

## Anti-Crisis Orientation of Regional Public Policy

*Tsyklauri Yu. Viktoriya and Babenko Inna Viktorovna*

South-West State University, 50 let Oktyabrya ul., 94, 305040, Russia

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**Abstract:** The main objective of the study is the formulation of proposals for improving the managerial activity of regional authorities under the crisis conditions. The article also proposes the structure of regional organizational-economic mechanism to manage regional economy and the model of regional public anti-crisis policy.

**Key words:** Crisis • Regional Authorities • Management Mechanism • Regulation • Management System • Model

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### INTRODUCTION

Current practice clearly confirms the assumption that global financial crisis has exacerbated the macroeconomic situation in Russia, which, in its turn, initiated the emergence and development of regional systems' crises on a large scale.

Usually this phenomenon is estimated negatively by researchers. But crises are inherent in any economic system and so the aim of anti-crisis policy of state and regional authorities is not only remedying the crisis, but also creating conditions for crises to run smoother with no great risks.

It is worthy of note that overcoming any crisis and then, economic growth are determined by the effectiveness of indirect impact and management of institutional forms in the market environment, promoting competition and completing structural reorganization of economy rather than the state power. Behind a crisis, which destroys the outdated and leads to revising former principles, it is important to see the foundations of a new level of national economic system development.

### MATERIALS AND METHODS

Any crisis reinforces the need for that and expands the set of instruments of the state management of economy. In the period of economic upswing management is reduced mainly to fiscal functions. Crisis conditions require legislative and most of all, financial support [1].

Under the crisis conditions there is an increasing need for a mix of market mechanisms with public management of socio-economic processes at all levels. It is known that such management includes the measures of organizational- economic, financial and regulatory impacts from the state authorities aimed at protecting enterprises from their liquidation and bankruptcy [2].

While considering such mechanisms, we come to the conclusion that the main task lies not so much in developing and adhering to rules and organizational insolvency procedures, but rather in preventing and averting bankruptcy, in determining the economic feasibility of conservation (restoration) or liquidation of an economic entity and in anticipating possible economic and social consequences of such a step [3]. At the same time, mechanisms, algorithms and procedures for anti-crisis management at the regional level are not fully developed. That is caused by the following key factors:

- Firstly, in the majority of cases the decisions of regional authorities serve as guidelines;
- Secondly, regional institutions do not have sufficient resources, skills and experience for effective anti-crisis management;
- Thirdly, the mechanisms for managing socio-economic systems have been developed at the macro and micro level, that is to say, actually, anti-crisis management in the Russian economy was carried out, either at the level of individual organizations, or at the federal level.

These circumstances can be accounted for by the fact that as its function in implementing anti-crisis measures the majority of regional authorities in Russia consider it necessary to obtain federal aid in the form of participation in a variety of purpose-oriented programs and they (regional authorities) do not make use of market mechanisms of anti-crisis management. Thus it is necessary to create scientifically-grounded approaches to the management of regional economy by combining the interests of authorities and private interests based on the use of market methods and mechanisms [4].

**Methodology:** The use of such approaches allows achieving a reasonable ratio of the state's participation and the business community, people and specialized state institutions in solution of important economic tasks on the creation of effective anti-crisis management in regions.

The methods of forecasting, programming and strategic planning are widely used at various levels of management. Forecasting performs analytical, diagnostic and anticipation functions. It is a tool of scientific substantiation of local policy at the federal and regional level. It is forecasting method that is a determinative factor in the development of federal, regional and local (municipal) programs. This method is the basis for the application of a special-purpose program method of planning territories' development. The forecasting method is also used in the development of long-, medium-and short-term development plans and in solving related problems.

Strategic planning and forecasting are the most important tools of state regulation of economy, policy and social sphere. The strategy for economic and social development of the regions of the Russian Federation is

considered as a system of long-term principles, the most important attitudes, intentions and actions, aimed at achieving the objectives of the regional socio-economic system [5].

Currently, there are a few different models in the theory of regulation of regional economic systems' development, among which: neo-interventionist model which denies the necessity of influence of the central authorities on regional growth; adaptational model, aimed at mitigating the negative impact of the market by stimulating investment and labor force migration; radical model which supports intensive state regulation [6].

The most effective of these models, in our opinion, is an adaptational model aimed at mitigating negative external and internal impacts on sustainable socio-economic development of regions. It implies special forms and methods of control and management, since the efficiency of management activities will be higher if it is more independent within the single economic mechanism. The goal of regional authorities and the state in general, in this regard, is to promote the formation of a self-developing process and the creation of adequate management mechanisms of developing production subsystems of regional economy under the crisis conditions.

We have concluded that the process of managing regional economy should be regarded through systemic unity of the following areas of administrative activity: the activity of economic agents within an industry and a region on the whole; independent activity of the economic entity. [7]. In this connection there have been singled out the blocs of management system of socio-economic structure of regional economy under the crisis conditions (Fig. 1).

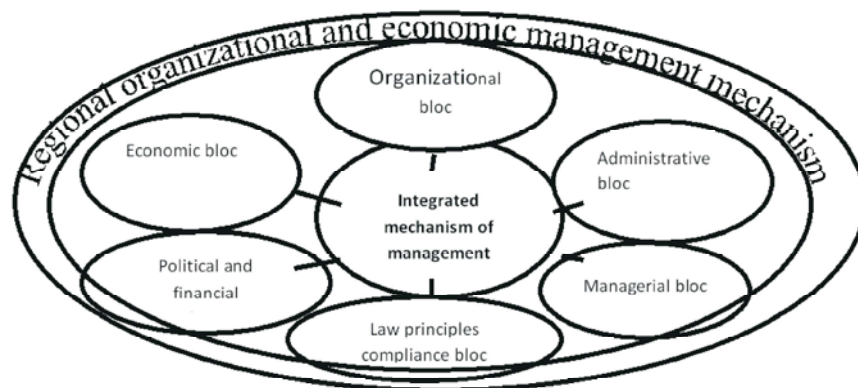


Fig. 1: Structure of a regional organizational and economic management mechanism

Table 1: The model of state anti-crisis policy of a region

National policy	Policy of regional development leveling-off	Polarized development
Goal	Development of regional resources within the national market	Increasing the capitalization of regions on a geo-economic scale
Key model efforts	Segregation of regions on the basis of the averaged (balanced) innovative capacity	Creating 'the regions of growth' — 'base regions', generating innovative activity
Administrative-territorial division	Taking into account geographically adjacent regions, preserving federative structure	Jurisdiction enlargement for the segregation of 'base regions' system; recognition of special economic status for such administrative-territorial units with common cooperative budget, cooperative projects, corporate management
Economic basis	Industrialization	Sunrise industries
Major management mechanism	Administration	Strategic partnerships

In the national science and practice of the past years there was observed underestimation of regional aspects in the development of economic complex, which (regional aspects) were regarded as minor ones, indirectly related to the state management. However, there are practically no such spheres of state regulation, which could be successful without real consideration of regional aspects.

The model of state anti-crisis policy in the region is presented in Table 1.

This model significantly expands management functions of regions themselves, as a result of powers' redivision between the federal centre and a constituent entity in favor of the latter, as well as within regions themselves with local authorities, but we want to note that this process is only starting to develop.

The experience of developed countries shows that Russian regions will have to undergo a 'transition phase' in the field of economy management from the use of the principle of «redivision of powers» to the principle of «dedicated competence» for full integration into the global socio-economic space. In addition, the abolition of the state branch of economy management system necessitates the formation of new partnerships between regional authorities and municipalities; between municipalities and business entities; between regional authorities and economic entities. The content of regulatory and incentive functions of the regional administration is changing under the new conditions of forming and developing market economy.

On the one hand, regional government authorities encourage and on the other hand, they have to form the mechanism of interaction with business entities. Such interaction under market conditions, according to the experience of developed countries, should be based on mutually beneficial conditions of legally equal partners.

Severe socio-economic crisis of 2008, in which Russia had found itself, had an impact on the whole territory of the country one way or another, but the depth of the crisis phenomena and the speed of overcoming the crisis were not the same for different regions. That is why, the regional authorities having considerable material, financial, organizational, information and other resources have greatly influenced the ways of implementing the state anti-crisis policy of their regions and overcoming the crisis is now becoming an integral part of regional economic policy.

One of the peculiarities of regional governance system is the dual role of regional authorities in economic processes. On the one hand, they (regional authorities) are big owners and active participants in economic relations; on the other hand, with its powers of authority, they have the opportunity to directly regulate these relations by the corresponding normative-legal acts (by forming institutions). This position requires scientific understanding of the essence and nature of the crisis phenomena, the role and place of anti-crisis management in the system of territorial management. First of all, it is necessary to determine the macroeconomic parameters which indicate the possibility of a crisis situation, in order to be able to develop an effective anti-crisis strategy and to smooth out the negative aspects of cyclical development of economy, ensuring economic growth.

We suggest studying the issue of regional authorities' participation in managing the development of regional economy under the crisis conditions in four directions:

- Participation of regional authorities in the financial recovery of enterprises-debtors, whose activity is of great economic importance for development of a region;

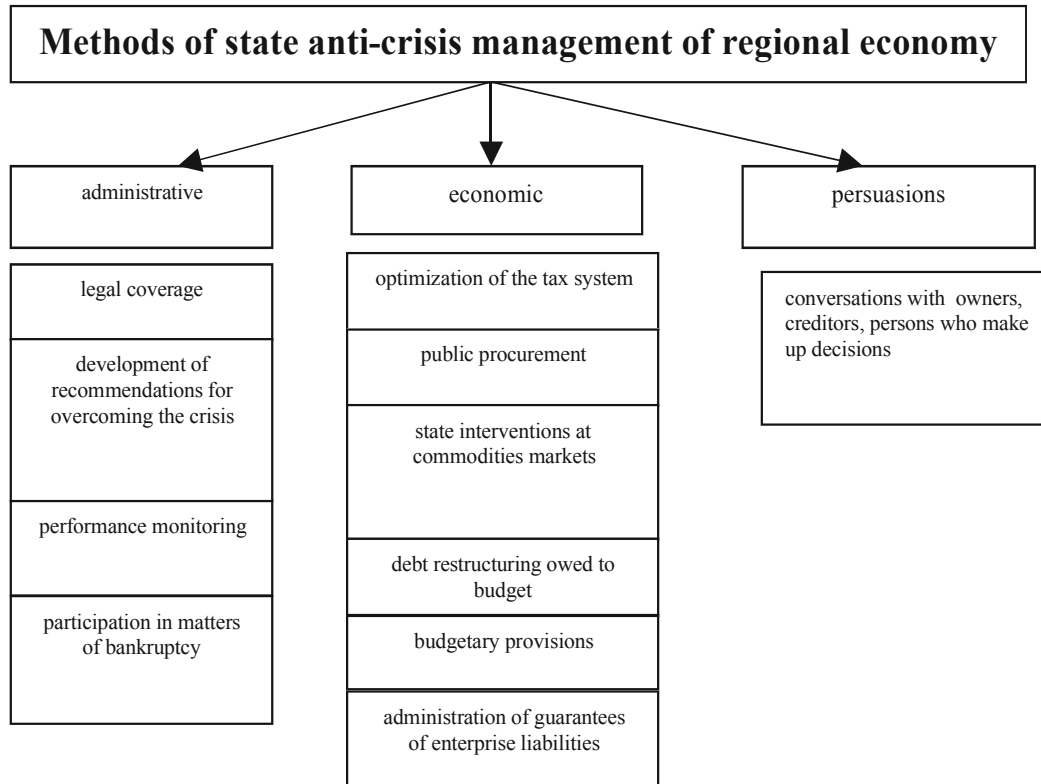


Fig. 2: Methods of the state anti-crisis management of regional economy

- Participation of regional authorities in the procedures for anti-crisis management (bankruptcy) of enterprises;
- Participation of regional authorities in the procedures for crisis management of organizations;
- Anti-crisis management as the management of a single economic and territorial complex.

The first and second directions, with different degree of depth, are reflected in the current legislation. When the bankruptcy of municipal unitary enterprises occurs local governments act as the owner of the debtor's property. At present the third and fourth directions are the least-studied and methodically poorly developed.

## RESULTS

The local authorities should ensure a timely response on the part of businesses' management and property owners to prevent bankruptcy. Methods of state anti-crisis management of regional subsystems' enterprises can be divided into three groups: administrative methods, economic methods, methods-persuasions (Fig. 2).

As a rule, there can be singled out fiscal and monetary policies, currency regulation, management of ownership relations, the state's participation in different financial institutions and large industrial companies among the economic instruments of the state anti-crisis management.

Regular measures aimed at increasing the solvency of enterprises include the offsetting of debts, debt restructuring, financing, directed towards solvency restoration, as well as measures focused on restructuring and liquidation of enterprises; optimization of the tax system.

For improving financial condition of enterprises in separate branches one can name such effective measures as public procurement, state interventions in the market of the product concerned, budget financing and investment lending. The local authorities of the Russian Federation constituent entities should develop a strategy for implementation of structural policy in certain sectors of economy, including foreign economic activity, scientific-technical, financial and activities.

Thus, our study has made it possible to formulate proposals for improving management activity of regional authorities under the crisis conditions and also to develop

an approach to forming regional anti-crisis economic policy on the basis of a combination of preventive and adaptive methods of anti-crisis management in the region.

### **CONCLUSION**

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