

# **THE TRANSFORMATION OF REGION'S ECONOMIC AREA GOVERNED BY THE DEVELOPMENT OF INDUSTRIAL REGION**

**Bagautdinova Nailya**  
prof., director of Management and Territorial Development  
Institute of Kazan Federal University.

**E-mail: [nailya.mail@mail.ru](mailto:nailya.mail@mail.ru)**

**28 August 2013,  
Listvyznka, Baikal**



# 1. Introduction

- The progressive dynamics of macroeconomic indicators within the unbalanced region level speed activity characterize the present stage of Russia's socio-economic development. The increased strategic uncertainty and high chances of local crises are caused by numerous factors. Those are: the activation of globalization processes, the development of high-technology industries, the information's turn into manufacture's key element that stipulates the global economic area network, the growth of interstate and interregional resource mobility under low ratio of Russia GPP value adding sectors and its dependence on the export of raw materials.

- The dynamics of socio-economic indexes variation illustrates the socio-economic development differentiation processes within certain territorial entities. This indicates that per capita GRP production fluctuation in a given time have increased considerably.

# Theory and Methods

- Foreign and national experience adapt to the regional economic area terms and postindustrial challenges. The national economy development within postindustrial times placed a priority on the maintenance and implementation of the industrial enterprises potential.
- The target of the research is to formulate theories, methodologies and practical guidelines that contribute to the transformation and restructuring of the region's economic area by the development and implementation of the industrial enterprises potential.

- In the frame of the research the regional economic area is defined as territorially detached set of transactions within which the economic agents (such as households, profit oriented businesses, state, local community) perform property rights for production factors and results.

# Theory

The economic area configuration is determined by the correlation of 3 core elements.

They are:

- 1. transactions that perform property rights;
- 2. economic time, which is relatively manifested in the transactions correlation;
- 3. institutions or (non-) formal transactions interwork limitations.

The economic area concentration level is constituted by the private/ agents' transactions ratio. The higher is the concentration, the less time is required to complete transaction. Its duration is generally caused by the deviation from limitations which are imposed by institutional environment.

## 4 development stages

- 1. the large number of local cores with little influence on the surrounding territories;
- 2. a growth pole (1 powerful core) with large-scale influence;
- 3. the polycentric growth poles;
- 4. poles' merge into urban linear structure with powerful periphery.

# Forms

- investment control that provides service entity with absolute property,
- administration or operation of physical,
- financial resources represented by direct or portfolio investments.



- Industrial districts reach the form of advanced growth zones in the frame of development strategies hierarchy.
- It reflects the interaction of regional economy paradigms, economic area development stages and structural elements of the region's territory.

- The model is based on the economic synergetics paradigm; it creates synergetic effect by means of positive and negative feedback of industrial district's constituents.
- This provides the internal coherence (i.e. changes' control) and project's external synchronisation (i.e. development control) of the object under control.

# The industrial districts' formation within region's economic area

Region's development stages	Region's economy development strategies	Environmental uncertainty level	Region's economic area development stages	Region's spatial structures		
				transactions	Time	competition
Preparation (formation)	strategic planning, control by strategic positions	continuous	formation	integral	Processes synchronisation	Economic competition
Establishment (product adaptation)	control by strategic tasks ranging	continuous	development	optional	Processes acceleration	Processes merge
Organizational economy (production adaptation)	low signals control	continuous	recession	stabilising	Processes deceleration	Processes development
Effectiveness (new industrial district formation / breakdown)	strategic chances control	incontinuous	depression	disintegrated	Processes desynchronisation	Processes stabilisation

# Consecutive steps

- 1. the degree of Russia average deviation of arithmetic mean value of average per capita corrected GRD that is produced and utilised, and similar deviation of produced and utilised GRD balance;
- 2. regions distribution within 50% deviation groups;
- 3. problem regions selection;
- 4. regions' classification.

# Key problems for regional industrial enterprises

- 1. highly depreciated assets;
- 2. irrational structure of manufacturing supplies;
- 3. application of traditional administration models to the informational economy;
- 4. strategic and tactic administration decisions notwithstanding the specifics of base district (i.e. range of infrastructure facilities, informational infrastructure level, mobility and amount of resources, district's transport accessibility).

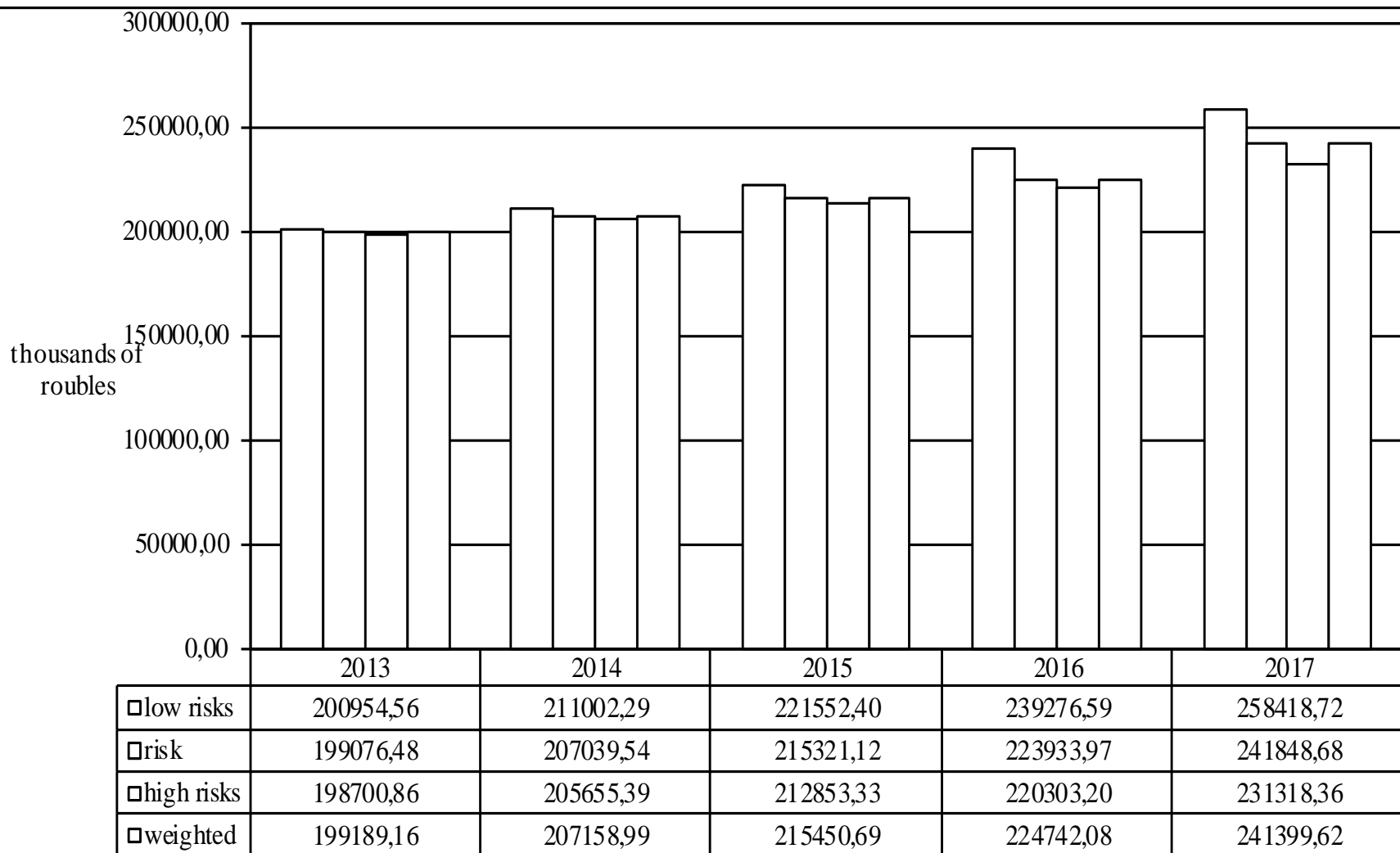
# The matrix of industrial enterprise development strategy choice considering key characteristics of base district

District type / innovations infrastructure level	Old industrial district	New industrial district	Pioneer industrialisation district
<b>High</b>	Expenses leadership strategy based on technological innovations	Diversification strategy based on innovative products supply	Focus strategy based on production of expenses dominant innovative products
<b>Middle</b>	Expenses leadership strategy based on administration innovations	Diversification strategy based on improved products supply	Focus strategy based on realisation of production innovative technologies
<b>Low</b>	Expenses leadership strategy based on present technologies modernisation	Diversification strategy based on improved procedures of products realisation	Focus strategy based on realisation of sales innovative technologies

# Scenarios

- 1. Low risks scenario – the introduced methods and mechanisms penetrate on an even basis and are completed in 3 years (in the estimation of specialists, realisation chances are 10%).
- 2. Risk scenario - the introduced methods and mechanisms penetrate discretely, influenced by external risks and are completed in 4 years (in the estimation of specialists, realisation chances are 70%).
- 3. High risks scenario - the introduced methods and mechanisms penetrate discretely, influenced by external risks and are completed in 5 years (in the estimation of specialists, realisation chances are 20%).
- 4. Weighted scenario represents a weighted average estimate of enumerated scenarios.

# Forecasting results







KAZAN FEDERAL UNIVERSITY

# THANK YOU FOR ATTENTION

**Bagautdinova Nailya**

**E-mail: [nailya.mail@mail.ru](mailto:nailya.mail@mail.ru)**

**28 August 2013**

