

## **ARTICLE**

# SOME ASPECTS OF THE ORGANIZATION AND ASSESSMENT OF ACTIVITY IN THE PRIORITY SOCIAL AND ECONOMIC **DEVELOPMENT AREAS**

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#### **ABSTRACT**

The current conditions for the development of Russia are characterized by a sharp aggravation of the problems concerning further structural economic conversion of the country's regions, which requires an in-depth study of market principles of economic management. All this is associated with the need to enhance the transformation processes in the regional economy of each subject of the Russian Federation through the use of various organizational and economic mechanisms that reform and increase the effectiveness of their socio-economic development. And this is in the course of nature, because in recent years it is precisely such territories that have been given the opportunity to play the role of the most effective instrument of state policy devoted to territorial development in the near future. In particular, for a short period of 2015-2018, more than 50 priority social and economic development areas (PSEDA) have been created in the Russian Federation, which indicates the scale of the structural restructuring of the Russian economy. Initially, the task was set that the priority social and economic development areas should appear at the local level as territorial "points" of innovative industrial development. It should be noted that by this time in the Russian Federation there was already some experience with such mechanisms as clusters, special economic zones, etc. However, to achieve the strategic goals of the priority social and economic development area management, it was necessary to create their own methodological support, which would create a highly effective mechanism for mutually beneficial interaction between the priority social and economic development area management companies with the authorities of the constituent entities of the Russian Federation, municipalities, residents, investors and other interested business structures of the regional socio-economic system. All this actualizes the topic of research and causes a need for analysing and systematising the main components of the methodological support structure for managing priority social and economic development areas.

### INTRODUCTION

zones, free ports, offshore centres, etc. [1,2].

actively mobilize foreign capital.

#### **KEY WORDS**

socio-economic development. economic crisis. structural adjustment. methodological support, management, priority development

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Received: 21 Oct 2019 Published: 19 Jan 2020 In other words, a priority social and economic development area is a certain part of a state where entrepreneurs, regardless of their state affiliation (both foreign and domestic) have special preferential conditions for organizing and conducting entrepreneurial activity. All this contributes to the formation of territorial innovative and industrial "growth points".

In everyday practice of the world economy, a network of diverse economic zones and forms that have

In world practice, there are more than thirty varieties of various economic zones in the form of duty-free

The common thing for them is the following: in a certain local area of the country, an economic enclave is

created with a preferential tax regime, a duty-free regime for the import and export of goods and services,

with a certain isolation of trade, monetary and financial relations with respect to the main territory of the state. Such an approach, as a rule, allows rather close contacts with other markets to form and, thereby,

become an integral structural component of world practice is quite developed and successfully used.

Undoubtedly, all this is associated with the intensification of domestic and foreign economic activity, the attraction of domestic and foreign investors, etc., which, ultimately, will enable the use of the latest technology, equipment and other matters, and increase the competitiveness of national products. In our opinion, the priority social and economic development area should be, first of all, created in the depressive land-poor and labour-rich republics of the North Caucasus. This will revive their economy and reduce social tension in these territories.

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It is clear that all these processes require a targeted transformation of the economic structure of that local entity within which a priority social and economic development area is created. Moreover, in modern realities, the global task is set of the transition from the traditional economy to the knowledge economy. [3,4]

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The experience of many countries in creating various economic zones with a favourable business and investment climate allows us to identify the most significant factors that determine their creation and sustainable development, including

- Favourable geographical position;
- Availability of developed infrastructure;
- Availability of social infrastructure;
- Absence of administrative and bureaucratic barriers to opening new enterprises:
- Availability of a developed and stable institutional environment.

Researchers of the functioning of economic zones are unanimous in the need to introduce tax incentives, and also financial and administrative preferences.

This approach allows us to effectively use the factor model of management of such organizational and economic systems, while highlighting economic, social, environmental, institutional, and technological factors at the same time.

A key criterion, as a basic condition for sustainable and balanced development, is a balance of interests. This is what allows us to ensure a given trajectory and pace of development of any priority social and economic development area. [5]

#### MATERIALS AND METHODS

The theoretical and methodological basis of this paper was the fundamental and applied works of Russian and foreign scientists in the field of formation and effective activity of priority social and economic development areas.

In substantiating the obtained scientific results of the study, we used general scientific management and organization methods, and also methods of expert evaluation, comparative analysis, organizational and structural modelling, etc.

#### **RESULTS**

In our opinion, one of the fundamental moments concerning the formation and development of a priority social and economic development area is the need to form competitive immunity of territories. Availability of competitive immunity of a territory allows in the long term to successfully resist the negative effects of internal and external factors. [6,7]

Among the distinguishing features of the term "competitive immunity of a territory" which substantially reflects the development vector and stability of a priority social and economic development area, one can indicate the following:

- Extrapolation to the future of the factors planned during the formation of the priority social and economic development area;
- Formation of a mechanism for neutralizing and forcing away possible threats and overcoming extreme conditions with the least losses;
- Development of a mechanism for efficient use of existing reserves and potential opportunities;
- Formation of competitive advantages for the priority social and economic development area in the economic space due to its self-realization through capitalization of its competitive positions, active realisation of economic interests of the area, and their continuous defending in the economic space.

An interesting approach was created by A.I. Tatarkin, who proposed to consider a priority social and economic development area as a special product which has a specific multi-useful use value allowing the needs of the main groups of consumers on the territory to meet and satisfy. [9] Indeed, the priority social and economic development area can also be seen as a mega-enterprise operating in the economic space.

Today, there is already some experience in the formation of priority social and economic development areas, and under these conditions, assessing their effectiveness causes certain scientific and practical interest, undoubtedly. For this purpose, it is necessary to use a whole set of effects obtained from its components: social, economic, environmental, and other effects.

Initially, it is necessary to organize total monitoring of indicators allowing an objective assessment of the initial state, on-going processes and final results of the development of the investigated territorial formation to obtain. And it is in the nature of things, because there is no other alternative for the subsequent development and adoption of sound management decisions associated with the development of any priority social and economic development area.



Many assessment methods are known, usually based on formalized procedures, in particular, such as using the methodology of comparative advantages, equilibrium and production factors, etc. [8,9]

The need for a detailed and objective assessment of the effectiveness of a priority social and economic development area within the framework of the directly studied territorial entity (region) is caused, first of all, by that it is precisely within the framework of a particular territorial entity that the internal and external environment for the priority social and economic development area is created; It is here that the processes of entrepreneurial activity are concentrated (logistics, production, etc.) and here there is an active involvement of economic, environmental and other resources, taking into account the necessary restrictions, social norms and interests of stakeholders in this territory.

When assessing the effectiveness of any priority social and economic development area, it is advisable to use (as a basis) an approach associated with the diagnosis of the effectiveness of the activity carried out by executive bodies of the constituent entities of the Russian Federation. (See Decree No. 1199 of the President of the Russian Federation "On the Efficiency of the Activities carried out by Executive Bodies of the Subjects of the Russian Federation" dated 08.21.2012).

This Decree provides a list of indicators for assessing effectiveness; the list consists of 11 indicators which, in our opinion, can be projected to one degree or another with the final results of the priority social and economic development area activities. Those are, in particular, life expectancy at birth, investment in fixed assets (excluding budgetary funds), GDP, cash income, etc.

It is particularly noteworthy that the use of these provisions provides a methodological unity in assessing the effectiveness of a regional socio-economic system. It can also be pointed out that the subject of evaluation by executive authorities and the priority social and economic development area is, in principle, identical. [10]

Using the analogy method, it can be assumed that the algorithm for diagnosing the effectiveness of a priority social and economic development area of a regional economic system should be considered as the comprehensive analysis of the priority social and economic development area effectiveness in the regional socio-ecological-economic system. In this case, it is necessary to use a system of composite indices that are correlated with the indicator "population size". Among such parameters, it can be noted the volume of investment in fixed assets, the output of products and services by small businesses, the unemployment rate, real income, etc.

This approach allows us to identify the synergistic effect of the priority social and economic development area in the regional economy. The very concept of synergism for a priority social and economic development area in a regional economy can be seen as a transition from the principles of economy with the scale of activity, the key source of which is the mutually beneficial joint activity of the backbone components of the priority social and economic development area in the regional economy. And, in general, this is natural, because any, even the most complex, dynamic system initially seeks to maximize the effect by striving to maintain its integrity, maximize the use of cooperation opportunities to achieve the desired effects.

In other words, here we see a reflection of the complex system emergent principle, when the final results for a combined action of a group of factors, as a rule, always differ from the ordinary sum of the separate effects of these factors. In such, the so-called synergistic (effective cooperation, interaction) effects is the quantitative expression of synergy.

The synergy theory assumes that a certain combination of elements of the entrepreneurial structure exists, in which its total potential will be significantly different in one direction or another from the sum of the potentials included in the studied structure of elements. At the same time, it is necessary to highlight not only the combination of potentials of the elements of the entrepreneurial structure, but also their coordination and the effectiveness of mutually supportive ties.

In general, a priority social and economic development area is intended to achieve two particularly significant results:

- strategy formation, identification of managerial capabilities and potential resources that the priority social and economic development area and its elements should mobilize in strategic areas of activity of their choice;
- 2. short-term allocation of resources between the strategic areas of the priority social and economic development and their elements in the regional economy. [11]

In this case, there is a reliable chance to ensure a synergistic effect by maximizing use of the functional, strategic and managerial capabilities of a priority social and economic development area.

It seems to us that the methodological provisions under consideration for diagnosing the effectiveness of a priority social and economic development area in the regional socio-ecological-economic system are not only able to serve as the basis for assessing the effectiveness of the priority social and economic



development area, but will also allow the formation of an optimal structure for strategic management of priority social and economic development areas. [12]

#### CONCLUSION

- In the context of increasing international competition, one of the most important ways for a balanced and sustainable development of the Russian economy is the need for the rapid creation and effective functioning of special economic zones.
- In the course of the study, we specified and established that a priority social and economic development area (PSEDA) should be understood as a separate part of the country's territory, within which domestic and foreign entrepreneurs are provided with special preferential conditions for organizing and conducting industrial, financial and commercial activities.
- This situation is set so that these industries can act as territorial innovative and industrial development "points", and thus transformation processes in the structure of the regional economy will be mobilized.
- Our study allowed us to distinguish three groups of factors in the organizational and economic
  system of any priority social and economic development area (tax incentives, financial
  preferences and administrative preferences) and justify the feasibility of using a factor model for
  managing such systems. Such an approach allows for a detailed analysis of the interests of all
  participants in the priority social and economic development area with the identification of their
  social, economic, environmental, institutional and technological interests.

#### CONFLICT OF INTEREST

The authors confirm that any conflict of interest is absent.

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#### FINANCIAL DISCLOSURE

None.

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