

# Revista de la Universidad del Zulia

Fundada en 1947  
por el Dr. Jesús Enrique Lossada



**Ciencias**  
**Sociales**  
**y Arte**

**Año 10 N° 28**

**Septiembre - Diciembre 2019**

**Tercera Época**

**Maracaibo-Venezuela**

## A basis for regional competitiveness: socio-economic potential

Marina V. Borovitskaya\*  
Evgeniy V. Strelnikov\*\*  
Rezeda G. Khayrullina\*\*\*  
Mikhail A. Kolesnikov\*\*\*\*  
Mariia I. Mukhniuk\*\*\*\*\*

### ABSTRACT

Regional strategic competitiveness management is a process of making strategic decisions on choosing alternatives, formed by comparing the existing potential of a particular region with the opportunities and threats of its external environment, as well as with global changes in the external environment. Its essence is manifested in the formation and implementation of the modern concept of highly efficient management on an innovative basis, corrected by constant monitoring of internal and external changes, assessment of the main parameters of the functioning and development of the region. The article describes the relevance and need to increase the competitiveness and attractiveness of the regions in order to create a favorable socio-economic climate for entrepreneurs, investors, residents, temporarily arriving and gaining advantages both in the domestic and foreign markets. Based on the study of the theoretical aspects of competitiveness, the basic elements of the region's competitiveness are established, the features of the formation of the region's competitive advantage at different stages of economic development and the factors influencing it are investigated. It is concluded that increasing the competitiveness of the region implies the need to create an integrated mechanism for managing the socio-economic, intellectual, natural potential of the region, which is supported by state programs both at the local and federal levels.

KEYWORDS: regional competitiveness, potential, region, regional development program, regional resources, strategic management of the region's competitiveness, competitiveness factors.

---

\*Togliatti State University, Russia. geht066@mail.ru ORCID: <https://orcid.org/0000-0002-6956-909X>

\*\*Ural State University of Economics. Strelnikoff761@mail.ru ORCID: <https://orcid.org/0000-0002-1189-6899>

\*\*\*Kazan Federal University, Russia. khairullina@mail.ru ORCID:<https://orcid.org/0000-0002-7865-3146>

\*\*\*\*Shadrinsk State Pedagogical University, Russia. Mak\_@mail.ru

\*\*\*\*\*Crimean Engineering Pedagogical University named Fevzi Yakubov. Mariia@mail.com

Recibido: 12/09/2019

Aceptado: 26/10/2019

# Una base para la competitividad regional: potencial socioeconómico

## RESUMEN

La gestión de la competitividad estratégica regional es un proceso de toma de decisiones sobre la elección de alternativas, formado mediante la comparación del potencial existente de una región en particular con las oportunidades y amenazas de su entorno externo, así como con los cambios globales en dicho entorno. Su esencia se manifiesta en la formación e implementación del concepto moderno de gestión altamente eficiente sobre una base innovadora, corregida por el monitoreo constante de los cambios internos y externos, la evaluación de los principales parámetros del funcionamiento y el desarrollo de la región. El artículo describe la relevancia y la necesidad de aumentar la competitividad y el atractivo de las regiones con el fin de crear un clima socioeconómico favorable para empresarios, inversores, residentes, que lleguen temporalmente y obtengan ventajas tanto en el mercado nacional como en el extranjero. Con base en el estudio de los aspectos teóricos de la competitividad, se establecen los elementos básicos de la competitividad de la región, se investigan las características de la formación de la ventaja competitiva de esta en las diferentes etapas del desarrollo económico y los factores que influyen en ella. Se concluye que aumentar la competitividad de la región implica la necesidad de crear un mecanismo integrado para gestionar el potencial socioeconómico, intelectual y natural de la región, que se apoya en programas estatales tanto a nivel local como federal.

**PALABRAS CLAVE:** competitividad regional, potencial, región, programa de desarrollo regional, recursos regionales, gestión estratégica de la competitividad de la región, factores de competitividad.

## Introduction

The dynamics of transformations of the modern market through the use of progressive sources of information, new communication channels, innovative ways to meet constantly changing needs, etc., intensifies competition (Rzun, & Starkova, 2016).

In today's conditions, the competition includes not only producers of goods and services, but also countries and individual regions. Competition for the most attractive and growing markets and the use of more efficient factors of production in the aggregate provide the most beneficial interaction in order to ensure competitiveness throughout the state. These relations are considered as an integral part of competition between regions and entire countries, and therefore require detailed research. They also deserve special attention due to the fact that their development forms the modern reproductive structure of the regional, national, and in many respects the global economy (Ignatiev, 2016).

From the point of view of globalization, foreign economic policy is the most effective of the methods of managing competitiveness, on the use of which the economic status, image and attractiveness of the state, leading national companies and export-oriented industries, as well as the competitiveness of individual regions, depend. Foreign economic factors undoubtedly play an important role in ensuring the competitiveness of a country and its regions, but internal factors are equally important, when used effectively, the region's ability to compete successfully both in domestic and foreign markets increases (Mukhametshina et al, 2015).

Under the conditions of the functioning of the modern economy, the problems of the region's competitiveness growth are one of the priority tasks for the development of the domestic economy, since the positive dynamics of their development directly affects the stability, reliability and integrity of the state's economic system. The formation of competitive advantages of the region allows achieving not only accelerated economic growth, but also affects the rational and more efficient use of regional resource potential, which ultimately helps to improve the welfare of its economic entities and residents. In this regard, the growing role and importance of regions in the formation of the competitiveness of national economic systems becomes obvious, which justifies the need for a systematic study of the theoretical aspects of regional competitiveness.

### 1. Methodology and theoretical aspects

The analysis of approaches to the definition of the concept of "region" revealed that, in general, despite some differences in interpretations, a region is understood to mean a territory that differs from other territories in certain ways and has a specific value that promotes communication between its elements. Based on the existing approaches to the definition of the term "region", it has been established that at present this category defines the territory of the country, which is part of the national economy and contains a certain potential, has a well-developed management structure and contributes to the full social, economic, political, environmental development territory and improving the quality of life of the population. At the present stage of development, the competitiveness of the regions still does not sufficiently affect the achievement of the main goal - improving the quality of

life of the population. Presumably, this is primarily due to the lack of a strategic component in the general characterization of the region's competitiveness management process. In this regard, the importance of developing and putting into practice a mechanism for managing the region's competitiveness, adequate to modern socio-economic, political conditions, and capable of development and improvement, is increasing. The very phenomenon of competition, as the basis of the component of economic relations and the mechanism of economic growth in a market environment, has attracted the attention of economists for many years. In the economic literature there are various terms and interpretations of the concept of "competition". But without setting a goal to clarify the wording of this concept, in the framework of this study it is worthwhile to dwell on the most generally accepted and not causing much discussion terminology of encyclopedias and dictionaries. The Great Encyclopedic Dictionary interprets the concept of competition as (from Lat. *Concurrere - collide*) "... rivalry, competition of people, groups, organizations in achieving similar goals, best results in a particular public sphere. Competition is an essential feature of various types of activities in which there is a conflict of interests ..." (Ignatiev, 2016). In the Great Economic Encyclopedia, competition is understood as "... the struggle of entrepreneurs for profit by using the most favorable conditions of production, marketing of products ... characteristic of commodity production, the basis of which is private ownership of the means of production" (Mukhametshina et al, 2015). In addition, there are a large number of interpretations of the concept of "regional competitiveness" in various variations. M. Porter (2016) defines the competitiveness of a region as the productivity of using regional products and the use, first of all, of labor and capital in comparison with other regions, which is revealed in the value of gross regional product per capita. According to V. Vidyapin and M. V. Stepanov, the existence and use of the competitive potential of a given region are recognized as the region's competitiveness.

The competitiveness of the region in the definition of Danilova I.P., Zhamyanova Yu. B. (2016) represents the ability to provide a high standard of living for the population and income to capital owners, as well as the most efficient use of the economic potential in the region in the production of goods and services.

Belyakova (2001) G. Ya. Defines the competitiveness of a region as the ability to realize its main task - that is, the sustainable socio-economic development of the region with ensuring the quality of life of the population.

Considering various interpretations of the definition of “regional competitiveness”, differences in the opinions of the authors and the lack of a unified approach to understanding this phenomenon were identified, which makes it difficult to understand its economic nature. In the works of M. Porter, the competitiveness of the region, as well as of the whole country as a whole, can develop in four stages (levels) (Kochiev, 2015):

- competition based on factors of production;
- investment-based competition;
- competition based on innovation;
- wealth-based competition.

In this case, it is completely logical that the first three stages provide economic growth, and the last stage corresponds to stagnation and decline.

Formation of the objectives of the article (task setting). The relevance of the study of socio-economic potential is largely associated with the development of strategic plans and development programs. Socio-economic potential allows you to create a solid system of the region, more resistant to crisis phenomena and easier to adapt to changes in external conditions. It can be argued that the higher the level of socio-economic potential, the greater the competitive potential of the region.

The competitive advantage of the region is ensured at each stage due to various factors:

- at the first stage - due to the action of production factors: natural resources, favorable conditions for the production of goods, educated and qualified by human resources (provided by one determinant);
- at the second stage - due to aggressive investment (mainly national firms) in education, technology, licenses (provided by three determinants);
- at the third stage - through the creation of new types of products, production

processes, organizational solutions and other innovations through the action of all the components of the “diamond” (factors, strategies, demand conditions, related industries);

- at the fourth stage - due to the already created wealth and relies on all determinants that are not fully used.

The competitiveness of each region is based on certain competitive advantages in various areas of its activities. The competitive advantages of the region are influenced by common factors.

Specific factors of regional competitiveness are:

- the ability to produce domestic goods for regional markets that can compete with imported products;

- The introduction of international standards for the production of goods and services for the domestic market;

- cost reduction with an increase in the volume of production of goods;

- the creation of a flexible management system that allows you to make optimal decisions for complete management, based on the use of the experience of other companies.

Thus, the competitiveness of the region is made up of the following elements:

- the standard of living of the population and the opportunity to realize the economic potential existing in the region (financial, industrial, labor, investment, resource);

- the situation of the region and its individual producers in the domestic and foreign markets, determined by economic, social and other factors, reflected through indicators (indicators) that adequately characterize such a state and its dynamics;

- the ability of the region to produce goods and services that meet the requirements of domestic and world markets, create conditions;

- build-up of regional resources (innovative, intellectual, investment) to ensure the growth of the competitiveness potential of business entities at a rate that ensures stable growth rates of the gross regional product (GRP) and the quality of life of the region's population at the level of world values.

## 2. Results

Based on the study of existing interpretations of the concept of “regional competitiveness” and a systematic study of its economic nature using a holistic mechanism for understanding this category, this study suggests the regional competitiveness as its ability to succeed in the competition between regions for population growth, innovative activity and intellectual potential, increasing investment attractiveness, reducing socio-economic lag and improving quality of life of the population.

Increasing the competitiveness of the region implies the need to create a holistic mechanism for managing the socio-economic, intellectual, natural potential of the region, which is supported by state programs at both the local and federal levels.

Management of regional strategic competitiveness is a process of making and implementing strategic decisions, the main part of which is strategic choice, based on a comparison of the existing potential of a particular region with the capabilities and threats of its external environment, as well as with changes in the external environment. This strategy involves the formation and implementation of a modern concept of highly effective management on an innovative basis, the constant assessment of all changes that are taking place in the external environment, and all its activities, in order to maintain both the ability to survive in conditions of instability and effective functioning, and further qualitative development.

One of the main documents that determine the direction of strategic competitiveness of our state and its regions is the concept of a strategy for long-term socio-economic development of Russia, prepared by the Ministry of Economic Development on behalf of the President of the Russian Federation following a meeting of the State Council of July 21, 2006.

According to this concept, the development of Russia involves the identification of the main points of sustainable economic growth, due to which the level of security of Russians is increased and national security is strengthened, which, in turn, helps strengthen the position of the Russian Federation on the world stage.

A qualitatively new approach to socio-economic development, which will improve the standard of living of Russians, will not only contribute to the growth of our state's position in the world, but will also ensure national security and constitutional rights of residents of the state. The concept indicates that in the period 2015–2020. Russia should enter the top five countries in terms of GDP. Achieving the general goal of the country's development is carried out thanks to the integrated development of the regions as its structural elements. It must be taken into account that today, to understand regional strategic competition, it is necessary to formulate a set of measures to improve the overall economic development of the state by using the advantages of each individual region, which will take into account its individual geopolitical, socio-economic, environmental, demographic, moral and economic features (Kochiev, 2015).

The variability and uncertainty of the external environment contributed to the choice of strategic management as the main way to achieve the necessary goal. Based on the fact that the region is a set of interdependent systems between different constituent entities belonging to the same territorial unit, the regional economy should be considered from the point of view of a single territorial and economic space of the state, since it cannot be completely self-sufficient. The geographical location, certain climatic conditions and the presence of important natural resources allow the region to choose a specific development path for the maximum full disclosure of its potential. As a result, each region specializes in specific sectors of economic activity (Ibatova et al., 2018 a,b).

The economic strategy of the state is being implemented thanks to progress in each individual region, which allows for the implementation of socio-economic policies. The specifics of the development of each particular region depends on many factors, including its geopolitical location, the availability of certain resources, as well as inter-regional interaction. The state development plan is determined by socio-economic efficiency and, in turn, should be the result of the economic activity of each individual region.

Based on the strategic concept of socio-economic development of Russia, the main task of regional development is the interaction of regional development and the development of municipalities to improve the average statistical indicators of the well-being of residents

and their quality of life, guarantee stable economic growth rates, improve the competitiveness of the Russian Federation in the world.

To carry out socio-economic transformations that contribute to the growth of GRP and GDP, improve the quality of life of people, it is necessary to use the available regional resources with maximum efficiency, which will allow a set of measures to be taken by the state to achieve the necessary positions in the world market. In the process of forming a strategy of regional competitiveness, the definition of goals should consist of the following steps:

1. Definition of long-term tasks ensuring the competitiveness of the region.
2. Introduction and definition of indicators for assessing the quality of the implementation of the tasks.
3. Implementation of this strategy by encouraging independent action by regions.

The strategic objectives of the regional policy of the country are:

- improving educational standards and ensuring its accessibility to all categories of citizens;
- cost reduction in financial management of territorial units;
- The introduction of modern environmental safety standards in the regions to improve the quality of life of the population;
- highlighting the key areas of activity of the region in which it can initially gain a competitive advantage;
- pooling the resources of individual regions, which will increase the pace of economic growth and structure the economy of the entire state.

Creating conditions conducive to the redistribution of labor resources so that the most important sectors in the regional economy receive them in the first place, timely development of the necessary regional infrastructure, competent redistribution of production capacities throughout Russia to accelerate the pace of economic development, the formation of regional clusters in the field of production and knowledge-intensive

sectors of the economy - all this can ensure the competitiveness of not only individual regions in, but also in their totality to give results for the entire state.

To improve the rate of economic growth, the strategic competitiveness management mechanism is of great importance. Constantly changing economic conditions give rise to the need to adjust the definition of strategic competitiveness of a territorial unit. The quintessence of this definition is based on the implementation of innovative transformations of regional economies.

The selection of the main criteria allows us to determine the essence of managing the region's strategic competitiveness:

- the formation and streamlining of the importance of the goals of the production process, which are based on the strategic development of the competitive economy of the region;
- analysis of the possible and actual impact of internal and external factors on the activities of the region and their impact on the achievement of goals;
- The implementation of economic projects that contribute to rational economic development, thus adapting the production process to various possible changes in the external environment.

Strategic management forms the focus of activities both of the entire region as a whole and of its business entities, allows the most efficient allocation of resources and facilitates the infusion of investments in economically profitable projects, helps to combine the actions of managers at all levels of government for the most complete and effective interaction.

## Conclusions

Thus, we can conclude that, first of all, the competitive potential of the region is its ability to create new and renew consumable material and intangible resources, which allow creating unique goods and services that are in demand.

The main factor in the effectiveness of strategic competitiveness management is the

region's ability to organize, develop and improve its strategic competitive potential. In modern business conditions, the level of competitiveness management in the region is becoming one of the main parameters for assessing socio-economic attractiveness. The use of various methods of strategic management of the competitiveness of the region as a whole is explained by its specificity and the effectiveness of managerial decisions made by the regional administration.

To achieve the strategic objectives, the region first of all needs to maintain the already achieved positive dynamics of economic growth, create a positive investment climate and organize the training of highly qualified specialists. The policy of effective and high-tech modernization of enterprises, reforming the financial system, and promoting the development of small and medium-sized businesses can increase economic efficiency and reduce regional costs.

The main tasks arising from the strategic goals of forming and improving the competitiveness of regions are:

- 1) development and description of a model for effective management and strategic development of the region;
- 2) compilation of forecast indicators characterizing the level of competitiveness of the region;
- 3) the formation of a methodology for assessing forecast indicators to achieve the level of strategic competitiveness of the region.

The tasks listed can be the basis for the development of methodological tools for managing the region's competitiveness, which can subsequently be used in the process of planning and monitoring the activities of regional executive bodies in managing the territory. And the theoretical conclusions of the work can be the basis for deeper understanding and research on the concretization and systematization of approaches to the development and improvement of the management and marketing of the region in order to increase its competitiveness.

## References

- Belyakova, G. Ya. (2001). Competitiveness of the regional economy (Concept of advanced development).
- Danilova, Z. A., & Zhamyanova, Yu. B. (2016). Social security of the region: assessment of the regulatory impact of the state. *Scientific Review*, (5), 87-90.
- Fardeeva, I. N., Safin, R. R., Shakirova, I. A., Ibatova, A. Z., & Ilyashenko, L. K. To the question of organization free legal aid by the legal clinics of the educational organizations of higher education.
- Ibatova, A. Z., Nezhmetdinova, F. T., & Sitdikov, F. F. (2018a). Global challenges for the agrarian sector of russian economy and its human resources. *Revista ESPACIOS*, 39(26).
- Ibatova, A., Kuzmenko, V., & Klychova, G. (2018b). Key performance indicators of management consulting. *Management Science Letters*, 8(5), 475-482.
- Ignatiev, S.V. (2016). The Russian economy in the context of world development dynamics. *Economics: Theory and Practice*, (1), 3-9.
- Kochiev, A. K. (2015). Improving the investment attractiveness of Russia in a crisis: a regional aspect. *Economics: Theory and Practice*, (1), 21-25.
- Mishchenko, L. Ya., Kizim, A.A., & Ponomarenko, L.V. (2012). The influence of fundamental trends in the development of the world economy on world trade. *Sustainable Development*, 131.
- Mukhametshina, F. A., & Shipshova, O. A. (2015). Competitive advantages of business entities in a globalized economy. *Scientific Review*, (10-2), 223-226.
- Porter, M. (2016). *Competitive Strategy: Technique for analyzing competing industries*. Alpina Publisher.
- Rzun, I., & Starkova, N.O. (2016). Formation of a regional brand management model. *Bulletin of the NII EI*, (9 (64)).