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**PROBLEMS OF PROVIDING ECONOMIC SECURITY OF THE REGION IN CONDITIONS OF RUSSIAN ECONOMY MODERNIZATION (THE EXAMPLE OF THE BELGOROD REGION)**

E.N. Kamyshanchenko, M.V. Selyukov\*, N.P. Shalygina, N.P. Zajceva

Belgorod State University, 308015, Russia, Belgorod, Pobedy St., 85.

Email: [selyukov@bsu.edu.ru](mailto:selyukov@bsu.edu.ru)

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**Abstract**

Modern stage of development of domestic model of the market economy makes us look the other way on the problem of creation of favorable economic conditions for civilized business development as at the country level so at the region level without reference to their size, socio-economic development. It makes State management and regional authority improve ways of formation the effective system of economic security providing, especially at the mesoeconomic level.

In this connection it is need to detail study of the specific state of the economy which procure high and stable economic growth, stability of the monetary system, effective satisfaction of economic needs, rational state control for the moving and usage of the national resources, also the defense of economic country interests on the national and international level.

**Keywords:** economic security, national security, regional economy.

**1. Introduction**

Emerging trends in modern situation show the fact that the states which cannot in a properly way secure their economies, can becoming addict on developed markets entirely. In this connection economic security provision should be the basis of the main national priority for any state. It is a guarantee of state independent and a condition of stable and effective activity of the society and also it is a factor of its future economic development.

Russian economy and its branches nowadays is under continuous economic sanctions, that's why it requires the development of adequate measures of national economy modernization and introduction of modern methods and technologies of economic management on all levels. The most sensitive branches of economy to the abrupt changes requires special attention, they are monetary system, energetic, metal and mining, food and pharmaceutical industry.

First of all, increasingly important for Russian economy become problems of an effective tool for sustainable socio-economic development of the Russian Federation subjects development and ensure the competitiveness of domestic products at the regional level. Especially Russian economic security forms and depends on the economic security level of the regions. This once again underlines the importance of forming the effective system of economic security of the regions, which can contribute to solve complex of economic, law, geopolitical and geostrategic problems, to provide the defense of essential state and its subjects interests with regard to resource potential, possibilities for a balanced and dynamic economic and social development.

## **2. Literature Review**

There are a lot of research regarded to the problems of forming the effective system of economic security at the regional level. It should be noted theoretical and methodological research of the economic security as the science category in works of Metelev (2014).

Akyulov (2015), Humenyuk (2015), Khairullof, Saipullaev (2014), Selyukov, Shalygina and Shalygina (2014) study problems of social and economic security of the domestic regions regards to Russia's entry into the World Trade Organization (WTO), and also research monitoring features and estimates of regional security, and also analyze main threats to the economic security. Research of the prospects for the development of tools for the economic security provision of the domestic regions are presented in the work Safiullin, Elshin, Prygunova and Galyavov (2013).

Features of assessing the effectiveness of local government in the context of financial and economic security provision are presented in research of Dziekański (2013).

## **3. Model, Data and Methodology**

The advantage contained in stability of secure business conditions become not just significant factor of competitiveness of regional economies and improving the welfare of citizens but the vital condition of the region existence and development.

Traditionally the competitiveness of any region determined by its resources, technical and economic level of production, the value of costs and quality of manufactured goods infrastructure development and other.

Virtuality and globalization have brought a new understanding the structure of assets inside the regional economy, because it increases the role and significance of its intangible components. Consequently, the methodological basis of the research the problem of economic security provision of the region (the example of the Belgorod region) is the basic the provisions of a systematic and comprehensive approach.

On the one hand, it helps to research economic security of the regions the system, which contain several elements, internal and external linkages essentially affect on the social-economic security of the Belgorod region.

The important role in the research process was at methods of factorial and comparative analysis, marketing analysis and supervision and also the SWOT-analysis method. Special attention was given to complex estimation of regional investment attraction as one of the important factors of the efficiency and security of regional economy. Processing of empirical data carried out by mathematical statistics methods. This methods were used in different combinations on various stages of research according to its purposes and tasks.

#### **4. Empirical Results**

Trend research of regional economy and approaches to Belgorod region economic security provision allows us to receive some conclusions. First of all, as a result of macroenvironment research of the domestic region (the example of the Belgorod region) we can include the following information. Belgorod region is located in the South-West of Russia and it is one of the most compact regions of the Russian Federation. Its square is 27 thousands square kilometers, its population is more than 1.5 million people (1547936 people), wherein the urban population is 1020378 people (66.43%).

The Belgorod region is well balanced on its economic and geographic characteristics. There are the largest iron ore deposit on its territory and its agricultural lands are located in the center of the vast Russian-Ukrainian chernozem. The analyzed region is included in the list of successfully developing industrial and agricultural Russian regions. Advantageous economic-geographical location, availability of various natural resources, developed infrastructure made this region attractive for the investment projects and for the promotion of innovative technologies (Kamyshanchenko, Shalygina, Selyukov and Shok, 2015). Generally, during last five years there is a clear trend to the growth of all basic economic and social indicators of region development.

But we should notice that at 2014-2015 years are characterized by the slowdown in regional economic growth and first of all it connected with the Ukrainian crisis with reduction of business contacts with representatives of european business-community.

Wherein even in such conditions Belgorod region can support the positive dynamics of industrial, agricultural production, can develop service sector, can realize socially significant projects.

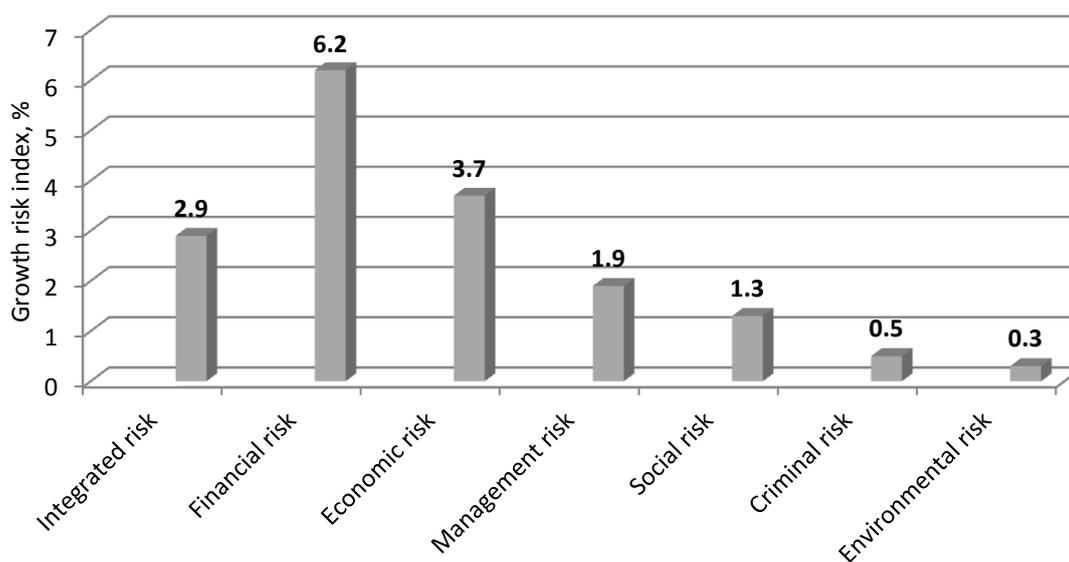
The consequence of this become high results of socio-economic development of the Belgorod region in nationwide Russian economic indicators (Table 1).

**Table 1: Specific gravity of the Belgorod region in nationwide Russian economic indicators, %.**

	Scope of work, performed by the activity "Manufacturing"	Scope of work, performed by the activity "Building"	Agricultural productions	Retail trade turnover	Investments in fixed assets	The scope of work performed by the activity "Mining"
on 1.01.2014	1.56	1.10	4.30	1.00	0.80	0.82
on 1.01.2015	1.60	1.00	8.80	0.96	0.90	0.80

(Region Rossii. Socialno-ehkonomicheskie pokazateli - 2015g. 2015)

Estimating investment attractiveness of the Belgorod region we should notice that despite the situation in recent years, the trend of accelerated growth of all kinds of investment risks for domestic region (Fig. 1), for the regional economy under study is characterized by minimal values of quality indicators. In other words the probability of investment loss and profit from them is very low in the Belgorod region.



**Figure 1. Dynamics of private investment risks in Russian regions for the 2015 year  
(The study of the investment climate regions of Russia, 2015)**

Investment potential of the Belgorod region as quality characteristics, which consider saturation of the region by production factors, consumer demand by the population and other indicators, affected on the potential volume of investment, characterized by averages compared by other domestic regions.

In particular, the rating of Russian region attractiveness for investment, by RAEX (rating agency Expert RA) (The study of the investment climate regions of Russia, 2015), shows a sufficiently high level of investment attractiveness of the Belgorod region economy (Table 2).

**Table 2: Investment attractiveness of the Belgorod region in 2015 year.**

Region (RF subject)	The share in total Russian potential, 2015 (%)	Share change in total Russian potential, 2015 to 2014	Rank of invest- ment potential	Rank of invest- ment risk
Belgorod region	1.493	-0.002	17	6
Ranks components of investment potential in Belgorod region in 2015 y.				
Labor	Consumer	Industrial	Financial	Institutional
30	28	21	26	22
Innovation	Infrastructure	Natural resource	Touristics	
33	4	5	38	

(The study of the investment climate regions of Russia, 2015)

Besides strong features of Belgorod regional economic model and also opportunities for its development. Especial attention requires weak sides and threats for the region economic security. As a result of SWOT-analysis method usage we've appeal some vulnerabilities in regional economy security.

First of all, it should be stated that such important factor of regional economy growth as consumer demand nowadays stopped working because real disposable incomes reduce on 4 % (according to preliminary information by Rosstat). It reflects on the reduction of retail trade turnover in majority of Russian regions, including Belgorod region. We should notice also slash of private and state investment in social-economic development of the region, that entails innovative activity slowdown and modernization of regional economy in whole and as a consequently not competitive by separate industrial brunches as on external so on internal markets.

In this way, previous model of regional economic welfare, based on resource rents, large-scale state projects and consumer agiotage, stayed in the past. It ought to adopt to new economic realities in extremely harsh conditions and increasing of investment activity in regions based on import substitution and ruble devaluation can take more than two years.

## 5. Summary and Conclusion

Under modernization of national economy circumstances main characteristics of effective economic system on regional level are opportunities to adopt it to continuously changing factors of the environment and further harmonization of regional economy in conformity to variety exogenous and endogenous aspects of its development. As a territory located system with administrative status formed under external environment influence and internal territory changes

modern social-economic position of domestic regions requires usage of progressive methods and approaches to economic security provision.

As the most important quality characteristics of economic system and an integral part of state security, regional economic security determines its opportunity to support regular living conditions of the population, stable resource provision of national economy development and achievement priority goals of social-economic development of the whole territory.

One of the priority development ways of economic security system of Belgorod region is increasing of efficiency of regional agricultural complex. Since it is agriculture and food industry in the medium term become a driver of economic growth for several domestic regions of course including Belgorod region. Especially the region is under study is one of the leading economies on food security provision, import substitution and ecological indicators of produced goods. That's why main directions to improve efficiency of regional agricultural complex should be:

- First of all, further development of state support mechanism for domestic agricultural producers, based on elaboration of system approach to grants provision to agricultural producers for compensation their costs for production of livestock products, for implementation of measures on the development of crop and improving soil fertility, for the purchasing of agricultural machines and equipment.

- Secondly, creating conditions for small and medium-sized enterprises in agriculture, first of all, as a result of increasing the availability of credit resources, machine and equipment leasing and breeding stock. A new stimulus for development of Belgorod region agricultural complex should be the revival of agricultural cooperation as one of organizational and legal forms of doing business in rural areas. The main condition of agricultural development and hence provision of food availability for all categories of the population is implementation of progressive crops and livestock technologies, modern management and organization methods for domestic agricultural enterprises.

The important factor of success achievements in regional agricultural complex is formation of an effective goal-oriented management system, which can allow to determine timely and effective goals system of the region or planning the results of the target program in the agricultural sector, to form on this basis a variety of solving problems on result achievement, and also measure concrete results on all stages of goals achievement.

Special interest is to the usage of brand-technologies in increasing competitiveness of regional agricultural complex, particularly in effective brand creation for agricultural goods of Belgorod region and its promotion on internal Russian market and the markets of the EurAsEC member states.

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## Corresponding Author:

**M.V. Selyukov\***,

**Email:** [selyukov@bsu.edu.ru](mailto:selyukov@bsu.edu.ru)