

Creating Optimal Mechanism for Competitive Recovery of Russia in the International Environment

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Abstract

The issue of competitive recovery is a strategic one for the Russian Federation, as it is directly connected to the further sustainable economic and social development of the state, which should lead to creation of modern diversified industry that is capable to manufacture the production which is in high demand in Russia and abroad and to provision of high living standards of the population. The aim of the article is to form the optimal mechanism of the competitive recovery of Russia in the international environment. This aim may be achieved with the help of the following methods: determining of the current level of the Russian economy's competitiveness, factor analysis of the Russia's competitiveness in the international environment, allocation of problems and perspectives of increase of competitiveness of Russia in the international environment, development of optimal mechanism of competitive recovery of Russia in the international environment and preparation of recommendations as to its implementation in modern Russia. As a result of the research, the authors conclude that the Russia's economy is characterized by competitive lag, especially in comparison with the developed countries. In order to prevent the emergence of a gap in the competitive potential, it is necessary to implement measures as to national competitive recovery. That's why the state policy of competitiveness should suppose the necessity for deep diversification of the economy, necessity for organization of monitoring of the competitiveness; implementation of leading experience in all spheres of activity, full stimulation of scientific and technical progress, creation of modern informational infrastructure for R&D and entrepreneurial activity, etc.

Keywords: competitiveness of Russia, international environment, international industrial specialty.

1. Introduction

Modern global practice shows that only several countries, deprived of hydrocarbon resources, work in the global market successfully. They are capable to do it due to systemic work as to improvement of technique and technologies. Experience of countries-suppliers of hydrocarbons (OPEC and others) shows the lopsided development of not only economy but of society. Russia possesses huge assured resources of hydrocarbons. The active work as to use of this natural resource during the recent 30 years allowed avoiding large stresses during the period of market reforms and provided a continuous inflow of assets from the sale of hydrocarbons.

In recent years, oil and gas producing companies put an emphasis on deepening of processing of oil and gas, thus solving the double task of creating vacancies and increasing income from growth of the share of living labor in the price. The development of this process and filling it with new qualitative content may be very logical. However, localization of industrial policy attention in this sector, despite its high profitability, may lead to dependence of the Russian economy on the climate in the markets of oil & gas and their processing, which is characterized (according to observations during recent decades) by high ranges and long time lags of oscillating process.

At present, economic system of Russia is based on the export of natural resources, raw materials with small share of added value, expansion of service sphere, large-scale development of wholesale and retail trade, including foreign goods trade. Market self-organization of economic environment of the country is characterized by economic and social concentration in the large cities, "raw" regions, and regions with the active foreign economic activity. This causes the

objective necessity for complex development of modern Russia's economy and re-orientation of its industrial specialization. This research is devoted to formation of optimal mechanism for competitive recovery of Russia in the international environment.

2. Research Methods

At present, Russia's positions in global rankings of competitiveness are evaluated in different ways. Beginning from 2005, the World Economic Forum conducts analysis of competitiveness of the countries on the basis of complex index which reflects the quality of administrative and legal regulation, the policy led by the state, and state of factors that influence the level of efficiency in each country.

According to methodology of IDM (Switzerland), each country's economy is evaluated by four main indicators: infrastructure (basic infrastructure, technological infrastructure, scientific infrastructure, health and environment, education), government's efficiency (state policy, tax system, institutional base, legal base of entrepreneurial activity, social base), efficiency of business (productiveness, labor market, finances, management, scale) and macro-economic indicators (international trade, foreign investments, market accessibility, prices). The Russian Federation's rankings, determined according to this methodology, constituted 52.770 in 2014, which placed 49th among 49 countries (Anatolievna et al., 2014).

In 2014, Russia was 63rd in the global rankings of competitiveness of World Economic Forum – between Turkey and Mexico. During the last 10 years, the rankings of key problems for development of business in Russia didn't suffer any changes: the main barrier was corruption, then – the problem of financing accessibility. The situation is worsened in the sectors which are considered to be top-priority by the state (Faltsman, 2014).

Thus, as to companies' expenses on R&D – the indicator which characterizes the level of innovation of production – the country moved to 46th position from the 50th, and as to the activity of the state's purchase of high-tech products – from the 69th to the 82th position. As to the level of competition, in 2014 was 115th (106th – in 2013), as to the number of procedures required for starting a new business – 88th (60th – in 2013), as to the time required for starting business – 93rd (80th in 2013), as to the level of trade barriers – 133rd (125th in 2013) (Kornev, 2014).

The report for the period of 2013-2014 covered 139 economies of the world according to more than 100 indicators. The list of countries comprising the top-10 remained the same, though their positions within it slightly changed. The ranking's leaders are Switzerland, Sweden (+2 positions as compared to the rankings for the period of 2009-2010), Singapore, the USA (-2), Germany (+2), Japan (+2), Finland (-1), the Netherlands (+2), Denmark (-4), Canada (-1) (Rau et al, 2014).

The fact that after substantial fall in the previous rankings, Russia kept the 63rd position for 2013-2014 shows that instability of the economy was somehow compensated by improvements in certain spheres (Safiullin et al, 2013): infrastructure, healthcare, education, and technologies distribution.

At that, according to conclusion of specialists of WEC, Russia's competitiveness continues to reduce as to one of its key elements – product market. The competitiveness, both domestic and foreign, is restrained by ineffective antimonopoly regulation, limitation of trade, and participation of foreign capital. These barriers do not allow fully using the existing advantages – in particular, significant innovational potential and high quality of education.

The main barriers for improvement of Russia's competitiveness are determined in weak system of administrative and legal regulation (118th position), including insufficient protection of ownership rights (126th position), misuse of authority (114th position), and low standards of corporate management (119th position) (Shchetinina et al, 2013).

3. Results

Over the recent years, the Russia's competitiveness reduced. Due to drawbacks of national business climate, the productivity stagnated. Russia didn't have the possibility to capitalize its key advantages: educated labor force, natural resources, and favorable geographical location together with large market. During the process of growth, the country will have to solve five main problems, in order to raise the productivity:

- 1) it is necessary to develop institutional environment and guarantee the rule of law;
- 2) it is important to increase the level of education, in order to support the Russia's advantage in human resources;
- 3) it is possible to significantly improve the state of the Russia's economy by means of providing more intensive competition and cooperation for the development of entrepreneurship
- 4) constantly raise the sustainability of financial markets and give access to financing for business, which will be

the key factors of economic growth:

- 5) The role of development national business will grow in future, with the reduction of the economy's dependence on natural resources; that's why it is necessary to stimulate the exchange of knowledge and experience in this sphere.

In order to solve these problems, it is advisable to use the competitive advantages and resources and to remedy shortcomings. The competitive advantages and resources include:

Unique Eurasian geopolitical location, which, from the point of view of classical geopolitics, is central and decisive; it determines the solutions to global problems and control for the global space. Here, the strategic reserve is the increase of geopolitical status of the country.

Huge natural resources (Russia ranks 1st as to volumes of natural resources on the world); here, the reserve is increase of efficiency of natural resources use (at least up to 55.6% of the efficiency of Japan's use of natural resources, with Japan being a model).

Preservation of the status of a superpower as to certain attributes (missile and nuclear potential, permanent membership in the UN Security Council). Unique industries, especially in defense industry complex, on the basis of which it is possible to expand the scale of high-tech manufacture. Here, the most serious potential is the transition of the Russian economy to innovational basis (Vovchenko et al, 2013).

Economic growth, which began after the economic crisis. Though, at present, the Russian economy is moving along the "lower path to competitiveness" with a peculiar "impoverishing" or "wasteful" economic growth, the dynamics of economic development of recent years, scientific and educational potential, and other competitive advantages and resources hold out a hope for the Russia's possibility to move to the "upper path to competitiveness", which is characteristic for the leaders of the global development (Popkova and Tinyakova, 2013b).

Macro-economic indicators of recent years became the most successful ones for the whole new history of Russia. In particular, a range of macro-economic records was changed – from the level of gold and foreign currency reserves and export to the budget's profit and inflow of capital. The rates of growth of prices reduce. The rates of growth of investments increase, which creates favorable conditions for support for high rates of economic growth in mid-term. Net inflow of private capital in Russia grows. The targeted funding of investments was performed in the top-priority spheres of the Russian economy, where the largest importance belongs to "national projects", financing of which facilitated the growth of investments in the spheres of healthcare, education, and agriculture (Popkova and Tinyakova, 2013a).

The above mentioned shows sufficient potential for economic development, the realization of which will allow increasing the competitiveness of the Russian economy and Russia as a whole. Certainly, there is a necessity for certain additional factors which are a guarantee of stability of increase of level of international competitiveness. Without doubt, under conditions of globalization, the state hold the constantly growing responsibility for the quality of the Russian entrepreneurial environment which should conform to the global environment, as Russia is a member of WTO.

Increase of the efficiency of state management and its professionalization represent a certain potential and, in case of successful conduct of administrative and state service reform, may become a serious resource for growth of competitiveness. That's why the government should start large-scale work on deleting the administrative barriers in the economy. It should involve the reduction of controlling powers of inspection authorities, change of licensing procedures during the start and conduct of business to the notifying ones. It was announced that the list of licensed types of activities and of goods and services which require the obligatory certification would be reduced.

In Russia, there is a great number of focused programs and complexes of measures (e.g., anti-crisis measures for 2009) which demonstrate the well-balanced and realistic position of the government and its understanding of the processes that take place in the country. For the purpose of realization of programs, special measures and sources of finances exist. At that, practical implementation of planned measures is still considered to be a weak spot. To a large extent it is explained by the high level of bureaucracy and corruption in the Russian economy.

According to 2014 research, Russia ranked last among the countries-exporters of oil as to such indicators as "ownership rights" (being ahead of only Venezuela), "burden of state regulation" (being ahead of only Algeria and Venezuela), "number of procedures required for starting business" and "trade barriers" (being ahead of only Venezuela and Ecuador), "tariff barriers" (Vietnam, Venezuela, Algeria), "barriers for foreign property" (Kuwait, Algeria), "regulation of foreign direct investments" (Algeria, Kuwait, Ecuador, Venezuela), "custom procedures" (Venezuela is the only country with more complicated custom system, with only three countries in the world with worse overall situation), "limitation for capital movement" (Ecuador, Algeria, Venezuela), "trust in banks" (Algeria and Kazakhstan) (Torvinen et al, 2014).

Formation of optimal mechanism of competitive recovery of Russia in the international environment supposes the use of the following resources. The first recourse is creation of informational infrastructure and further development of informational society. According to the Strategy of development of informational society in the RF, "it is necessary to

realize the current cultural, educational, and scientific and technological potential of the country in mid-term and ensure the Russian Federation's ranking among the leaders of the global informational society", it is necessary to "create conditions for development of competitive national industry of informational and telecommunicational technologies, computer engineering devices, radioelectronics, telecommunicational equipment, and software". This task is very complicated but still real, and in case of its success, the country's potential will substantially grow, having received the necessary informational and communicational base.

The second resource is integration of the CIS members. Based on the analysis of factors of competitiveness, it is possible to conclude that the most important resource for Russia and variety of neighboring countries is perspective creation of a single integration space (union, agreement) within the CIS or certain countries of the CIS.

Thus, Russia may become the leader of the independent union, having created its own regional integration trade and economic coalition with a perspective of inclusion of new countries in it. This will allow the members of the CIS to oppose the growing influence of negative foreign economic factors, create regional structure which regulate mineral markets (primarily, energy markets), form transnational companies for joint development of natural resources, expand the access to the newest technologies for modernization of mineral complex (and economic complex in whole), and create attractive conditions for activation of inflow of direct foreign investments in such spheres of economy as machine building, processing industry, transport and connection, and service sector.

Integration associations have more possibilities to protect their group and national interests in the international economic organizations and oppose the pressure of transnational corporations and banks. As of now, Russia has not been able to use this advantage, as the formation of free trade area within the CIS and the Customs Union within EuroAsian Economic Community is not yet finished".

The third resource is the image resource. Strengthening of the image of modern Russia in the eyes of the global society and in Russian mass public conscience (which is not sufficiently financed today) will allow creating the appropriate conditions, including favorable investment climate, required for competitive development of the country.

The fourth resource is spiritual and cultural traditions. A huge potential is observed in self-identification of the Russian society on the basis of historical and civilizational origins, aimed at the strengthening of polyethnic and multireligious Russian society, its mobilization for participation in the global struggle for markets and resources for the purpose of national prosperity. A serious reserve is observed in development of the Russian public ideology, system of national interests, and basic nationwide values.

A high educational and scientific level of Russia, which up to recent times was one of the global leaders of educational environment. Here, the reserve is represented by intellectual potential development. Despite negative tendencies of recent years, Russia still possesses a significant human intellectual capital and ranks 4th as to the number of scientists and engineers which work in R&D. According to specialists, "it is still not too late to concentrate state policy in the matter of transition of the Russian economy from resource-based to knowledge-based".

Analysis of the state and dynamics of development of the human capital of the country allows concluding that the accumulated scientific, educational, and intellectual potential of Russia will allow – under condition of its effective use and development – overcoming the crisis phenomena and solving important tasks for increase of the level of competitiveness of the country.

The optimal mechanism of competitive recovery of Russia in the international environment supposes the combination of three directions of international industrial specialization: fuel and energy sector, which is a basis for the current competitiveness of Russia's economy; agricultural complex, which is necessary for provision of national food security; industrial complex, which allows reducing dependence on energy and diversifying the economy (Fig. 1).

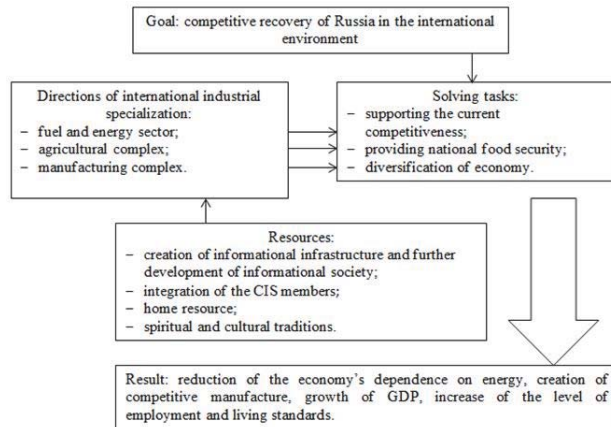


Figure 1. Optimal mechanism for competitive recovery of Russia in the international environment

As is seen in Fig. 1, realization of the developed mechanism ensures not only quantitative increase of competitiveness of Russia's economy but its qualitative transformation: reduction of its dependence on energy, creation of competitive industry, growth of GDP, and increase of the level of employment and living standards.

4. Conclusions

Thus, the Russian economy is characterized by competitive underrun, especially as compared to the developed countries. In order to prevent the emergence of a gap in competitive potential, it is necessary to perform measures as to increase of national level of competitiveness. That's why the national policy of competitive recovery should include:

- necessity for deep diversification of the economy;
- necessity for organization of monitoring of competitiveness and search for the forms of support for emerging and growing companies; necessity for creation of conditions at which Russian companies would increase their competitiveness and successfully compete with foreign companies in the open markets;
- implementation of leading experience in all spheres of activity, full stimulation of scientific and technical progress, creation of modern informational infrastructure of R&D and entrepreneurial activity;
- cooperation in development of regional programs of competitive recovery and quality increase;
- general economic measures of support for development of competition among national manufacturers and for increase of the market flexibility;
- support for attraction of foreign capital, creation of development institutes, capable of providing the attraction of investments into the development of production sphere with the help of state guarantees, credit resources of state banks, and formation of channels of refinancing of industrial investments with the involvement of the Central Bank of the Russian Federation;
- import policy should facilitate the development of domestic manufacturing;
- targeted investments through federal programs of creation of science-intensive technologies, which are competitive in the external market of products;
- development of the system of state guarantees for private investors;
- increase of investments into science and education in cooperation with private business with gradually growing role of the latter;
- easy-term loans for top-priority programs and measures;
- preferential taxation;
- development of infrastructure for trade support;
- provision of effective protection of intellectual property rights and protection of the Russian intellectual property abroad;
- openness for immigration of highly qualified staff which can be the source of new ideas and innovations;
- necessity for not only the increase of state investments in such spheres as healthcare, transport, state

management, and education but also creation of effective regulating base for stimulation, not limitation, of the "leading" economy;

- support for all institutes necessary for innovations.

The developed optimal mechanism for competitive recovery of Russia in the international environment supposes the combination of three directions of international productive specialization: oil and energy sector which is a basis for current competitiveness of Russia's economy; agricultural complex, necessary for provision of national food security; manufacturing complex which allows reducing the dependence on energy and diversifying the economy.

This is achieved by means of use of the following resources: creation of informational infrastructure and further development of informational society, CIS members' integration, image resource and spiritual & cultural traditions. As a result of implementation of the developed mechanism, it is possible to ensure not only the qualitative increase of competitiveness of Russia's economy but also its qualitative transformation: reduction of the economy's dependence on energy, creation of its own competitive production, GDP growth, and increase of the level of employment and living standards.

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