

ADMINISTRATION AND "MARKET PHENOMENON": COLLISION OF COEXISTENCE IN TERRITORIAL ECONOMY

ADMINISTRACIÓN Y "FENÓMENO DE MERCADO": CHOQUE DE CONVIVENCIA EN LA ECONOMÍA TERRITORIAL

Rinad A. Popov¹ *; Victoria V. Prokhorova² ; Elena N. Zakharova³ ; Marina E. Ordynskaya⁴ ;
Chulpan F. Gabidullina⁵ .

1. Kuban State Technological University, Krasnodar, Russia. popovra51@gmail.com
2. Kuban State Technological University, Krasnodar, Russia. vi_pi@mail.ru
3. Adyghe State University, Maykop, Russia. zahar-e@yandex.ru
4. Adyghe State University, Maykop, Russia. marina26577@rambler.ru
5. Tyumen Industrial University, Tyumen, Russia. chulpan_gabidullina@mail.ru

*Corresponding author: Rinad A. Popov, email: popovra51@gmail.com

ABSTRACT

Achievement of an effective balance between government regulation of business and free competition is the goal of any progressive economy, and attention to this issue is completely justified. This study aims to analyze the concept of administration and "market phenomenon: the collision of coexistence in territorial economy. To do so, the systemic, institutional, reproductive approaches are utilized. Based on the results, the need for a constructive solution to this problem leads to a logical conclusion about the need to create an administrative and economic system to regulate social practice of a new type, based on the principles of maximizing freedom of expression and economic initiative within the boundaries of social expediency. This regulatory system presupposes the presence of continuous monitoring of reproduction processes, the timely identification of constraints on the implementation of the economic strategy and an urgent corrective administrative and economic impact on these elements. The solution to this problem seems possible through the multi-level implementation of BIM technologies in economic administration within the Russian territorial and economic practice, built on the principles of network modeling of the reproduction process.

Keywords: Quality of life; administration; market phenomenon; BIM-technologies; reproduction.

Revista de Investigaciones Universidad del Quindío,
34(S2), 373-380; 2022.

ISSN: 1794-631X e-ISSN: 2500-5782

Esta obra está bajo una licencia Creative Commons Atribución-
NoComercial-SinDerivadas 4.0 Internacional.



RESUMEN

El logro de un equilibrio efectivo entre la regulación gubernamental de los negocios y la libre competencia es el objetivo de cualquier economía progresista, y la atención a este tema está completamente justificada. Este estudio tiene como objetivo analizar el concepto de administración y "fenómeno de mercado: la colisión de la convivencia en la economía territorial. Para ello, se utilizan los enfoques sistémico, institucional, reproductivo. A partir de los resultados, se plantea la necesidad de una solución constructiva a este problema lleva a una conclusión lógica sobre la necesidad de crear un sistema administrativo y económico para regular la práctica social de un nuevo tipo, basado en los principios de maximizar la libertad de expresión y la iniciativa económica dentro de los límites de la conveniencia social. Este sistema normativo presupone la presencia de el seguimiento continuo de los procesos de reproducción, la identificación oportuna de las limitaciones en la implementación de la estrategia económica y un urgente impacto administrativo y económico correctivo sobre estos elementos. La solución a este problema parece posible a través de la implementación multinivel de las tecnologías BIM en la administración económica dentro de la práctica territorial y económica rusa, construido sobre los principios del modelado de redes del proceso de reproducción.

Palabras clave: Calidad de vida; administración; fenómeno de mercado; tecnologías BIM; reproducción.

INTRODUCTION

The regulatory functions of administration and "market phenomenon" (competitive-market motivation) at different levels of management are manifested in different degrees Harvey, 2017).

As the "caliber" of economic entities grows, the opportunities for their competitive market self-regulation are narrowed, and the need for the use of directive planning and administrative coercion increases. Economic practice shows that competition at the level of small business is closest to free competition, adjusted for state supervision. This seems to be reasonable, since small enterprises occupy an important segment of social services, feel the need to respond quickly to public demand, thereby providing flexible employment for a significant part of the population, which is poorly managed by large market players (Popov et al., 2019).

The large-scale share of the defense industry, which only fragmentarily participates in market processes, does not add flexibility to the Russian economy - on the one hand, in terms of the purchase (use) of labor in the labor market, and in the international arms market on the other (Kushnarenko, 2016).

The extension of competition principles in the context of large enterprises to intracorporate relations does not bring technological and economic effect with rare exceptions, since the separation of the structural units of a large enterprise into separate economic entities leads to their competition among themselves, disruption of rhythm and technological unity.

Thus, administration in business is a necessary element to solve the problems of development and

distribution of productive forces; it is also in demand at the internal production level, especially during the production of technologically complex products (mechanical engineering, instrument making, chemical industry, etc.).

LITERATURE REVIEW

A fairly large list of scientific publications is devoted to the problem of the relationship between politics and economics at the macro- and meso-level. K. Marx in his fundamental work "Capital" (Marx) formulated the concepts of productive forces and production relations, substantiated the position that economic relations (property relations) are the determining factor of political institutions (Harvey, 2017; Popov et al., 2019).

The representatives of the Austrian School of Economics K. Menger, E. von Boehm-Bawerk, F. Wieser developed the theory of marginal utility, substantiated the position about the determining influence of the subjective psychological factor on economic processes. V.I. Ulyanov-Lenin (Lenin, 2015) formulated the provision on the concentration and centralization of production as an objective law of business development, developed the idea of the economy crisis-free functioning (Lenin, 2015). In his work J.M. Keynes substantiated the position on the expediency of a regulatory factor in market economy functioning, and a management algorithm based on the "employment multiplier". V.V. Leontiev, on the basis of the input-output formula developed by him, calculated the input-output balance of the US national economy and proposed recommendations to regulate economic practices in key industries. The development of communications in business was the basis of M. Friedman's monetarist ideas about the national economy regulation by state with a certain amount of money in circulation. D.S. Lvov analyzed the state and prospects for the development of the new Russian economy, the role of public administration in this process, and the use of rental levers (Lvov, 2002).

A similar opinion was also expressed in the fundamental studies by Granberg (2000).

At the same time, there is no sharp discussion on the microeconomic level functioning (the level of individual companies). Indeed, the administrative model of management is built into the organization, and the violation of its management influence is fraught with the ruin of the corresponding enterprise.

A wide palette of views is observed at the macro- and meso-level, up to the opposite.

A significant part of scientists focused on criticizing the socialist administrative-distributive system and supporting the liberal idea of the Russian economy self-regulation on the principles of monetarism. At the same time, reasonable opinions are expressed about the need to preserve state influence. So, O. Yu. Mammadov notes that the prosperity of the US economy was ensured by dynamic and innovative capital markets, so it would be extremely shortsighted to allow the state to weaken these markets (Mamedov, 2008). Another group of, develops the idea of regional competitiveness - in fact, the competitive-market rivalry of such meso-formation management subjects in the market of administrative and economic services (Ovchinnikov & Kolesnikov, 2008). The research by Kushnarenko (2016) is devoted to the strategic management of territory non-resource development processes.

MATERIALS AND METHODS

The sources of analytical information for this work were Rosstat data, information from publications of various organizations, as well as the works of Russian and foreign authors, the materials from personal observations of the authors, interviews with the experts in the sector of this study object and subject.

The methodological basis for the analysis of the problems concerning the functioning and purposeful development of spatially localized socio-economic systems was formed by the works of economic theory classics, the theory of organizations, the work of modern scientists in the field of modeling processes and states. The systemic, institutional, reproductive approaches were used as a methodological basis; processes and conditions are considered from the standpoint of national, public interests, taking into account the increasing environmental factor. They used the methods of systemic, functional-cost analysis, groupings, extrapolation, and variant forecasting.

RESULTS AND DISCUSSION

A characteristic feature of modernity is globalism, generated by the general informatization of space and, accordingly, management and economic practice. According to Yu.M. Osipov, globalism is characterized by the similarity of elements and general controllability from a single center (Osipov, 2004). Agreeing with this interpretation, we believe it is expedient to correlate this process in Russia with the strengthening of the administrative and regulatory factor in economic management based on information systems, and BIM technologies (Business Information Model and Modeling). This creates the task of building new partnerships with the economic elite for state administration bodies.

It seems to be one-sided author formulation of the issue concerning financial benefit maximum increase by government agents during interaction with business. The main goal of the state can be the acquisition of a different quality content, economic and social power increase, and social reproduction increase as the basis of social progress.

D.S. Lvov believes that it is necessary to shift the center of taxation gravity to the natural resource potential and organize a system of financial transfers between profitable and unprofitable, but promising sectors of the economy, between rich and poor regions (Lvov, 2002). In general, the same idea is formulated by Z.M. Khutyzy (Khutyzy, 2019).

Ovchinnikov and Kolesnikov substantiate the idea of competitive functioning and development of regional economies, a system of rational relations and interregional exchange, and the Russian economy restructuring (Ovchinnikov & Kolesnikov, 2008). They believe that it is not the competition of regions that is more justified, but the spatial competition of producers (sellers) for a market space share (the market share extended in space) (Ovchinnikov & Kolesnikov, 2008).

Obviously, such an idea is simplified and comes down to commodity-money relations, to a commercial transaction between government and business.

It seems that the regional task of placing administration tools is only masked by the references to virtual spatial competition.

It seems that the thesis about the extraction of a synergetic effect from interregional interaction is possible and justified on the basis of interregional program implementation for the development and distribution of productive forces, the development and implementation of which requires the use of economic administration potential.

Moreover, state administrative and economic regulation at the macro and meso levels should be based on a systematic assessment of reproduction process state, which was mentioned above.

It is important to combine the increase of public administration role in economic management with the formation of appropriate protective mechanisms against the strengthening of bureaucracy in production practice. One can agree with the remark by Z.M. Khutyza that unsuccessful actions of the state in this respect can only lead to the replacement of the actual market costs with bureaucratic transaction costs (Khutyza, 2009).

Inspired by the economic dynamics of Russia in recent years, the strengthening of the regulatory principle in the location and development of productive forces can occur through optimization of labor territorial division, conditioned, on the one hand, by resource-production factors, and by consumer-sales factors on the other. The general informatization of space makes it possible to solve such a "transport" problem quite accurately - saving time for the development of natural data.

In our opinion, a unique achievement in solving the problem of production force location in conditions of economic tension is the one developed by a group of Russian scientists headed by Krzhizhanovsky, the plan of the State Commission for the Electrification of Russia (GOELRO), the successful implementation of which had a significant stimulating effect on technological progress. Similar approaches were used by Leontiev in the development of the input-output balance concerning the US economy (Leontiev, 1997).

A prerequisite for successful administrative impact is the combination of administration and marketability in the relevant territorial and economic locations based on BIM technologies.

Some scholars (Mitrofanova, 2009) substantiate the thesis about the expediency of transferring the center for programming the development of territories to the level of federal districts and consider them as potential reproduction systems (mainly using the example of the Southern Federal District).

At the same time, it can be noted that the federal administrative districts have not formed into integral economic organisms. Overcoming this is possible by decomposing them into smaller, but economically homogeneous economic macroregions.

In accordance with this approach, one of the promising organizational forms is the construction of the Russian national system of labor territorial division on the basis of reproductively integral economic macroregion development which are similar in economic quality (Popov, 2016).

It seems expedient to single out a specific macroeconomic territorial-reproductive complex in the system of the single national economic complex of Russia - the Azov-Black Sea economic macroregion (ABEM) as the part of the Krasnodar Territory, the Republic of Adygea, the Republic of Crimea and the Karachay-Cherkess Republic, combined on the basis of approximately equal natural and climatic conditions, the multinational composition of the population, close mentality, tolerance, the

same type of agricultural production, the development of the resort and tourism sector, and transport communications (Table 1).

Table 1. Key economic indicators in 2017 (16)

Indicators	Krasnodar Territory	Republic of Crimea	Republic of Adygea	Karachay-Cherkess Republic	Total
Gross regional product in 2016, million rubles.	2015935	315919	91352	73151	2496357
Fixed capital investments, mln. rub.	484105	195377	22852	17812	720146
Availability of fixed assets at the end, mln. rub.	5937791	2212391	202111	210594	8562887
Commissioning of residential building total area, thousand sq. m.	47,28,4	833,7	244,3	201,8	6008,2

Particularly favorable natural and climatic conditions give a strategic importance in agricultural production to this macroregion as a major promising supplier of agricultural products (greenhouse, horticulture, viticulture and winemaking, livestock, wheat and sunflower seed production) to domestic and foreign markets (Table 2).

Table 2. Agricultural production in 2017 (Russian statistical yearbook, 2018)

Indicators	Krasnodar Territory	Republic of Crimea	Republic of Adygea	Karachay-Cherkess Republic	Total
Grain production, thousand tons	14080,8	1357,2	613,8	1157,3	17209,1
Sunflower seed production, thousand tons	1075,1	121,3	76,4	28,4	1301,2
Livestock and poultry production in slaughter weight, thousand tons	373,1	97,0	26,3	73,9	570,3
Milk production, thousand tons	1380,9	209,7	122,0	390,5	2203,1

A specific branch of the economy, typical for all prospective ABEM participants, is the resort and tourism sector (Table 3). Implementation of a unified strategy in this area can contribute to a significant increase of its volume.

Table 3. The volume of resort and tourist services in 2017 (Russian statistical yearbook, 2018)

Indicators	Krasnodar Territory	Republic of Crimea	Republic of Adygea	Karachay-Cherkess Republic	Total
Number of children rested in health camps, thousand people	202,4	77,5	4,7	6,5	291,1
Number of Russian citizens accommodated in collective accommodation facilities, thousand people	6451,4	1528,2	107,4	99,1	8186,1

The proposed economic macro-region has high prospects for functioning and development in the field of labor resources. In this regard, to maximize the employment of the population, it is assumed to focus on the development of mechanical engineering, shipbuilding, instrument making, furniture, clothing and food industries (Table 4).

Table 4. Population in 2017 and staffing prospects, thousand people (16)

Indicators	Krasnodar Territory	Republic of Crimea	Republic of Adygea	Karachay-Cherkess Republic	Total
Population number	5603,4	1913,7	453,4	466,3	8436,8
Number of school students	638,6	200,9	50,4	50,7	940,6
Number of students in vocational lyceums	23,3	8,9	1,4	0,7	34,3
Number of college students	96,7	19,7	6,2	7,4	130,0
Number of university students	117,4	41,9	12,4	10,7	182,4
Labor force number	2777	916	200	210	4103

The available personnel reserve, which is estimated at 425 thousand people or more than 10% of the existing number of employees, can significantly affect the development of the territory informatization.

In view of the fact that the ratio of administration methods and market management is very different, it seems appropriate to consider the coexistence of power and business as the partners with different interests, goals and achievement methods. This necessitates differentiation in approaches to manage the processes of location and development of productive forces.

The determining motive and driving force of public administration, as was mentioned above, is to ensure the sustainability of society operation while solving simultaneously long-term tasks of economic base development.

It seems reasonable to differentiate the administrative influence of the authorities on business by the scale of economic entities. Municipal bodies can focus on regulating the activities of small businesses, individual entrepreneurs, and self-employed persons.

The organization of macroeconomic regions with the endowment of productive force location and development functions to them can create a favorable basis for the purposeful use of medium-sized enterprise potential. The formation of macroregional intersectoral syndicates, concerns and trusts can become a promising form of association for such enterprises.

In this context, the provisions and algorithms of the "marginal utility theory" can be used to program the location and development of productive forces in the territorial context. Naturally, such programming will require strengthening the administrative factor of management based on BIM technologies. Effective public procurement is a significant reserve for the development of productive forces in terms of administration and market economy positive coexistence.

CONCLUSION

In general, the problem of administration and market economy positive interaction in the sphere of spatially localized socio-economic system regulation has a complex structural nature, and is conditioned by the need for a systematic approach.

The functioning and development of the region is provided by the means of administrative and economic regulation, which requires a high organizational quality of management administration.

One of the promising forms of managing the location and development of productive forces can be the organization of macroeconomic regions that unite the groups of neighboring republics, territories and regions to solve these program activities.

The formation of the macroregion elements and their administration should be carried out using BIM programming. In the new political and economic situation of Russia, one of such target macro-regions can become the Azov-Black Sea economic macro-region, formed on the principles of territorial division of labor and society sustainable development.

Acknowledgments: not applicable. No funding.

REFERENCES

- Granberg, A. G. (2000). Fundamentals of regional economy [Osnovy regional'noi ekonomiki]. M.: SU HSE [GU VShE].
- Harvey, D. (2017). Marx, capital, and the madness of economic reason. Oxford University Press.
- Khutyz, I. P. (2019). Storytelling in Lecture Discourse, St. Petersburg State Polytechnical University Journal. Humanities and Social Sciences, 10(2), 64-73.
- Kushnarenko, T.V. (2016). Strategies for the transition of Russian regions to a non-raw material development model: taking into account the phenomenon of multistructure: monograph / T.V. Kushnarenko. - Rostov on Don: publishing and printing facility of the Rostov State Economic University (RINH), 304-355.
- Leksin, V.N., & Shvetsov, A.N. (1999). State and regions: theory and practice of territorial development state regulation. Moscow: URSS.
- Lenin, V. I. (2015). Imperialism, the highest stage of capitalism. In Conflict After the Cold War (pp. 319-326). Routledge.
- Leontiev, V. V. (1997). Intersectoral Economics: Translation from English. The author of the foreword and science editor A.G. Granberg. - M.: OJSC Publishing House Economics. 479-556.
- Lvov, D. S. (2002). Economics of development. M.: Exam.
- Mamedov, O. Yu. (2009). Economic secret of the financial crisis. Economic Bulletin of Rostov State University. 7(1), 10-29.
- Melnikov, R. M. (2007). Theoretical foundations of regional development regulation: foreign approaches and the possibility of their use in Russian conditions. Monograph. - M.: Publishing house of RASS, 250-277.
- Mitrofanova, I. V. (2009). Strategic programming of a macro-region development. Rostov-on-Don: Izd-vo YuNI RAN, 19.
- Ovchinnikov, V.N., & Kolesnikov, Yu. S. (2008). Silhouettes of regional economic policy in the South of Russia. Rostov on Don: SFU Publishing House, 176-190.
- Osipov, Yu. M. (2004). Postmodern era. In three parts. - M.: TEIS, 336 p.
- Popov, R. A. (2016). Integration resource for the development of productive forces in terms of economic tension and environment volatility. Bulletin of the Adyghe State University. Series "Economics. - Maikop: Publishing house of ASU, 5(2), 35-46.
- Popov, R. A., Shipilova, N. A., Sekisov, A. N., Solovyova, Y. V., & Gura, D. A. (2019). Innovative development of construction in russia: economics, technologies, management. Amazonia Investiga, 8(19), 653-663.
- Russian statistical yearbook. 2018. Collection of articles. Rosstat. - M., 2018. - 694 p.