

## COMPETITIVENESS OF THE MUNICIPAL FORMATIONS AS AN OBJECT OF GOVERNANCE OF A SOCIAL-ECONOMICAL DEVELOPMENT OF A REGION

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**Key words:** competitiveness of the object; a municipal formation; competitiveness of a municipal formation; factors of the competitiveness of a municipal formation; subject of the competitiveness of a municipal formation; object of the competitiveness of a municipal formation; levels of the competitiveness of a municipal formation.

In the clause there are considered the essence and the basic characteristics of the competitiveness of the municipal formations as an object of governance, the factors and criteria determining the competitiveness of the municipal formations, different approaches to the definition of the competitiveness. A classification of the municipal formations according to levels is given in the work. This classification enables to build schemes of movements of material, finance, human, information flows and schemes of formations of human preferences. This schemes like a feedback can be used for strengthening of the competitiveness of the municipal formations.

Competitiveness of any object generally is considered narrowly, i.e. as possession of features, created the economic advantages before other relative objects, providing more quicker economic growth of object.

When in role of such objects is a municipal institute that as economic advantage is part of "competitive rumba of Porter"<sup>1</sup>:

- ◆ factor conditions of production, i.e. famous basis factors (ground, labour and capital), considering extensively and understanding as resource providing of territory: natural, human, finance, infrastructure resources, resources of knowledge, traditions, skills etc.;

- ◆ conditions of internal demand, i.e. demand in internal markets of this territory to the commodity and services of own production, which is characterized by structure and character of consumption into territory, volume and mechanisms of converting of internal preferences on external markets;

- ◆ competitiveness on external markets of similar branches, i.e. issued close for kind of product, and supporting branches, i.e. issuing product, presented as raw materials, semi-finished product or batching;

- ◆ competitiveness of strategies of separate enterprises on external markets, progressiveness of their internal structures and level of rivalry inside territory.

Expanded explanation of competitiveness of municipal formation is implied beside economic growth of municipal formation, social development of economic growth: decreasing of social,

interethnic and inter religion pressure, and also level of unemployment; increasing of health level, physical development, education level, citizen culture; formation of the new traditions etc.<sup>2</sup>

Competitiveness of municipal formation is formed in certain borders. High border is defined by level of competitiveness of country generally, but low border is defined by social-economic position of municipal formation. In these borders are existed positive and negative conditions of formation of competitiveness of municipal formation. Positive influenced conditions of formation of competitiveness of municipal formation consist in growth of production, flow of invests, accordance of structure of municipal economy to level of technologic progress, quality of management by economy of municipal formation, internal demand to his products, external demand to his products; negative influenced consist of expenses of privatization, negative image of municipal formation, criminalization of household sphere etc.

A growth of competitiveness can be to see in microlevel (competitiveness for separate types of commodity and services), in mezolevel (competitiveness for labour production, capital intensity, science intensity, information and technological beginnings etc.), in macrolevel (competitiveness for volume of invests in new construction, new technologies, "human factor", foreign trade surplus, contracts about social-economic collaboration with another subjects etc.)<sup>3</sup>. Since any general methods of definition of competitiveness are not existed, a growth of

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competitiveness of the municipal formation we can track for next directions: priority economic development and priority social development of municipal formations.

The aim of providing of the competitiveness of municipal formations is an achievement of high level of common weal. The object of the competitiveness of municipal formations is a high qualification human resources, invests, new productions, presence of which on this territory is allow to achieve a certain level of stability of economic development of municipal formation and finally to increase a quality of living of population.

The base subjects, used competitive advantages of municipal formation, are housing subjects (commercial and noncommercial organizations, enterprises, different their associations, individual enterprisers) and citizens of that municipal formation.

According to aforesaid we can consider a few levels of competitiveness of municipal formation:

*Zero level.* The territory of municipal formation is located far from the regional, industrial, cultural centres and is rich by natural resources. The basic industrial activity consists in production and export of natural resources. The cultural and household service of the population is on a low level. The incomes of the population are extreme low. The personal subsidiary farm practically is absent because of difficult natural-climatic conditions. The structure of the population, as a rule, is very various, there are native from the most remote places of the country. The average duration of life expectancy is insignificant. Children practically are not present. The local community does not exist, as there are no reasons for its formation. The marketing in such municipal formations, as a rule, is absent.

Competitiveness of municipal formations actually is zero, as its completely depends on the decisions of the owners of the enterprises, mined and exported natural resources, and also regional and federal authorities which are located outside reach of the usual population.

*The first level.* The territory of municipal formations is mastered more than hundred years back. The natural resources or are not present, or its were developed for a long time. Nowadays these territories are not economic interest

from changed strategic priorities, as its are far from sources of raw material, transport highways, large industrial centres.

The industrial equipment of the enterprises, used technologies have become outdated. Let out production uses the very limited demand. New construction or reconstruction of industrial objects and objects of an infrastructure is not conducted. There are absent the advanced infrastructure and municipal convenience. The cultural and consumer service of the population is also on a low level. The incomes of the population are low. The average life expectancy is insignificant. Children and youth practically are not present. The local community formally exists, however it is not capable on any resolute group actions and it is in expectation of any external influences. The subjects of marketing of such municipal formation are engaged in the decision of tasks for preservation of the current situation, as any significant means at their order are absent. A huge role in life of municipal formation is transfers from the budgets of higher levels. The marketing in these municipal formations actually is absent.

The competitiveness of such municipal formations is extremely low and is shown that all subjects of marketing expect any external influences.

*The second level.* The municipal formations, as a rule, are located in the well mastered territories having natural resources, advanced process industry and high enough density of the population. The industrial enterprises let out traditional production using steady demand inside the country and abroad. There is conducted a gradual development of new kinds of production new industrial technologies and new receptions of work in the market. There is conducted a new housing construction and reconstruction of working manufactures, however by low temps. The new industrial construction is not conducted. The municipal formations have the advanced infrastructure and normally functioning municipal services. The cultural and consumption service of the population is on an average level. The incomes of the population are sufficient. The structure of the population is typical for industrial centres. Average life expectancy, condition of health of the population, quantity of children and youth are close to average meanings for the country. The local community is

active enough: there are formal and informal associations in small quantity, mainly at the industrial enterprises and administrations. The people are realized takes part in election of bodies of authority and in critical cases they are capable to do serious group actions. The subjects of marketing<sup>4</sup> of municipal formation begin to be engaged a decision of perspective tasks, however basic part of accessible resources leaves on the decision of the current tasks and "improvement of holes". Transfers from the higher budgets have an appreciable role, especially in spheres of education, public health services and social protect.

The marketing in the given municipal formations is shown that the separate enterprises in any form investigate the raw markets and markets of ready production, however, not doing serious conclusions and not creating the serious programs of development.

The competitiveness of municipal formations is a little significant only inside country on a background of other, less competitive municipal formations. All subjects of marketing undertake actions, directed to introduction of innovation, creation of the programs of strategic development, and also to strengthening of investment appeal, which is understood as the program of deduction of money resources on the territory of municipal formations. The external investments in municipal formations can reach only casually.

*The third level.* The municipal formations are cities with number of the inhabitants not less than 500 thousand, having various industrial enterprises, advanced infrastructure and social sphere. The industrial enterprises let out various productions, as traditional, and innovative, using steady demand in the internal and external markets. The incomes of the population are sufficient. The personal subsidiary farms (gardens, kitchen gardens, home cattle) have not appreciable role in the incomes of the population and serve more for maintenance of a healthy image of life and way of spending time. The structure of the population is typical for industrial centres. Average life expectancy, condition of health of the population, quantity of children and youth are close to average meanings for the country. The local community is active enough: there are a large number of formal and informal associations at the industrial

enterprises, administrations, language, cultural, scientific and other centres. The people are realized takes part in election of bodies of authority and are capable to do serious group actions for upholding the interests.

The subjects of marketing of municipal formations intensively enough are engaged a decision of perspective tasks, any successfully combining their with the decision of the current tasks. Transfers from the higher budgets have not an appreciable role. Moreover, these municipal formations quite often become the donors of other budgets. Marketing in such municipal formations is usual already, though the majority of the subjects use it in the simplified kind, being limited mainly by researches of the markets. However there are cases of creation of the new manufactures, proved by exclusively developed marketing strategy.

The competitiveness of municipal formations inside the country is great enough; the free money resources of this territory are mostly spent for the internal investments (development of release of the new goods, purchase of the new equipment, reconstruction, re-structuring, new construction etc.). There are also external investments at an insignificant degree, i.e. coming from other territories and even foreign. All subjects of marketing of municipal formation actions directly to the introduction of innovation, creation of the programs of strategic development, and also to strengthening of investment appeal, including through realization of the PR-actions. It is observed an appreciable inflow of the inhabitants from other territories and from the countries of Commonwealth of Independent States, mainly of youth.

*The fourth level.* The municipal formations are cities, in which number of inhabitants a million of people. The industrial enterprises let out various production using modern and high technologies, which have a steady enough demand in the internal and external markets. There are a creation of new manufactures, development of new kinds of production, new industrial technologies and new receptions of work in the market, and also housing construction and reconstruction of working manufactures. There is conducted active enough work on integration both merge of the enterprises and formation of financial and industrial groups and holdings. The presence of any natural resources is not very

important, as the main resource of such municipal formations is their favourable geographical situation. The given municipal formations have the advanced enough infrastructure, good transport and information communications with environmental territories and normally functioning municipal services. The cultural and consumption service of the population is various and it is on a high level. The sphere of services in municipal formations has a high situation and quite often is comparable to industrial sphere for financial turnovers. The special situation in sphere of services is financial services. The incomes of the population are rather great and quite often reach the European level. The structure of the population is typical of industrial centres. The local community is active enough: there is a large number of formal and informal associations at the industrial enterprises, administrations, language, cultural, scientific and other centres. The people are realized takes part in election of bodies of authority and are capable on serious group actions for upholding the interests. Quantitatively population grows not so much at the expense of birth rate, how many at the expense of the young people arriving from other municipal formations. The subjects of marketing intensively enough decide perspective tasks. Transfers from the higher budgets have not an appreciable role. Many subjects develop the marketing strategies.

The competitiveness of such municipal formations has maximum importance in the country. In result in the given municipal formation not only all local free money resources come back as the internal investments, but also means

of other municipal formations of the country zero, first, second and even of the third levels of competitiveness as the external investments. All subjects of marketing of such municipal formations really undertake actions, directed to introduction of innovation, creation of the programs of strategic development, and also to strengthening of investment appeal, including through realization of the PR-actions.

The given classification of municipal formations for levels, not applying on completeness, allows constructing the schemes of movement of material, financial, human, information, other flows and formations of human preferences that as a feedback can be used for strengthening the competitiveness.

It is necessary to note, in result the correct and competent formation of competitiveness of municipal formation, which is called to provide a protection of its vital interests; favorable conditions for development of business; a worthy standard of living of the population, which is necessary for stable reproduction of public processes; a basis for a survival, adaptation and preservation of municipal structures; the preconditions for the subsequent steady development of economy of municipal formation.

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<sup>1</sup> *M. Porter.* International competitive. M., 1993. P. 896.

<sup>2</sup> *P. Kennedy.* Entering in XXI century. M., 1997. P. 480.

<sup>3</sup> *M.I. Gelvanovskiy etc.* Competitiveness in micro-, mezzo- and macrolevel estimating // Russian Economic magazine. 1998. № 3. P. 67 - 77.

<sup>4</sup> *Y.N. Starcev.* Territory marketing: Studied book. Chelyabinsk, 2003. P. 84.