

## INSTITUTIONAL FACTORS OF REGIONAL ECONOMIC SECURITY <sup>1</sup>

*The article substantiates the need to use new approaches in describing the regional economic security including the institutional theory. We argue the importance of economic security for overcoming governance imperfections. Moreover, it is important to a new paradigm unifying various theories that differ from one another according to methodological features — substantive, functional and axiological ones. In the modern theory of socio-economic development, more attention has been paid to regional economic security and its institutional explanation. The purpose of the article is to study the economic security of a region through the prism of institutional factors. These factors allow revealing internal features that determine the nature of regional economic security. However, studying these factors using traditional economic theory remains less accessible. The research hypothesis supposes that our method of studying economic security increases the effectiveness of scientific analysis. Moreover, it allows to identify a region as a complex phenomenon where universal standards of market behaviour can be considered as special cases of economy. In this regard, the research contributes to the concept of regional economic security. We consider region using the French “theory of conventions”. The application of the theory of conventions allows to re-formulate the concept of the interaction of regional government bodies with a multi-institutional object of regulation. This is typical for addressing the issue of economic security of northern regions where the problem of market behaviour has more acute and painful form. The outcome of this work can be used as a guide for the modernization of regional governance.*

**Keywords:** institutional approaches, economic security of a region, the axiological security sign, convention theory, market and industrial subsystems, price indicator, standards, traditions, dialectics of the past and present, regional economy, modernization

### Introduction

In the modern theory of economic and social development of regions, much attention is paid to the analysis of concepts aimed at finding innovative approaches for their economic growth and the choice of means to ensure economic security.

The research is based on the features of its focus, which are characteristic of transitional economies from an administrative-planned management system to a market one. Many authors note that “the topic of economic security and the shadow economy has a specific slice from the point of view of the systemic transformation of the Russian economy” [1, p. 8]. In most post-socialist countries, liberal transformations took place at a rapid pace, which influenced the emergence of a systemic crisis that encompassed all levels of government and related elements. Western analyst Joseph Stiglitz commented on this point that the implementation of the liberal project of reforming the Russian economy was the reason for its degradation [2, p. 23].

For regions, the systemic crisis turned out to be the most pernicious. Its consequences took various forms: the opportunism of the participants in financial and monetary-credit relations, the decline in activity in the real sector of the economy, destabilization and the weakening of the security of their socio-economic systems.

The state of the economic dynamics of regions suggests that the theoretical conclusions about the formation of new mechanisms do not always correspond to the specifics of national economic relations and have significant limitations in the context of their application and creating conditions for economic security.

There is a need to use such a modernization model that would take into account the arising contradictions in the management system at all levels and envisage the creation of conditions for the development of economic and social systems of a region, based on institutional approaches. It supposes that a management mechanism based on the theory of the regional economic security and

---

<sup>1</sup> © Kayukov V. V., Shikhverdiev A. P. Text. 2018.

taking into account its institutional features and approaches can serve as such a model. In this sense, the problem becomes all the more urgent in connection with the constant complication of particular phenomena and their synthesis into general ones.

The institutional nature of this logical interdependence is represented by the scheme “place—person—family—household—collective (social) economy—enterprise—business—culture—community of people” [3, p. 45]. The research of processes, taking into account the numerous natures of participants, makes it possible to overcome the “clip” approach to the focus and take into account the principle of system analysis.

Currently, the economic and social nature, the essence and sources of negative phenomena at the regional level are not sufficiently disclosed. V.N. Lazhentsev wrote about this back in the 1990s, noting that “regional governments focus on protecting their sovereignty, imitating the center in using macroeconomic regulators without regard for the specifics of social reproduction at the regional level” [4, p. 3].

### **Formation of the theory of economic security and its institutional interpretation**

Despite the active appeal in the scientific literature to the theory of economic security and the availability of a significant amount of research, some aspects of this problem remain insufficiently studied. These include the interpretation of economic security and its appropriate identification, determining the place of this phenomenon in the system of economic relations in general and regional, in particular, determining the value of the institutional factor in the classification systematization of the national economy and its impact on the formation of a regional management model.

Obtaining a new knowledge in this area of economics is not possible without a theoretical and methodological interpretation of these points of the problem, their understanding and use in further practical activities.

As for the extent of scientific elaboration of the problem, these aspects were developed by S. Afontsev, A. Auzan, A. Buzgalin, G. Vechkanov, A. Vinogradova, A. Granberg, S. Glazyev, E. Kormishkin, A. Kuklin, N. Maximov, A. Oleinik, L. Polishchuk, V. Ryazanov, V. Senchagov, A. Tatarkin, T. Feofilova, L. Boltyansky, R. Coase, D. North, L. Theveno, O. Favoro, F. Emar-Duvernet and others.

As a scientific hypothesis or assumption arising from the analysis of the problem of economic security, looking ahead, we add that the model of managing the economic security of a region will be effective if the following methodological requirements are met:

- those institutional reasons (pitfalls) that inhibit the creation of conditions for the normal development of the regional economy are identified and comprehended and which should be counterposed to countermeasures, that is, to counteract them;
- a list of standards and requirements of economic security of a region is set up;
- the elements of economic security management are optimally inscribed “in the profile” of regional management and, taking into account the use of institutional characteristics and approaches, function well.

In present, many definitions of economic security have been formulated; they differ from each other in various methodological grounds: meaningful, functional, axiological, etc., which is quite fair from a scientific point of view. The variety of positions is objectively set by the different tasks that researchers face in the course of their solution—fundamental or applied, scientific or empirical, subject or interdisciplinary.

One of the first attempts to define the concept of “economic security” was made by S. Afontsev [5, p. 41]. He made up the grouping of the key features of this definition. In this grouping, he considers the interests that must be protected, the sustainability of the socio-economic system development, which must be preserved, and the national economy independence from external influence, which must be ensured.

Representatives of the second approach, one of them is E.D. Kormishkin [6, p. 39–40], interpret the term “economic security” more broadly. Commenting on this issue, he setup three groups of approaches to its solution. The first group (L. Abalkin, S. Glazyev, V. Medvedev) specifies economic security as a set of conditions protecting the national economy of the country from all sorts of threats and ensuring its steady crisis-free development.

The second group (G. Gutman, A. Porokhovskiy, V. Senchagov, A. Tatarkin) considers economic security to be a state of the national economy, which allows protecting its vital interests.

The third group (A. Arkhipov, A. Gorodetsky, B. Mikhailov) considers economic security as an effective state activity when economic development at a sufficient level for this purpose should ensure security by itself.

As for the first approach in the characterization of economic security, noted by S. Afontsev, we find some contradictions of both a semantic and a system-philosophical nature. Among them, the formulation of economic security as the protection of interests from threats. Firstly, such a phrase is in doubt from the point of view of the tautological notions of “danger” and “threat”, which have a similar meaning. Secondly, the use of the term “protection of interests” in the definition is also illegal, if one ponders over the meaning of the concept “interest”—an incentive motive, a need for something (or a desire to consume the good that in the reproduction process precedes the actual consumption, and so it is not yet connected with the good). Therefore, in our opinion, it is possible to raise the question of protecting a failed event only in a potential sense, and not in a successful one. Then the meaning of the concept of “economic security” becomes more extensive and less specific.

In addition, the provision of the sustainable development of the socio-economic system, given in the definition of economic security is also not perfect. Real economic development is associated with a constant dialectic of variability and stability, crises and booms, which objectively act as the driving force of economic progress. Therefore, the use of the subjunctive mood in the characterization of individual phases of the cycle, which are objective in nature, is a conditional occupation, since at the essential level of interpretation, even the “crisis” phase itself can be viewed in a positive way as a starting source (driver) for progress.

The point is that this phase is natural in a cyclical development, and it should be perceived as it is, but, at the same time, adopt the appropriate institutional crisis management mechanism.

In this regard, the task of “economic security” can be identified not so much with the creation of conditions for sustainable development as with protection against threats (using appropriate mechanisms) associated with the cyclical pattern of development itself. Therefore, to remove the tautology and logical inconsistency, in each particular case, value-oriented coordinates are required in determining economic security that is, using an axiological approach.

A. I. Pozdnyakov called axiological (value) such an approach, where national economic security is formulated as protection of national values, national wealth from the possibilities of causing significant damage [7, p. 46]. Then the system model takes the form: “value — damage — security”.

From the point of view of social science, value serves as an important regulator of the behavior of market participants and represents the meaning (significance) for a subject of certain objects or phenomena of reality (good, profit, income, loss, cost, expense). It establishes the essential signs in the activities of people and serves as a motivator for their behavior. It can be material and spiritual. Any value can be opposed to anti-value: “income — loss”, “work — parasitism”, “cooperation — opportunism”, “altruism — selfishness”, etc.

Damage, in turn, means loss, wastage, decrease, and harm, that is, a negative change in the state of an economic process or phenomenon, which in the presented model is expressed in a certain value. Damage — the basic concept of the axiological theory of economic security. It can be applied not only in material terms, but also in the moral and ethical one. For countries with transition economies, it is often expressed in large losses of values in the form of opportunism and devaluation of moral norms of behavior in the system of economic relations.

From the point of view of the institutional approach, the moral and ethical side of the loss can manifest itself in the absence of order in concluding contracts, searching for contractors, the presence of information asymmetry between participants in transactions, which significantly increases transaction costs and creates a basis for officials to use their authority, connections, capabilities, and powers for personal gain.

The September 2015 scandal in the Komi Republic, when nearly two dozen key government officials and their leader were arrested for violating laws in the area of real estate transactions, is a good example of personal gain by officials to the detriment of not only the national and republican wealth dimension, but also the moral and psychological state of the population, or, as V. Sombart wrote, the economic spirit of society [8, p. 272].

We noted that the damage to the material and moral and ethical potential might be caused by the following reasons:

- external influences of various opponents, competitors, and representatives of the opportunistic trends of other states;
- mistakes in the economic policy within the country, made as a result of difficulties of an objective and subjective character [9, p. 62];
- natural disasters, accidents, equipment failure and equipment of increased (technological) hazard, etc.

Economic security, first of all, is connected with the need to reduce potential damage by using various preventive measures, as well as by preventing unlawful encroachments and minimizing lost opportunities because of unfair opportunistic behavior.

Based on the above, we note that economic security is legitimate to determine as the protection of national values from any damage. This exactly feature is highlighted in the definition of economic security in Art. 7, Clause 1 of the Decree of the President of the Russian Federation of May 13, 2017, №208. There is indicated that economic security is “the state of protection of the national economy from external and internal threats, which ensures the economic sovereignty of the country, the unity of its economic space, the conditions for the implementation of the strategic national priorities of the Russian Federation”<sup>2</sup>.

Since the protection of values cannot be absolute in reality, it is more correct to speak about the threshold of damage. Below this threshold, a level of danger occurs, which expresses the critical (crisis) value of the harm or misfortune. This problem is solved in different ways: by protecting against threats in the legal sphere (social upheaval in the form of strikes, demonstrations, drug addiction, etc.), protection against economic offenses, and terrorist acts. Some authors suggest using the idea of cyclical gradation, based on the principle of taking into account the economic space of a region; this has certainly a positive step for the development of the theory of economic security [10, p. 1241].

As for our institutional interpretation of economic security, before talking about the interpretation from this point of view, we should pay attention to the content and essence of the exact concept of “institutional economics” and the reasons for its occurrence related to the limitations of the traditional economy.

In this regard, G. Simon points out that as economic theory expands beyond its key areas of interest — price theory, dealing with quantities of goods and money, certain changes can be observed in it. There is a shift from a purely quantitative analysis, where the central role is played by equalizing marginal values in the direction of a better institutional analysis, where discrete alternative structures are compared [11, p. 24].

According to some authors, institutionalism appeared under the influence of the historical school of Germany and is a continuation of its mainstream, from the point of view of methodology. Thus, V. Leontyev points out that prominent researcher of American thought T. Veblen and W. Mitchell, “in their criticism of quantitative analytical methods in economics, continued the general line of the German historical school. This can be partially explained by the fact that at the turn of the century the influence of the German school in the USA was as great, and perhaps more significant, as the influence of the English one” [12, p. 71].

Analyzing the issue of quantity and quality, it is impossible to focus mainly on one side of the methodology—the quantitative one. Then it turns, in the opinion of R. Kouz, into a “blackboard theory”. For example, he writes that pricing policy on marginal costs is mostly meaningless and that its appearance is connected with the achievements of those who use methodological tools distant from reality [13, p. 23–24].

Other economists also point out the limitations of microeconomic neoclassical theory, based on the logic of choice and not using jurisprudence, political science and sociology. The consequence of such disregard for these areas of knowledge and their rejection from the subject matter of economics has become a situation in which actors whose decisions were studied by neoclassic scientists, were out of the focus of research. As a result, it lost its content.

As Slater said, a firm for an economist “appears as a demand curve and a supply curve, and the whole theory comes down to the logic of optimal pricing and a combination of costs” [14].

---

<sup>2</sup> О стратегии экономической безопасности Российской Федерации на период до 2030 года. Указ Президента РФ от 13.05.2017 г. №208 [About Strategy of economic security of the Russian Federation for the period up to 2030. О Стратегии. Presidential Decree of 13.05. 2017. №208]. Retrieved from: Reference and legal system “Consultant Plus”; [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_216629](http://www.consultant.ru/document/cons_doc_LAW_216629) (date of access: 04/20/2018). (In Russ.)

Similar ideas, but somewhat in a different literary form, are further developed: “If theories created by economists (at least microeconomic ones) are for the most part a definite approach to studying the factors on which the choice depends (and I think, — writes Kagel, — that this is the case), it is quite clear that they can be used to analyze choices in other areas, including jurisprudence and politics. In this sense, economists do not have their own subject of study” [15].

These statements mean that the institutional characteristics of an object imply the use of such principles, which are connected with the ideas of studying all the factors of human interaction regarding a given object: social, political, historical, material and spiritual. In this regard, V. Sombart points out: “The economic spirit is a set of mental properties and functions that accompany economic management. These are all manifestations of intelligence, all character traits that are revealed in economic aspirations, but these are also all tasks, all judgments about value, which determine and manage the behavior of an economic person” [8, p. 272].

### **Institutional background of economic security**

The real reason for the use of institutionalism in economic security is a certain attitude of this direction to the question of the state’s position in the system of governance. Usually, before the advent of institutionalism, this position was determined using traditional neoclassical economics, where Imre Lakatos calls the “hard core” and “protective belt” of the neoclassical approach the leading element [16, p. 89]. The real reason for the use of institutionalism in economic security is a certain attitude of this direction to the question of the state’s position in the system of governance. Usually, before the advent of institutionalism, this position was determined using traditional neoclassical economics, where Imre Lakatos calls the “hard core” and “protective belt” of the neoclassical approach the leading element [16, p. 89].

In this case, Lakatos refers to the “hard core” the following assumptions:

- the principle of methodological individualism;
  - the method of optimization approach, when the behavior is reduced to maximizing the benefits and minimizing costs;
  - transitivity of preferences and their stability;
  - balance working as the main condition for the functioning of the economy.
- He includes assumptions to the “protective belt” in the neoclassical study of economic phenomena:
- about the principle of complete rationality;
  - about the principle of relations excluding elements of economic opportunism and information asymmetry;
  - about the principle of market mechanism impeccability, that is the only means of regulating the economy, excluding transaction costs;
  - about the principle of having full specification of property rights.

Thus, the neoclassical economic theory is guided by a significant number of assumptions that lead it away from the variety of real processes and limit the possibility of full research [17, p. 32].

This restriction necessitates the use of more advanced methodological approaches provided by institutionalism. In this regard, in order to improve the model of managing the economic security of a region, the “convention theory” proposed by the French institutionalists L. Thevenot, O. Favorot, F. Hémard-Duvernet [18, p. 69].

This theory is interesting from the point of view of the classification of relations developing in the national economy. The peculiarity of the French new institutionalism is that the market system is not considered as an independent object, but as a subsystem of the national economy. At the same time, the market subsystem is considered against the background of the whole variety of independent and specific “institutional subsystems” that require appropriate ways of organizing relationships between people — “conventions” — and subordination to established rules of conduct — “norms”.

In this case, the norm means the fixed order of behavior that is obligatory for all parties to the relationship. Whereas conventions represent the established framework of relations, concerning a certain subject of the formed economic relations between counterparties. This circumstance, in our opinion, makes a significant organizational addition to the system of improvised and self-adjusting market relations.

This addition, first of all, concerns the appearance of new elements in the market system, which make it dependent on the regulatory principle, the degree of centralization of which is determined by the nature of the subject matter of the agreement being established [19, p. 16].

In the convention theory, representatives of the new French institutionalism propose the following classification of the system of economic relations: the market subsystem, the industrial subsystem, the traditional subsystem, the civil subsystem, the public opinion subsystem, the creative subsystem, and the environmental subsystem.

The market subsystem, in their opinion, includes all those provisions that are considered in neoclassical economic theory. The main focus of the study here is the product that is exchanged between the participants of the market subsystem of relations in the process of sale. The behavior of the participants is recognized as rational. Coordination of activities carried out using the price mechanism creates the necessary conditions for balance. Thus, in this subsystem, the role of the main indicator of the development of commodity relations is played by the price.

The price determines the formation of motivational institutions, which act as an internal mechanism of rational behavior and the implementation of generally accepted norms.

The industrial subsystem, according to the authors of the “convention theory”, consists of industrial enterprises. They point out that a market is never a place of production, just as production has nothing to do with the market. This position they mark as the key in the “convention theory”.

In this regard, it is quite fair to comment on the main instrument for regulating the relationship between the participants, which they consider standardized products. At the same time, the main carrier of information in these relationships is not the price, but the technical standards.

This position is especially important in the sense that the coordination of activities in the industrial subsystem is carried out not through the price mechanism, but through technical standards that identify participants as interconnected subjects of the production process, subject to the rules of functionality and consistency of actions requiring the use of an a priori principle in the form of contracting relationships and certification technical parameters determined by the rules of the social economy, or “club”, that is, mixed economy. It is no coincidence that the authors of the “convention theory” called the industrial world the material basis of social, not market production.

We add that ignoring the specifics of relations in the industrial subsystem when deciding whether to choose a model for regulating the national economy can lead to a discrepancy between this model and the content of the managed object. At the same time, inconsistencies can occur both in terms of abuse of the use of market value instruments, and in terms of excessive use of administrative and planning approaches [20, p. 81].

The irony of fate is that there is no compromise of models in the first and second cases, taking into account the contradictory nature of the controlled object and the need for their convergence: the presence of the regulatory center is due to the technical features of the industrial subsystem, freedom of choice, independence and the high role of market self-regulation exchange.

Next, in terms of the new French institutional economic theory, presented in the “convention theory”, is the traditional subsystem. It operates with such notions as “traditions” and their reproduction, “personal reputation”, division into friends and foes. The traditional subsystem includes not only purely economic, but also non-economic relations associated with criminal groups, the clan approach, the mafia, opportunism [21, p. 139]. This feature has historical, religious, national and regional specifics, which cannot be ignored when choosing a controlled model and, in particular, the degree of presence of the statist element in it, which asserts the need to subordinate the interests of participants in economic relations to the interests of the state and its leading role in political and economic community life.

As for the civil subsystem, in the convention theory in economics, this subsystem includes such economic relations that are based on the principle of subordination of private interests to common ones. Another subsystem is associated with a specific sphere of public opinion. According to the approach of the French institutionalists, it includes the order of relations that is based on the judgment of the most well-known and popular individuals who enjoy the greatest authority and attract everyone’s attention (for example, financial markets).

The subsystem of creative activity includes relationships that are associated with the desire to reach a unique result in their activities that is unique: science, art, and non-traditional approaches in any kind of activity.

Finally, the ecological subsystem, which is a part of the elements that make up the classification list of the modern national economy in the context of the new French institutional economic theory. This area really has a unique specific position from the point of view of the theory of “market failures” associated with external effects and external costs and the special attitude of the state to their regulation.

In particular, James Buchanan and Gordon Tullock formulated the ecological subsystem as specific from the point of view of an individual’s attitude toward it. They indicate: “In the world of rarity, the simultaneous use of the natural environment leads to the fact that for each individual the conditions of his exchange with his own environment worsen compared to the conditions of isolation, in which he independently opposes the environment. In reality, the natural environment becomes “common property”, and certain relations arise with regard to mutual externalities” [22, p. 130].

The specifics of the ecological subsystem primarily concerns the economic security of those regions in whose territory there are industries with increased environmental risks: the oil and gas complex, metallurgical and logging industries, timber industry complexes, bauxite ore mining, etc.

The above characteristics of different subsystems in convention theory suggest that a managed object is a comprehensive and multidimensional organism, in which rational behavior and directional movement towards market equilibrium is rightly interpreted by new French institutionalists as “particular cases” that somehow stand out in the general system against other and most diverse “cases”.

This background cannot be overlooked and ignored, especially to be ignored. It has many faces and its development is associated with a contradictory order of interaction between various institutions, when each participant in economic relations at the same time operates in several areas. In particular, when an enterprise sells products or purchases resources on a supply line, it functions in a “market world”, when it organizes production and defines technical and technological parameters for creating products, it functions in an “industrial world”.

And, if it becomes necessary to connect various worlds, one should take into account the fact that connecting (or concluding agreements) can be carried out taking into account the laws of the functioning of specific subsystems. Thus, the convention theory when choosing a model of regional management of economic security makes it necessary to take into account the specific features of regional institutions.

It is not by chance that the President of Tatarstan R. Mennikhanov at the Gaidar Forum—2018 asked not to touch the tax system of the republic for five years in order to more accurately identify intergovernmental relations<sup>3</sup>.

The point is that the economy of regions, of which the national economy consists of, is based on a rational number of varieties of institutional nuances providing for the reduction of the subjects of management to uniformity using the method of standardization and further unification. In turn, the nationwide economic policy as a key institutional task involves the use of the idea of reducing differences and leveling the levels of socio-economic development of regions. Without the use of this idea, the fundamentals of the economic security of the state and the regions are undermined; actions for optimal placement of the population and the balanced development of the labor market become irrational.

### **Evolution and features of the Komi Republic production structure**

The history of the socio-economic development of the Republic of Komi is connected with the need to attract and use fuel, energy and forest resources for the needs of the national economy. The peak of the economic “renaissance” fell on the 1930s. And, at present, its economy is a rather complicated economic mechanism, characterized by a multi-level system of relations between the subjects of various forms of ownership, federal, regional and municipal authorities.

Radical reforming of the national economy created many problems in the Republic in the system of production relations and led to a change in priorities in distribution relations and, in particular, to an assessment of the nature of territorial development. Instead of continuing to strive to support the existing economic orientation in regional development and preserve its specialization, plan put forward a project to meet the needs through the use of market mechanisms.

---

<sup>3</sup> Garifullin, R. Tatarstan. Ne trogat pyat let [Tatarstan. Do not touch five years]. Retrieved from: <https://echo.msk.ru/blog/garifullin/2131000-echo> (date of access: 13.04.2018).

Indicators reflecting the state of the economy of the Republic of Komi during the period of liberal-democratic reforms are shown in the table.

Analyzing the data in the table, we note that over a decade and a half, there have been many changes relating both to the rise in prices for all types of products, and the institutional background of the region. The point is that following the transformation of the structure of the regional economy associated with activities *C, D, E* and, in particular, regarding the reduction in the share of manufacturing industries (from 42 % in 2005 to 33 % in 2017) and an increase in extractive (from 47 % in 2005 to 51 % in 2017), there was a change in the institutional state of the region.

For example, in the period under review, there was a decrease in the population by 186.1 thousand people, which is 17.8 %, a decline in real cash income, an increase in the consolidated budget deficit to 8.7 billion rubles in 2015 (2 % of the gross regional product and 12.9 % of budget revenues).

For the period from 2000–2017, the industrial production index has a steady growth. At the same time, the share of mining (activity *C*) increased by 11 p.p., while the share of manufacturing decreased by the same amount (activity *D*). As for the production and distribution of electricity, gas and water (a type of activity *E*), it decreased by 1 p.p.

Table

**The main socio-economic characteristics of the Komi Republic<sup>4</sup>**

Indicator	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017
Gross regional product (at basic prices), billion rubles	59.5	171.3	353.9	435.9	479.1	482.3	480.9	491.4	546.9	—
Volume of industrial products shipped (activities <i>C, D, E</i> ), billion rubles	165.3	165.3	301.7	375.9	421.0	447.3	454.2	310.7	295	289
The volume of investment in fixed assets, billion rubles.	17.1	30.4	112.3	202.5	232.2	199.2	201.0	175.1	205.0	129.3
The cost of fixed assets, billion rubles.	227.5	578.0	1245.5	1365.7	1717.2	1937.7	2387.8	...	—	—
Retail turnover, billion rubles.	19.3	68.3	110.5	126.6	137.9	146.9	157.9	158.9	145.9	150.2
The average annual number of people employed in the economy, thousand people	459.9	465.6	463.0	456.6	456.3	445.0	433.7	425.3	336	323.2
Number of unemployed (on average per year), thousand people	65.9	59.6	52.1	41.0	31.5	35.3	28.7	33.2	7.9	7.3
Population (end of year), thousand people	1042.9	963.0	899.2	889.8	880.6	872.1	864.4	856.8	851	841
Real cash income,% to previous year	117.2	107.4	103.2	97.7	106.1	100.4	96.7	93.0	91	94.8
Gross regional product per capita (at basic prices), thousand rubles	56.6	176.1	390.7	487.4	541.2	550.4	553.8	573.5	640.6	—
Surplus, deficit (-) of the consolidated budget, million rubles.	149	974	987	-1255	-1935	-12428	-10914	-8665	6238.8	2805

<sup>4</sup> Calculated according to the data of the Territorial authority of the Federal State Statistics Service in the Komi Republic. Retrieved from: <http://komi.gks.ru/> (date of access: 04/10/2018).

It should be noted that the most high-tech type of activity represented by the manufacturing industry could not maintain its share in the total volume of industrial products shipped and lagged behind the values of the primary industries of the region. Although, the raw materials industry in the 90s did not show significant achievements. On the contrary, oil production decreased by 48.1 % (from 15.8 million tons to 8.2 million tons) in the Komi Republic for 1990–1995, and only in subsequent years the decline is replaced by a moderate increase, which amounted to 1996–2015 2000, 24.4 % (from 8.2 million tons to 10.2 million tons) [23, p. 18].

These figures indicate a different degree of adaptation of the types of economic activity of the Republic to the transformed situation in the economy. It can be confirmed that the level of mining in the region satisfies, in general, the current needs of the national and world markets.

The situation in the metalworking and engineering industries of the Republic is more problematic. Machine building practically ceased to exist in the region during the transition period. The fact, that among the closed enterprises were those that were put into operation in the last years before the restructuring and played a big role in reproducing the material and technical potential of the economy and employment causes particular concern.

These are the factory of large-panel housing construction in Ukhta; the factory “Uhtagazstroy mash”; the repair-mechanical plant in Ukhta, the mechanical factories in Syktyvkar, Emva, Vorkuta; the nonwovens factory in Syktyvkar; the defense factory “Progress”; the construction materials factory in Dezhnevo; the clay bricks factory; the fiberboards factory in Knyazhpogost and other enterprises.

We suppose that a significant step in the restoration and further development of the Republic can be a new management paradigm, based on the institutional characterization of regional development processes, including those related to economic security.

### **Conclusion**

Thus, the problem of managing the economic security of a region, taking into account institutional characteristics, can be defined as protecting a region from all threats through the implementation of measures set of institutional and economic order with the aim of establishing and developing its material, technical and economic potential.

In this regard, the main methodological tasks of managing the economic security of a region include:

- analysis of the state of socio-economic development and the development of activities to create conditions for the economic security of a region, taking into account institutional characteristics;
- improving the activities of government authorities in the system of economic security of a region;
- control over the implementation of the planned decisions to create conditions for the economic security of a region.

The solution of the listed main tasks will provide an opportunity to establish painful points in the system of economic security of a region, to keep them under control in order to further eliminating and preventing non-admission.

As a matter of principle, the mechanism itself of organizing the management of the economic security of a region actually exists and to a certain extent functions in practice [24, p. 156]. This mechanism highlights the main indicators of economic security in a region: the economic growth rate of the GRP, the state of the budget, the “in-profile” national (world) economy and the degree of dependence on them, unemployment, inflation, quality of life, proportion of the poor, life expectancy, etc.

These indicators in the traditional neoclassical theory are constantly used; they are in the field of view and provide a basis for assessing the existing situation. However, at the same time, it is also obvious that they, as part of the mechanism used, fulfill their role (along with the feedback line with the control object) as a “passive” fixator, or “calculation” means of determining the state of a region. We believe that their “calculating” role is convincing and necessary in managing the economic security of a region as a subject of management.

A different matter is a category of “management”, performing the role of executive level in the implementation of the planned activities and the achievement of targets. This is the link in management where contradictions between the conceived (at an ideal level) image of the subject of management and its real content appear. With a critical difference between them, the discrepancy between a real subject

and a planned one, in practice it leads to the fact that the ideal level of a subject's assessment does not become a means of realizing what was intended due to the incomplete disclosure of its content.

In our example, institutional "convention theory" overcomes these contradictions by using different methodological tools related to the critical evaluation of the "core" and "protective belt" of Neoclassicism. First, the "theory of convention" considers not so much the institution of formal (legal) norms as the conventions presented by informal norms for establishing relations between people in a certain sphere of their activity. This makes it possible to capture more accurately the nature of the relationship of subjects. Secondly, instead of the concept of "universality of market behavior norms", this theory offers a variety of forms of behavior (many conventions), in which the price factor loses the ability of self-regulation and is replaced by institutions of standards, traditions, public opinion, creativity, external externalities, etc.

These problems are fairly raised in the monograph, published in 2017 under the editorship of A.A. Kuklin and V.P. Chichkanov, which raises the question of the protest potential of a region as a specific institutional risk factor [25, p. 2].

These institutions reflect specific subsystems in which universal norms of market behavior can be used with great caution. It means, taking into account the situation that is actually associated with their application at the "junction of different worlds". Consequently, the economic security management of a region in the institutional context involves the study of the regional economy structure in order to determine the share of each subsystem in its composition.

After that, it will be possible to choose a more correct modernization model of economic security management in a region, determined by the institutional specifics of its nature. We are talking about addressing fundamental questions: first, to what extent should the use of universal norms of market behavior and, second, to what extent we should apply norms with different institutional origins and which are represented by the institution of "conventions". Thus, the use of universal norms of market behavior with their rationality and balance, totally implemented in economic systems, should be considered only as special cases of the economy. This determines the specific nature of the economic security of a region and the need to use institutional approaches in its management.

## References

1. Bogomolov, V. A. (2010). *Masshtaby tenevoy ekonomiki i ekonomicheskaya bezopasnost RF [Scales of shadow economy and economic security of the Russian Federation]*. Moscow: MIIT Publ., 323. (In Russ.)
2. Stiglitz, J. (2000). *Globalization and its discontents*. Great Britain: Allen Lane The Penguin Press, 300.
3. Levintov, A. E. (1991). Ot rayona k regionu. Na puti k khozyaystvennoy geografii [From district to region: on the way to economic geography]. *Voprosy metodologii [Methodological issues]*, 3, 45–52. (In Russ.)
4. Lazhentsev, V. N. (1996). *Territorialnoye razvitie. Metodologiya i opyt regulirovaniya [Territorial development: methodology and regulatory experience]*. St. Petersburg: Nauka Publ., 109.
5. Afontsev, S. (2001). Diskussionnyye problemy kontseptsii natsionalnoy ekonomicheskoy bezopasnosti [Debatable problems of the concept of national economic security]. *Rossiya XXI veka [Russia of the XXI century]*, 2, 38–67. (In Russ.)
6. Kormishkin, E. D. (2003). *Metodologicheskie osnovy issledovaniya ekonomicheskoy bezopasnosti regiona: dis. ... d-ra ekon. nauk [Methodological basis of the study of economic security of the region: doctoral dissertation in Economics]*. Moscow, 299. (In Russ.)
7. Pozdnyakov, A. I. (2013). Sravnitelnyy analiz osnovnykh metodologicheskikh podkhodov k postroeniyu teorii natsionalnoy bezopasnosti [Comparative analysis of main methodological approaches to creation of theory of national security]. *Natsionalnyye interesy. Prioritety i bezopasnost [National Interests: Priorities and Security]*, 21(210), 46–54. (In Russ.)
8. Sombart, W. (1923). *Der Bourgeois: Zur Geistesgeschichte des modernen Wirtschaftsmenschen*. Leipzig, Munchen: Duncker & Humblot, 540.
9. Shelli, L. I. (2000). Korruptsiya v epokhu posle Eltsina [Corruption in the post-Yeltsin era]. *Konstitutsionnoye pravo: vostochnoevropeyskoye obozrenie [East European Constitutional Review]*, 2(31), 62–65. (In Russ.)
10. Sigov, V. I. & Pesotskiy, A. A. (2017). Bezopasnost ekonomicheskogo prostranstva regiona. Kontseptualnyye osnovy i sistema pokazateley [Security of Regional Economic Space: Conceptual Framework and System of Indicators]. *Ekonomika regiona [Economy of Region]*, 13(4), 1236–1250. doi 10.17059/2017-4-21. (In Russ.)
11. Herbert, A. Simon. (1978). Rationality as Process and as Product of Thought. Richard T. Ely Lecture. *American Economic Review*, 68(2), 1–16.
12. Leontyev, V. (1990). *Ekonomicheskie esse. Teorii, issledovaniya, fakty i politika [Economic essay. Theory, research, facts and policies]*. Moscow: Politizdat Publ., 415. (In Russ.)
13. Coase Ronald, H. (1990). *The Firm, the Market, and the Law*. Chicago : University Of Chicago Press, 217.
14. Penrose, E. T. (1980). *The Theory of the Growth of the Firm*: 2nd ed. New York: M. E. Sharpe, 576; 9.
15. Kagel, J. N., Battalio, R. C., Rachlin, H. & Green, L. (1981). Demand Curves for Animal Consumers. *Quarterly Journal of Economics*, 96(1), 1–14.
16. Lakatos, I. (1970). Falsification and the Methodology of Scientific Research Programmes. *Criticism and the growth of Knowledge*. In: I. Lakatos and A. Musgrave (Eds). Cambridge: Cambridge University Press, 292; 91–195.

17. Raskov, D. E. (2010). Obraz ekonomiki v institutsionalizme [An image of economics in institutionalism]. *Vestnik Sankt-Peterburgskogo universiteta [Vestnik of St. Petersburg State University i]*, 3, 32–41. (Series: Economics). (In Russ.)
18. Teveno, L. (1997). Mnozhestvennost sposobov koordinatsii: ravnovesie i ratsionalnost v slozhnom mire [Multiple ways of coordination: balance and rationality in a complex world]. *Voprosy ekonomiki [Russian Journal of Economics]*, 10, 69–84. (In Russ.)
19. Kayukov, V. V. (1996). *Stanovlenie rynka investitsionnykh tovarov v Rossii: avtoref. dis. ... d-ra ekon. nauk [Formation of the market of investment goods in Russia: author's abstract for PhD in Economics]*. St. Petersburg, 35. (In Russ.)
20. Risovannyi, I. M. & Kayukov, V. V. (1992). *Ot fondirovaniya — k rynku sredstv proizvodstva [From funding to the market of means of production]*. St. Petersburg: St. Petersburg University Publ., 168. (In Russ.)
21. Oleynik, A. N. (2010). *Institutsionalnaya ekonomika [Institutional Economics]*. Moscow: Infra-M Publ., 416. (In Russ.)
22. Buchanan James, M. (1962). *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. Gordon Tullock. Liberty Fund, 361.
23. Toplivno-energeticheskiy kompleks Evropeyskogo Severo-Vostoka. Metody issledovaniya, effektivnost, napravleniya razvitiya [Fuel and energy complex of the European North-East: research methods, efficiency, development directions]. (2002). Ekaterinburg: UB RAS Publ., 323. (In Russ.)
24. Mikhaleva, E. P. (2017). Metodicheskiy podkhod k otsenke ekonomicheskoy bezopasnosti regiona [Methodical approach to assessment of economic security of the region]. *Izvestiya Tulskogo gosudarstvennogo universiteta. Ekonomicheskie i yuridicheskie nauki [Izvestiya Tula State University]*, 1/8, 156–160. (In Russ.)
25. Kuklin, A. A. & Chichkanov, V. P. (2017). “Lukavyye” dannyye i realnaya dinamika ekonomicheskogo razvitiya subektov RF [“Crafty” data and the real dynamics of economic development of the RF subjects]. Ekaterinburg: UB RAS, 364. (In Russ.)

### Authors

**Vladimir Viktorovich Kayukov** — Doctor of Economics, Professor, Professor, Ukhta State Technical University (13, Pervomayskaya St., Ukhta, Komi Republic, 169300, Russian Federation; e-mail: vkaukov@ugtu.net).

**Arif Pirvelievich Shikhverdiev** — Doctor of Economics, Professor, Pitirim Sorokin Syktyvkar State University (55, Oktyabrskiy Ave., Syktyvkar, Komi Republic, 167001, Russian Federation; e-mail: shikverdiev@yandex.ru).