



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 23 • 2017

Social and Economic Space of the Territory: Development Conditions, Structure, Evaluation Criteria

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Abstract: In the conditions of a transitional economy, for quite objective reasons the attention of the scientific community, public administration bodies of all levels was focused on those processes that developed during the transitional period. Attention was focused on the economic component of the development of territories, while passive forms of social policy (subsidies for equalizing the budgets, inter-budgetary transfers to certain categories of citizens, etc.) were used as a tool for smoothing social imbalances. The spatial aspect of the study of the socio-economic space of the territory as an object for developing principles and approaches to the essence, structure, development conditions and evaluation methods is considered. The main scientific approaches to the definition of space are analyzed: philosophical, physical, mathematical, etc. The characteristic features of the socio-economic space are considered: economic, social, organizational, scientific, managerial, technological, financial, etc. It is argued that the socio-economic space of the territory can exist and develop in any country, though under certain objective and subjective conditions. The structure of factors of development of socio-economic space as a multifactorial process that depends on the selected criteria is studied. The unevenness of the social and economic space of territories objectively calls for its measurement and assessment; there are several methods for assessing the socio-economic development of the territory. The indicators for assessing the socio-economic development of the territory are refined, for example, the state of socio-economic development of the municipality.

Keywords: state policy, municipal administration, space, territory, social space, economic space, management systems, “development core”, “tree of goals”, structure, conditions, evaluation, strategy, quality of life, human

capital, balance, demography, finance, investment attractiveness, competitiveness, economic efficiency, social efficiency, economic security

JEL Classification: R11, R13, R28

INTRODUCTION

The issues of formation, development and assessment of the socio-economic space of the territory are topical and acute in the study of modern economic management systems as they influence the processes taking place in the economy and social life of society.

The essence and content of the concept “socio-economic space of the territory” can be considered from the point of view of the study of its individual constituent elements.

Thus, for example, the categories “social” and “economic” are clearly related to economics and are actively used in such economic disciplines as, for example, “Economic theory”, “Management”, “Analytical tools of the municipal economy”, “Crisis management”, etc. We have many examples of using these categories in the study of the above disciplines, for example, socio-economic indicators, socio-economic systems, socio-economic development, socio-economic strategy, socio-economic consequences, and so on.

MATERIALS AND METHODS

Next, we consider the concept (category) of “space”. The term “space” in the modern world of science has a variety of contexts and definitions, including philosophical, physical, mathematical, etc. Each of them complements and broadens the general idea of this phenomenon. An analysis of the evolution of approaches to the content of the category of “space” is presented in Table 1.

Table 1
Analysis of approaches to the content of the category of “space”

<i>Approaches</i>	<i>Content</i>
Philosophy	“Space” is considered as a form of existence
Physics	“Space” is considered as a certain order of arrangement of elements
Mathematics	“Space” is defined as a form serving as a medium for other forms and structures
Geography	“Space” is viewed as an objective, universal and cognizable form of the existence of geographical objects

Initially, this category was formulated in philosophy. “Space” was considered to be a form of existence of being. It should be noted that the great philosopher of antiquity Aristotle considered space as the order of the mutual arrangement of bodies, and time as the order of successive phenomena. The ancient Greek philosophers Democritus and Epicurus proceeded from their atomistic teachings to understand space as a kind of emptiness in which atoms form a variety of physical bodies. These ideas were formed in the philosophical writings of Bruno, Galileo, Descartes, and Newton.

In modern physics, “space” is perceived as a certain order of the arrangement of elements and objects, which is determined by their presence and mutual arrangement. Exploring space, physics offered

various ways of its understanding, including anisotropy, isotropy, infinity, curvature or closeness. The definition from the Physical encyclopedic dictionary: “Space is a set of relations expressing the coordination of material objects, their location relative to each other and relative magnitude (distance and orientation). Space expresses the order of location of simultaneously existing objects. Time is a set of relations expressing the coordination of successive states (phenomena), their sequence and duration” (Shkurkin & Bradley, 2017).

The mathematical understanding of “space” defines it as a form or structure of the environment for other mathematical forms and constructions.

The indisputable leader in using this category is geography. Geographers considered “Space” as a form of existence of geographical objects (Combes, Mayer & Thisse, 2008). At the same time in geography, there are the following attempts to classify “space”:

1. Geographical space, which is determined by the size and shape of the globe;
2. Physical geographical space is oriented to land, oceans and seas;
3. Socioeconomic space is the territory of human life and activity.

Next, let us turn to the concept of “territory”.

The territory differs from space by its concreteness, and certain coordinates. We can assume that the territory is a special kind of space that has its own specific characteristics (Shkurkin, Vorontsova & Volkova, 2017).

These include:

1. Dimensions, that is, the total area;
2. The length from north to south and from east to west;
3. Compactness, that is, the concentration in a single whole;
4. Geographical location on the world map, including the presence of rivers and access to the sea;
5. Population (number and density of the population, its distribution over separate sections of the territory);
6. Climatic conditions influenced by proximity to the equator or to one of the poles of the Earth, to the seas or other large bodies of water, location inland or on the coast of the continent;
7. Features of the landscape;
8. Nature of mineral resources and the degree of their development;
9. Nature of borders (legally established or actually existing, natural or arbitrary, reliably fortified or defenseless);
10. Nature of adjacent territories (state or international, with peaceful or aggressive political regimes);
11. Time (period) of existence.

DISCUSSION

The review of approaches shows that “space” and “territory”, as fundamental categories, reflect the heterogeneous and complex nature of the existence of modern society and find application in many areas of human knowledge, acquiring the universality of the interpretation of any integral systemic object. In this broad sense, the term “space” retains its abstractness, remaining one of the most important metaphysical categories. It can be argued that “space” and “territory” are close but not identical fundamental categories that reflect the heterogeneous and complex nature of the existence of modern society.

A distinctive feature of “space” and “territory” is the units of measurement (dimension). The territory is measured by area indicators (m², km², ha), while “space” is determined three-dimensionality - length, width, and height or depth.

In this broad sense, the term “space” retains its universality, because a whole spectrum of diverse “spaces” is formed.

Using institutional (or evolutionary) approach, and the idea that any complex system has a kernel that sets the parameters for the development of the system and its other elements, or rather the concept of the “core of development” of the economic system, O.V. Inshakova can identify the “core of development” of the space of the territory, which include the following types of spaces: social, innovation, financial, technical and other types of “space” of the life of the person and the society as a whole (Inshakov & Frolov, 2002).

To work out the definition of “Socio-economic space of the territory”, two approaches can be used:

- 1) from the point of view of the analysis of real processes and phenomena (practical approach): Socio-economic space of the territory - this interaction is constantly occurring social and economic processes between business entities using internal and external resources in a certain period and in a particular area.
- 2) from the point of view of economic doctrines (theoretical approach): Socio-economic space of the territory - a combination of Keynesian macroeconomics and Adam Smith classical microeconomics, i.e. it can be argued that this is a new nonclassical synthesis of the localization of economic sectors and the social sphere in a certain territory. Schematically, the localization process is shown in Figure 1.

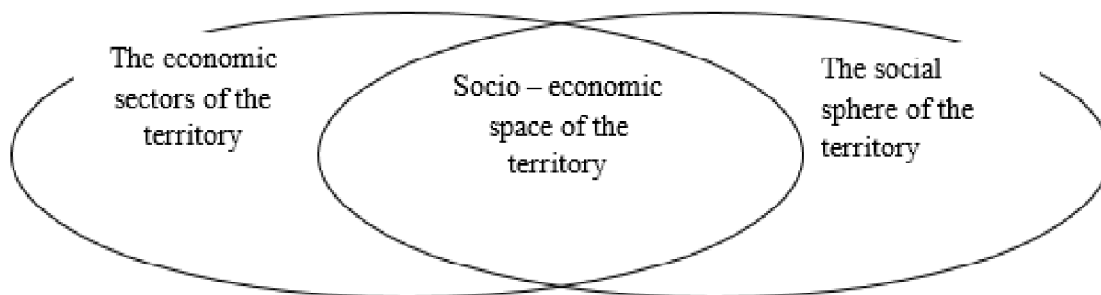


Figure 1: Scheme of the localization process of economic sectors and social sphere of the territory

A characteristic feature of the socio-economic space is a set of *relations* arising between functioning systems, objects and subjects of economic activity of the territory.

Any relationship always has a reason, so, depending on the reason, there are economic, social, organizational, scientific, managerial, technological, financial, etc. relationships (Silnov, 2016). According to the Marxist theory, all relations have a material basis and therefore any relations are economic and form a single economic space of the territory.

The Constitution of the Russian Federation has the main requirements ensuring the unity of the economic space of the territory, including:

- guaranteed unity of economic space, free movement of goods, services and financial resources, protection of competition, freedom of economic activity not prohibited by law (Article 8);
- preventing the establishment of internal customs borders, duties, charges and any other obstacles to the free movement of goods, services and financial resources (Article 74);
- prohibition of the introduction and issue of other money in Russia, except for the ruble (Article 75).

To achieve the goal of developing the socio-economic space, it is necessary to find ways to achieve this goal in an optimal way, using specific methods of managing its achievement. An ordered set of goals can be represented as a “tree of goals” (Shumakov, Troitskiy & Silnov, 2017). The true goal is recognized by the following criteria:

1. The goal must be achievable.
2. The goal may not be achieved. This principle introduces the possibility of correcting the goal by the object.
3. The goal should be unique.

The construction of the “tree of goals” must be carried out in accordance with certain principles. Subordinate objectives are fundamentally different from the main goal in that they are only means of achieving the main goal. The value of the main goal exists independently. The choice of objectives can be somewhat arbitrary (Figure 2).

“The real wealth of the nation is the people themselves. Therefore, the goal of development should be to create conditions for people to enjoy a long, healthy and creative life. This simple, but extremely powerful truth is often forgotten in pursuit of material and financial wealth” (*Humanistic Landmarks...*, 2002).

The social and economic space of the territory can develop in any country, but under certain conditions, which break up into objective (not depending on the will and desire of people) and subjective (depending on the behavior of the subjects of the economy).

The objective conditions for development include the following:

Firstly, a favorable legal environment, which is the existence of federal laws aimed at forming a strategy for the sustainable development of the territory, permitting and encouraging entrepreneurship and improving the quality of life of the population of the territory.

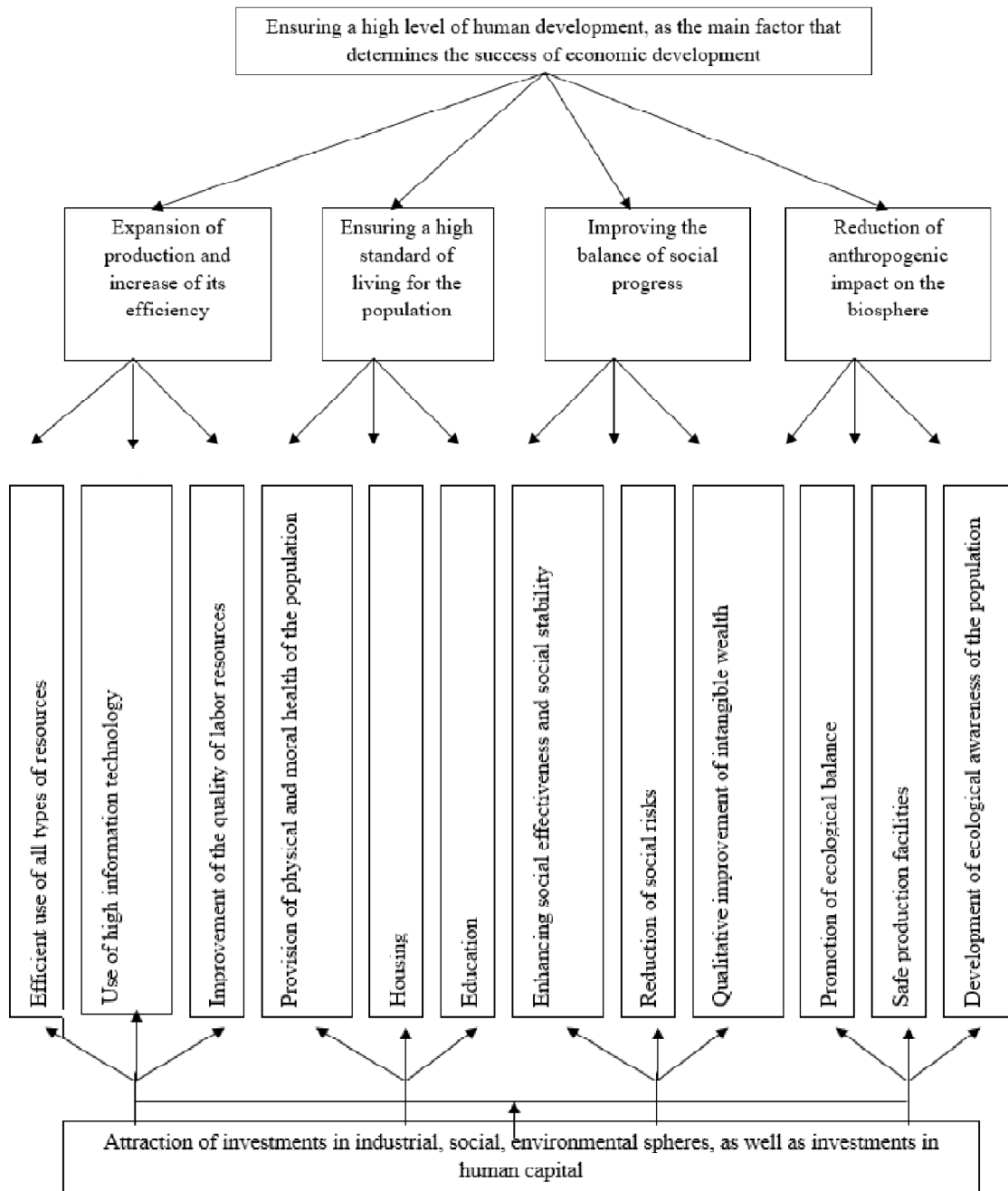


Figure 2: “Tree of goals” of development of the socio-economic space of the territory

Secondly, a favorable economic environment, expressed by a set of necessary economic conditions: adaptation of the territorial economic system to external environment and internal structural factors (private or collective ownership of capital, product and income, freedom to choose activities, freedom in setting prices, freedom to choose the place of employment, competition).

Thirdly, a favorable social environment, which is the existence of a social infrastructure and consideration of interests and satisfaction of the needs of the population of the territory.

The subjective conditions for the development of the socio-economic space of the territory include public psychology, mentality, national specificity, ethnic characteristics, the political state of society, religion, the development of the intellect of the population of the territory.

The socio-economic space is a multi-factor process.

The factors of socio-economic space are the processes and phenomena that determine the development of economic and social relations aimed at improving the standard of living and the activities of people and society at the present stage of socio-economic development of the territory.

These processes should lead to the establishment of such socio-economic relations that would contribute to the formation and development of social, economic, institutional, production, financial, information, environmental, moral, political environment in which a person, as a living being and personality, would not experience inconveniences associated with the dynamics of economic development, the rate of social development (Arzhakov & Silnov, 2016), and the change of technology. The structure of factors for the development of socio-economic space is diverse and depends on the selected criteria. The criteria for the development of socio-economic space are presented in Figure 2.

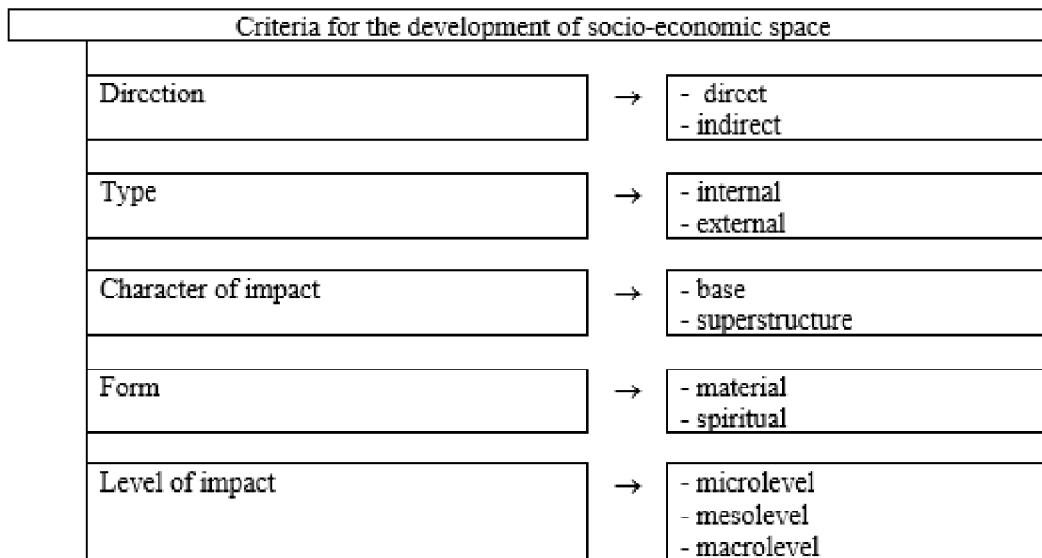


Figure 3: Criteria for the development of socio-economic space

According to the **direction of impact**, all factors of the process of social and economic development of space are divided into direct and indirect.

Direct factors that directly affect the socio-economic development of society include:

- the quantity and quality of the workforce of the territory;
- the quantity and quality of fixed capital involved in production;
- the quantity and quality of natural resources involved in production;
- growth in production volumes;

- improving the level of technological equipment of enterprises of the territory;
- intellectualization of labor (Evans & Wurster, 1999);
- increasing the entrepreneurial abilities of the population of the territory;
- leveling of the quality of life.

The indirect factors that guarantee the development of socio-economic space under certain conditions include (Eisenhardt & Sull, 2001):

- increase of morality and justice of social and economic relations,
- the order of income distribution;
- improving the aesthetic characteristics of the process and the result of production.

According to the **type of impact**, factors of socio-economic space are classified into **internal** (regional, national, state or societal) and **external** (international or global).

According to the **character of impact**, factors of socio-economic space are divided into **base** and **superstructure** (according to K. Marx).

Basis factors of the socio-economic space can include

- public administration,
- political stability in the country,
- state of legal institutions,
- scientific and technological progress, etc.

The factors characterizing the superstructure of society include (Doronina et al., 2016):

- state of public consciousness,
- patriotism of citizens,
- class and interethnic cooperation,
- minimizing conflicts within the society,
- National idea, etc.

According to the **form**, i.e. the formal factor, the factors of development of the socio-economic space are divided into **material** and **spiritual**.

According to the **level**, factors of socio-economic space are divided into:

- **macrolevel** (e.g., international cooperation);
- **mesolevel** (e.g., stimulating the development of social sectors, providing opportunities for the participation of all citizens in public life, etc.);
- **microlevel** (e.g., creation of conditions for self-expression of the individual, the right of every person to participate in decision making, etc.).

It should also be noted that between the factors of development of socio-economic space there is a constant interaction and mutual influence (Screpanti & Zamagni, 2005). A complex interlacing of all factors determines the unity of the process of socio-economic development of the territory.

The process of development of the socio-economic space is focused on the social and economic progress of society as a whole.

The stability of the state is ensured by the sustainable development of its regions, which in turn directly depends on the level of sustainability of the development of the municipalities of the region concerned.

Uneven development of the social and economic space of territories necessitated its measurement and evaluation.

There are several methods for assessing the development of the territory – from the national indicators of Rosstat, which conducts research on the socio-economic indicators of the country and compares the quality of life in the Russian Federation with countries in Europe, Asia, BRICS, etc.

Let us consider the refined relevant indicators of assessment, for example, the state and processes of the social and economic development of the municipality.

There are several techniques for this. Let us consider two of them.

1st technique: author – Valvashov A.N.

This method looks into three groups of indicators characterizing the socio-economic development of the municipality (Smirnova, 2009; Shkurkin, 2017).

Group 1 – **socio-demographic indicators** of the analysis of the development of municipal territory

- *Natural increase (loss) of population* - the indicator reflects the increase or decrease in the human resources of the area. In general, it shows the results of socio-demographic policy and one of the main trends in the development of the municipality.
- *The infant mortality rate* reflects the attitude of the community to the life of the individual in general; also shows the effectiveness of the policy of maternity and childhood protection.
- *Migration growth (loss) of population* - the indicator comprehensively reflects the individuals' perceptions of the attractiveness of their municipality, shows the level of competitiveness of this municipality.
- *Crime* - the crime rate is analyzed for 10 thousand local residents.
- *The number of marriages (divorces) per 1 thousand people* - the indicator reflects the ability of the local community of a given territory to create, support and develop traditional families as integral elements of a civilized society (Duranton & Overman, 2005).
- *Average life expectancy* in the local community - because the increase in life expectancy is one of the main goals of the social policy of the state and the activities of the municipal authority, this indicator reflects the effectiveness of the local administration.

- *The number of socially conditioned diseases per 100,000 local residents* - socially conditioned diseases include alcoholism, smoking tobacco, drug addiction, substance abuse, tuberculosis, etc.
- *Proportion of low-income residents* - the number of residents of the municipality with low and extra-low incomes is estimated. The decrease in the value of this indicator reflects the effectiveness of the social policy of the administration of the municipality.
- *Proportion of local residents, systematically engaged in physical culture and sports* reflects the results of local and regional policies in the area of physical culture and sports, as well as the established traditions of maintaining a healthy lifestyle of the population of the territory.

Group 2 – **economic indicators** of the analysis of the development of municipal territory:

- *The average nominal wage level* reflects one of the directions of income generation in the structure of the individual budget. It is interesting to study the distribution of this income in two ways: a) saving, b) consumption.
- *The unemployment rate as a percentage of the employable population* reflects the degree of utilization of labor resources in the local economy.
- *The average level of housing provision* reflects the level of residents' savings in the form of real estate, and the degree of well-being.
- *The average level of depreciation of fixed assets* of organizations and institutions of the municipality reflects the state of fixed assets, and indirectly - the results of the state depreciation policy and the level of renewal of the fixed assets of the companies of the given territory.
- *The level of profitability of economic activity in the main areas of specialization of the local economy* reflects the efficiency of the companies of the municipal formation.
- *The proportion of profitable enterprises* is calculated as a percentage of the total number of operating organizations in the given territory.
- *The index of industrial growth* reflects the change in activity of industrial enterprises of the municipality in comparison with the previous year.

Group 3 – **financial indicators** of the analysis of the development of municipal territory:

- *Budget security* - the ratio of local budget income to the population. This indicator demonstrates the financial possibilities of the municipality in financing the main social and economic spheres.
- *The share of overdue municipal debt in own revenues* - the ability of the municipality of the given territory to repay the municipal debt.
- *The share of expenditures for state and municipal management* in the expenditure part of the local budget reflects the financial burden on the municipality.
- *The share of expenditure on health (education, social protection)* in the expenditure part of the local budget reflects the priorities and social orientation of budget expenditures.
- *The share of own revenues* in the expenditure part of the budget reflects the independence of the municipality from grants and subsidies from budgets of other levels.

- *The share of expenditures on local target programs* in the expenditure part of the budget reflects the strategic focus of the municipality.
- *Investments in fixed assets per capita* reflects the investment attractiveness of this territory.

For the effective management of social and economic development of the territory, the head of the municipal formation needs objective information about the effectiveness of the analyzed social and economic subsystems.

To assess the management of socio-economic development, it is advisable to use indicators of social and economic efficiency (technique by B.V. Savenkov, Ulanovsky ...).

The indicator for assessing the social effectiveness of the territory is determined using the following formula:

$$S_e = AI_{\text{mun}} / LW \quad (1)$$

where AI_{mun} is the average income of an average municipal resident;

LW – average living wage determined each calendar quarter in the region.

The indicator of economic efficiency is determined using the formula:

$$E_e = Av / E \quad (2)$$

where Av is added value, created by businesses, organizations and entrepreneurs in the municipality;

E is expenses to create added value in the municipality.

Possible variants of changes in the socio-economic state of the territory (municipal formation), calculated using the above method are presented in Table 2.

Table 2
Variants of changes in the socio-economic state of the territory

<i>№</i>	<i>Characteristic of changes</i>
1	Socio-economic development
2	Increasing economic efficiency by reducing social efficiency
3	Increasing economic efficiency while maintaining social efficiency
4	Maintaining the level of economic efficiency by reducing social efficiency
5	Maintaining the level of social efficiency by reducing the economic efficiency
6	Maintaining the level of economic and social efficiency
7	Decrease of social and economic efficiency
8	Increasing social efficiency while maintaining the level of economic efficiency
9	Increasing social efficiency by reducing economic efficiency

Summing up the above, we can say that the socio-economic space of the territory and the level of its development is a key factor characterizing the quality of life of the population, which in turn contributes to an increase in the attractiveness of the territory, its competitiveness and socio-economic security.

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