Estimation of Competitiveness of Russian Regions by Economic Activity

Marat R. Safiullin, Nail Z. Safiullin, Ullubii A. Saipullaev and Lenar N. Safiullin

Kazan Federal University, Kazan, 420008, Russia

Abstract: The article provides short review of the first part of "The report on competitiveness of Russia 2011. Laying the foundation for steady prosperity", developed by Margaret Drzhenek Hanuz (The world economic forum of development) on a subject "From redistribution of the goods to creation of prosperity: conclusions from the Index of global competitiveness" with author's treatment of increase of competitiveness of the Russian Federation and its regions (on the example of the Republic of Tatarstan). Weak and strong positions of Russia in comparison with the most developed countries of the world are allocated. The article gives directions for further development of Russia.

Key words: Competitiveness · Competitive advantage · Quality and the index of global competitiveness · Productivity

INTRODUCTION

Studying of competitiveness represents one of the most important components of the market researches creating a basis for elaboration of strategy and tactics of activity of the subject in the market, a choice of the correct way of increase of a technological level and quality and as a result of achievement of economic safety. Integration of the country into world economic community and development of the competitive environment in domestic economy makes a problem of increase of competitiveness of the Russian products very relevant. In this article we will open general provisions and conclusions which were presented within Margareta Drzhenek Hanuz's presentation as "The report on competitiveness of Russia 2011. Laying the foundation for steady prosperity".

The research "From Redistribution of the Benefits to Prosperity Creation …” includes two blocks. The first considers the labor productivity indicator in Russia in comparison with the countries of the Organization for Economic Cooperation and Development (OECD) and the second – on the basis of disclosure of essence of twelve components of competitiveness which are investigated by the World economic forum, considers their interrelations with each other are also considered and, concretizing these indicators in relation to Russia, defines strong and weaknesses of economy that allowed to formulate the directions of development and increase of an index of global competitiveness.

One of the most important theses of the speaker, in our opinion, is the statement about interrelation of productivity, competitiveness, a standard of living and as a result of welfare of citizens of the country: "Measurement of national competitiveness. The World economic forum defines competitiveness as a set of indicators driving, i.e. to growth (decrease) in productivity which is a fundamental factor of competitiveness. On the basis of such approach all factor indicators driving, i.e. to growth (decrease) in productivity are considered.

MATERIALS AND METHODS

Productivity is the major and practically only element explaining medium-term indicators of growth of national economy. Though economic growth can be caused by many reasons – for example, accumulation of the capital or an increase in population, – it can be steady only on
Fig. 1: Interrelation of an index of global competitiveness with gross domestic product per capita.


Figure 1 presents the index of global competitiveness in interrelations with size of the gross domestic product per capita in terms of some countries of the world, characterizing and confirming considerable influence of microeconomic factors on competitiveness of national economies [2].

From 2000 for 2010 Russia reached rather high growth rate of gross domestic product in 5.5% a year that allowed it to start reducing lag from average values of the countries of OECD. And nevertheless, the gap between economy of Russia and the countries of OECD according to average per capita gross domestic product makes about 47%. In other words, low level of the income in the country doesn't allow Russia to approach welfare of the population to level of inhabitants of the developed countries of the world. At the same time, Margaret Drzhenek Hanuz's in her report notes that despite the fact that general performance level in Russia, is higher than in India and China, excess of a salary leads to the fact that for each earned ruble the Russian worker makes a half of that the worker in China or India makes.

Thus, in her opinion, for increase of competitiveness of Russia it is necessary to lead a ratio between a salary and productivity to the average world level [2].

As an international experience shows, the majority of factors are formed today mainly at mesoscale which unites territorial and branch in terms of competitiveness. Within the general institutional, organizational and legal conditions, the allocated national priorities and macroeconomic tasks, possibility of a choice of the directions of social and economic development and ways of their realization with use of a reasonable tool kit holds true in favor of territories.

RESULT

In our research we choose only one indicator in terms of a number of regions of Russia and by several types of economic activity, data on which are formed by the State committee on statistics of the Russian Federation. This analysis allows conducting research over the whole range of economic activity at the level of the territory in terms of branch.

Let's note that capital productivity is the generalizing indicator characterizing level of use of business assets of branch, is calculated by division of produce volume for a certain period of production by average for this period cost of the fixed business assets. Let's consider dynamics of indicators of efficiency of use of the capital in terms of branches of industry. The assessment of use of fixed assets by types of economic activity of the Republic of Tatarstan assumes the analysis of indicators of capital productivity and a capital-labor ratio in terms of branches of the Republic of Tatarstan and their comparison with other regions.

Capital productivity is the generalizing indicator characterizing the level of use of business assets of branch and it can be calculated by division of produce volume for a certain period of production by average for this period cost of the fixed business assets [5].

As this figure shows, the Republic of Tatarstan is behind the average Russian level in such types of economic activity, as retail trade, production of oil products, construction, communication and some other in efficiency of use of the fixed business assets.

At the same time, on positions with the greatest specific weight (production of crude oil, production of synthetic rubber, animal husbandry, plant growing and others) both in structure of a gross regional product and nationwide this indicator exceeds the average Russian level.
Let's take a look at some types of economic activity with a considerable share in structure of the Tatarstan economy.

The Republic of Tatarstan on production of crude oil takes 8.78% the 2nd place in the volume of a turn-round of the organizations, conceding to the leader – the Tyumen region (41.45%). The next competitors are: Orenburg region (4.93%), Republic of Bashkortostan (4.43%) and Arkhangelsk region (3.9%).

According to an indicator capital productivity ratios of Tatarstan (1.55) look more modest. Leaders by data by the beginning of 2012 became: Moscow, Samara region, Penza region, Orenburg region and Volgograd region. Tatarstan took only the 6th place, having outstripped the Republic of Bashkortostan, the Udmurt Republic, Perm Krai and what isn't less remarkable the average level nationwide.

The capital-labor ratio analysis – an indicator characterizing equipment of employees of the enterprises of the sphere of production of goods by the fixed business assets, in the Republic of Tatarstan it also remains on low positions (8.9), below the all-Russian level (23.97) and concedes to such regions as: Arkhangelsk region, Tyumen region, Irkutsk region, Udmurt Republic, Tomsk region, Kaliningrad region, Orenburg region, Komi Republic, Perm Krai, Saratov region and Republic of Bashkortostan. However in comparison with average value of a gain of a similar indicator nationwide (37.44) there is a lag of 22%. The same situation is observed practically among all leading regions according to this indicator.

Comparing the general tendency of change of an indicator of capital productivity, we can see the situation when the Republic of Tatarstan took only the 10th place (1.33), having conceded to the Samara region, the
Orenburg region, the Novosibirsk region, the Penza region, Perm Krai, the Udmurt Republic, the Volgograd region and the Komi Republic.

High competitive positions on the volume of made production allowed the region to reach leading positions on a capital productivity indicator. Tatarstan took the 6th place out of seven regions of Russia presented in production of synthetic rubber. Thereby statistical data on capital productivity were distributed as follows: Samara region (14,17699), Republic of Bashkortostan (11,709), Omsk region (3,5057), Tula region (2,445), Voronezh region (1,5066), Republic of Tatarstan (1,1125), Krasnoyarsk Krai (0,8945).

In dynamics during the five years capital productivity increased almost by 119.13%. Nevertheless, from the end of 2007 till 2011 there was a decrease in capital productivity by 28% that in turn significantly reflected on competitive positions of Tatarstan.

It is necessary to define optimum ratios of a gain of labor productivity and a capital-labor ratio at the enterprise due to technical equipment, to estimate influence of these indicators on capital productivity growth by types of economic activity that finally, will cause competitiveness growth at macro level. Due to the limitation of resources other things being equal it is necessary to make priority distributions of the most effective new equipment depending on degree of competition of production to create competitive advantages for domestic producer of a high order.

The report gives data on a gap in productivity between Russia and the countries of OECD in separate branches and economy sectors. Three groups of branch sectors are allocated: basic, supporting and infrastructure. Figure shows 6 labor productivity on groups of branch, infrastructure, supporting and basic sectors in Russia and OECD.

To basic sectors, as it seen from from the report, belong the agriculture, extracting and manufacturing sector and activity in the field of information technologies – that is, all branches making goods which can potentially be on sale in the global market and therefore often work in the conditions of the real competition.
Supporting sectors is a sphere of market services, including branches, which provide distribution of goods (for example, wholesale and retail trade), support production (for example, business services) or make such goods and services which can be on sale only in the local market (for example, construction, real estate, activity of hotels and restaurants). Infrastructure sectors are, first of all, non-market services and the industry, including, public administration, education and health care, transport and communication [2].

Lag in supporting sectors by more than a half determines a low performance level of productivity in construction and real estate where production is labor-consuming. Though productivity in this sector is growing, a set of unresolved problems remains. In the majority of basic sectors in Russia some growth of productivity and employment reduction is observed.

The performance level also defines return on investment coefficient (in physical and human capital, in technology). Coefficients of return on investment are fundamental driving factors of growth rates of economy, so, more competitive economy develops quicker in medium-term and long-term prospect.

**CONCLUSIONS**

The concept of competitiveness implies static and dynamic components: though productivity obviously defines ability of the country to support high level of the income, it also in many respects defines return on investment that, in turn, is one of the key factors explaining potential of growth of economy [2].

Natural resources are allocated as the first advantage. Russia controls 5.6% of world reserves of oil and 23.7% of stocks of gas (by data for the end of 2009). It allows it to be the world's largest exporter of mineral fuel and oil products (in 2009) and to occupy 10.6% of the world market.

The second essential competitive advantage of the country – the big size of the market. The large market promotes productivity growth because it allows the companies to realize economy at a scale. Domestic market of Russia is one of the world's largest: on this indicator the country takes the 8th place out of 139 countries that unambiguously gives essential advantages.

Third advantage: well educated population.
According to data of the Index of global competitiveness, for fuller realization of potential of Russia it is necessary to solve the main problems in five spheres. First, it is necessary to make large-scale reforming and development of the institutional environment. Secondly, at a remaining high share of the learning population quality of education decreases. Thirdly, more intense competition in the internal and external markets of the country could considerably increase efficiency of all spheres of economy. Fourthly, further improvement of supervision of the financial markets and development of the banking sector is necessary. Fifthly, introduction and use of improved methods of management.

REFERENCES