

Such a situation of mutual distrust and accusations affects representatives of different religious denominations, but the most concentrated samples of distrust and xenophobia have been developed with the majority of ethnic Russians in the Rostov Region, primarily toward Islamic migrants. Moreover, there has recently been registered the growth of the Russian ethnic identity in the region that is traditionally related to nationalism with strongly pronounced anti-emigrant attitudes (Serikov 2013).

Having analyzed the responses of respondents, Barkov, F. A. and Serikov, A. V. conclude that “. . . antagonism is mainly developed due to the fact that migrants do not adhere to and are not eager to adhere to local customs and traditions (72%). The differences in lifestyles and behavior patterns serve as quite significant conditions for the development of hostility (58%). And only 18% of respondents noted that hostility is largely developed due to competition in the labor market” (Serikov 2013). According to the polls of the Public Opinion Foundation, when responding to the question “how would you react to the fact that an ordinary family of migrants from. . . has settled next to you” the Russians reacted more positively than negatively only to the Slavic people (Kravchenko 2018). As can be seen from the poll, the Russians are ready to accept the Slavs but speak out against representatives of another religion and ethnic group. According to combined expert data, 85% of labor migrants in Russia are Muslims; more than 66% of them are not fluent in Russian (do not know it at all or have a very loose command of it) (Kravchenko 2018).

Thus, the data of the conducted studies refute the thesis that conflicts between the locals and the entrants are primarily caused by competition in the labor market. It is rather on the contrary—local small business representatives in the Rostov Region are interested in the influx of low-cost labor power from countries of the near abroad.

Not only businessmen but also representatives of other social strata are willing to hire migrants for seasonal works.

At the same time, local residents distrust immigrants from the republics of Central Asia, because they fear that migrants will establish their “own peace” in the region in future. It is common knowledge that, for example, the local community in the Rostov Region demonstrates the highest degree of distrust and xenophobia toward Islamic migrants. This situation is not least associated with the activities of the media which is ambivalent in nature. In this regard, Shevchenko, O. M. states the following: “Global and regional mass media play their part in the actualization of islamophobia. The real difficulties in relations with the Muslim world quickly started morphing into a frightening media product in the print media and on TV; as a consequence, the Islamic factor became exaggerated. The idea of Islamic, not Islamist, threat, which indeed exists, emerged in the public consciousness” (Shevchenko 2015). As a result, the interfaith dialogue in the region is to a large extent mediated by the influence of the information content formed by the mass media that has created real challenges between communication participants and to a certain extent prevents harmonization of interfaith interaction.

As we analyze the aforesaid, one can note that the interethnic conflicts in the South of Russia are directly associated with religious distinctions, as the host society resists to values and religious culture imported by migrants, because they disrupt the field of familiar associations, attitudes toward life, and interpersonal and household relations. Moreover, many conflicts arise from symbolic contradictions that are often associated by representatives of various ethnic groups with opposite sets of associations. In this case, it is important to consider various models of patriotism which are quite legally valid in the South of Russia and representing several regional identities based on values of generation and faith-based unity at once. At the same time, the general civil nationalism that is associated in mass consciousness with the position of official power is often relegated to the background, which leads to an aggravated disaccord between citizens on the ground of religion and faith.

Hence, the interfaith aspect of interethnic relations is also associated with the issue of policy for integration of migrants in the South of Russia. Such a policy should primarily correlate with the tasks that are set in the public administration. Today we can formulate the three main policy options for integration of migrants in a receiving environment, corresponding to the three tasks of the national administration:

1. Assimilation policy is aimed at the preservation of the existing national and cultural identity of the region.
2. Multiculturalism policy is aimed at creating a multicultural society consisting of small national and cultural enclaves which greatly exhibit implicit mutual antagonism.
3. The policy of social integration and cultural-linguistic adaptation is aimed at creating the general civic identity on the basis of traditional culture.

Three policy options for integration of migrants have been implemented in different countries of Europe and the USA over several decades. Today, social science provides an opportunity to analyze the results of this policy and forecast

the feasibility of their use in the regions of Russia. In this study, we will point out several negative consequences of a stringent multiculturalism policy that have been identified by the experience of developed countries over several decades.

The experience of multiculturalism in Australia demonstrates that it rather leads to an increase in xenophobia, as it emphasizes not commonality, but discrepancies. There emerges a segregation of national communities which are poorly attempting to integrate into traditional culture and the emergence of “ethnic” neighborhoods in major cities. Therefore, the cultural identity has been determined by the right to a free choice since the end of the 1980s in Australia (Sungurov 2011).

The French version of multiculturalism was distinguished by political assimilation of migrants, where the identity should have been determined by the “national political order, not by ethnocultural or religious roots. < . . . > This policy, as was shown by riots and mayhem in the suburbs of Paris in 2005, turned out to be ineffective—ignoring the problems of migrants not only failed to result in their disappearance; quite the opposite, it resulted in their radicalization” (Sungurov 2011). “Taking into account modern Russian realia, we should note that in a number of places the facts of the beginning of political integration of migrants—Russian citizens, migrants from the North Caucasus, disgruntle local residents by themselves, as the deputies of local councils elected from among the migrants begin to violate, in opinion of local residents, the rights of indigenous citizens” (Sungurov 2011).

Multiculturalism in the UK was developed on the basis of “unity in diversity.” Cultural and religious centers for the Pakistani, the Bangladeshi, Indian Sikhs, etc. emerged in cities and towns. National minorities delegated their representatives to the educational and health care system. However, the increased terrorist activity that had religious roots questioned the soundness of multiculturalism policy. Today, politicians in the UK have been increasingly talking about the need to revise it (Sungurov 2011).

Until recently, Holland was considered to be the paragon in terms of the implementation of multiculturalism policy. As a result, by the 1990s, about one-fifth of the country’s population turned out to be of non-Dutch origin, and all major cities started looking like ethnic ghettos, the prospect of complete Islamization of the country emerged. In 2005, the report of the Dutch parliamentary commission stated the collapse of the state’s multicultural policy (Sungurov 2011).

Thus, the historical experience of developed countries across the world showed the primary hazard of stringent multiculturalism in migration policy which lies in the fact that migration turns into a bloodless conquest of countries that are attractive to migrants creating their national and cultural enclaves in the territory of the host country and start claiming political, economic, social, and territorial rights. Indigenous citizens perceive the emergence of national and cultural enclaves as their religious, cultural, economic, and political deprivation, as the loss of the territory of their country without any warfare, feels the devaluation of the concepts of patriotism, fraternity, fellowship, etc.

As for the temporary labor migrants, the multiculturalism policy leads to domestic conflicts because of principles of “culture and relations, for instance, between men and women, differing from those in societies of the host countries. The political

integration of the foreign population which is manifested in the grant of both the right to vote and the right to be elected is usually questioned as it draws protests of indigenous citizens” (Sungurov 2011).

Thus, the policy of social integration and cultural-linguistic adaptation of migrants is still relevant in the Russian context. Despite the pluralism of convictions in a secular state, in a society determined by the framework of a particular territory, there is a permanent domination of a single axiological and cultural pattern that has developed implicit roots in the culture establishing religion of the region. This fact cannot be denied, nor can the traditional culture of the community be destroyed without destroying the settled life of the society. Hence, it is important to develop the integration component as such in the migration policy, in particular, by teaching the migrants the language and the culture of the receiving community, concurrently paying attention to the education of tolerance. Within the scope of this direction, “it is necessary to expend some effort to familiarize migrants with special aspects and traditions of the country and region of their stay. It is important to develop interfaith contacts as well, to familiarize visitors with customs and beliefs of the country and region they arrived in, albeit for a short time. The migrants should be introduced to special aspects of the culture of the host country regarding relations between men and women, equality of women and inadmissibility spousal of family violence” (Sungurov 2011). In the conditions of active migration of representatives of foreign cultural societies consolidating into the diaspora on account of religious and ethnic descent, the state should provide protection of the honor and dignity to historical, cultural and religious traditions of the host society.

4 Discussion

This issue requires special attention in the context of operation of a constitutional provision on equal admissibility of all ideologies in a secular state and about equality of all religious associations before the law in Russia, which is often erroneously interpreted by officials as equality of significance of all faith-based worldviews and equality of all religious associations for the Russian statehood. I.V. Khodykin believes that the constitutional concept “religious associations” incorrectly substitutes the term “religious communities,” and that a semantic equal sign is incorrectly placed between these concepts (Khodykin 2014). Actually, according to the legislation, any religious group which has been officially registered is deemed to be a “religious association.” Nevertheless, according to the legislation, founders of any religious association are considered to be the small group of citizens that was specified in the registration documents. The real number of members of the religious community is not considered by the legislation. In this context, the terminological equalization of the “religious community” and “religious association” provides grounds for the inappropriate equating of the social role of religious communities numbering hundreds of thousands of people to the social role of religious

communities that barely have two dozen adherents, inappropriate equating of state significance of historical culture-forming religion to modern religious replica.

The main line of development of the legal community in the South of Russia includes as a prerequisite the development of a positive civic (all-Russian) identity with the citizens of the region, which implies the availability of modernization resources on the basis of systematic, from Durkheim's point of view, social solidarity. At the same time, one should consider the presence of various (sometimes diametrically opposite) influence of certain components of the dogmatic doctrine of a particular religious ideology on the public life, which cannot but is considered in the theory and practice of public administration, especially taking into consideration the trends of modern extremists, impart religious basis to its criminal activity (Vodenko et al. 2015).

A considerable part of conflicts resulting from interethnic and interfaith contradictions occurs in the youth environment, since, firstly, the identities of ethnicity and religious denomination are predominant for this social group compared with the older generation; secondly, young people are more involved in leisure practices where the risk of getting involved in conflict situations increases greatly; in the meantime, the faith-based doctrines are attractive in the eyes of the youth during the crisis of the humanitarian fields of Russian science, since they arm the young people with a solid worldview.

In modern studies, researchers often note that the problems of confrontation between ethnic and civic identities in the environment of Russian youth are closely related to the problems of the lack of trust and religious tolerance in society. Various religious ideologies that often teeter on the edge of extremism directly fuel the radical forms of ethnic nationalism and separatism. For example, it is common knowledge that separatist and nationalist trends of youth, mainly of the North Caucasus, are fueled by the ideas of radical Islamism. A similar "function" for Russian nationalist youth is in no small measure performed by neopaganism (Chernykh and Nikiforov 2015).

5 Conclusions

As can be seen from the above, we can distinguish the contradiction that arises between the authentic reproduction of social experience and secularized socialism of religious tradition of the past and the requirements of "secular" and, in significant aspects, secularized modernity within the framework of the Russian modernization (Vodenko and Chernykh 2015). We can state that the conflict between modernization and tradition occurring at present is primarily manifested in the sphere of interfaith relations. This is due to the fact that religion pretends to the sacralization of various spheres of public life to the fullest extent compared with other social institutions.

A number of researchers even deny the possibility of positive participation of religious institutions in the policy of the development of civic identity. In this regard,

A. K. Degtiarev and V. V. Chernous put forward the following assumption: “Complex interaction of ethno-nationalisms, revival of orthodox, Islamic and Buddhist integritisms in an objectively ongoing process of the formation of Russian (legal-political and sociocultural) identity in the Russian Federation in point of fact deprives the Russian nation development project of any positive prospects, indicates the need to intensify the development of a theory that will adequately describe and explain the modern processes of the interaction of religious, ethno-national and political factors in the globalized world” (Degtiarev and Chernous 2011).

At the same time, there has accumulated a fairly solid experience of interethnic interaction in the South of Russia, which can also be considered as a factor of harmonization of interfaith relations in the region. The conduct of roundtable discussions and various civic activities with the participation of representatives of traditional religious denominations is able to harmonize the interfaith relations within the social interaction to the right degree. The representatives of Orthodoxy and Islam as the main traditional religions of the North Caucasus have a similar experience of corresponding institutional practices.

The tension areas in the sphere of interfaith and interethnic relations in the region are largely associated with the issues of cultural integration of labor migrants. Despite the pluralism of convictions in a secular state, in a society determined by the framework of a particular territory, there is a permanent domination of a single axiological and cultural pattern that has developed implicit roots in the culture establishing religion of the region. Therefore, the migration policy should consider the primary hazard of multiculturalism which turns migration into bloodless conquest of new territories; in addition, it is important to develop the integration component as such, expending some effort to familiarize migrants with special aspects of culture, religious beliefs and traditions, family relations and household relations in the country and region of their stay.

In the south of Russia, the cultural capital of interethnic interaction has been accumulated, with the involvement of the ideological potential of traditional religious denominations with spiritual authority, offering the ideal of spiritual and moral education of an individual and having a centuries-old experience of peaceful coexistence of different religious cultures in the same region.

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Chapter 43

Interfaith Interactions in Multicultural Regions: Problems and Perspectives



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Elena U. Polozhenkova, and Andrey A. Mekushkin

Abstract The chapter presents the analysis of scientific and research practices offering their methodological foundations for the study of interfaith interactions multicultural regions. The study of the specificity and dynamics of interfaith interaction in the South of Russia has made it possible to draw the conclusion that interfaith relations in a multicultural region develop in a particular sociocultural space and are driven by a complex nonlinear interaction of various exogenous and endogenous factors. The specificity and dynamics of interfaith interaction in the South of Russia specifically depend on their influence. Historical, geopolitical, socioeconomic, cultural, and mental factors can have both constructive and destructive influence on the state of interreligious relations in the region.

1 Introduction

In the modern academic discourse, there has been an upsurge in interest in the range of problems associated with specific features of interfaith interactions in multicultural regions, which is influenced by a complex web of historical and modern, global and local factors. Religious renaissance associated with the actualization of religious identity can be observed in multicultural regions of Russia at present. This trend is due both to the painful consequences of the post-Soviet transformations which have destroyed the former forms of collective identity and to the influence of global trends that have been manifested in large-scale propagation of radical religious ideologies.

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By virtue of its specific character, religious identity has a significant impact on the formation of axiological and ideological attitudes of an individual, intensifies the significance of cultural and religious boundaries between adherents of different faiths, and creates the attitude toward the adherents of other faiths. It has been established that faith-based systems are characterized not only by discrepancies but also by worldview contradictions, which under certain social conditions can be used by political actors to destabilize the situation in the region.

The South of Russia is a highly vulnerable region due to its cultural and confessional inhomogeneity, as the “fault line” between Christian and Islamic civilizations has been drawn along it. Therefore, interfaith interactions are carried out in the context of not only socioeconomic problems of the region but also the increasing competition of world actors pursuing their geopolitical interests (Vodenko et al. 2017). In such a situation, the use of confessional discrepancies and contradictions for stirring up interfaith hatred increases the risks and the threat to national security, which makes us turn to the analysis of specific character of interfaith interactions in the south of Russia in various scientific and research practices.

2 Materials and Methods

The academic literature has already summarized the study of the problem of interfaith interactions in the modern world. Within the framework of foreign discursive practices that have emerged in the field of philosophical knowledge, the problem of interfaith relations was considered within the framework of dialogical tradition developed in the works of Buber (1995), Levinas (2002), and Khabermas (2003).

In doing so, the thinkers pay attention to the fact that it is the sacral content of all faith-based systems is the point of contact that can create conditions for their universal integration and perception of each other as partners recognizing the spiritual wealth of each other.

An important feature of a foreign philosophical discourse is the study of interfaith relations within the framework of axiologically oriented communicative paradigm which opens up the methodological possibility to treat them in the context of dialog interaction which is not just a mere method of integration of various faith-based systems, but an attempt to discuss the general issues and search for the ways to resolve them by joint efforts (Vodenko and Tikhonovskova 2015; Vodenko et al. 2015).

Another perspective of the philosophical studies of interfaith relations is focused on the problems of civilizational identity (Weber 1995) and faith-based confrontation (Huntington 2003). Moreover, some researchers focus on the historical confrontation of Christianity and Islam (Kadini 2007), while others extrapolate this historical fact to the modern social reality, drawing parallels between modern interreligious conflicts and confrontation of Christian and Islamic worlds that began as early as in the medieval period (Huntington 2003).

The topics of interfaith relations in the Russian historical and philosophical discourse are analyzed from the perspective of civilizational identity of Russia (Panarin 2002), the history of relations between Orthodoxy and Islam in Russia (Volter 2009). The researchers emphasize the role of Orthodoxy in the togetherness of the Russian people and in the consolidation of the Russian statehood. In addition, historians claim that in the period from tenth till seventeenth centuries, “the foundation was laid for the development of a dialogue between Russian culture and Oriental, Islamic culture (in particular, Tatar, which included Bulgarian and East-Polovets elements). A synthesis of elements of the two cultural worlds developed which subsequently became the foundation of Russia as a multinational state” (Volter 2009).

3 Results

At the present day, several approaches have been formed with their own specific character of the subject in Russian academic discourse dedicated to the analysis of interfaith interactions in the south of Russia. The problem of interfaith interactions within the framework of social and human knowledge is mainly considered within the scope of political, sociological, historical and philosophical scientific and research practices, the analysis of which makes it possible to define the boundaries of disciplinary approaches in the study of specific character of interfaith interactions in the multicultural space of the South of Russia and factors influencing their state (Vodenko and Lubskiy 2018).

Within the framework of political discursive practices, interfaith relations are mainly treated in the context of geopolitical antagonism of the states with a view to extending the spheres of their influence in the modern world. In this situation, religion becomes an effective tool for mobilizing the general population to achieve purely political goals, which makes researchers talk of “politicization of religion” (Mirzakhmedov 2003) or “religionization of politics” (Malashchenko and Filatov 2007). This position is perfectly sound, as today we are witnesses of how various political forces use religion to substantiate their territorial or other claims, to justify the use of strong-arm methods.

In terms of sociological discourse, interfaith interactions are treated on the basis of the concept of social action associated with the social status and ethnic status attitudes of the subjects of this interfaith (Drobizheva 2006; Tishkov 2001) and within the scope of the communicative approach, in which interfaith interaction represents a special type of social communication associated with the social feeling of religious people, their attitude toward religious traditions and values as reasons to live and communicate with other people (Mchedlov 2005).

According to Russian sociologists, the formation of civil identity can be one of the ways to optimize interfaith relations in a multicultural space of the region (Lubsky et al. 2016). The term “civil identity” is construed by the researchers as “identifying oneself with the citizens of the country, its state and territorial space,

visions of the state, society, and country, “the image of us,” the sense of communion, solidarity, responsibility for the situation in the state” (Drobizheva 2017). Hence, civil identity is able to promote interactive formats for resolving conflicts that arise, which will help to eliminate ethnic and/or confessional contradictions based on a rational understanding of common interests within a framework of a single cultural political space. Moreover, the greatest positive effect of civil identity as the method of integration of the society is manifested in those regions where interreligious interaction has a long history and everyday practice. The South of Russia is precisely this region, where the syncretism of Islam with Christianity and ancient traditional cults has historically developed at the level of everyday life (Kobishchanov 1996).

History offers its own approaches to the consideration of specific character of interfaith interactions in the region. The researchers focus on the historical aspects of interreligious relations in the south of Russia, claiming that the prerequisites for the confrontation of Islam and Christianity in the region are also associated with the military confrontation between the North Caucasus and the Russian Empire, as well as ambiguous process of affiliation of the North Caucasian peoples with the latter (Matveev 2002; Karpov 2004). This approach is based on the classical model of scientific research, within which there is an inextricable connection between the past, the present, and the future. From the perspective of this approach, the relations between Islam and Christianity are considered on the basis of a linear model, within which historical factors directly influence the current state of interfaith relations in the south of Russia.

Most historians agree with the fact that the study of interfaith relations in the region must be based on “a comprehensive analysis of the Russian and Caucasian relations in the eighteenth to nineteenth centuries, which includes not only a detailed description of armed hostilities in the region, but also a study of socioeconomic and cultural relations between Russia and local peoples, and demonstrates the multifactorial nature and continuous development of these processes” (Zhurtova 2016).

Questions regarding the historical transformations of sociocultural identity of the North Caucasus in the Russian civilization are raised within the scope of the philosophical discourse (Gurbanov and Polomoshnov 2013), regarding the rise in religious identity, the reasons for the increasing sociocultural distance between religions in the region (Avksentev 2013), regarding a search for sociocultural mechanisms of harmonization of interreligious relations in a multicultural society (Gorlova and Bychkova 2015), and ensuring sociocultural security of the region (Volova 2012).

The researchers claim that it was the destruction of cultural integrators of the Soviet period that triggered religious renaissance which partially compensated for the ideological vacuum in local communities after the collapse of the communist ideology. As a result, Islam and Orthodoxy became the dominating faiths in the region. Assessing the character of interfaith interactions in the region, the experts point out that, despite the centuries-long history of peaceful interfaith interaction of representatives of the two world religions at a level of everyday practices, as well as many statements of the clergy about their peacemaking nature, religious renaissance, which affected the population of the Southern macroregion, not only failed to

contribute to the consolidation of the society, but, on the contrary, “heightened the awareness of cultural discrepancies, set the inertia of cultural dissociation” (Avksentev 2013).

4 Discussion

In academic literature, the problem of religious renaissance in regional communities in the south of Russia is generally defined as “Islamization” or “Reislamization,” since today Islam has become the dominant faith in the regions of the North Caucasus. It is obvious that the growing influence of traditional Islam is manifested, first of all, in the large-scale implementation of Islamic traditions and rituals into the culture and everyday life of North Caucasian peoples (Mukhametshin 2001). This gives us grounds to claim that the majority of Islamic believers in the region perceive religious renaissance as the means of restoration of their cultural national customs and traditions.

At the same time, some national and sociopolitical associations established in the regions of the South of Russia pursue the policy aimed at the propagation of the ideology of radical Islam under the guise of restoration of Islamic traditions. The experts claim that it is the “spontaneous processes of restoration of Islam that determined its politicization a priori; consequently, they determined the radicalization of Islam and Islamic movement” (Dobaev 2015, p. 169). Actually, this created the conditions for the institutionalization of Islamic and Islamist structures in the South of Russia.

There are two main trends in modern Russian Islam at the present day—traditionalism and fundamentalism. In the description of traditional Russian Islam, the experts identify such its features as “low degree of politicization, tolerance for otherwise-minded, recognition of secular law as an independent source of law, which allowed Russian Muslims to live peacefully and cooperate with adherent of different faiths” (Koroliova 2010).

Fundamentalism for Russian Islam is a fairly new phenomenon. The main characteristics of this ideological trend in Islam are as follows: firstly, its harsh attitude toward traditional Islam, in which, according to fundamentalists, the fundamental principles of Islamism are distorted; secondly, intolerance to any religious nonconformity. Thus, as the researchers emphasize, “fundamentalism represents the ideology of the extremist portion of radical Muslims, who do not accept compromises and advocate for the purity of the faith and uncompromising struggle against “Disbelievers” by any means, including violence” (Koroliova 2010).

Being a radical doxy, fundamentalism is aimed at utilizing Islam with political goals, pursuing such an ambitious goal as creation of a special Islamic state in which the system of state law would be based on Shariah principles.

The use of Islam as a powerful resource for the ideological and political mobilization of the population poses a serious threat to the stability of interreligious relations in the south of Russia. According to researchers, the current activity of

Islam in the South of Russia is determined not only by its historical and cultural–mental features but also by geopolitical factors associated with the growing global value of Islamic religion and the role of international terrorist organizations. According to experts, “at present, the expansion of the terrorist network of the IS can be assessed as threateningly successful” (Yarlykapov 2015).

The experts emphasize the role of exogenous factors in the propagation of radical Islam in the south of Russia, associated with the influence of geopolitical actors seeking to destabilize the situation in the region. According to the researchers, it is the expansionist claims of Dar al-Islam, fueled by Saudi Arabia, Iran, Turkey, and Pakistan that underlie the desire “to incite Islamic and Orthodox civilizations against each other, to turn Russia into the site of a battle between Islam and Christianity. . . .” (Vasilenko and Malyshev 2013, p. 43).

A number of researchers emphasize the role of endogenous factors creating a favorable environment for the propagation of the ideology of radical Islamism in the south of Russia and the recruitment of young people to the ranks of terrorist organizations. According to the researchers, the main reasons contributing to the involvement of young people in extremist groups are “corruption, clannishness, lack of means of social mobility and prospects, which prompts young people to search for departure routes in Islamist ideology, in Utopian projects of introducing Shariah principles to solve all the problems of the modern society” (Skakov 2015). At the same time, one of the reasons for the radicalization of Islam in the multicultural space of the South of Russia is the inefficient state policy regarding the regulation of interfaith interactions, as well as the absence of a strategy that would regulate the relations between the state and various Islamic movements (Vasilenko and Malyshev 2013).

Researchers point out that there is quite stable; “within the framework of cohabitation and joint activities, the representatives of various ethnic and ethnoconfessional groups enter into relations at an interpersonal level and implement communications strategies within the scope of a public discourse” (Serikov 2016). The current situation results from the successful integration of ethnoconfessional relations in the system of social interactions both at the level of daily activities and at the level of institutions.

Despite this fact, various forms of prevention of the propagation of religious extremism among the youth in the south of Russia are discussed in academic literature. Some authors suggest “cultivating humanistic spirituality and morality, to educate young people in the spirit of tolerance, patriotism, collectivism, internationalism, etc.” (Yakhyaev 2017). Other researchers give particular attention to political and legal ways to prevent religious extremism, emphasizing at the same time the role of clergy and educational institutions in the prevention of radicalism in the region (Akaev and Magamadov 2017). In addition, the experts urge to involve young people “in socially beneficial activities, to create the centers of trust, mutual support, educational programs for the demilitarization of mind and minimization of aggressiveness among young people” with a view to countering the religious extremism (Akaev and Magamadov 2017).

At the same time, most researchers unanimously agree with the fact that the fight against any manifestations of religious extremism must rely not only on the legal framework and educational work with young people but also on the resolution of socioeconomic problems of the regions of the South of Russia. Since it is just in recent decades, the process of “symbiosis of radical Islamism and social discontent” has been observed in the areas that are deprived from the perspective of the socioeconomic situation (Skakov 2015).

5 Conclusions

The critical analysis of scientific and research practices, within the scope of which various aspects of interfaith interactions in the multicultural space of the South of Russia are analyzed, brings us to the following conclusions.

Firstly, the problem of interfaith interactions in Russian scientific and research practices is considered in the subject space of various disciplines offering their methodological approaches. This brings us to the conclusion that the study contributing to the expansion of disciplinary boundaries in the study of complex social processes, which also include interfaith interactions in a multicultural region, has interdisciplinary nature.

Secondly, the analysis of science information sources on the problem of interfaith relations in the South of Russia makes it possible to describe them as a network of social skills implemented by representatives of faith-based communities both at a level of interpersonal relations and at a level of political, spiritual, and educational institutions. These interactions are carried out on the basis of comprehension of cultural and general as well as worldview discrepancies with a view to identifying the areas of mutual interest, the framework for dialog on topical issues of regional life, the nature of interaction with government institutions, and finding the optimal schemes for obtaining social axiological consensus. This brings us to the conclusion that interfaith relations in a multicultural region develop in a particular sociocultural space and are driven by a complex nonlinear interaction of various exogenous and endogenous factors. The specificity and dynamics of interfaith interaction in the South of Russia specifically depend on their influence. Historical, geopolitical, socioeconomic, cultural, and mental factors can have both constructive and destructive influence on the state of interreligious relations in the region.

Despite the fact that the South of Russia does not appear to be a space for interreligious tension at present, we should not forget that the state of things with interfaith harmony in the modern world is volatile and extremely fluid, which is evidenced by the current situation in the Middle East.

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Chapter 44

The Factors of Escalation of Ethno-political Tension in the South of Russia



Madina M. Shakhbanova, Irina V. Velikorodnaya, Alexander M. Starostin, Dmitriy N. Tishkin, and Sergey I. Samygin

Abstract The authors present the assessment of the potential of interethnic tension as a characteristic of (stable/conflict) relations between peoples, the base for the formation of disintegration processes, the causes of interethnic confrontation and aggravation of interethnic relations, and the basis for the development of interethnic tolerance and tolerance, “cultural distance” of the Dagestan people. The problem of harmonization of interethnic relations is one of the most important at the present stage of development of the Russian state. It is especially relevant in administrative entities characterized by a variety of ethnic and social structure. State-civil (Russian) and Republican (all-Dagestan) identity significantly strengthened their positions in the structure of social identity against the background of socioeconomic stabilization of the zero years. Republican identity began to prevail over ethnic identity.

1 Introduction

Polyethnicity and multiculturalism of the South of Russia make the regulation of ethno-confessional relations an important direction of the social policy of the state, especially in such multicultural regions as the North Caucasus. Ethno-confessional contradictions are a natural phenomenon in a multiethnic environment, which need constant monitoring and optimization of the mechanisms for its resolution and

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overcoming. Unresolved, and even worse, ignored contradictions increase the number of problem situations and exacerbate the initial problem situation. This is illustrated by the example of the southern macro-region: conflicts with the ethnic component occur regularly; In the North Caucasus, tensions remain in ethno-political relations, exceeding background level.

North Caucasian researchers said that the increase in ethnic tension characteristic of the post-Soviet period is now on the decline (Gryshai et al. 2018). Ethno-political situation changed dramatically in the North Caucasus Federal district in 2014 by their opinion manifested in the reduction of tension to 3.5 points. It is the result of the successful actions of the “security forces,” the introduction of exceptional security measures during the Olympics, the destruction of the leader of “Imarat Kavkaz” M. Umarov, IGIL activation (banned in Russia organization), delayed part of the “passionaries” from the Caucasus, and the stabilization of the Ukrainian crisis as an external conflict. Positive dynamics was achieved not due to a qualitative change in the foundations of life, which was considered to be the main thing in the creation of the NCFD but due to “additional” circumstances. It allows us to talk about the emerging transition from a negative conflictological scenario to a moderately negative one. Still, the greatest heuristic value is not retrospective assessments but prognostic opinions about the future of the region. According to experts, by 2016 the tension will increase to 3.8 points (compared to 3.5 points in 2014) (Avksentyev and Golubev 2013).

V.A. Avksentiev and G.D. Gritsenko identified factors contributing to the exacerbation of ethno-political conflicts in the North Caucasus region according to the results of a survey. There is national policy, the activities of national elites, the socioeconomic situation of people, the rise of national consciousness, the radicalization of religion, media and communications, corruption, migration, unemployment, action/inaction of law enforcement agencies, ethnolinguist in the region (Avksentyev and Gritsenko 2016).

The purpose of this work is to determine the factors of escalation of ethno-political tensions in the South of Russia.

2 Materials and Methods

The growing theoretical and practical interest in the problem of studying the factors of ethno-political tensions is due to the changed methodological situation in Russian sociological science. The dominant sociological nominalism and realism have been replaced by a constructive paradigm that allows simultaneous analysis of the environment at the macro-, meso-, and microsocial levels. This methodological strategy makes it possible to explore the consciousness and behavior of people, their relationship to each other, as a member of a certain social and ethnic group, a representative of society and ethnic group, and of a sociocultural environment. In this connection, a cognitive need has arisen for conceptual understanding of the

intensified ethnic processes, as well as the problems of interethnic and sociopolitical tensions in various Russian regions.

The modern post-non-classical paradigm—synergistic—allowed us to more deeply discover and understand the current social and interethnic reality: to reveal the political, ideological, and mental determinants of civil and ethno-cultural identity in the south Russia and the extent of their impact on the ethno-social processes in the region.

Sociological study on the state of interethnic relations and factors stimulating interethnic tension in the Republic was conducted in Derbent, Kazbekov, Kizlyar, Kizilyurt, Novolak, Khasavyurt districts, Makhachkala, Derbent, Kaspiysk, Kizilyurt, Kizlyar, and Khasavyurt in 2016. There is Avars (33.8%), Dargins (19.5%), Kumyks (17.2%), Lak (6.4%), Lezgins (15.3%), Russians (4.1%), and Chechens (3.7%) by ethnicity.

3 Results and Discussion

It is necessary to show the factors contributing to the deterioration of relations between ethnic communities when studying the state of interethnic relations in the Republic and the possibility of interethnic confrontation. We have taken into account the abovementioned criteria. We received answer the question “What do you think are the reasons for the possible emergence of interethnic confrontation between the peoples of Dagestan?” It is shown that the factor of the possible emergence of interethnic confrontation between the Dagestan peoples is “territorial disputes, living in the historical territory of one people of other peoples” (37.4%). By ethnicities that answer was shared by more than half of the surveyed Kumyk, Laks, and Chechens. There are every third respondents among the Avars, every fifth among Russians and Lezgins, and every seventh among Dargins with that opinion. There is the position of the “low level of socio-economic development of the Republic” (32.5%) in importance on second place. It is closer every second of the respondents among the Dargins, Lezgins, and Russian, every third among the Avars, every fourth among the Chechens and Laks, and every fifth among the Kumyk. At the same time, “the peculiarities of the land reform carried out by the leadership of Dagestan without taking into account the opinion of the peoples living in these territories” (23.7%) cause noticeable excitement. Every second respondent among Kumyks, every third among Chechens, every fourth among Avars and Laks, every seventh among Dargins and Lezgins and a statistically small proportion of Russian respondents indicated on it. There is position a “corruption scheme of transferring land into private hands” (21.1%) across the array on the fourth place. Every third of the respondents among the Laks, every fourth among the Avar, Dargin, Lezgin, Russian, and Chechen marked this position. Corruption plays a role in the deterioration of interethnic relations according to Russian researchers. Experts believe that the powerful anti-corruption war organized by the state “is reduced to separate indicative political precedents—the Yukos case, the Luzhkov case, the Serdyukov

case, as well as the change in the composition of the heads of the subjects (including businessmen to the military, for case, in the subjects of the RF NCFD).” It does not bring a tangible positive result. There are many reasons for “invincibility” of the corruption component of Russian society. At the regional (North Caucasus) level, its “survivability” is explained by ethnic, kinship, and confessional correspondence in the selection, rotation and placement of personnel, personal devotion, acquaintance, nepotism, familiarity, teypovost, diaspora, perceived by the population as a kind of constants of the local community. At the same time, experts believe, it is quite possible to resist this social disease. However, “the systemic fight against corruption can be successfully carried out only if will develop not the conductor’s (manual) system of political and administrative management, but the institutional one, which would disavow the corruption ties and schemes” (Avksentyev and Gritsenko 2016).

Every fifth of respondents emphasize the opinion of “mistakes of the Republican bodies of state power in national politics” across the array. By ethnicity it is closer to every fourth of respondents among the Dargins, Kumyks, Chechens, Lezgins, every seventh among Avars and among every tenth Russian. Ethnic conflict can be provoked by “competition for jobs” (16.7%). By ethnicity every fourth of the respondents among the Dargins, each fifth among the Laks and Lezgins, each sixth of the Avars, and Kumyks, Russians and Chechens statistically small percentage of the respondents see the potential for conflict in it. Migration process is no less conflict-generating factor. It was marked by every sixth of the respondents across the array. There is the greater proportion of them among respondents Kumyks (every third of respondents), the Russians and the Chechens (every fourth of respondents), and Dargin (every sixth of respondents). There is significantly less in a subgroup of Avars, Laks, and Lezgins. It has already been noted that the policy of resettlement from the mountainous regions of the Republic to the flat territories has most affected the Avar and Lak populations. It was ambiguously perceived by the host society. The claims of the historically low-lying peoples intensified in the post-Soviet period. There is opinion of “the costs of education and the loss of the principles of international education” (16.0%) with a small difference from the previous position. It is the most pointed to this factor among the respondents Russian (every second of respondent), every fourth of respondent among Lezgins, every fifth among the Lak compared with other respondents. The proportion of such is significantly less in other subgroups especially among Chechens. “Low culture of interethnic communication” (14.2%) are closely associated with the costs of education. It pointed out by every second among the Russian respondents, every fifth among Lezgins, every eighth among the Avars and the Dargins, every eighth among the Kumyks and less than 10% of the respondents Laks. Ethnic confrontation could provoke a “competition for land” (13.8%). It was emphasized by every fifth of respondent among the Laks, every seventh among the Avars and the Dargins, every eighth among the Chechens and Kumyks. However, informal ethnic leaders (12.0%) can play a certain role in the deterioration and in improving the character of interethnic communication. According to every sixth of the respondents among the Dargins, Lezgins, and Russian, every ninth among the Avars and Laks, their activities can provoke ethnic conflict. A personnel issue (9.8%) can play in the aggravation of interethnic

relations. There is opinion in last place throughout the array of respondents. Every fourth of respondent among Chechens and every tenth of respondent among Russians pointed on it. Thus, according to the results of our survey, the basis of the interethnic conflict can be many factors. If they are not resolved then this will contribute to the preservation of interethnic tension (Gafiatulina et al. 2018a, b) in the multinational territorial formations of Dagestan.

There is a key moment in our study. We identified attitudes of the Dagestan peoples to open ethnic confrontation in mass minds. Thesis about historically developed form of tolerant interaction of Dagestan people had being discussed in society. Despite the shortage of land, difficult natural and climatic conditions, linguistic diversity, etc., Dagestan society managed to form a specific mechanism of resolution of ethnic conflicts, which allowed avoiding interethnic conflicts is exaggerated. We can note differences and a fundamental change in the relations of the Dagestan peoples. There was interethnic hostility in home, negative ethnic stereotype, sometimes of accusations against the representatives of other nations in the infringement of the ethnic interests of a particular national community. At the same time, it is overlooked that, the case of the migration of the population of the mountainous regions of the republic, mainly Avars, to the flat territories was carried out within the state resettlement policy. This policy was prompted by the peculiarities of agricultural activities, the impossibility of full development of agriculture in the mountainous areas. The last few are adapted for this. On the other hand, they were forced to migrate to the plains by difficult climatic conditions, lack of infrastructure, quality medical care, weak educational system, etc. The problem of the restoration of the Aukhov district is no less conflictogenic factor. There is ethnic tension between the Avars and the Lak, on the one hand, and the Chechens, on the other hand, in a latent form. Also, the problem of small peoples makes itself known. They were self-identified as independent ethnic units according to the census of 2002 and 2010. But they were included in the larger nations. Thus, there is a whole complex of problems for provoking interethnic confrontation. This led to a question "Do you think that an open interethnic conflict is possible in Dagestan?" It allowed us to reveal assessment and approaches in predicting the possibility of interethnic conflict in the mass minds of the Dagestan peoples. According to our data, 27.6% of respondents throughout the array do not allow the possibility of ethnic clashes with the motivation that "Dagestan peoples historically lived peacefully and amicably." The proportion of such is significantly more among the respondents Dargins (46.9%), Lezgins (36.4%), and Russians (31.6%). There is less in the subgroup of respondents Kumyk (13.8%) and Chechens (10.1%). However, there is the opinion "Yes, because the rights of some Dagestan peoples are infringed" (23.9%) with a small difference on the second position. That opinion was shared by every third of respondent among the Kumyks, every fourth among the Avars and Chechens, every fifth among the Laks and Lezgins, every sixth among the Russians, and every seventh among the Dargins. There is opinion "infringes on the national interests of some Dagestan peoples" (22.5%) with a slight difference in the percentage of the third place. It allows for the possibility of ethnic conflict. By ethnicity one-third of the interviewed Chechens every fourth among the Kumyks, one-fifth of the Avars,

every sixth among the Lezgins, Laks, and Dargins hold this position. Every seventh of respondents throughout the array found it difficult to say their position. It is evidence of ignorance of the situation in the interethnic sphere on the one hand. There is a certain indifference of the respondents on the other hand. According to the hypothesis of our study, it was assumed the importance and, accordingly, the dominance in the mass mind of the Dagestan peoples of the opinion that an interethnic conflict can provoke a civil war. The last is easy to unleash in a multiethnic education. So the fear of such a scenario can play a role in the prevention of interethnic conflicts. However, the results of the study show that our assumption was not confirmed. The historical formation of interethnic interaction is closer to the respondents of Dagestan. The position of a civil war as the effect of ethnic conflict is closer to the Russian respondents (every fourth of respondents), Laks (every fifth of respondents), the Lezgins, and Avars (every sixth of respondents) in comparison with other subgroups.

One of the most important characteristics of interethnic relations in a multiethnic region is the availability of socioeconomic resource (participation in the management system, the opportunity to engage in business activities, etc.) for representatives of various ethnic groups, including ethnic minorities. The term “ethnicism” is used to refer to interethnic relations in societies that there is declared of multiethnic equality in their but assumed to be an ethnic or cultural hierarchy implicitly. Moreover, ethnicism usually takes the form of so-called “social exclusion,” in which certain ethnic groups are displaced from the social, political, or economic spheres (IsRas 2016).

Along with the abovementioned factors, the increase in ethnic tension may cause by the socioeconomic situation of people, the crisis in the economy and the financial sector (in particular, the collapse of the ruble, the decline in gross domestic product amid rising inflation, the introduction of economic restrictions and sanctions against Russia by Western European countries). They contributed to lower living standards, increased unemployment, and deterioration of social well-being of the population. There is no doubt that these reasons affect the state of interethnic relations to varying degrees. Thereby they are strengthening the contradictions and the struggle for economic and social benefits, politicizing national interests and requirements. If we refer to the statistical data, the average monthly nominal accrued salary in the NCFD amounted to RUB 21,200 in 2014. It is 1.5 times lower than the average Russian level. The average per capita monetary income of the population is RUB 20,900 RUB 27,700 on average in Russia (see Stavropolie 2015). The unemployment rate is evidence of the socioeconomic disadvantage of the region. According to the Federal State Statistics Service, the North Caucasus has been a leader in the country in terms of the number of unemployed people for a long time. This indicator was almost two times higher than the Russian average in 2014 and amounted to 10.5%. The largest number of unemployed people lives in Ingushetia (44.5%) and the Chechen Republic (26.6%) (Rosstat 2019). The situation is particularly alarming in the youth. Unemployed young people are adjacent to religious, extremist, and criminal organizations. It leads to growth in the level of crime, drug addiction and alcoholism in this age group (Avksentyev and Gritsenko 2016).

Now, interethnic tension is characterized as one of the striking features of modern ethno-social processes. The reason is in the fact that the Russian state is a multiethnic entity. There is tension in the interethnic and interreligious spheres both in open and latent form. The study of interethnic tension at the regional level helps to identify the characteristic of the peoples of the integration potential while reducing the possibility of destructive conflict situations.

Mother researchers noted that ethno-social processes have different vectors. Firstly, it is integration. Secondly, it is differentiation. The dominance of one of these vectors of development is characterized by different determining factors. In other words, interethnic tension can be described as a factor determining the differentiation of ethno-social processes. Thus, two directions of development require the study of ethnicity, taking into account the existing theoretical and methodological approaches in modern science.

It is very important to identify the specifics of sociocultural development and ethno-cultural interaction of the Dagestan peoples in our study. At the same time, there is one of the most important factors in determining the peculiarity of the cultural image of Dagestan for its multiethnic and multi-confessional character. It has already been noted that there are Slavic, Turkic, and other peoples in republic. They have coexisted for centuries in the same territory. They are in close ethnic and cultural interaction. We can note reduction in the Russian population of the republic while population has numerical stability. The Russian population was forced to migrate from the republic due to objective and subjective reasons.

Before analyzing the nature of ethnic contacts and how they effect of interethnic relations, it is necessary to say the specifics of the republic. As is known, its peculiarity is the internal socioeconomic and territorial differentiation. There are three socioeconomic sub-districts (mountain, foothills, and plains) on the territory of Dagestan, each of which is characterized by different indicators of the level of socioeconomic development, the degree of urbanization, sociodemographic processes, the national composition of the population. As a rule, the plain territories of the republic are developed in the sociodemographic and socioeconomic aspects in comparison with other sub-territories. There is the main industrial and agricultural potential in it. Also there are all cities and towns of the urban type. Consequently, mountainous and some foothills, located far from major cities are in the most difficult economic situation, as well as in the worst conditions for the development of infrastructure, the availability of many social services. Moreover, these areas are not urbanized at all and there are no urban settlements.

Geographical location the territory of Dagestan, its multiethnicity, the nature and tradition of living together of the peoples of Dagestan contributed to the establishment and development of dense interethnic contacts. They formed a tolerant attitude in their mass minds. In the survey of 1996, during the most complicated interethnic relations, we asked the question respondents allowing establishing the relationship of the peoples of Dagestan to the multiethnicity of the Republic in our study. Multinationality positively evaluated by 68.1% by the results of our study (15.8%—negatively). There is 11.9% of “difficult to answer” (Shakhbanova 2019).

Interethnic tensions can be interpreted in different ways. It allows us to consider it not only in a conflict situation but also creates conditions for studying and determining the reasons for the change in the nature of interethnic contact. Interethnic tensions do not have unfavorable assessment content but may reflect the dynamics of interethnic relations (Mezhreg 2013). In other words, it characterizes ethnic contacts in a variety of situations of its manifestation.

The preservation and development of linguistic and cultural diversity are priority areas in the national policy of Dagestan. Moreover, now it is a case of a rather successful and effective model of coexistence of ethnic and cultural diversity. Optimal conditions for the development of different national cultures and religions were formed within it. In other words, if there are quite acute problems inherent in the multicultural community, Dagestan avoid interethnic confrontation and discrimination on national and religious base.

Of course, the basis for the formation of interethnic stability and harmony is ethnic well-being, through which the individual manifests a sense of his state, his experiences, and therefore an appropriate attitude to what is caused by the experience. Polyethnic environment promotes cultural interaction with each other, causing an appropriate reaction. It can be assumed that the ethnic well-being of the people in general and its representatives, in particular, is a kind of indicator of the nature of interethnic relations and social and cultural risks (Gafiatulina et al. 2018a, b).

The multiethnic of society presupposes the mutual respect of representatives of different peoples in all spheres of social interaction. Therefore, when we study interethnic tension and nature of interethnic relations (harmonious/disharmonious), it is necessary to show the existence/absence of social distance between the Dagestan peoples. We proceed from the assumption that the dynamics of ethnic processes is greatly influenced by the nature and frequency of ethnic contacts, as well as the degree of “proximity – distance.” The last was studied also in this study because it allows us to predict the direction of ethnic and social processes and to foresee potential pockets of ethnic tension.

Family and marital behavior is an important place in the formation of attitudes of tolerance. Dagestan researchers pay attention to it (Zagirova 2016). When studying the factors of ethnic tension, it was important for us to reveal the significance/insignificance of ethnicity in the process of personal contact (Table 44.1).

The results of the study show that the nationality of the person in the family and marriage sphere is important for the Dagestan respondents. So, the same proportion of respondents identified the importance and the unimportance of ethnic origin at the conclusion of interethnic marriages. Moreover, Russians, Dargins, Lezgins, and Laks respondents (more than half of respondents), every second of respondent among the Avars, every third among the Kumyks and Chechens are highlighted here. The respondents of Kumyks and Chechens (more than half of the respondents) stand out in comparison with other subgroups. Ethnicity of a person is of some importance at the conclusion of a marriage union for them. Every third of respondent is those in other subgroups. If the same proportion of respondents indicated their (positive / negative) attitude to the marriage union of their relatives, then, although with a small difference, but changing attitude at the personal level. As before,

Table 44.1 Distribution of answers to the question “Does the nationality of another person influence your attitude to them?” (The answers are given by the local population, by nationality group in percentages from total number of respondents)

| The variants of answers nationality | For deciding to marry your relatives | | For deciding to marry | | For choosing a place of residence | | For meeting | | Direct supervisor | | For choosing a circle of friends | |
|-------------------------------------|--------------------------------------|------|-----------------------|------|-----------------------------------|------|-------------|------|-------------------|------|----------------------------------|------|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Avary | 42.5 | 48.9 | 38.0 | 45.2 | 27.6 | 53.8 | 16.3 | 67.9 | 20.8 | 62.0 | 17.2 | 66.5 |
| Darginians | 31.5 | 58.0 | 30.1 | 49.7 | 15.4 | 65.7 | 11.2 | 65.7 | 11.2 | 68.5 | 9.1 | 70.6 |
| Kумыks | 64.7 | 31.0 | 74.1 | 20.7 | 39.7 | 53.4 | 19.8 | 75.0 | 16.4 | 78.4 | 20.7 | 74.1 |
| Laktsy | 28.7 | 54.3 | 25.6 | 53.5 | 17.8 | 58.9 | 10.1 | 66.7 | 7.0 | 69.8 | 7.8 | 70.5 |
| Lezginy | 38.9 | 51.4 | 44.4 | 38.9 | 34.7 | 47.2 | 16.7 | 66.7 | 12.5 | 65.3 | 11.1 | 70.8 |
| Russia | 15.8 | 68.4 | 21.1 | 63.2 | 21.1 | 63.2 | 5.3 | 78.9 | 0 | 84.2 | 15.8 | 73.7 |
| Chechens | 58.1 | 34.9 | 48.1 | 43.4 | 53.5 | 38.8 | 49.6 | 41.9 | 37.2 | 55.8 | 44.2 | 48.8 |
| Others | 25.0 | 43.8 | 12.5 | 43.8 | 0 | 56.3 | 12.5 | 43.8 | 12.5 | 50.0 | 6.3 | 56.3 |
| Total | 42.7 | 42.7 | 40.9 | 43.4 | 29.6 | 54.0 | 19.8 | 64.0 | 17.6 | 66.2 | 18.2 | 66.5 |

ethnicity of the future marriage partner does not matter for most of the respondents Lezgin and Russian, for every second of respondent among the Avars, Dargins, and Chechens, every third among the Laks. At the same time, more than half of the Kumyks surveyed, every second among the Laks and Chechens, every third among the Avars and Dargins, every fourth among the Lezgins, and every fifth among the Russians emphasize the importance of the factor of national identity in the family and marriage sphere. Further, the results of our study show that the national factor is not significant in other areas of social interaction for the Dagestan peoples. So more than half of the respondents “for choosing a place of residence,” “acquaintance,” “choosing a circle of friends” and “immediate superior” indicate their positive attitude.

Experts who have pointed to the escalation of ethnic tic as its main factors are called: the deterioration of socioeconomical position of a significant part of villages (the reason noted by all eight people); national policy in the region and socioeconomic and political action the strength of national elites (five out of eight); save-ethno-clan behavior in the life of the sub-Member of the Federation (four out of eight); actions / inaction law enforcement and religious radiokalisation of part of the population, especially young people (three of eight) (Avksentiev 2017).

4 Conclusions

Despite the preservation of interethnic harmony, solidarity, and mutual understanding in the republic from generation to generation, unfortunately, now there is a threat of ethnic conflicts. They can be provoked by crisis phenomena in the economy and politics, as well as unresolved social problems (Madina et al. 2016). According to the results of our study, it was found that the factor that provokes the aggravation of interethnic relations, as well as the growth of ethnic tension, is the personnel issue. It is “appointment to prestigious posts on a national basis.” Its relevance was indicated by almost all respondents. Also negative impact on the international climate in the multinational community has “unfriendly, hostile attitude to representatives of other nations.” At the same time, aggressive actions are rather weak by young people on national and religious base. It should be noted that there is really no nationalist ideology and interreligious confrontation in the existence of an intra-Islamic conflict in Dagestan.

We revealed orientation of respondents to take part in the ethnic conflict with the motivation “it depends on the circumstances” and “I will actively defend the national interests of my people” for tolerant attitudes in mass minds of the Dagestan peoples. The proportion of categorically minded to participate in ethnic conflict is less than 10%. Only every eighth of respondents throughout the array aware of the consequences of ethnic clashes. It may be a civil war.

According to the results of our study, we marked the main reasons for the interethnic confrontation between the Dagestan peoples, including “territorial disputes, residence in the historical territory of one people of other peoples.” They were

marked by most of the Kumyks and Chechens. “Features of land reform carried out by the leadership of Dagestan without taking into account the opinion of the peoples living in these territories” was marked by the largest share of Kumyk and Chechens respondents. The Dargins, Lezgins, Russians, and Avars respondents drew the attention “low level of socio-economic development of the republic.” “Low culture of interethnic communication” and “costs of education and loss of the principles of international education” relevant for Russian respondents. Russians, Kumyks, and Chechens marked on “migration of the population from mountain areas to the plains.” The most of the Avars, Dargins, Laktsev, Lezgin, and Russian worried “corruption scheme of land transfer to private hands.” At the same time the personnel issue is no less relevant in the republic. It shows relatively weak positions against the background of other factors.

The reevaluation of the identity of ethnic and cultural components, the development and subsequent implementation of the regional development strategy in line with the state national policy can contribute to the improvement of interethnic relations in our country. Currently, the local communities of the rural area, village, and settlement can play a significant role in the prevention and resolution of ethnic conflicts and ethnic confrontation. The ability of municipal authorities to apply mechanisms for the prevention and resolution of certain conflicts at the earliest stages of their manifestation is one of the indicators of the effectiveness of state and municipal administration, and, accordingly, the formation of sociopolitical and ethnic stability and harmony in the republic.

In order to reduce the factors of escalation of ethno-political tension in the South of Russia, it is necessary:

- Firstly, to regulate migration processes, especially external migration, taking into account the willingness of migrants to be accepted by each specific region.
- Secondly, to reduce the corruption component in the regulation of migration processes.
- Thirdly, to conduct special work on the adaptation of migrants in the host community (targeted assistance to each migrant).
- Fourthly, strict observance of legislation, which should be uniform for all, media control (an obstacle to the ethnicization of everyday problems, crime).
- Fifthly, increasing the attention of the authorities to meeting the needs of the inhabitants of the southern region.

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Chapter 45

The Attitude of the Indigenous Population to External and Internal Migrants as the Indicator of Interethnic Tolerance (The Case of the South of Russia)



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Abstract The authors study the basis for formation of interethnic tolerance toward internal and external migrants. It is shown the potential of integration processes in modern society. This study shows the prevalence in the mass mind of positive attitudes to the maintenance of positive interethnic dialog, orientation of respondents to the adoption of representatives of the foreign community in various social spheres.

1 Introduction

The presence of migrants from its other regions, the former Soviet republics, and far-abroad countries in almost the entire territory of Russia in the last decade has been a significant source of social tension. The results of the analysis of this process (see the works of E. I. Filippova, N. M. Lebedeva, N. P. Kosmarskaya, G. S. Vitkovskaya, Z. A. Zayonchkovskaya, I. M. Badyshtova, and other authors) indicate the spread among migrantophobia population.

The implementation of large-scale institutional construction in the sphere of migration policy has begun in modern Russian society since the beginning of the

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zero years by Russian researchers of migration and migration processes. Two Federal laws “On citizenship” (2002) and “On the legal status of foreign citizens in the Russian Federation” (2002) were adopted. The Federal migration service was organized (Kondakov 2015).

The collapse of the USSR went under the sign of ethnic self-determination. Policy of ethno-nationalism began to be carried out in many newly created states, provoking more and more interethnic clashes. Consequently, politicians and political scientists had the practical task to resolve them preventing further escalation and preventing the emergence of new conflicts (Shakhbanova et al. 2018). This task is all the more actually as local ethnic clashes have become the most dangerous and frequent type of conflicts in Russia in recent years. In the vast majority of cases, the parties to the conflict are representatives of the Russian regions and migrants from the North Caucasus and Transcaucasia (Hoperskaya and Kharchenko 2004).

Thus, the attitude of the local population to migrants for temporary or permanent residence is a significant criterion for ascertaining the degree of their adaptation (Kasyanov et al. 2018). Firstly, it is their adaptation. Secondly, there is the adaptation of the new environment to the migrants themselves. The lowland areas of Dagestan are characterized by a rather complex ethno-political situation for a number of reasons. We can note the problem of the restoration of the Aukhov region, the resettlement of the Lak population in the Prisolak zone and the negative attitude to this movement of the Kumyk population which provoked the deterioration of interethnic relations between the Kumyk and Lak people and the emergence of the problem of the Karman zone, a negative assessment by experts, as well as national leaders of land reform, carried out without taking into account the opinion of the local population, ignoring national problems of minority peoples of Dagestan, and etc. The study of migration and health of migrants and the problem of the emergence of inter-ethnic tensions and factors of ethnic conflicts are actualized. There are conflicts between the indigenous population and migrants that occupy a prominent place among ethnic conflicts by the studies of Russian sociologists and political scientists (Gafiatulina et al. 2018a, b). We can observe them in areas and settlements of the republic with different ethnic diversity. There is an active position of the Cossacks of the Kizlyar zone in this process. They require the eviction of families that are not considered to be local orders, not having a residence permit or registration of persons. A local authority is of buffer in this case. They are restraining the conflicting parties and mitigating interethnic confrontation. Social and domestic issues are the reason for the emergence of conflicts between different ethnic groups of the indigenous population and migrants. For example, internally displaced persons can put forward socioeconomic demands on local authorities to assist in the resettlement process. The conflict potential of speaking under such slogans is much greater, especially if there is an increase in the number of people who migrate against their will. The next category includes conflicts between migrants (Gafiatulina et al. 2018a, b). They have not been fully manifested although there is a base for their occurrence. We have to note differences in ethnic culture and religion among them.

It can be assumed that a national sign is not the most important among the causes of ethnic conflicts between the host society and migrants. The reason is

unwillingness of the host society to perceive the objective trend of social stratification of society, especially if large capital is in the hands of migrants. Ethnic coloration of large material states is a new phenomenon in modern Russian society. It is appeared as a result of the confluence of circumstances of special communication and business activity of different ethnic groups. Thus, firstly, ethnic migrations change the national structure of the flat regions of the republic. Secondly, they have significant socioeconomic and ethno-political consequences. The situation in the low-lying territories of Dagestan will largely determine the subsequent trends of migration flows and their ethnic structure.

There is a suggestion to show the nature of the relationship of the host society (local population) with to internal Dagestan migrants (The author understands migrants who move to a new place of residence in Dagestan under this category of population) and foreign migrants (external migrants) which determines the positive/negative interethnic climate in modern Dagestan society in this chapter.

2 Materials and Methods

The theoretical and methodological base of this study consists of the conceptual provisions of the sociology of interethnic relations, revealing the following concepts: migrants, migrant workers, interethnic tolerance, and interethnic relations. Sociological study on the study of migration processes and the well-being of internal migrants in Dagestan was conducted in 2017 in Makhachkala, Derbent, Kaspiysk, Khasavyurt, Kazbekov, Kayakent, Kizilyurt, Kizlyar, and Novolak districts, Leninkent.

In solving the problems of the study, general scientific methods that are traditional for all socioeconomic and social sciences were used: analysis and synthesis and comparative approach.

3 Results and Discussion

We concluded that the most important factors of destabilization of the situation in the territories of contact of the local population and migrants are interethnic and religious intolerance in the mass mind of the host population by the analysis of the obtained sociological information. There is social tension between them. At the same time, the authors hold the position that if the rejection of migrants by the receiving population were far-fetched, it would be a serious social problem. Social tension between the receiving population and migrants provokes low ability of ethnic migrants to adapt to the environment. There is their weak involvement in the daily social and cultural context of the receiving party, their lack of need to follow generally accepted patterns and traditions and/or their ignorance (often taken by

local residents for unwillingness to know), consumer attitude to the receiving community (Mukomel 2008).

We can be concluded that “the blurring” of the boundaries between the host community and migrants depends largely on the orientation and readiness of the latter to adapt to the new social environment. Access to group resources is the most important at first for migrants who do not have sufficient social capital, compared with the local population. There are the resources of an ethnic group, community, etc. The reliance on the institutions of the sending community, reproduced in the receiving community becomes the main strategy for the survival of nonethnic migrants. It is “a way to be nailed to some social organism, but not to be isolated” (Sorokin 2005: 503).

We asked the question “How do you feel about migrants who came to your locality from another state (Uzbekistan, Tajikistan, Azerbaijan, etc.)?” the local population taking into account the complexity of the process of adaptation in a foreign cultural environment in our study. This question makes it possible to identify the presence/absence in their attitudes of the principles of tolerance toward foreign migrants. The results show that there is the dominated position of “indifference” (38.1%) in the mass mind of the Dagestan people. By ethnic this position was held by 64.7% of Russians, 43.5% of Kumyks, 40.3% of Avars, 35.3% of Lezgins, 30.0% of Dargins, 26.1% of Laks, and 21.6% of Chechens. We can say that there is the expression of a tolerant attitude toward foreign migrants in comparison with other national subgroups, in the subgroup of Russians and Chechens. We can note that there are significant differences in the positions of respondents by the sociodemographic characteristics. The proportion of indifferent to foreign migrants decreases with age. There is 45.7% “under 20,” 36.9% “20–30,” 33.3% “30–40,” 45.7% “40–50,” 32.4% “50–60,” 21.4% “60+.” There is an increase of those who adhere to this position by educational. There are 23.1% with basic secondary, 42.2% secondary, 26.5% secondary specialized, and 40.5% higher education.

We saw the gap between the parts related care and positively significant (more than 1.5 times). There is 23.1% in all the area. There is every third respondent among the Laks and Lezgins, every fourth respondent among the Avars, Russians, and Chechens, and every fifth respondent among the Dargins. The proportion of positive attitudes decreases both with the growth of the level of educational status of respondents. There are from 38.5% with basic secondary to 22.3% with higher education. There are 28.6% “under 20,” 33.8% “20–30,” 22.2% “30–40,” 13.0% “40–50,” 17.6% “50–60,” and 14% “60+” by age. Every fifth respondent in the whole array and the same proportion of Lezgins, respondents with higher education, every fourth among the Avars, Dargins and in the age cohort “30–40,” “50–60,” “60+,” every third among Kumyks and Chechens “40–50” with secondary special education have “sympathy” refer to migrants who came to their locality from other neighboring states. 12.7% of the respondents have “irritation” toward external migrants. The proportion with that opinion is significantly more among the Dargins (23.3%) and Laks (17.4%) in comparison with groups of Avars (8.3%), Kumyks (8.7%), Russian (11.8%), Lezgins (14.7%), and Chechens (13.5%) by nationality. There is more among respondents “20–30” (10.8%), “30–40” (22.2%), “60+”

(28.6%) by age. There are 14.3% of respondents with secondary special and 14.9% of higher education with tolerant attitudes by educational. A small proportion of Dagestan peoples surveyed have aggressive opinion toward external migrants compared to other respondents. The proportion of such is relatively higher among the respondents (13.0%), in the age group “50–60” (8.8%) and 4.1% with secondary special education.

Based on the results of the study in terms of place of residence, the indifferent attitude toward the migrants from other state (41.7%) prevails in the mass mind of citizens. 37.5% of the rural population sympathize with them. 23.2% of urban population and 21.9% of the rural population have a positive attitude toward foreigners migrants. At the same time, attention is drawn to the position of 18.8% of villagers and 11.8% of citizens who demonstrate tolerant behavior. However they are irritated to external migrants. This opinion is complemented by the position of “aggressive.” 9.4% of the population and a statistically small portion of citizens (2.2%) adhere to the position.

Thus, the results of our study indicate that the surveyed Dagestan peoples demonstrate a generally positive attitude toward external migrants, although there are noticeable differences. So, there is a positive attitude (44.2%) in relation to Dagestan migrants. There is “indifference” to visitors from other states (38.1%). The proportion of those who are good to internal migrants Dagestanis is almost two times more than those who are similar to visitors from abroad (23.1%). The author proceeds from the assumption that Dagestan people have a tolerant perception and attitude toward visitors in general regardless of whether they are internal or external migrants. Internal Dagestan migrants try to settle in flat territories, thus inevitably provoking deterioration of interethnic relations and interethnic climate and, as a rule, the emergence of interethnic confrontation. Unlike internal migrants, external migrants are a category of people who originally came to work and form a group of “migrant workers-foreigners”. There is indifferent attitude toward them for this reason in the mass mind of Dagestan people.

Migration has both positive and negative sides like any social process. We asked respondents the question “What positive aspect do you see in the presence of foreign migrants in your locality?” in our empirical study. There are 55.0% of respondents with a positive attitude to external migrants by the results of our study. By nationality 52.2% of Laks, 52.9% of Russian, 55.6% of Avars, 55.9% of Lezgin, 56.5% of Kumyk, and 56.8% of Chechens see that “they work where they do not want to work the local population”. We note an increasing proportion with this position with the increasing educational status and age. There are 38.5% of the basic average and 48.9% average 57.1% of secondary special, 58.1% of higher education, 22.9% “under 20”, 58.5% “of 20–30,” 57.1% of the “30–40,” 69.6% of “40–50,” 55.9% “50–60,” 57.1% of “60+.” Every fourth respondent across the array, and also among the Avars, Russians, Chechens, Lezgins, in the context of age “20–30,” “50–60” with higher education, every third among the Dargins, Kumyks, and Laks, having higher education in the age group “30–40” notes that migrants are “cheap and quality repair, build housing (apartments, houses).” Every twelfth of the respondents positively adjusted in relation to foreign migrants believes that they “bring ethnic and

cultural diversity.” There is respondent with this opinion among the Dargins (13.3%), Kumyks and Laks (13.0%). Their number is more than compared to other ethnic subgroups. There is more to that opinion in the context of “under 20” (25.7%) and with secondary education (15.6%) compared with other age and education subgroups. In addition, Dagestan peoples believe that external migrants “bring cheap products and goods to the city.” They emphasize their friendship and solidarity (by 6.2%). 54.8% of citizens and 56.3% of villagers positively assess the presence of foreign migrants in their locality in the context of village/city. They have motivation “they work where the local population does not want to work.” The opinion “they cheaply and qualitatively repair, build housing (apartments, houses)” is behind it. This opinion was shared by 28.5% of the urban population and 18.8% of the rural population. The results of the question “What positive do you see in the presence of foreign migrants in your locality?” show the contradictory behavior of the interviewed Dagestan peoples, which are defined in the subgroup “local” as previously noted. On the one hand, they oppose migrants. On the other hand, we note the positive moment of their presence in our country.

The ethnic well-being of the local population, the degree of development of their tolerant attitudes in the mass minds and behavior is manifested through their mood to accept migrants in their settlements. The author said the indicators of the diagnosis of tolerance to representatives of the nonethnic community are characteristic of the receiving society attitudes to accept migrants or focus on their isolation. In responses to the question “Where should migrants who come to your locality settle?” 36.7% of respondents Dargin, 36.1% of Avars, 34.8% of Kumyks, 30.4% of Laks, 29.4% of Russian, 27.0% of Chechens, 37.8% of respondents with average, 32.7% of secondary special and 35.1% of higher education, 31.4% of “under 20 years,” 41.5% of “20–30,” 39.7% “30–40,” 28.3% “40–50,” 17.3% “50–60,” 35.7% “60+,” every fourth among the Chechens believes to grant the right of free choice of place of residence the required description in their settlement migrants. The results of the survey on education and age state a decrease in the share of those who share this opinion on educational status and “wave-like” by age criterion, which indicates a lack of clarity in the positions of the respondents in Dagestan. There is the opinion of the settlement of migrants “in other cities, villages where there is free housing, labor shortage” shared by every fourth respondent throughout the array, the same part of the Avars and Dargins “up to 20,” “20–30,” “60+” with a higher education, every third respondent among the Laks and Lezgins “40–50” and “50–60” and also in a cohort with secondary special education in the second position. At the same time, every sixth respondents among Russians, every seventh among Chechens and Darginians “30–40” (12.7%), “50–60” (14.7%), 11.1% of respondents with secondary, 10.2% of secondary special, 10.1% of higher education are focused on the isolation of migrants from the local population. This data show that there are intolerant attitudes in latent form in the mass mind of the interviewed Dagestan people. Every fifth respondents found it difficult to express their position. By ethnicity compared to other subgroups, they are more among Kumyks and Chechens (every third respondents). However, a small proportion of respondents with average (4.4%), secondary special (6.1%), higher education (8.1%), 6.2% in the subgroup

Table 45.1 There are distribution of answers to the question “How would you react to the fact that a large group of people of your/another nationality would have settled for one reason or another in your locality?” (The answers are given by local population, by nationality group in percentages from total number of respondents)

| The variants of answers nationality | Your nationality | | | Other nationality | | |
|-------------------------------------|------------------|------------|---------------|-------------------|------------|---------------|
| | Positively | Negatively | I do not care | Positively | Negatively | I do not care |
| Avary | 47.2 | 13.9 | 33.3 | 30.6 | 20.8 | 38.9 |
| Darginians | 46.7 | 6.7 | 46.7 | 23.3 | 16.7 | 46.7 |
| Kумыks | 56.5 | 8.7 | 34.8 | 26.1 | 30.4 | 43.5 |
| Laktsy | 65.2 | 8.7 | 21.7 | 39.1 | 17.4 | 39.1 |
| Lezginy | 58.8 | 8.8 | 32.4 | 29.4 | 11.8 | 52.9 |
| Russia | 35.3 | 17.6 | 47.1 | 11.8 | 5.9 | 70.6 |
| Chechens | 37.8 | 27.0 | 32.4 | 10.8 | 62.2 | 24.3 |
| Total | 48.8 | 15.0 | 33.5 | 24.6 | 25.8 | 41.9 |

“20–30,” 6.3% “30–40,” 13.0% “40–50,” 8.8% “50–60” adheres to the categorical statement “never accept, return back.” While none of the respondents of “up to 20” and “60+” did not note this answer. 35.5% of urban population and 21.9% of rural population adhere to the opinion “they need to be given the right to freely choose their place of residence.” 27.6% of citizens and almost three times smaller part of the villagers (9.4%) noted the position “in other cities, villages, where there is free housing, labor shortage.” Every third respondent in rural and 19.7% in urban areas found it difficult to answer.

The position of interethnic interaction makes it possible to characterize the positions of the Dagestan peoples with regard to migration to their locality of representatives of their own and other peoples. As a rule, mass consciousness simultaneously demonstrates a negative attitude toward representatives of foreign nationality with a positive attitude to the migration of representatives of their ethnic community. We asked a question showing the ethnic behavior characteristic of the local population for revealing the attitudes in the mass mind of Dagestan people (see Table 45.1).

The results of our study show that there is a positive attitude to the resettlement of representatives of their people to their locality (every second respondent) in the mass mind of respondents. Every third respondent has an indifferent attitude. Every seventh person is negative about the migration of his or her fellow tribesmen to his or her locality. The first opinion is shared by the majority of respondents Kумыks, Laks, and Lezginys, every second among the Avars and the Darginys, and each third of the Russian and Chechens. We can note a decrease in the proportion of dividing this answer with the growth of education and age. There are 53.8% of respondents with basic secondary, 55.6% of average, 46.9% of secondary special, 46.6% of higher education, 60.0% of “under 20,” 53.8% of the “20–30,” 41.3% “30–40,” 50.0% “40–50,” 38.2% “50–60,” 42.9% of “60+.” Attention is drawn to the position of the Chechens. Every fourth respondent among their has a negative attitude to the possible migration to their locality of representatives of their people,

as well as every sixth among Russians, every seventh among the Avars, compared with other subgroups, the share of which is less than 10%. It can also be noted that the proportion of people negatively assessing the resettlement to their locality increases with age and educational status. There are 2.9% “under 20,” 9.2% “20–30,” 20.6% “30–40,” 19.6% “40–50,” 20.6% “50–60,” 14.3% “60+,” 6.7% secondary, 18.4% secondary special, and 15.5% higher education. The judgment of “indifferent” is closer to every second respondent among Dargins and Russians, to every third among Avars, Kumyks, Lezgins, and Russians and to respondents aged “under 20,” “20–30,” “30–40” with secondary and higher education.

There is indifference in relation to migration opportunities in your locality representatives of other ethnic community in the public mind of Dagestan people (every second respondent). The proportion of those is significantly more among the Lezgins and Russian in the context of age “30–40” (more than half of respondents), every second among the Dargins and Kumyks, and 42.9% in groups “under 20 and 60+,” 43.1% “20–30,” 44.6% of higher education, every third of the Avars and Laks in the age of “50–60” with higher education, every fourth in the cohort “40–50.” There is a negative perception of cohabitation (every fourth respondent in the whole array) on the second position. There are respondents Chechens. More than half of whom pointed to this answer, as well as every third among Kumyks with basic secondary education, every fourth aged “30–40,” “50–60,” “60+,” every fifth among Avars “20–30” with secondary, secondary, specialized, and higher education. We can understand such a position in the mass mind of Kumyks and Chechens. Chechens-Akkins found themselves in a rather difficult situation after the repression of 1944. The Avars and the Laks were forcibly relocated to their historical territory. Rehabilitation of the Chechens-Akkins had a negative impact on the health of ethnic Avars and Laks in the post-Soviet period. It has created their ethnic confrontation with the Chechen population. It has worsened the interethnic climate in the territories of cohabitation Avars, Laks, and Chechens (Shakhbanova 2002, 2003a, b, 2006). To resolve this situation, it was decided to form Novolaksky district in Prisolak zone or it is transferring to the new place. If at first an agreement was reached with the Kumyk community, then since 2013 there has been an increase in ethnic tension in the Karamanan zone between the Laktsy and Kumyk. We can say that the focus of ethnic confrontation and ethnic conflicts due to the ill-conceived policy of the republican authorities was artificially transferred to another territory of Dagestan, aggravating the situation in another, no less complex ethnically administrative area.

According to the authors, we can diagnose the level of interethnic tolerance through trends for cohabitation in the mass mind of the Dagestan peoples. So the assessment of the Dagestan process of cohabitation with representatives of both the Dagestan peoples and foreign migrants is important in this survey (Table 45.2).

There is a positive attitude to cohabitation with internal Dagestan migrants (every second respondent throughout the array) in the mass mind of the Dagestan peoples. By ethnicity there are more than half of the respondents among Dargins, Lak, Lezgin, and Russian, every second among the Avars, Kumyk, and Chechens, among those with secondary, secondary special, and higher education. There is in the age subgroups “under 20,” “20–30,” “60+.” There is indifference by every third

Table 45.2 Distribution of answers to the question “How would you react to the fact that next to you would settle immigrants from Dagestan/Central Asian republics/Azerbaijan?” (The answers are given by local population, by nationality group in percentages from total number of respondents)

| The variants of answers nationality | From Dagestan | | | From Central Asian republics (tadjikiy, uzbekiy, etc.) | | | From Azerbaijan | | |
|--|---------------|------------|------------------|---|------------|------------------|-----------------|------------|------------------|
| | Positively | Negatively | I do not care | Positively | Negatively | I do not care | Positively | Negatively | I do not care |
| | Avary | 47.2 | 9.7 | 34.7 | 26.4 | 30.6 | 33.3 | 27.8 | 20.8 |
| Darginians | 60.0 | 3.3 | 30.0 | 20.0 | 46.7 | 26.7 | 16.7 | 33.3 | 40.0 |
| Kумыks | 43.5 | 17.4 | 30.4 | 17.4 | 39.1 | 34.8 | 21.7 | 30.4 | 30.4 |
| Laktsy | 60.9 | 0 | 34.8 | 26.1 | 34.8 | 39.1 | 26.1 | 26.1 | 39.1 |
| Lezginy | 67.6 | 2.9 | 26.5 | 26.5 | 38.2 | 35.3 | 32.4 | 14.7 | 50.0 |
| Russia | 58.8 | 0 | 35.3 | 29.4 | 41.2 | 29.4 | 23.5 | 23.5 | 35.3 |
| Chechens | 40.5 | 13.5 | 27.0 | 16.2 | 29.7 | 37.8 | 18.9 | 32.4 | 29.7 |
| Total | 49.6 | 8.5 | 31.9 | 21.5 | 34.6 | 35.4 | 24.2 | 24.6 | 35.0 |

respondent across the array and among the Avars, Dargins, Kumyks, Laks, and Russian, in the age subgroups “under 20,” “30–40,” “50–60,” every fourth among Lezgins and Chechens, “20–30,” “40–50,” every fifth “60+.” Less than 10% of respondents have a negative attitude to cohabitation with representatives of Dagestan peoples. There are more among Kumyks (every sixth) and Chechens (every seventh) in comparison with other ethnic groups. There are 6.2% in the age section “20–30,” 12.7% “30–40,” 10.9% “40–50,” 11.8% “50–60,” 7.1% “60+,” 6.7% with an average, 10.2% secondary specialized, and 9.5% higher education. The opposite is true for migrants from the Central Asian republics. Every third respondent have negative and indifferent to living together with immigrants from these republics. Only every fifth respondents noted the answer “positive.” The latter opinion is shared by 31.4% of respondents “under 20,” 23.1% “20–30,” 14.3% “30–40,” 21.7% “40–50,” 17.6% “50–60,” 28.6% “60+,” 28.9% with secondary, 22.4% with secondary special, and 17.6% with a high education. There is a decrease in the proportion of those who are positively inclined to live together with migrants from Central Asian countries. Indifferent attitude is demonstrated by 37.1% of respondents aged “under 20,” 44.6% “20–30,” 30.2% “30–40,” 32.6% “40–50,” 32.4% “50–60,” 35.7% “60+,” 40.0% with average, 32.7% with secondary special, and 32.2% with higher education. The opinion of “negative” is closer to every second respondent among Dargins and Russians with age “30–40” and “50–60,” to every third among Avars, Kumyk, Laks, Lezgin, and Chechens with aged “40–50” and “60+,” 38.8% with secondary special and 35.8% with higher education, every fourth in the age “under 20,” every fifth “20–30” with secondary education.

The same contradictory position is characteristic of Dagestan people to migrants from Azerbaijan. Every fourth respondent has a positive and negative attitude to cohabitation with a difference of one hundredth. Every third respondent throughout the array shows indifference. Further, 28.6% of respondents of “under 20,” 29.2% “20–30,” 14.3% “30–40,” 26.1% “40–50,” 23.5% “50–60,” 28.6% “60+,” 31.1% with secondary, 24.5% with secondary special, 20.9% with higher education demonstrate a positive attitude to living together with migrants Azerbaijanis. Every third respondent among Dargins, Kumyks, and Chechens, in the age subgroups “30–40” and “50–60,” every fourth among the Laks and Russian, aged “40–50” with secondary special and higher education, every fifth among the Avars have the negative attitude to cohabitation with natives of Azerbaijan. The share of indifferent people varies from 28.3% in the subgroup “40–50” to 42.9% “under 20.” The proportion who positively perceives the migration of Azerbaijanis in your locality is decreased in the educational status. There is 44.4% with average, 36.7% of secondary special, and 35.1% with higher education.

The results of the study show the dual attitude of the interviewed Dagestan people to living together with representatives of other states. It should be noted that there is dominated indifference in the mass mind of the Dagestan peoples. We can conclude that there is tolerance on the one hand. On the other hand, allows for the possibility of a hotbed of ethnic tension and confrontation in the territories of their joint residence.

One of the most important indicators of the definition of ethnic behavior and well-being of any people is its attitude to different spheres of social interaction. The importance of preserving genetic unity is proved by biologically successful marriage ties between representatives of different races and ethnic groups and by the emergence of viable offspring on the one hand and by the socially successful development of the most backward tribes (if there are proper conditions) of the achievements of the most developed European civilization on the other hand, (Dmitriev 2004).

We used the Bogardus scale for the purpose of in-depth analysis of existing trends in different social spheres. There are seven positions in it (Table 45.3).

The results of our study show the surveyed Dagestan peoples are focused on maintaining social contacts in all spheres of social interaction. However, there are differences in different spheres. We can note a large gap between such spheres as family and marriage, business, friendly and official in the % of age ratio. If more than half of the surveyed Dagestan peoples are ready to accept a representative of a foreign ethnic community as a “partner in a joint venture,” “immediate superior,” “housemate, apartment,” “work colleague,” “resident of their republic,” then a significantly smaller part of the respondents is focused on the conclusion of both their own and their children of an interethnic marriage. There are every second respondent in the whole array. More than half of respondents are positive about interethnic marriage in the positions of Dargins, Kumyks, Laks, Lezgins, and Russian. The exception is the Avar respondents. Their percentage “for” and “against” is a little. Three times the Avar most of the Chechens are against interethnic marriage. The proportion of people to accept another nationality as a partner in a joint business is from 40.5% among Chechens to 88.2% among Lezgins. There are least to live alongside members of the nonethnic community among Chechens compared to other ethnic subgroups. The answers to the question “work colleague” were distributed almost equally. We paid attention to the position of the Avars (every seventh), Kumyk (every sixth), and Russians (every eighth). They are not ready to work in a multinational collectivity. There are greater proportions that are against having a person of another ethnicity as a “resident of their republic” among the Avars and Kumyks (every eighth). We paid attention to adoption as a person of foreign nationality in the status of “immediate superior” in the attitude of the Dagestan peoples. There are lower indicators compared with other indicators. Thus, our study shows a generally positive perception of representatives of the nonethnic community in various spheres of social interaction. We can identify certain attitudes of tolerance in the business and family spheres.

4 Conclusions

Thus, the results of the sociological survey show that the level of tolerance of the local population in the studied administrative regions of Dagestan in relation to migrants (internal/external) is very different. Firstly, it seems that there are developed tolerant attitudes in the mass consciousness of the local population. A deeper

Table 45.3 Distribution of answers to the question “Are you ready to accept a person of another nationality as...?” (The answers are given by local population, by nationality group in % of ages from total number of respondents)

| The variants of answers nationality | As spouse of your children | | As spouse of your | | As partner in a joint business | | As immediate superior | | As neighbor home and apartment | | As work colleagues | | As residents of your republic | |
|-------------------------------------|----------------------------|------|-------------------|------|--------------------------------|------|-----------------------|------|--------------------------------|------|--------------------|------|-------------------------------|------|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Avary | 47.2 | 44.4 | 50.0 | 44.4 | 68.1 | 20.8 | 61.1 | 29.2 | 69.4 | 18.1 | 76.4 | 15.3 | 74.4 | 12.5 |
| Darginians | 50.0 | 36.7 | 63.3 | 30.0 | 76.7 | 13.3 | 76.7 | 13.3 | 76.7 | 13.3 | 83.3 | 10.0 | 83.3 | 6.7 |
| Kумыks | 56.5 | 30.4 | 52.2 | 34.8 | 65.1 | 17.4 | 56.5 | 26.1 | 69.6 | 13.0 | 69.6 | 17.3 | 78.3 | 13.0 |
| Laktsy | 56.5 | 34.8 | 52.2 | 34.8 | 82.6 | 8.7 | 73.9 | 17.4 | 78.3 | 13.0 | 82.6 | 4.3 | 78.3 | 8.7 |
| Lezginy | 64.7 | 32.4 | 58.8 | 38.2 | 88.2 | 8.8 | 70.6 | 26.5 | 91.2 | 5.9 | 94.1 | 0 | 94.1 | 0 |
| Russia | 52.9 | 41.2 | 47.1 | 47.1 | 64.7 | 23.5 | 64.7 | 23.5 | 82.4 | 11.8 | 88.2 | 11.8 | 88.2 | 5.9 |
| Chechens | 21.6 | 59.5 | 18.9 | 43.2 | 40.5 | 24.3 | 29.7 | 29.7 | 54.1 | 5.4 | 56.8 | 2.7 | 62.2 | 5.4 |
| Total | 48.5 | 41.9 | 47.7 | 40.8 | 65.5 | 18.1 | 59.6 | 26.5 | 72.3 | 13.5 | 78.5 | 8.8 | 79.6 | 7.7 |

analysis shows that everything is not so well in the interethnic sphere. The history of Dagestan migrants, as well as migrants-foreigners is another proof of this. At the same time, the study revealed differences in urban and rural areas in relation to migrants. We proceeded from the assumption that migrant phobia is more pronounced in rural areas, compared to the city. There are more social contacts in rural areas. People are more likely to face each other. So it is more difficult for them to get lost. It is all in sight. The results of our study show that the rural local population is characterized by a friendlier attitude toward migrants, regardless of their type (internal/external) compared to the urban population.

The researchers put interethnic stability and positive interethnic climate in dependence on the status of the settlement—the higher very often. The higher it is, the less pronounced the problems of social relations, ethnic contacts, etc. There is less often note the manifestation of negative attitude toward migrants from local residents in large settlements (cities, district centers, etc.). It should be borne in mind, however, that migrants themselves are often self-excluded. Especially there are labor migrants who have entered the country illegally or the republic. The reason for their self-isolation is the fact that they are afraid of persecution by law enforcement agencies and the migration service. If migrants are foreigners, they are mostly migrant workers. They have officially registered their status. They cannot be deported from the republic. At the same time, representatives of law enforcement agencies covered foreign migrants very often who apparently have some personal interests in relation to them. An equally important role in the formation of a positive nature of social contact is the interest of the migrant in maintaining communication with the local population. If the migrant is initially distrustful, and for this there may be well-founded reasons (persecution by the local population, threats, etc.), it will usually be the same attitude on the part of local residents. However, we are far from idealizing the attitude of the local population to migrants. The former can also be carriers of tolerant attitudes, demonstrating negativity toward migrants. Despite the policy of forming tolerance toward representatives of a foreign community, however, as well as other faiths, in modern Russian society in a latent form manifest themselves intolerant attitudes, especially vividly they find themselves in large Russian cities.

Migration issues can be more acute with the growth of political and ethnic instability, socioeconomic and interethnic tensions, accompanied by mistakes or passivity of the authorities. There can be positive changes in modern Dagestan society. There will be a brighter appearance of nationalist trends and attitudes in the mass consciousness of Dagestan peoples. It will be provoking interreligious and ethnic conflicts, which will lead to destabilization of the situation in Dagestan.

In conclusion, it is necessary to emphasize that intolerance toward migrants, especially with an ethnic tint, threatens the stability and security of the existence of the entire society. The emergence of this phenomenon in a polyethnic, multireligious region, where people of various nationalities and religions have lived for centuries is a disturbing fact. Ultimately, this attitude of the receiving society indicates a low level of its adaptability to migrants.

As recommendations to the recently developed Federal Target Program “Formation of Tolerance of Consciousness and Prevention of Extremism in Russian Society” we can add the following:

- The problem of interethnic tolerance should be under special control of local authorities, along with other socioeconomic problems associated with migration.
- Strengthening the spread of norms of tolerant behavior and countering various types of xenophobia, including ethnophobia, through the media, whose role both in strengthening the stability of society (including ethno-political) and in inflating various phobias is difficult to overestimate.

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Chapter 46

Channels of Armenian Ethnic and National Identity Formation in Armenian Diaspora on the Don



Sona G. Ikilikyan

Abstract The chapter presents analysis of the role of the main language channels in formation of Armenian ethnic and national identity in Armenian Diaspora on the Don. The main channels of formation are education, the media, and family communication. Armenian ethnic and national identity is based on common spiritual values of Armenian ethnic nation, formed by Armenian language and implemented within these channels.

1 Introduction

At the end of the twentieth century, after the collapse of the Soviet Union in conditions of re-ethnicisation of Russian multiethnic society, there actualized the problem related to formation of both Don Armenian identity and ethno-national Armenian identity. The problem of preservation of the Armenian language as a means of formation and preservation of Armenian ethnic identity in Armenian Diaspora on the Don was of particular importance for the Armenian ethnos. The language channels of Armenian ethno-national identity formation played a special role in this process.

The main language channels of Armenian ethnic identity formation are education, mass media, and communication in the family. Education and family communication are important channels of Armenian ethno-national identity formation. Newspapers, journals, and interpersonal communication contribute to preservation of Armenian ethno-national identity.

The scientific significance of this study is to identify the role of language channels in formation of Armenian ethnic identity in Armenian Diaspora on the Don, to understand the processes of social identification of Don Armenians in conditions of Russian multi-ethnic society and how mobilization of the Armenian language, ethnic

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and national identity of the Don Armenian Diaspora develops through these channels.

2 Materials and Methods

The study is based on materials presented in works of foreign (Arutyunova 2016; Tikijian and Melkonyan 2015, et al.) and domestic (Avakov 2012; Denisova et al. 2016) researchers.

Within the framework of methodological construct of this study, ethno-national identity is treated as identification of individuals with the ethnic nation, as an internal, subjective and symbolic aspect of ethnicity based on a set of national symbols and features that form unity with the ethnic group (Shakhbanova 2013).

The ethno-national identity, being a kind of national identity, has a social or collective character (Lubsky 2019). Armenian ethno-national identity is based on the primordial approach to ethnic identity and on the principle of continuity (Zolyan 2017). Language is a means of formation of ethnic and national identities, a special system of signs, a code that is, on the one hand, a reflection of social reality, and on the other—its constructor. From the main functions of language in society, there can be distinguished communicative, cognitive (informative), and emotional functions (Ibrahimova 2015).

Within the framework of methodological construct, the mass media are considered to be a powerful channel of influence on the mass consciousness (Zyryanov 2008), a tool for constructing social orders and a means of ensuring social ties and relations (Annikova 2008). Education is treated as a specific social institution, the result of social and cultural interaction of people (Porozhnyakov 2010). The family is understood as a social institution, a channel of transmission of values (Blinova 2013) and the most important agent of socialization (Volkov 2017).

3 Results

The Armenian language is an important means of formation and preservation of ethnic and national Armenian identity. In general, thanks to the Armenian language, the Don Armenians managed to preserve their ethnic identity, despite the length of their residence, intensive contacts with the local community and interethnic marriages.

Ethno-national Armenian identity is based on common spiritual values, formed with the help of the Armenian language. The set of these values is spiritual core of the nation.

Thus, the basis of Armenian ethno-national identity is the common spiritual values of Armenian ethnic nation. Christianity stands out from the basic values, as the Armenian Apostolic Church plays an important role for Armenian nation. In this

regard, the authors believe that during the centuries-old history of Armenian ethnic nation in the absence of statehood, the Armenian Apostolic Church was important for preservation of Armenian ethnic identity and consolidation of the Armenian people (Astsatryan 2019).

Among the spiritual values of the Armenian ethnic nation, culture is also important, because in this sphere there are understood and realized the main ideas and values of the nation in historical space, acquiring originality and uniqueness. With the help of culture the nation is united, its historical consciousness is formed and developed, historical memory is updated (Sarkisyan and Petrosyan 2018).

Among the spiritual values of Armenian ethnic nation, a special place is occupied by the idea of Armenian statehood, which leads to creation of a powerful state as a guarantor of survival and development of Armenian ethnic nation. In this regard, strengthening of Armenian national state, as well as creation of conditions for its development and prosperity are among the most important concerns of the Armenian nation as a whole, both at home and in Diaspora.

The idea of creating a powerful state, therefore, presupposes the idea of the motherland as a unifying force for all the Armenians. On the one hand, a powerful national state will increase the national consciousness of Armenians in the Diaspora, and on the other hand, it will contribute to their active participation in strengthening the Armenian statehood and making up a powerful national state (Ovyan 2018).

Armenian ethnic and national identity is based on historical memory of Armenian Genocide (Atanesyan 2016), which has become the main driving force for consolidation of Armenians. The collective memory of the Armenian Genocide is aimed at identifying the “common external enemy” and defining the rigid boundaries between “own” and “foreign” (Shagoyan 2019), which results in formation of a negative identity (Gudkov 2004). The ethnic perception of the Armenian Genocide is reflected both in the material culture—in creation of khachkars and monuments dedicated to the victims of the Genocide, and in the sphere of art, which is called “calmed memory”.

Thus, with the help of the Armenian language, there are formed such common spiritual values of Armenian ethnic nation as Christianity, culture, the idea of Armenian statehood and the historical memory of Armenians about the Genocide, which form the basis of Armenian ethnic identity and are implemented within the language channels of Armenian ethnic identity formation.

4 Discussion

The history of the Armenian Diaspora on the Don begins in 1779, when there was a mass resettlement of Armenians from the Crimea (Avakov 2012). In the early 1780s, Armenians founded the city of Nakhichevan, which was in 1838 renamed Nakhichevan-on-Don. It is important to note that the Armenian language on the Don was represented only by the Western Armenian Nakhichevan dialect, significantly different from the literary language (Milevskaya 2016).

Throughout the existence of Nakhichevan, the problems of education and enlightenment have always been focused by the powers and spiritual leaders of the colony. All the villages of Armenian district had schools with Armenian language of instruction. Today, in the village of Chaltyr there is a school for Don Armenians with advanced curriculum in the Armenian language, as well as Armenian classes and Sunday schools in the churches providing study of the Armenian language. The researchers believe that in general there are no restrictions for teaching native languages and ethno-cultural disciplines in schools, but in the system of Russian ethno-cultural education there appeared some negative factors related to reduction of teaching the Armenian language in secondary schools. Experts name, first of all, the following reasons: the lack of demand for ethno-cultural school disciplines; overload of the exam program and the problem of purchasing Armenian textbooks (Denisova et al. 2016).

Within the framework of the educational channel, through the teaching of the Armenian language, literature, and history in schools there takes place introduction to the national and common spiritual values: historical memory of the people, the idea of Armenian statehood, and cultural values of the Armenian nation.

It is important to emphasize the role of newspapers, literature, and interpersonal communication in preserving the ethnic and national identity of the Don Armenians among the language channels. The Don Armenians had their own periodicals, among which there were “The Nor Kyank,” “The Mer Dzayn,” “The Luys,” “The Grich,” “The Gahut,” and other periodicals, which had an important role in covering of the inner life and important events of the colony.

Currently, newspapers, books, brochures, and magazines devoted to various historical events of Armenian community life on the Don and in Armenia are published by the Don Armenian Diaspora with the help of “Novo-Nakhichevan-on-Don Armenian Community.” In particular, the newspaper “Nakhichevan-on-Don” can be singled out as a special platform for discussing various issues that contribute to development of the culture of Don Armenians, maintenance of their traditions, and familiarization with spiritual cultural values of the Armenian nation (Surmalyan 2012). The mass media focus on the collective trauma of the Armenian Genocide memory as the basis of negative identity, which is reflected primarily in newspapers, literary works, and cinematography.

One of the most important formation channels for Armenian ethnic and national identity is communication in the family, as traditions and customs in the family are formed through the national language. Armenian traditional families are based on the male line. Despite the fact that in the context of modern world globalization there takes place different trends, Armenian families today are among the few that have preserved their traditions and customs. It should be noted that there are two types of families in the Don Armenian Diaspora: families of immigrants from the Crimea and those who came from Armenia or other regions. The peculiarity of the Crimean Armenians is that within the family they communicate in a specific Nakhichevan dialect, which is significantly different from the literary Armenian language (Tikijian and Melkonyan 2015). National traditions and customs are formed in the family through the native language.

5 Conclusion

Thus, the language channels play an important role in formation of Armenian ethnic identity in Armenian Diaspora on the Don. The common spiritual values of the Armenian ethnic nation form the basis of Armenian ethnic and national identity and function through the Armenian language within these channels.

In formation of ethnic identity in the Armenian Diaspora on the Don, the educational channel (using the Armenian language), as well as communication in the national language in Armenian families is of particular importance. The national language allows not only to preserve the traditions and customs of the Armenian Diaspora on the Don but also becomes a symbolic link with the Armenian nation as a whole. In this regard, publication of newspapers and literature in Armenian is also of great importance.

The educational channel uses the Armenian language to form such common spiritual values of the Armenian ethnic nation as historical memory of the Armenian Genocide, the idea of Armenian statehood including the spiritual and cultural values which for, the Armenian ethnic and national identity. The mass media emphasize the collective trauma of the Armenian Genocide memory as the basis of negative identity both in Armenia and in the Armenian Diaspora.

Within the framework of this channel, the idea of Armenian statehood is being formed through the Armenian language, and the Don Armenians are being introduced to the spiritual values of the Armenian nation, formed by the culture as the basis of Armenian ethnic identity. For many centuries, the family has been one of the main institutions for the maintenance and preservation of Armenian ethnic identity and common spiritual values of Armenian ethnic nation. The Armenian family is based on Christian values and traditions, and the Armenian Apostolic Church plays an important role in preservation and protection of these values as the basis of ethnic and national Armenian identity.

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Chapter 47

Mental Programs and Models of Medical Care Consumption in a Multicultural Region of the South of Russia



Nikita A. Vyalykh and Anna A. Bespalova

Abstract Theoretical and methodological problems of social behavior of consumers of medical care are considered in reference to mental characteristics of Russians and the identification of regional specificities of the South of Russia. The need for a multidimensional methodological construct for the study of the consumption of medical care based on the neoclassical model of scientific research and on the principle of constructive realism is justified. A model of social behavior is a cognitive analog of the practices of social behavior as a person's reaction to social situation in the form of social actions conditioned by the structures of mental program. The features of alternative (conservative and liberal) and hybrid (conservative-liberal and liberal-conservative) models of social behavior of consumers of medical care in the South of Russia are considered.

1 Introduction

According to Russian researchers, the practices of the Russians associated with medical care consumption are implemented under the conditions of imperfection of the health maintenance organization at the level of disease prevention and treatment. In the system of values of the Russians, there is a real comprehension of health as a value; however, the need to take care of health, to receive treatment in case of a disease is present only at the level of declaration and is not always supported by real practices (Vyalykh 2016, p. 33). The study of social behavior of consumers of medical care in conjunction with the mental specific features of the Russians makes it possible to better understand the nature of the interaction of actors in health care.

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The South of Russia deserves special attention within the given context as one of the macroregions of Russia, characterized by significant ethnic, faith-based, and cultural diversity of population; consequently, this region requires special studies aimed at identifying specific features of social processes and phenomena. Health care is no exception, since abovementioned regional specific features impact both behavior patterns of consumers of medical care and directly the health maintenance organization. In order to prevent behavior patterns of various actors in health care from coming into collision with each other effectively causing the escalation of social tension in the entire society, it is necessary to conduct a special sociological research and to implement mental programs and patterns of medical care consumption in the South of Russia.

Regional specific features significantly increase the importance of research aimed at identifying common and special features of certain regions taking into account the macrocontext and the level of development of the country (Vyalykh 2016, p. 22). The author's point of view is different in that it considers medical care consumption as an element of self-preservative social behavior that is defined by specific features of the mental program of an individual. In addition, the selection of behavior pattern is influenced by institutional barriers and behavioral practices for overcoming these barriers.

2 Materials and Methods

The study of social behavior of consumers of medical care in conjunction with the mental specific features of the Russians and the identification of regional specific features of the South of Russia stipulates a need to develop methodological foundations of the research.

Along with the tendency of a generalized study of medical care consumption at the level of the entire state or an individual region, the experts in the sociology of medicine and health care point out that a local, personal approach is currently dominant in research. The primary goal within this approach is to “identify what happens to a potential patient, what they think about, what they feel, how they behave in certain social situations” (Young 2004). This is because earlier microsociological theories, for example, stigmatization concept by Goffman (1963), “explained only the fact of social response to the deviation (illness), yet they were unable to reveal the underlying causes of behavior stipulated by socio-demographic characteristics of a patient and the structure of society. Therefore, some researchers believe that it is the motivating factors, not the conditions of the health care system, that play a critical role in the formation of a social behavior pattern” (Rose et al. 2010).

However, problems associated with the study of social behavior of consumers of medical care in the South of Russia have not yet become the subject of special sociological research, both at the level of empirical research practices and at the level of theoretical reflection. “Social behavior patterns in contemporary science are

sometimes treated as brief patterns of behavior or examples of social action” (Pavlenko 2010). From this point of view, social behavior pattern can be described as a cognitive (informative) counterpart of social behavior practices, being a response reaction of a person to social situation. Social behavior pattern includes a set of social actions stipulated by nonreflexive and reflexive structures of the mental program. By a mental program we mean “a set of reflexive (conscious) and nonreflexive (unconscious) ideas, values and attitudes, the combination of which defines a particular type (pattern) of behavior of a person” (Lubsky et al. 2016).

Within the framework of the structural and functional approach, medical care consumption is characterized as a system of relationships that develop between different agents (in the structures of health care institution and beyond them).

The theoretical and methodological foundations of the study of social behavior of consumers of medical care as a whole can be conveniently classified into two groups depending on the prevalence of objective and subjective factors.

We shall point out the dual nature of this process. A consumer, focusing on their own ideas, expectations, and resources, constitutes the access to medical care; this being said, the social health care institution, being the main objective factor, influences the formation of qualitative and quantitative characteristics and the distribution of care. “Medical care consumption can be parametrized not only by the availability of resources to meet the health need, but also by the complex interaction of variables at the systemic and personal-individual levels, which leads or does not lead to an upward trend of individual and public health” (Vialykh 2016). It is evident that medical care consumption is influenced by various components of sociocultural environment (customs, traditions, and values). In addition, the outcome (result) of medical care consumption which influences the formation of social experience, motives, and attitudes of a patient, determining to a greater or lesser degree the subsequent practices of medical care consumption, is worth noting as well.

Various social behavior patterns of consumers of medical care can be identified on the basis of concept-based interpretation of secondary empiric information obtained based on the findings of the representative sociological research conducted by leading public opinion research centers of Russia. First, it is the survey of citizens of the Russian Federation “A New Service: Fee-Based Emergency Care” conducted by the Public Opinion Foundation on June 30, 2013, in 43 constituent territories of the Russian Federation, 100 populated localities ($N = 1500$ of respondents, data collection method—interview at place of residence, the margin of error is equal to or less than 3.6%) (A New Service 2019). Second, the Russian Public Opinion Research Center conducted a survey “Proceeds and Savings: What do the Russians Save Money For?” on April 12–13, 2014, in 130 populated localities in 42 regions, territories, and republics of Russia ($N = 1600$ respondents, the margin of error is equal to or less than 3.4%) (Russian Public Opinion Research 2018). Third, Russian monitoring of the economic status and health of population of the National Research University—Higher School of Economics (RLMS-HSE), conducted by the National Research University “Higher School of Economics” and CJSC Demoskop with the participation of the Center for Population of the University of

North Carolina in Chapel Hill and the Institute of Sociology of the Russian Academy of Sciences (Method of selection of respondents—probabilistic stratified multistage territorial sampling ($N = 8440$ households) (Russian monitoring of the economic status and health of population of the National Research University—Higher School of Economics (RLMS-HSE) 2018). Fourth, the study within the scope of implementation of the grant project “Mental programs and social behavior patterns in the Russian society” (sampling number $N = 3900$ people living in the Rostov region, in the Krasnodar Territory, in the Stavropol Territory, in the Republic of Adygea, in the Kabardino-Balkar Republic, and in the Republic of Crimea) (Lubsky et al. 2017).

Diverse social practices can be reduced to conservative, liberal, and hybrid patterns of social behavior (statist-liberal and liberal-statist), in mental programs of which there are cognitive, axiological, and conative structures of both liberal and conservative focus (Lubsky et al. 2016). In our research, the vector of social expectations of the population, as well as the degree of the patient’s readiness to bear responsibility for their health and well-being, serve as criteria for differentiating the designated patterns.

3 Results and Discussions

When we present the results of the investigation, it is necessary to note the sociological measurement of the frequency of reference of population to fee-based medical services (formal and informal), identification of social ideas of a due form of organization of the health care system in Russia, definition of typical behavior forms in case of a disease (ailment), and the prevalence of practices in which people seek medical care for the purpose of prevention.

According to most respondents, the health care system in Russia should be entirely free (62.5%) for the entire population, 26.6% noted that the health care system should be “combined,” where free medical care and fee-based medical would coexist. Only 8.8% of respondents opted for the health care system with mainly fee-based medical care for the able-bodied population, but with guarantees of delivery of free medical care to certain population groups (children, pensioners, people with disabilities, and patients with serious chronic diseases), and as little as 2.1% decided in favor of the health care system that should be entirely fee-based for the entire population. However, there are significant deviations from the average values for the sample as a whole in some constituent territories of the South of Russia that took part in the survey (Table 47.1). If the fluctuations are within 5–6% can be explained by the margin of error, then estimates of the prospects of the method of reimbursement of medical care expenses in the Stavropol Territory, in the Krasnodar Territory, in the Kabardino-Balkar Republic, and in the Republic of Crimea significantly vary. Thus, fee-based medical care found few supporters among residents of the Stavropol Territory and the Republic of Crimea, whereas, in contrast, the idea of fee-for-service medicine is highly optimistically perceived in the Kabardino-Balkar Republic and the Krasnodar Territory.

Table 47.1 Ideas of people in the South of Russia of a due form of health care system

| What kind of health care system should exist in Russia in your opinion? (%) | | | | | | | |
|---|------|------|------|------|------|------|------|
| | All | RR | KBR | KT | ST | RA | RC |
| Entirely free for the entire population | 62.5 | 67.3 | 57.3 | 43.9 | 77.0 | 66.7 | 67.5 |
| “Combined” (fee-based medical care and free medical care should coexist) | 26.6 | 26.8 | 18.8 | 34.7 | 22.3 | 24.0 | 30.4 |
| Mainly fee-based for the able-bodied population, but with guarantees of delivery of free medical care to certain population groups (children, pensioners, people with disabilities, patients with serious chronic diseases) | 8.8 | 5.6 | 21.8 | 16.3 | 0.7 | 5.5 | 2.1 |
| Entirely fee-based for the entire population | 2.1 | 0.3 | 2.0 | 5.1 | 0.0 | 3.8 | 0.0 |

RR Rostov Region, KBR Kabardino-Balkar Republic, KT Krasnodar Territory, ST Stavropol Territory, RA Republic of Adygea, RC Republic of Crimea, All general distribution

Author's note

From our point of view, these distinctions can be explained by differences in income levels of respondents by regions and in the level of social and economic development of constituent territories in the South of Russia.

An important point reflecting the degree of liberality/conservatism of behavior patterns of the society consists in the ideas of agents who are responsible for human health. The group of conservative ideas is composed of the following options: “employer” (7.1%), “state” (39%), “prevention and treatment facilities and healthcare personnel” (12.5%), whereas the group of liberal ideas is composed of the following options: “person themselves” (31.6%) and “medical insurance organizations” (9.8%). Whereas in actual fact mental programs of people in the South of Russia in health care as well as people in the entire Russia are more likely combined (hybrid) in nature (Lubsky et al. 2016). They are focused on statist-liberal patterns of social behavior in a greater degree; however, we should not underestimate the presence of liberal orientations, the prevalence of which, according to the comparative study, varies greatly from one constituent territory to another. Again, the Stavropol Territory, where the majority of respondents attribute responsibility for human health to the state (70%), conditionally “reserving” 12.3% of responsibility for people themselves, contrasts sharply against the background of the relative balance of sociological data for the South of Russia.

Liberal and conservative attitudes can be best indicated when we measure not only the attitude to the system and its individual structural elements but also the facts of an already accomplished social action. According to survey findings, as little as 16.8% of residents of the South of Russia did not spend any money on treatment, examinations, and other medical services over the course of the year (see Table 47.2). The volume of co-payments depends on many factors: the structure of the regional health care system, the access to medical care (financial, organizational, and sociocultural), severity, specific features, and incidence of diseases in the region. At the same time, the amount of money spent is an indicator of readiness to

Table 47.2 Yearly amount of medical care expenses

| How much money did you and your family members spend on treatment, health examinations in healthcare facilities, and medical services over the course of the last year? (%) | | | | | | | |
|---|------|------|------|------|------|------|------|
| | All | RR | KBR | KT | ST | RA | RC |
| I did not spend any money at all | 16.8 | 13.6 | 16.0 | 21.7 | 22.7 | 9.6 | 18.5 |
| Less than RUB 10,000 | 36.2 | 34.5 | 26.6 | 34.4 | 47.0 | 33.6 | 44.1 |
| RUB 10,001—20,000 | 19.6 | 22.1 | 21.2 | 19.9 | 17.7 | 16.9 | 19.6 |
| RUB 20,001—35,000 | 12.4 | 10.3 | 15.4 | 13.8 | 8.0 | 16.4 | 8.4 |
| RUB 35,001—50,000 | 7.5 | 9.7 | 9.9 | 5.4 | 3.3 | 10.9 | 4.9 |
| More than RUB 50,001 | 7.4 | 9.7 | 10.9 | 4.8 | 1.3 | 12.6 | 4.5 |

Table 47.3 The frequency of refusals to receive medical care due to the lack of financial capacity to pay for it

| Were you forced to partially or completely refuse treatment or diagnosis in healthcare facilities over the course of the last year due to the lack of financial capacity to pay for services? (%) | | | | | | | |
|---|------|------|------|------|------|------|------|
| | All | RR | KBR | KT | ST | RA | RC |
| Yes, I was | 44.0 | 49.9 | 53.2 | 39.5 | 23.0 | 57.4 | 38.1 |
| No, I was not | 56.0 | 50.1 | 46.8 | 60.5 | 77.0 | 42.6 | 61.9 |

Table 47.4 Prevalence of informal payments for medical care

| Were you or members of your family forced to pay for medical care off the books, i.e., not via a cash desk but personally to doctors or nurses, in cash, without any documentation (cheques, stubs, contracts) over the course of the last year? (%) | | | | | | | |
|--|------|------|------|------|------|------|------|
| | All | RR | KBR | KT | ST | RA | RC |
| Yes I was | 47.1 | 50.4 | 59.0 | 44.4 | 37.0 | 53.0 | 37.8 |
| No, I was not | 52.9 | 49.6 | 41.0 | 5.6 | 63.0 | 47.0 | 62.2 |

carry the financial burden; hence, it provides an opportunity to estimate the prevalence of liberal-statist behavior patterns.

The question of whether the sum of money spent by people on medical care is large or small is relative, but there is another sociological fact which is much more significant 44% of respondents to the survey were forced to partially or completely refuse treatment or diagnosis in healthcare facilities over the course of the year due to the lack of financial capacity to pay for services (Table 47.3). Especially alarming is the fact that the number of such respondents exceeds one half of the total number of respondents (53.2% and 57.4% respectively) in the Kabardino-Balkar Republic and in the Republic of Adygea.

Informal payments for medical care are in common practice and are especially prevalent in abovementioned republics (Table 47.4). And we do not give a rating of “good” or “bad” here; instead, we show that this is one of the key ways to adapt the population to contextual conditions of health care which cannot be easily referred to a particular behavior pattern. However, in this case, we would sooner speak about the dominance of a conservative line, given the fact that “gratitude” to the doctor or

the desire to “boost” the actions of medical care provider are an integral part of the mentality of Russian society.

The forms of behavior of respondents in case of a disease are of research interest. Survey findings have documented a fairly high sampling percentage of people who prefer to immediately apply to fee-based clinics and/or doctors in private practice (23.5%). More than one-third of respondents in the South of Russia (35.1%) pointed out that when they fall ill they turn to self-treatment without seeking help from doctors. In addition, 7.7% of respondents seek help from traditional practitioners and alternative medicine, and 6.0% of respondents do nothing, leaving the situation “unattended.” As for regional distinctions, the residents of the Stavropol Territory (79.7%) and the Republic of Crimea (66.8%) prefer to apply to a community-based outpatient hospital or a hospital more frequently as compared to other people, while in the Krasnodar Territory, on the contrary, the smallest proportion of respondents applying to community-based healthcare facilities in case of a disease, primarily at the expense of the highest proportion of followers of traditional (alternative) medicine (14.5%), was recorded.

The data we have obtained mostly correspond to findings of survey held by the Russian Public Opinion Research Center on July 15–16, 2015. In case of a disease most respondents (60%) primarily apply to public outpatient hospitals, 25% of respondents self-medicate, 8% of respondents apply to a fee-based outpatient hospital or a hospital, and 4% of respondents do nothing, leaving the situation “unattended.” As little as 1% of Russian respondents seek help from traditional practitioners and alternative medicine (Russian Public Opinion Research Center 2019). As for the data on the frequency of self-treatment, survey findings of FOM for 2015 are somewhat closer to figures we have obtained: in case of disturbance of the general sense of well-being 46% of Russian respondents prefer self-treatment, seeking help from doctors only in case of emergency (Dominanty 2019).

4 Conclusion

When we summarize the findings of the sociological research, we can conclude that most residents of the South of Russia currently stick to conservative-liberal (statist-liberal) social behavior pattern in health care as well as in the entire social sphere. The mental program of this pattern by no means rejects the idea of fee-for-service medicine. On the contrary, people realize that it is they who are the main “agents of health” and gradually get used to the new rules of the game in health care. That being said, the dominating behavior pattern is characterized by a certain ambivalence of public conscience: on the one hand, it is the desire to have enough resources to receive the necessary medical care “right here, right now;” on the other hand, it is the rejection of the laws of market-driven economy of health care and relevant attitudes, as well as propensity to shift responsibility for personal health to other agents. At the same time, the population of the South of Russia, as well as the entire population of Russia, shows a low level of positive medical activity.

Social behavior patterns in health care and their regional specific features represent a site of special scientific interest within the framework of the sociological research. This is primarily due to the fact that social behavior in healthcare is usually reflexible, has a certain logic and consistency, and is inherently flexible and situational. The analysis of primary and secondary information obtained during empirical studies suggests that there are two alternative (conservative and liberal) and two hybrid (conservative-liberal and liberal-conservative) behavior patterns of consumers of medical care in the South of Russia. We can point out several factors contributing to the presence of these models. First of all, these are the difficulties of transition from the budgetary health care system to the budgetary and insurance health care system in Russia. This process is defined by such conditions as the lack of financial resources in compulsory medical insurance funds and healthcare facilities, overorganization of health care management system in the Russian society. Specific features of mental programs of consumers of medical care that are poorly susceptible to market innovations in this field are equally significant as well. It is important to study social behavior patterns of consumers of medical care in conjunction with the mental specific features of the Russians for the identification of regional specific features, inter-temporal changes, and potential forecasting. This topic assumes particular prominence in the context of the transformation of the social, economic, political, and legal structure of Russia, since negative and positive trends in health care tend to be systemic in nature and, although they appear locally, they result from fundamental changes in the social structure of society.

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Chapter 48

Trans-conflict Region in the Context of Theory of Securitization: The Problems of Management



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Abstract The chapter analyzes the phenomenon of a trans-conflict region as a specific territory; attention is paid to connection between the concept of trans-conflict region and such phenomenon as regional security—in particular, the theory of complexes of regional security or theory of securitization of the Copenhagen School of international relations. The chapter sets the task of deconstruction of the concept of security as to the specific regional object, which is viewed as a threat to security. The process of securitization of this object is shown with the help of a certain discursive practice (indoctrination) and politization of the problem.

1 Introduction

The task of the research is to operationalize the theory of securitization, which has not been developed sufficiently in the Russian conflict studies in the sphere of the problems of regional security. Using the comparative-historical method allows determining the resource potential of the theory of complexes of regional security, which could be used in the course of empirical research of the phenomenon of a trans-conflict region.

Theory of securitization's most important "indicator" is security as a discursive practice, which could be viewed in the Russian conditions as a managerial problem of information security of society and state.

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2 Materials and Methods

The age after the Cold War saw rapid development of the theory of security. The peaceful period, during which minimization of the threats to security were expected, did not come to life. Transformations and changes of the system of international relations in Europe and other parts of the world led to the fact that the problems of national security became urgent. The research in the sphere of security became frequent due to quick increase of the number of conflicts in the world, outside of the Central European region.

These are conflicts of new generation, related to movements of opposition, religious and terrorist wars, national and ethnic, and other conflicts of non-international level. The most important problem of the large part of these domestic conflicts is the idea of separation and realization of rights for self-definition of a certain national minority (which could also be a majority on the given territory).

The most typical wars at the brink of the twentieth and twenty-first centuries are wars within countries, not between them. Experts in international relations note a certain transformations of the phenomenon of war: new forms of war appear, a transition from “classic war” to the wars of new types takes place. Wars of new types have two aspects. The first aspect is connected to the forms of military conflicts that became frequent after World War II in the form of multiple local conflicts, which later entered the territory of the Western countries in the form of international terrorism. The second aspect means various forms of unarmed struggle, which also became widespread in the modern world. According to specialists, the world enters the age of the wars aimed not so much at direct annihilation of the adversary as at achievement of the political goals of the war without military opposition.

This allowed the scholar M. Kaldor to announce “the end of wars between the states.” The studies in the sphere of security provided intellectual resources for this reequipment, providing a lot of literature that studied the dynamics of that which was called by M. Kaldor “new wars” (Kaldor 2001, p. 6). Another author, R. Caplan, states that after the end of the Cold War, the number of large conflicts (28 conflicts per year on average) had internal character: very often these states were not able to perform even their basic functions (Caplan 2002, p. 7).

It should be noted that the notion “conflict” is now more often treated as a synonym of the notion “crisis,” with all their textual differences. Crises manifest themselves not only in the sphere of domestic or foreign political security. Crises are also natural disasters and catastrophes, caused by the anthropogenic influence, problems of humanitarian character (security of a person), etc. A potential source of conflicts is reduction of natural resources, demographic growth in the world (especially in the poorest countries), climate change, mass migration, and other phenomena of the global character. In the international political science, crisis is treated as a national or international situation which contains a threat to the basic values, interests, or goals of the actor (Tsygankov 2006, p. 7). It should be noted that the Strategy of Security of the EU, adopted in December 2003, is based on the fact that neither of new post-bipolar threats to security is purely military. The Strategy is

based on the thesis that wide-scale aggression against any state of the EU is improbable. The new threats to security are ranked in the Strategy in the following way: terrorism, dissemination of mass destruction theory, regional conflicts, “state failure” (A formula for the states in which central authorities do not control the national territory due to corruption, weak institutes, etc.), and organized crime. For opposing these threats, the Strategy aims to use a complex of political, diplomatic, and military methods. The quintessence of the approach could be found in the Strategy’s provision—“Conflict prevention and threat prevention cannot start too early” (Government of the Brussels 2019; Vodenko et al. 2018; Vodenko 2019).

Thus, specialists analyze the threats to international security and build global potential conflicts in the following order:

- Fighting international terrorism
- Protection of critical infrastructure
- Energy security
- Information security
- Demographic security and problems of migration
- Ecological security, global climate change;
- Biosecurity and fighting infection diseases
- Education and knowledge economy

However, a large part of the work on studying security, which appeared as a result of strategic research (Baylis et al. 2007), leads to the questions regarding the future practice of security, which studies itself. For example, the initial work on securitization stated that the best policy of security was “desecuritization,” an attempt to put its larger part from the sphere of security into the sphere of normal policy (Buzan et al. 1998). The feminist work on the gender character of the state of national security also envisages that there is something wrong with the services provided by scholars in the sphere of security to the state. Mark Neocleous outlined these issues in the book “Critique of Security,” in which he supposed that security is a central logic of the state and substantiated the necessity to oppose the extravagant practices of state security (Neocleous 2008).

The phenomenon of increase of the number of transborder barriers in the whole world in the conditions of globalization draws interest of the scholars, because it increases the problem of international security.

The modern authors Carter and Poast (2016) showed that during the time that passed since the end of the opposition of two superpowers—the USA and the USSR—the number of barriers between countries grew by three times. New border barriers emerged in the whole world, and the number of countries that strengthened their borders ranged from 40 to 70. Certain researchers (V. Kolossov and D. Scott), being the followers of securitization theory, focus on such issues as influence of transborder threats on personal and physical security (Kolossov and Scott 2013).

3 Results

The authors of securitization theory are the British researcher *Barry Buzan* and the Danish scholar *Ole Waever*. The authors provided the theory of complexes of regional security in the book “Regions and Powers: The Structure of International Security” (Buzan and Waever 2003).

What preceded the development of a new concept of security? The studies in the sphere of security were the basis of the theory of international relations, in which the main issues were the problems of war and peace. In the following years, the studies in the sphere of the global war became a synonym of strategic studies with a clear focus on the military aspect. However, the growing complexity of international relations, in particular, growth of the number of economic and ecological problems, emergence of new aspects of security, risks, and threats, and appearance of new actors of international relations showed that the traditional view of the one concept of security with its set characteristics (necessity for limiting the notion of security by military aspects) was too narrow.

The Copenhagen School uses the multi-sector approach to security, which somewhat differs from the traditional studies of the problems of security and their focus on the military sector. Thus, B. Buzan and his colleagues distinguish the following sectors: military, political, economic, societal, and environmental. Four of the five components consider the non-military threats to security. In addition to expansion of the definition of security beyond the military issues, the Copenhagen Schools expand the research of the problems of security by including non-state factors. The main function of definition is to identify the research subject. At the beginning, security was treated as achievement of freedom from threats. It was enriched by specific and historical contents with time, with the category “securitization” established in the center. Securitization theory envisages treatment of security as a discursive process in the course of which the political society constructs intersubject understanding of the threat as an existential threat to the referent object and the necessity for taking the measures for preventing this threat (Buzan and Waever 2003, p. 491).

The referent object is the object of an existential threat. Reference objects could be state (military security); national sovereignty or ideology (security of policy); national economy (economic security); collective identity (security of society); biological types and ranges (security of environment) (Buzan et al. 1998).

The notion “referent” is associated with the state, not by all scholars. It is often considered that state cannot be a referent object of protection, as it is an actor and subject of international relations, including for provision of international security.

Discursive practice is aimed primarily at changing the setting of political priorities. Discussion on the problems of security is a struggle of various political forces for the image of the character of threats they want to establish in the public thinking.

If the group that has power reaches success in the public thinking, society starts treating the threat as real and is ready to accept the corresponding laws, redistribution of resources, states of emergency, and other measures of premilitary or military

character. When discourse takes the form of presenting a threat to the referent object, securitization of the threat takes place. Successfulness of securitization consists in achievement of the positive effect of argumentation with certain arguments and semantic structure for the internal and external audiences. In other words, the problem is securitized if the audience is indoctrinated. B. Buzan uses the theory of speech act. In the terms of the theory of speech act this is called performative utterance or performative speech acts. He distinguishes three types of speech acts: locutionary act provides value to a certain statement; illocutionary act ensures communicative goal of statement; perlocutionary act influences the addressee and achieves a certain result. The modern author B. Buzan uses illocutionary act in his theory of securitization (Buzan 2006).

Successfulness of the speech act depends on observation of two favorable conditions: internal (linguistic and grammatical)—correct formation of the speech act, creation of the scenario that contains existential threat, point of no return (the issue of survival has to contain this item), and possible outcome; external (contextual or social). External contextual conditions are the threat itself, formation in imagination of the audience of specific threats to security. External social conditions envisage authority of the actor for his audience accepting his statement on the existential threat.

The problem of successfulness of securitization is determined by the cognitive inclination of the audience to accept the arguments that coincide with the ideas of a real threat.

There is another important research issue: probability of success of securitization in the states with authoritarian political regime in which law enforcement structures have the dominating role in the security policy.

The Copenhagen School suggests treating securitization the extreme form of politicization: any issue is located in a certain point of the specter, which is conventionally divided into three parts according to the notions of depoliticization, politicization, and securitization. Depoliticized issues are not the object of public attention from the point of view of the necessity for state interference (and any group action). The conceptual origins could be found in the theory of neutralization and depoliticization of Carl Schmitt.

Carl Schmitt in his work “The Age of Neutralizations and Depoliticizations” (Schmitt 2001) built the chain of change of the central events in the history of the New age, “theology—metaphysics—morality—economics,” which constituted the context of the moral life of the sixteenth to nineteenth centuries. The changes of focuses of public attention took place due to “neutralization and depoliticizations” of the previous ones. Each following paradigm “lifted” or left in the sphere of private life the theological, metaphysical, and moral issues, i.e., made the necessity for achieving political agreement or consensus on them a matter of utmost importance.

This was true in the age of the end of ideological wars, when intolerance in religious issues reduced, which was caused by the new economic and technical paradigm.

Vittorio Hösle, a supporter of the Schmitt methodology, offers another scheme of changing the basic paradigms: religious-national-economic-ecological (Hösle 1993).

Thus, he focuses on the Schmitt ratios “friend-enemy,” which distinguish significant political aspects. The Schmitt ratio “friend-enemy” determines the nature of wars and gives arguments to the thesis of the change of paradigms in the political history of Europe.

B. Buzan and O. Waever think that there are nine regional complexes of security: (1) East Asian; (2) Central Asian; (3) Middle-Eastern; (4) South African; (5) Central African; (6) North American; (7) South American; (8) European; (9) post-Soviet. The authors of the theory of securitization define the complex of regional security as “totality of entities, the processes of securitization and desecuritization of which are interconnected to such level that their problems of security cannot be analyzed or solved separately” (Buzan and Waever 2003, p. 44). For classification of the complexes of security, Buzan and Waever use the categories “conflict formation,” “security regime,” and “security community.”

Conflict formation is a regional complex with a high level of using violence and war (South Asia, Middle-East, and the post-Soviet countries). Security regime is a complex with common norms and rules of behavior that limit the threats of wars and violence (South America). Security community means that situation that excludes the usage of violence in political relations between the actors (Europe and North America).

Securitization as a theory turned into a wide and dynamics sphere of research. According to B. Buzan and O. Waever, “the key difference” between securitization and macro-securitization is that the latter is in “larger scale that the main groups at the medium levels” (Buzan and Waever 2003, p. 57). Such strategic level of security for securitization is the Cold War, which covered the whole global system of international relations. The end of the Cold War became an act of desecuritization. As a replacement of macro-securitization, according to B. Buzan in the work “War on Terrorism,” terrorism is a new global threat (Buzan 2006). Peculiarities of the process of discursive construction of the threat of terrorism in the modern world are studied by a range of the Russian specialists within the theory of securitization (Levitskaya et al. 2017).

The Buzan’s methodology of analysis is very innovational. It is a four-level interconnection of analysis of the complex of regional security (Buzan and Waever 2003, p. 51):

First level. Within a country in the region’s states, a specific vulnerability of the state, which determines structural threats, is studied.

Second level. Relations between the states, which generate the region as such.

Third level. Interaction between the region and adjacent regions.

Fourth level. The role of global states in the region (interaction between the global and regional structures of security).

Securitization theory is criticized due to lack of practical use. Supporters of other schools of international relations, which are based on methodological liberal and realistic approaches, refused to use its results in the international activities. However, the issues of securitization are still at the top of theoretical discussions. An example could be sections of the XXV World Congress of Political Science (Brisbane,

Australia, 2018), at which the issues of securitization theory as a new direction in study of the security problems were discussed. It seems that the effort to operationalize securitization theory could be successful if it is applied to verification of the concept of a trans-conflict region.

4 Discussion

Trans-conflict region, according to the scholar from Rostov, Russia, A.V. Serikov, is “non-stationary and unstable regional entity, which has a destructive internal potential, actualized by the external source of the conflict (region with the existing conflict). The part “trans” here reflects the immanent feature of such regions: (1) piercing the space of regional entities-targets with a range of formed external conflict, which has a large potential of destruction and disintegration, and creating in this space non-stationary regional entities with increased conflict level; (2) and/or performing indirect influence on the regional entity that is outside the limits of the main conflict, in the form of increase of migrants flows, institutional limitations, barriers, etc.” (Serikova 2017, p. 15). This conflict potential is expressed in uncontrolled migration, contraband, growth of crime rate, distribution of illegal arms, and terrorism and is a certain set of threats to security of a rather stable territory. One of the most important operational elements of securitization theory is the discursive practice, aimed at changing the setting of political priorities.

The discursive practice is nothing else than indoctrination. The Russian scholar V. K. Malkova characterizes the anthropological essence of such discourse in the following way, “Indoctrination is a complex, bilateral, and insufficiently studied phenomenon. On the one hand, this is a process powerful groups’ disseminating certain ideas, values, doctrines, stereotypes, and assessments in the public space for the purpose of formation of certain opinions, ideas, and settings in the public consciousness. This phenomenon is similar to informing, teaching, and upbringing, but most of all to propaganda—though propaganda is connected to active dissemination of ideas and values in mass consciousness, and indoctrination is connected to distortion of facts and ideas (not always vivid and direct). The process of indoctrination is called “brainwashing,” “turning into zombies,” and “control over collective consciousness” (Malkova 2018, p. 24).

Acquiring the form of presenting a threat to the referent object, discourse performs securitization of the threat. Securitization is accompanied by adoption of the corresponding normative acts, redistribution of resources, and preparation to the measures of pre-military or military character. The result of this discursive practice is quick aggravation of relations between Russia and the West and cardinal change of the geopolitical map of the world.

What serious political consequences and risks have already emerged and could emerge in the near future for the regional security of the Russian Federation?

Thus, the Military Doctrine of the RF, adopted on December 25, 2014, specifies the contents of the national and state interests and answers three main questions:

what threatens the state's security in the modern world? What are the military threats to Russia? How is Russia going to react to these threats and this danger? In the Military Doctrine, the list of threats to the existence of Russia starts with external threats. They include:

- (a) Destabilization of the situation in certain states and regions and destruction of the global and regional stability;
- (b) Deployment (increase) of military contingents of foreign countries (groups of countries) in the adjacent countries, as well as in the water areas, including for political and military pressure on the RF
- (c) Creation and deployment of the systems of strategic countermissile defense, which destroy the global stability and violate the existing parity of strength in the missile and nuclear sphere, implementation of the concept of "global strike," desire to deploy weapons in space, and deployment of strategic nonnuclear systems of high-precision weapons
- (d) Territorial claims to the RF and its allies, interferences with their internal affairs.
- (e) Distribution of mass destruction weapons, missiles, and missile technologies.
- (f) Violation of international agreements by certain countries, and violation of concluded international agreements in the sphere of prohibition, limitation, or reduction of weapons.
- (g) Application of military force on the territories of the states that are adjacent to the RF and its allies, violation of the Charter of the United Nations and other norms of international law.
- (h) Presence (emergence) of the sources and escalation of military conflicts on the adjacent territories.
- (i) Growing threat of the global extremism (terrorism) and its new manifestations in the conditions of insufficiently effective anti-terrorist cooperation, real threat of terroristic acts with application of radioactive or toxic chemical substances, expansion of the scales of transnational organized crime, in particular, illegal turnover of arms and drugs.
- (j) Presence (emergence) of the sources of interethnic and interconfessional tension, activities of international armed radical groups and foreign private military companies in the adjacent regions and regions that have borders with Russia's allies, as well as presence of territorial disputes and growth of separatism and extremism in certain regions of the world.
- (k) Usage of information and communication technologies for the military and political purposes for performing the actions that contradict the international law and are against the sovereignty, political independence, and territorial integrity of the states and that pose a threat to international peace, security, and global and regional stability.
- (l) Establishment of regimes in the countries adjacent to the RF, including as a result of coup, which policy threatens the interests of the RF.
- (m) Sabotage activities of special services and organizations of foreign countries and their coalitions against the RF.

Thus, here we deal with the full-scale conflict entity within a regional complex, with a high level of application of violence and war. Also, there is a correlation of various levels of security: from local and regional to international.

5 Conclusions

There are a lot of other issues which discussion allows elaborating the fundamental role of the practices of security for political processes, structures, and identities in the modern age.

Studies in the sphere of security and its evolution, presented by a large array of scientific literature, showed the objective necessity for reconsidering the traditional views on one concept of security, related to its military aspects. The Copenhagen School of international relations reacted to the emergence of new risks and threats with development of the multi-sector approach to security.

Thus, conflict interaction of two transborder regions in the conditions of a crisis produces certain threats to societal security. These threats are manifested in a lot of spheres of public life: from military to religious ones.

The concept of security pays a lot of attention to the discursive practice, which acquires the character of information war at the modern state of development of international relations. Information war uses the elements of indoctrination, which purpose is to change the setting of political priorities. Indoctrination is used by political establishment to form the character of the threats that they would like to set in public consciousness. Analysis of interaction of trans-conflict region and the adjacent transborder region, with the latter having the source of conflicts and instability from which negative potential is exported, is rather efficient and could be performed within securitization theory.

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Chapter 49

Assessment of Corporate Management Performance at Modern Enterprises



Maria A. Komissarova, Irina N. Storozhuk, Dmitrii M. Rygalovskii,
and Mikhail M. Kulikov

Abstract The chapter examines the main lines to improve the state of corporate management through assessment; suggests a system of criteria that makes it possible to determine the level of corporate management at domestic companies concerning their industrial pattern and integral index for assessment of corporate management. The chapter concludes that the level of corporate management at Russian enterprises should be improved. The growth of funds aimed at improving corporate management both from enterprises and private investors and the government is still low, which leads to a decreasing level of corporate stability and investment attractiveness both for domestic and foreign investors. The chapter points out the need to develop institutions for the improvement of corporate management technologies at modern domestic enterprises.

1 Introduction

The developmental level of corporate management in each country is under the influence of its history, culture, and legal framework. The rate and level of Russian corporate management practice are much different from the former Soviet republics (Kazakhstan and Ukraine). One can explain this by the specific features of economic growth and current institutional reforms (Pashchenko 2014).

As the Fitch analytical agency notes, in 2007–2009 Russia received a significant incentive in the development of corporate management practices. This development was caused by IPO growth (The first public sale of JSC shares, also as depositary receipts for shares, to the general public. The shares can be sold either through additional issuance of shares by the offer for the subscription or by public flotation of current shares) and increased activity of Russian companies and corporations in international financial markets. In addition to that, the financial slowdown of 2014–2016 had large corporations to return their attention to the development of

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corporate management. As different reports noted, “the level and degree of sustainable development of corporate management can be checked in terms of economic downturn or financial crisis” (Report on the results of the study by Marsh Risk Consulting in Russia and the CIS, 2009).

The crisis of 2007–2010 was systemic and was caused by a combination of certain factors, although corporate management gaps were the main factor for most Russian companies (Tepman 2014). In addition, the period of economic stagnation in 2010–2011 revealed some problems related to the practical implementation and application of corporate management principles, since all new developments in this field mostly aim at the elaboration of new rules and forms of corporate relation management, and they do not focus attention on the points of their practical implementation (Shevchenko 2014).

At the same time, the current situation on the EU global markets allows domestic enterprises to improve the practical application of corporate management by enhancing corporate risk management, creating a more transparent market environment, and establishing a free regulatory framework. Thereat, the basis for the enhancement of corporate management should be developed at the international level because the world economy aims for the highest integration, and the main driving force here will be developing markets, which seek to prevent future world crises (Storozhuk 2011).

Within the current market conditions of the global economy, investment decision-making by large companies is much affected by the factor of corporate management. The lack of funds had the companies to compete and will lead to higher levels of corporate management since its growth will give them certain competitive advantages and will increase their attractiveness for foreign investors seeking to improve the quality of their investments (Zimrutyayn 2016). During 2016 foreign investors have invested in the Russian market over \$32.5 million, although the capital outflow for the same period amounted to more than \$22.3 million. Summing up, we can draw a conclusion that the attractiveness of Russian investment market for foreign investors has lowered, and the total balance of foreign capital in the Russian market has increased by more than \$10.2 million. This behavior shows the risk of lowering corporate management standards. However, now there is no definite impetus to develop and take measures for their improvement.

2 Materials and Methods

Analysis methodology of corporate management quality establishing its assessment principles should include an analysis of relevant indices, factors at the company level concerning peculiarities of activity as well as affecting external and internal risks, in particular insurance and industry factors (Komissarova 2014).

Let us introduce the concept of an index of corporate management integrated assessment that serves as an indicator of corporate risks at the enterprise for eventual outside users of information as well as for investors.

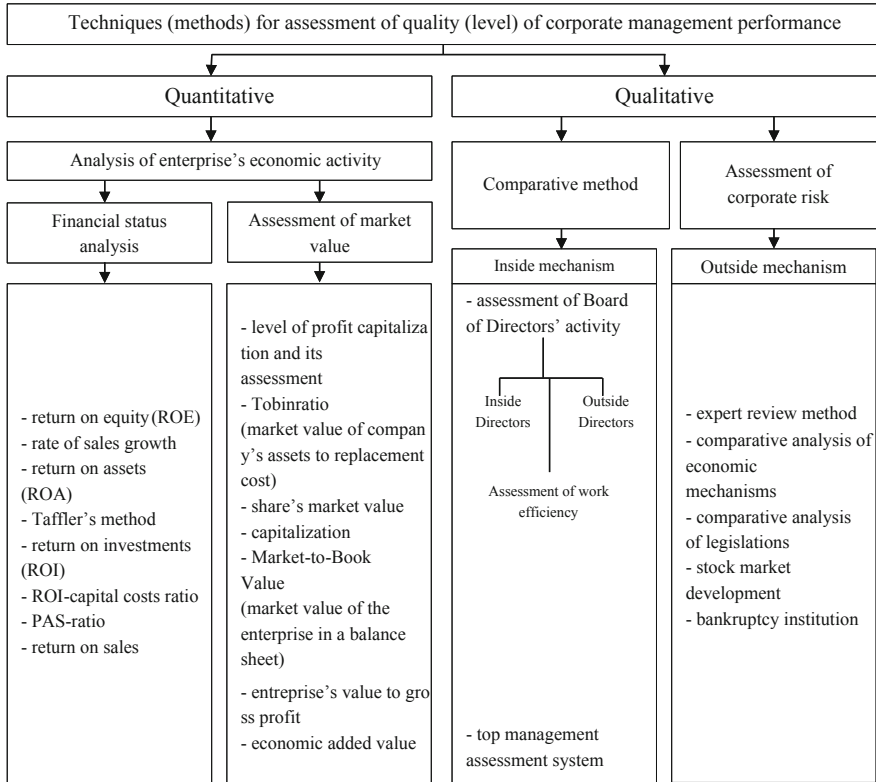


Fig. 49.1 Assessment techniques of corporate management performance

The analysis of theories and academic studies in this field makes it possible to conclude on the availability of different techniques. Based on them, we can distinguish quantitative and qualitative assessment techniques (Fig. 49.1). The quantitative assessment techniques lay on the calculation and analysis of the leading indices of the company’s financial and economic activity. Moreover, this methodology is classified into two groups: method of financial status assessment and market value method (Klapper and Love 2018; Brown and Caylor 2004; Drobetz et al. 2003).

The most topical method in Russian is financial status assessment with particular attention to the calculation of the company’s probable bankruptcy. The purpose of the study is to develop assessment techniques of corporate management within the development of the Russian economy.

Analysis of present theories shows that they are based on performance improvement of mechanisms to protect majority shareholders and total conditions for developing corporate management in the EU countries and the USA. Performance of internal and external mechanisms to protect the interests of the majority and minority shareholders (owners) can be assessed with different factors. The literature notes that shareholders are interested in gaining a high return on investment in

equities of the analyzed company (Moiseev 2009). In this situation, the scientists draw their conclusions from the fact that the general performances of company's financial and economic activity calculated based on statutory records (balance sheet and profit and loss statement) indicate the level of shareholder interests' protection. In addition to that, the higher these performances, the better the top managers perform their work for the benefit of owners. In this event, corporate management performance is assessed through the assumption that the comparative method can be used to protect the financial interests of all shareholders, i.e., comparing the market value of a single share of the company and predicting its bankruptcy, combining the total of the company's financial and economic performances (Kodirova 2016). Besides, the above analysis techniques are much different, which does not allow their practical application in terms of the Russian economy stagnation.

Quantitative assessment techniques of corporate management performance in modern Russian are to determine the probability of financial insolvency (bankruptcy). However, there is an opinion that the above methods are of particular relevance here. To determine probable financial insolvency (bankruptcy) economics and management generally use the methods based on the analysis of financial documents, manipulating relative indicators such as the overall ratio of company's activity and subsequent comparison of data with bankrupt companies: Z score model (USA) and Taffler score (Great Britain).

The first two-factor model to predict the probability of bankruptcy was developed by Altman (2008). The proposed Z score is calculated through multiple-discriminant analysis and makes it possible to classify business enterprises into eventual bankrupts and financially sustainable companies. The model under consideration is based on two performances of activity (bank-liquidity ratio and leverage ratio) which the probability of bankruptcy depends on. These performances are multiplied by the weights of ratios calculated empirically and characterize the importance of each performance. Finally, the results are added with some invariable obtained in the same empirical way. The ratio takes the form:

$$Z = -0.3877 - 1.0736K_{\text{TL}} + 0.0579K_{\text{FZ}}$$

where

- Z is an index of probable financial insolvency;
- K_{TL} is a bank-liquidity ratio;
- K_{FZ} is a leverage ratio.

$$K_{\text{FZ}} = \frac{\text{Balance - sheet total}}{\text{Shareholder's equity}}$$

We derived dependence if $Z = 0$ then the probability of financial insolvency is 50%. Provided that $Z < 0$, the probability is less than 50% and further decreases with Z value. If $Z > 0$, then the probability of financial insolvency is more than 50% and increases with Z value. The error of the probable forecast of financial insolvency is

within ± 0.65 interval. Further, the developed model was complicated by reference to the level of return on the products sold and supplemented by relative ratios up to five. Thus, the Z score model was transformed into a function of several performances that characterize both its financial capacity and the results of the company's activity over the analyzed period. Then the Z score is as follows:

$$Z = 1.2K_{\text{доc}} + 1.4K_{\text{pаh}} + 3.3K_{\text{pаб}} + 0.6K_{\text{фчh}} + K_{\text{ок}}$$

where

$K_{\text{доc}}$ is a current asset to total asset ratio;

$K_{\text{pаh}}$ is a net profit ratio;

$K_{\text{pаб}}$ is a gross profit ratio;

$K_{\text{фчh}}$ is a financial autonomy net ratio;

$K_{\text{ок}}$ is total equity turnover ratio (return on assets ratio).

Companies with a calculated ratio of $Z > 2.99$ are financially sustainable, companies with $Z < 1.81$ are considered to be unconditionally insolvent, and companies within Z interval from 1.81 to 2.99 fall into the zone of uncertainty.

In 1983 Altman introduced a modified function for enterprises without free-floating shares on the stock exchanges:

$$Z = 8.38K_{\text{доc}} + K_{\text{pаh}} + 0.054K_{\text{pаб}} + 0.63K_{\text{фчh}}$$

Therewith, the financial autonomy net ratio is calculated by the formula:

$$K_{\text{фчh}} = \frac{\text{Shareholder's equity}}{\text{Total net borrowing}}$$

At the same time, Z model under consideration has several considerable disadvantages: when drawing the index Altman studied 66 enterprises, 50% of them were declared bankrupt from 1946 to 1965, and another part operated successfully. Also, he examined 22 analytical ratios necessary to predict possible insolvency, selected the five most significant and formulated multifactorial regression equations. Thus, the issue of recognizing his sampling representative arises.

Comparison of data from several foreign countries shows that Z weights and threshold intervals [Z_1 , Z_2] are much different by countries and by years within the development of one country. It follows that Z -method does not have variable stability to the original data since all samplings used for calculations do not have a statistical homogeneity of sample events.

Taffler developed a four-factor prediction model mathematically expressed as follows:

$$Z = 0.53X1 + 0.13X2 + 0.18X3 + 0.16X4.$$

Some reasons limit the application of Taffler's method; it is labor consuming in the calculation and disclosure of complete insider information on the financial and economic activity of the enterprise. In this regard, this method is hardly suitable for modern Russia.

Russian experts recommend the examined quantitative assessment techniques of corporate management performance based on the company's financial analysis for use in Russia. They are typically used nowadays, although they have some real disadvantages. Let us review them below:

1. An enterprise that has problems in its activity does not issue statutory records in due time; therefore some data are not updated. According to Article 126 of the Federal Law No. 127-FZ dated October 26, 2002 "Concerning Insolvency (Bankruptcy)," data on the debtor's financial status is no longer deemed confidential or trade secret from the date of the Commercial Court's decision to declare the debtor bankrupt and initiation of bankruptcy proceedings.
2. Data is often revised. Companies often falsify their statutory records. Experts should be able to discern revised data bulk and assess the degree of falsification.
3. The calculated indices for assessment of the company's performance may lead to contradictory conclusions; for example, some indicate insolvency, others allow conclusions on stagnation or even increased efficiency. Therefore, it is difficult for experts to assess the real financial status of the enterprise.

In the authors' opinion, it is necessary to regard different types of shares in the circulation (common, preferred, and registered) in addition to the main goal to assess corporate management performance.

Therefore, for possible additional issue of various types of shares to be accounted Russian analysts offer to calculate the company's market value by the following formula (Bulatov 2001).

$$CK_p = \sum_i \Pi_i \cdot K_i$$

where

CK_p is the market value of the company from time to time;

Π_i is the current value of shares of a specific type;

K_i is the volume of issued shares above;

i is a particular type of enterprise's shares (common, preferred, registered).

Another one method to determine the market value is the capitalization based on the capitalized value of the enterprise. The market value of the enterprise under this approach is determined by the formula:

$$CKP = \Pi_{\text{поб}}/\Pi_{\text{с}},$$

where

$\Pi_{\text{поб}}$ is an expected gross profit, i.e., profit before taxes as well as loan interests and dividends;

$\Pi_{\text{с}}$ is the weighted average cost of the company's liabilities (equated interest showing interest and dividends to be paid under current market terms for loan and share capital).

A decrease in a capitalized value means a drop in its efficiency or an increase in the value of liabilities (credits or other claims of banks, shareholders, and other creditors). Upon the occurrence of the terms for the capitalized price to fall from time to time, it is possible to foresee the factors to some extent. An increase (decrease) in the capitalized value of an enterprise is characterized by an increase (decrease) in the efficiency of corporate management, and growth (drop) in absolute and relative ratios will make it possible to compare the data of the analyzed enterprise with ones of similar corporations, including their competitors.

3 Results

Based on the above said and following the present realities of all large enterprises' activity in Russia, it is necessary to develop a technique for assessment of corporate management performance and eliminate the disadvantages of the existing methods. This can be carried out with the help of two independent approaches: the first one based on the economic assessment of corporate risks, the second one—on the economic analytical and ratio analysis (Talberg 2013).

Relying on this assumption, the existing techniques to assess the level (quality) of corporate management should be adjusted with regard to the results of the previously analyzed periods. It is fair to suppose that performances will not change, i.e., the trend will persist, and the integrated (summarizing) indicator will be as follows:

$$I_{\text{нtr}} = \sum J_{\text{кyT}} \cdot I_{\text{ky}}$$

where

$I_{\text{нtr}}$ is an integrated index of corporate management level (quality);

$J_{\text{кyT}}$ is a value of assessed corporate management for the period analyzed;

I_{ky} is an index of change (trend), estimated figure. It is calculated by the formula:

$$I_{ky} = \frac{J_{kyT}}{\frac{\sum_{i=1}^n J_{ky}}{n}},$$

where

$\frac{\sum_{i=1}^n J_{ky}}{n}$ is the weighted average value of the estimated index of corporate management level;
 n is the number of analyzed periods (years).

$$J_{kyT} = f_{i=1}^n (V_{pearl}; C_{\phi}; V_{np}; P_{d})/P$$

V_{pearl} is the sales volume (in value terms);
 P is the profit after taxes;
 V_{np} is the production volume (in value terms);
 P_{d} is the profit distributed on dividends;
 C_{ϕ} is an estimated value of the enterprise (business) at the market.

Since all performances affecting the level of corporate management are adjusted to the average, then if the interests of a particular company's owners are protected at the average level for the economy as a whole, the integrated index will be zero. Consequently, if I_{ntr} is positive, the level of corporate management is higher than the average for industries; if it is negative, the level is lower. So, the higher I_{ntr} value, the higher the level of corporate management.

On the other hand, for assessment of the corporate management level, these figures of enterprise's performance can be used separately. Since these figures are adjusted to the average by industries, we get the following system:

$$I_{ntr} = \begin{cases} \text{if } > 0, \text{ the level of corporate management is higher than the industry average.} \\ \text{if } = 0, \text{ the level of corporate management is normal than industry average} \\ \text{if } < 0, \text{ the level of corporate management is low than the industry average} \end{cases}$$

Taking into account all possible options to combine an integrated index of corporate management level and corporate risk assessment, we obtain the following matrix (Fig. 49.2).

Thus, the model for assessment of corporate management performance allows us to obtain an additional assessment from the point of outside information user in comparison with other existing methods. This one makes a possible assessment of corporate management in financial control, the impact of economic figures' rate on the integrated index of corporate management performance as well as the level of corporate risk.

| | | | | | | |
|------------------------------------|-------------|--------------|--------------|--------------|-------|-----------|
| <i>corporate risk</i> I_{ntr} | ≥ 25 | 26-35 | 36-50 | 51-70 | 71-84 | ≤ 85 |
| > 0 | low | satisfactory | satisfactory | high | high | high |
| $= 0$ | very low | low | satisfactory | good | high | high |
| < 0 | very low | very low | low | satisfactory | good | good |

Fig. 49.2 Matrix of corporate risk

Table 49.1 Integrated index of corporate management at machine-building enterprises

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------|---------|--------|---------|---------|---------|
| PJSC "Rostvertol" | 29.5446 | -0.1919 | 11.236 | 10.5631 | 18.0022 | 13.0007 |
| PJSC "Rostelmash" | 1.1772 | 1.1700 | 1.1784 | 1.1804 | 1.1241 | 1.2152 |
| PJSC "NEVZ" | 0.0872 | 0.0257 | 0.0114 | 0.1256 | 0.3650 | 0.20077 |
| Azov Plant of Automatic Forging Machines | 0.3654 | 0.1512 | -0.254 | -0.0002 | 0.0089 | 0.1281 |
| "Krasnyi Kotelshchik" | 5.93 | 7.88 | -5.91 | -6.19 | -8.46 | 8.78 |
| "Donetsk excavator" | 7.92 | 5.95 | 4.18 | 6.47 | 7.21 | 9.45 |
| Shakhtinsk Plant "Gidroprivod" | -39.40 | -48.33 | -59.90 | -87.88 | -94.86 | 0.00 |
| Donpresmash | 6.97 | 8.12 | 3.04 | 0.08 | 1.70 | 4.15 |

4 Discussion

Assessment of corporate management performance with the help of a quantitative approach is devoid of subjectivity in contrast with a qualitative one. Various quantitative methods are united by the fact that a sustainable financial status depends on the efficient financial and economic activity of an enterprise, which confirms the performance and quality of corporate management. This approach includes methods for assessment of a company's financial status and methods for assessment of a company's market value.

Based on the studies carried out and quantitative and qualitative indices developed that affect the corporate management of enterprises we can establish the level of corporate management. Table 49.1 shows the calculation of the integrated ratio.

Table 49.2 shows the calculation of corporate risk values.

Let us group the machine-building enterprises of the Rostov region according to the developed levels of corporate management (Table 49.3).

Table 49.2 Corporate risk of machine-building enterprises

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------|------|------|------|------|------|
| PJSC “Rostvertol” | 52 | 68 | 66 | 70 | 72 | 75 |
| PJSC “Rostelmash” | 55 | 58 | 68 | 69 | 74 | 78 |
| PJSC “NEVZ” | 62 | 60 | 59 | 55 | 48 | 49 |
| Azov Plant of Automatic Forging Machines | 46 | 45 | 46 | 47 | 43 | 42 |
| “Krasnyi Kotelshchik” | 43 | 42 | 43 | 40 | 43 | 45 |
| “Donetsk Excavator” | 49 | 42 | 45 | 46 | 46 | 43 |
| Shakhtinsk Plant “Gidroprivod” | 40 | 42 | 42 | 43 | 43 | 48 |
| Donpresmash | 42 | 45 | 46 | 43 | 45 | 45 |

Table 49.3 Classification of machine-building enterprises of the Rostov region for 2017

| Level of corporate management | Enterprises |
|-------------------------------|--|
| Very low | Shakhtinsk Plant “Gidroprivod” |
| Low | “Krasnyi Kotelshchik” |
| Satisfactory | Azov Plant of Automatic Forging Machines |
| Good | PJSC “NEVZ” |
| High | PJSC “Rostvertol,” PJSC “Rostelmash” |

Calculations show that the number of machine-building enterprises with a deficient level of corporate management did not change much for the analyzed period. Drop in this group occurred within the crisis of 2014–2016 in terms of a significant production decline, a decrease in circulating money supply and in government orders for the goods manufactured. At the same time, the share of enterprises with this value is less than 20% in the total sampling framework. Thereat, groups with low, satisfactory, good, and high values have a similar trend in their behavior pattern, although in 2017 there is a slight upward trend in the level of corporate management of machine-building enterprises.

The techniques for assessment of corporate management performance examined above show the existence of various approaches to this issue from a practical and scientific point of view. This can be explained by the fact that corporate management is a multifactorial concept in assessment hereof one can set different goals which use various techniques. Application of several assessment methods means that it is impossible to say precisely whether corporate management is useful in a given enterprise and to leave out personal factor.

5 Conclusion

As a result of the study, we can conclude that the level of corporate management at the Russian enterprise can be determined unsatisfactory in general. Most Russian enterprises have problems with profitability, investment capacity, and level of corporate risk. The growth of funds aimed at improving corporate management

both from enterprises and private investors and the government is still low, which leads to a decreasing level of corporate stability and investment attractiveness both for domestic and foreign investors.

In terms of economic downturn and instability in international markets, also in European countries, and world economy depression due to the imposed sanctions, if enterprises do not pay special attention to the issues listed above, a decreased level of corporate management will lead to a deterioration of terms for production activities, which will immediately result in the bankruptcy of enterprises and the aggravation of the economic and social situation in all industries.

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Chapter 50

The Problems of Legal Regulation of Economic Security in the Context of Development of the Digital Economy



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Abstract This research is aimed at identifying the key problems of regulatory support of economic security in the context of the accelerated introduction of digital technologies into the field of the economy and elaborating the guidelines for the elimination of legal risks caused by the introduction of digital technologies. The authors have identified the risks that arise due to the fact of the extensive introduction of digital technologies into the field of the economy. Lawmakers at various levels must in advance elaborate and adopt the relevant regulatory legal acts, regulating digital relations in the field of the economy with consideration for global experience. It is necessary to provide conditions for the functioning of an efficient competitive economy and at the same time to protect the rights and legitimate interests of parties to economic relations.

1 Introduction

The support of economic security is a major problem, the resolution of which largely depends on the state of national security. Significant changes occurring in this field both at the international and national levels gave rise to the adoption of a new strategic planning document in the form of the National Security Strategy of the Russian Federation. Economic security along with defense of country, state, public, information, environment, transport, energy security, and personal security is included in this regulatory legal act, as systemically important elements of national security. In this regard, a positive technical legal solution can be pointed out, whereas in comparison with the Federal Law of the Russian Federation “On

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security,” economic security was qualified as an independent structural element of national security, and not reckoned among other types of security.

Recognizing the influence of digitalization on legal regulation, it should be noted that this phenomenon is understudied. Despite the intensification of publications on this topic, essential patterns which must be taken into consideration by the law-makers in the course of adoption of relevant legal regulations have not been found yet. When we consider the problem of development of modern law under conditions of development of digital reality, academician Khabrieva, T. Y. notes that it is impossible to give an unambiguous answer to a number of important questions, particularly on the change in the boundaries of legal regulation. Will they be expanded or, conversely, narrowed? (Samiev 2017).

When we anticipate a meaningful consideration of the provision of economic security in the context of development of the digital economy, the irreversibility of this process should be recognized. In this regard, the use and intensification of the positive potential of the digital economy, and the neutralization of its negative manifestations is obvious. Legal remedies should necessarily be used in the solution of this complex problem. That said, it will be appreciated that the influence of a new technology breakthrough is not limited to the economy but influences all spheres and areas of social activity. At the same time, it is in the field of the economy that the influence of digitalization process is manifested in the most vivid way.

2 Materials and Methods

The emergence of new processes is traditionally associated with certain risks and the formation of the digital economy is no exception. Economic activity traditionally belongs to high-risk sphere of functioning of society. The desire to increase its efficiency and to realize a profit demands making unconventional decisions from the parties to economic relations; these decisions should differ from those that were made by their predecessors, which means in actual fact they have to risk. Moreover, the current state of industrial civilization has been defined by the Professor at the University of Munich Beck, U. as the “risk society” (Yakovleva et al. 2017).

The economy cannot be “risk free,” but the risk must be reasonable, when in case of need it will be possible to use the relevant defense mechanisms that will make it possible to minimize the adverse impact of relevant threats. In particular, during the discussion of the problem of digitalization of the financial sector, the expert community came to the conclusion that the development of elements of the digital economy will entail risk increase (Yakovleva et al. 2017).

In a number of studies dealing with the risks due to development of the digital economy, it is pointed out that if there is no proper legal regulation of these relations, the probability of risk increases. Such a viewpoint is defended by Stepanov, O. A. in the consideration of topical issues of implementation of venture projects in the country (Yastrebov 2017).

When it comes to increasing risks with the expansion of the digital economy, one should bear in mind that they are multifaceted and relate both to economic, social, legal, and other consequences. They (risks) can also be differentiated with account of the economic entity, as well as other criteria. In this regard, one should take targeted measures for their timely diagnosis, prevention, and elimination, as well as minimizing their negative consequences, and the use of relevant restorative justice mechanisms.

When considering risks arising in the course of the provision of economic security with due account for development of the digital economy, one should take into account the changes occurring in the society under the impact of the digital environment, including the disruption of traditional social principles, social structures, social order, and axiological reference points. In this regard, a number of authors argue the emergence of an individual of a new type—“an electronic nomad;” the formation of a world with the dominance of simulative information; the extension and genesis of tracking systems and, as a consequence, the development of anonymity systems; the risks of changing the role of the state; the risk of contraction of the labor market and, as a result, the increase in social tension (RoboPravo 2017).

3 Results and Discussion

The problem of identification of the subject of legal regulation of the digital economy should be resolved in the course of the provision of economic security. Its complexity is due to the fact that it is referred to mutual regulation of economic and informational relations in their unity. There is a need for search and legal mediation of relations associated with information (relevant data exchange) and management of economic relations. In addition to the above, it is necessary to consider the specificity of nano-, bio-, information, cognitive technologies, which are designed to ensure the implementation of priority lines of development of science, technologies, and engineering in the state. That said, it is important to adequately get to know their nature, to prevent their deformation at the stage of legal regulation. That said, account must be taken of the innovative nature of such relations. In this regard, literature sources suggest providing the artificial intelligence systems with legal capacity and competence, to legalize them as an “electronic person” (Pashentsev and Zaloilo 2018).

Taking into account the complexity and the innovative nature of the subject of legal regulation, the formation of the national digital economy within the framework of the Information Society Development Strategy in the Russian Federation for 2017–2030 is quite logical. Its significance is so great that the movement of the Russian economy on the way toward digitalization, has naturally been assigned to priority national projects. In the course of legal regulation of the economy, one should take into consideration different degrees of digitalization of relations in certain fields of economic activity, its priority, and further implementation prospects. Experience has proven this process takes place most intensively in retail, advertising,

and finance. Taking into account this factor, one should evaluate prospects of the provision of economic security. Otherwise, there will be a lag and, as a result, loss of competitiveness, drop in the level of protection of economic relations, and infliction of damage to its parties.

While recognizing the important role of law in the system of regulatory mediation of relations in the field of the digital economy and its protection, one should not disregard the potential of other social regulators. In other words, one should abandon the hyper-assessment of law, its potential, to sink to just romanticism. The rapid introduction of digital technologies into the economy entailed “lagging” of law, which is offset by morality, corporate standards, and other social tools to some extent. The complexity consists in the “conversion” of informational and technical standards into technical legal standards. Moreover, their essential characteristics should not be lost and legal regulation should be adequately ensured. A lawmaker needs to learn the specific character of information processes in the field of the economy and most importantly identify those that must act as the subject of legal regulation. Such an approach was supported in the European Parliament Resolution of February 16, 2017 (Baranova 2015). It is pointed out in this legislative act that in addition to the rules of law, rules of morality in which the ethical principles of robotics are defined, must be used in the design, development, and utilization of robotics.

The complexity of the provision of economic security is associated with “lagging” legal regulation. The innovative capacity of the digital economy is so high that advanced lawmaking is an illusion (Kerry and Brown 1992). This can be explained by the fact that due to digitalization of economic relations, new relations arise, which have not existed before, or which existed before but did not require any legal regulation. “Digitalization of social relations results in the fact that all processes in society, including the legal sphere, are accelerated many times. Increasingly new groups of relations emerge, forming in a virtual space, not regulated by law” (Paris and Simon 2016). We have to agree with this statement, as this leads to the emergence of gaps in legislation.

At the same time, this must not prevent lawmakers from searching for the most efficient forms of legal regulation. This being said, it is important to show some flexibility on this case, to abandon stereotypes, and to use lawmaking tools which regulate relations in the field of the digital economy in the most qualitative manner, to review current legislation (Talapina 2018).

While noting the need to use various social norms in the process of regulation of the digital economy, one cannot disregard the issue of correlation between legal regulation and self-regulation. Self-regulation makes it possible to promote the initiative of the parties to digital relations, but it is necessary to put limits on them. The use of information resources in the economy can lead to both the expansion and limitation of such limits. In this case, it is important to identify the public interests, state interests, and interests of a specific individual. In solving this problem, we can talk not only about the optimization of limits of legal regulation but also about the correlation between public and private legal regulation.

Through the example of the Internet, we can illustrate the emergence of various virtual communities that communicate with each other and coordinate the actions of their members through the use of network technologies. It is important to identify such domain of relations in the field of the digital economy, which can be carried out on the basis of self-regulation, to prevent their excessive regulation by the state, which will prevent their withdrawal into the shadow sector. This being said, the question of provision of security must be directed to entities which perform self-regulation with the assignment of the corresponding responsibility to them. In other words, the state must share the burden of provision of security with these entities.

Taking into account the novel nature of relations in the field of the digital economy, it is important to anticipate the development of digital technologies. To this end, the potential of legal forecasting, legal monitoring, and legal simulation should be used to assess the regulatory impact on a regular basis.

Development of digital technologies makes actual the problem of sovereignty. It is evident that the establishment of boundaries, their overcoming for goods and services is changing significantly. We have pointed out that potential of the digital economy can be used to overcome the sanctions regime. At the same time, one should take into account the danger of unhampered movement of economic assets, primarily financial. One should agree over the fact that development of digital technologies entails the development of international financial crime, which in some cases is not limited to the territory of a particular state, is global in nature, causes damage to investors, banks, and other financial institutions in various countries (Talapina 2018).

The question naturally arises—what path should be chosen by countries in the process of regulation of the digital economy: autonomy, integration, or combination? From the perspective of the provision of economic security, it appears that the best possible method consists in the formation of purely national legislation in this field, where only the interests of a particular state would be reflected. At the same time, such a path is utopian, which is predetermined by the specifics of the subject of legal regulation which goes beyond the boundaries of exclusive regulatory competence of a particular state. In this regard, digital economy as a supranational entity must act as the subject of regulation of both national and international legislation. That said, it seems probable that international legal regulation will be multilevel in nature. Regulatory legal acts of the UN, World Trade Organization, International Monetary Fund, International Bank for Reconstruction and Development, International Telecommunication Union, etc. must be used in it. At the same time, the role of legal regulation of international organizations at both regional and international levels, e.g., European Bank for Reconstruction and Development, Organization of Petroleum Exporting Countries, Eurasian Economic Union, etc. will be growing.

The paradoxicality of this moment in the resolution of the problem at the stage of legal regulation of the digital economy consists in a certain wait-and-see policy, when relevant strategic approaches are formed and established. The adoption of the Digital Single Market (DSM) Strategy by the European Commission on May 6, 2015, may serve as an example (Nomokonov and Tropina 2012).

We believe that it is important to define the priorities of legal regulation of certain relations. In our opinion, preference should be given to economic relations that have already been exposed to digitalization, i.e., regulation *post factum*, as well as those that are of primary importance for the provision of economic security. This may include telecommunications, telemedicine, protection of personal details of parties, protection of information infrastructure, provision of digital identity, electronic commerce, provision of online security, remote employment relations, and implementation of the fiscal function of state.

Legal regulation in the field of the digital economy will make it possible to “defuse” the “conflictive tension.” According to E. V. Talapina, it should accelerate the introduction of digital technologies in the field of state procurements, which is currently a highly criminalized environment (Dremluga 2008). We should agree to this offer and to expand the use of digital technologies to the utmost to cover the field of provision of other public and municipal services as well.

When we express a certain concern regarding the limited functioning of digital economic relations through excessive regulation, one should not disregard the need for transformation of impact methods, state coercion in the first place. Cybercrime is becoming a real phenomenon which has a significant disruptive impact on social relations, including economic relations. It should be agreed that “one of the negative consequences of the development of information technologies is the emergence and development of a new form of crime—crime in the field of high tech, when computers or computer networks act as the subject of criminal infringement, as well as means or methods of commission of crimes”, that is, cybercrime.

Development of digital relations should be adequately reflected at the level of subjective management of public authorities, including the subjects of the provision of economic security. An illustrative example is the creation of the State Chancellery for Internet Information by the State Council of the People’s Republic of China in 2011. The specified body is intended to improve the legal regulation system in the sphere of Internet information, to tighten control over information and content on the Internet, to manage the planning and development of programs in cultural sphere (online games, audio and video products, and online media) by involved governmental agencies, to monitor the planning and creation of leading news sites, to fight against illegal websites.

Certain changes have also occurred in the executive authorities of the Russian Federation. In accordance with the Decree of the President of the Russian Federation No. 215 of May 15, 2018 “On the Structure of Federal Agencies of Executive Authority,” the Ministry of Communications and Mass Media of the Russian Federation was renamed as the Ministry of Digital Development, Communications and Mass Media of the Russian Federation. That said, it is important that there was talk not of rebranding of the relevant state management entity, but of the major breakthrough in its functional characteristics. At the same time, it is important to create appropriate territorial structures. It is evident that there is a need to rethink the role of digital government in the provision of public services.

4 Conclusions

Digitalization of the economy gives rise to the emergence of new threats that should be diagnosed and eliminated in advance. Taking into account these phenomena, one should orient the vector of legal regulation in the specified field. In order to provide economic security in an age of the formation of the digital economy, the combination of legal regulation and the use of potential of other social regulators should be ensured. That said, it is important to ensure flexibility in regulation, to identify the domains of economic relations which will be primarily exposed to digitalization, and to carry out advanced lawmaking activities. Recognizing the important role of regulatory the provision of economic security in an age of the digital economy, one should put the self-regulation potential to good use. Such an approach will contribute to the reduction of proneness to conflict in this field. In the course of reforming of regulatory support of economic security in an age of digitalization of the economy, one should consider the potential of both national legislation and generally recognized principles and rules of international law. Extensive practice of the introduction of digital technologies into the field of the economy coupled with the reform of legal regulation should give rise to the change in methods employed, as well the system of economic security subjects.

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Conclusions

Socioeconomic and sociocultural aspects of development of public administration and regional management in Russian multicultural regions have been studied in this book. The authors have also considered the social, economic, political, legal, and cultural factors of functioning and modernization of public administration and regional management in Russia, which allowed forming a meta-scientific theory of sociocultural determination and institutional development of public administration and regional management. The authors have formulated the following key provisions of this concept:

1. Institutional dynamics and complementarity open a path to modernization of the system of public administration for the purpose of increasing its economic effectiveness. The practical measures for development of public administration should imply harmonization of the existing dominant and complementary institutes.
2. The Russian system of public administration largely depends on the global and local challenges, which are at the joint of economic and political problems, which solution has to take into account the diversity of the country and the value and sociocultural features of Russians that are predetermined by the effect of path dependence. Increase of the effectiveness of the system of state management in Russia lies in the sphere of democratization of society by representatives of the creative middle class, implementation of the procedures of civil control, and overcoming of “manual” control.
3. Effectiveness of state management is predetermined by the economic aspects of multicultural regions’ development. Unlike the monocultural regions, where migration growth is zero (negative), cultural differences are leveled (overcome), and the interests of the concerned parties largely coincide, multicultural regions are peculiar for opposition of the interests of the concerned parties.
4. State management of a multicultural region’s economy is more complex as compared to a monocultural region—due to higher variability. While economy

in a multicultural region is relatively closed and dominated by the traditions, the possibilities of a multicultural region are wider—and thus each period of its development includes a choice between traditions and innovations and between closeness and globalization.

5. Flexible state management of multicultural regions' economy is possible in two directions: migration flows and foreign economic activities. The problem of supporting high flexibility of state management of multicultural regions' economy consists in underdevelopment of the scientific and methodological provision of this management depending on the context and the region's current possibilities and needs.

Based on these provisions, the authors have studied the leading trends of development of state management of multicultural region's economy—in particular, well-balanced development of economy from the positions of various interested parties as a criterion of effectiveness of multicultural region state management; development of multicultural region's economy by the circular principles—directions and tools of state management, etc. The tools of state management of multicultural region's economy include state crisis management of economy, public–private partnership, state and public monitoring of entrepreneurship, the optimal ratio of state management and market self-management in a multicultural region, etc. The authors have presented a risk model of state management of socioeconomic development of a multicultural region and described the specifics of supporting high flexibility of state management of a multicultural region's economy and its solutions.

The central component of this book is research on the problems and perspectives of development of the system of public administration in the modern Russian conditions. These include the global and local challenges and threats to the Russian national system of public administration in the conditions of the global financial crisis; strategies of overcoming path dependence in the context of modernization of the Russian system of public administration; imperatives of diversification of the modern state policy and development of the system of local administration through institutionalization and institutional development of city management. The object of the modern public administration and regional management in Russia is the transforming Russian society. The authors have presented the perspectives of development of the future Russian society and the developmental trends in the institutional environment of Russian civil society.

The basic principles of diversification of public policy and public administration in the sphere of higher education have been also determined in this book. These principles are based on the authors' model of the social and investment activities of university as a subject of region's socioeconomic system.

Based on the empirical sociological surveys, it has been shown that the social and investment activities of universities—as the subjects of region's socioeconomic system—are most optimal for strengthening of Russian society's social security. Within the educational and project activities, these activities stimulate the preservation of the social and investment intentions of the population and confidence in the future, reduce the risks of social depression, and have a status of a monopolist in the

sphere of the educational and cultural policy—in the relations with the subjects of regional development. That is why the authors also have focused on the problems and perspectives of regional management in Russia in the context of provision of multicultural region's social security.

The authors' conclusions and recommendations allow substantiating the role of the system of public administration in development of the modern socioeconomic systems.