Institutional Measures to Support Industrial Enterprises of the Samara Region

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Abstract. The article contains an analysis of the main industrial development trends in the Russian Federation and the Samara region in particular, identified on the basis of aggregated statistical data. The author considered the industrial potential of the Samara region and its structure. The analysis of the main programs of support and development of the industry until 2018 and after (for the period of the implementation of national projects 2018–2024) at the level of the federal and regional authorities is presented, the main results of this support in the Samara region are presented. The author conducted a survey of 70 representatives of business and scientific communities, one way or another connected with the industry of Russia and the Samara region. Based on the results of the survey, conclusions were drawn on the conformity of the measures being implemented to the needs of the business and market conditions, a number of recommendations were proposed.

Keywords: Industry · Information support · Institutional support · Support measures

1 Introduction

Due to geographical and historical preconditions, a number of objective advantages of the Samara region allows the region to occupy positions in the top 10 regional economies of Russia. The region is located in the European part of the Russian Federation, as part of the Volga Federal District, the total area is 53 565 km² (0.3% of the territory of the Russian Federation; 5.1% of the territory of the Volga Federal District (VFD)), the population is 3 205 975 people (2.2% of the population of the Russian Federation; 10.94% of the population of the Volga Federal District) according to regional authorities. The region owes much of its rich industrial potential, an extensive research, development, scientific and cultural base to the decisions of the State Defense Committee (1941–1945) on the transfer to Kuibyshev region (until 1991, later the Samara region) of a significant part of the aviation, bearing, and radio-electronic enterprises, machine-building, plaster, petrochemical, peat, gas industries, as well as decisions on the transfer to Kuibyshev (until 1991, later Samara) of foreign embassies, broadcasting, arts and cultural organizations.

In the postwar years, the rise of the industrial base was provided mainly due to rocket science and aircraft construction, as well as the production of components. The article provides an analysis of the current state of the industry in the Samara region,

analyses support measures created by authorities at various levels, and also, through a survey, the conclusion is made about the information security of the measures taken.

2 Methodology

To assess the level of information security of the implementation of industrial production support programs at the federal, regional and municipal levels, it is necessary to identify the economic institutions through which their development is carried out. Table 1 presents data on the main industrial support programs, the timing of their implementation, as well as institutions at different levels.

Table 1. Institutional support for industry

Name of the program (Purpose of creation)	Implementation level	Implementation dates	Economic Institutions
State program of the Russian Federation “Development of industry and increasing its competitiveness”	Federal	2014–p.t.	Industry Development Fund (IDF), State Industry Information System (GISP)
National project “International Cooperation and Export” (As part of the federal project “Export of Services”)	Federal	2018–2024	Ministry of Economic Development of the Russian Federation, Ministry of Industry and Trade of the Russian Federation
Federal project “Implementation of the best available technologies” (In terms of improving the environmental friendliness of industrial production)	Federal	2018–2024	Ministry of Economic Development of the Russian Federation, Ministry of Industry and Trade of the Russian Federation
The project to create a favorable investment climate in the Samara region	Regional	2016–p.t.	Ministry of Economic Development, Investments and Trade of Samara Region, Agency for Investment Attraction of Samara Region

Source: author.

Based on the above programs, it is worth noting that most of the measures taken are at the federal level, in addition, these measures were developed as an economic tool designed to minimize geopolitical threats. However, the industry did not become a real driver of economic development (2015–2018) and a way out of the crisis situation (2018–p.t.). Meanwhile, it is worth analyzing the actual indicators characterizing the state of industrial production in the Russian Federation (Fig. 1). Hereinafter, according

to the Federal State Statistics Service, the analytical center under the Government of the Russian Federation and the Ministry of Economic Development of the Russian Federation.

Fig. 1. The increase rate of industrial production compared to the previous month in the Russian Federation in 2015–2018, % (Source: author)

Getting rid of the influence of periods of an intermittent drop in the increase rate of industry in January of each year (due to long holidays), it should be said that the average annual increase rate of this indicator fluctuates in the range of 2–3%. So, according to the analytical center under the Government of the Russian Federation, in 2018, GDP growth amounted to 2.3%, and industrial output increased by 2.9%. And in the first quarter of 2019, the increase rate of industrial production slowed to 2.1% in annual terms, and GDP - to 0.5%.

However, general indicators of industrial production growth cannot objectively reflect a number of negative trends:

1. The growth of industrial production was primarily ensured by sustainable long-term growth of the extractive industry (4% by 2017, 14% by 2014), that in the conditions of an already uneven structure of the Russian economy and falling energy prices, could lead to budgetary insecurity (the share of oil and gas production in the production structure in the Russian Federation is about 70%).
2. Uneven dynamics of industrial production in the constituent entities of the Russian Federation (industry growth in 2018 was observed in 66 constituent entities of Russia (–10% compared to 2017)).
3. The outstripping growth in industrial output in 2018 was recorded in the city of Sevastopol (+29.2%), the Yamal-Nenets Autonomous District (+17.0%), Astrakhan (+16.2%) and Tambov (+14.4%) areas. The analyzed Samara region (+1%).

4. In 2018 and in the first half of 2019, the output of high-tech manufacturing activities decreased (–11.5% by 2018).
5. According to a study by the Analytical Center under Government of Russian Federation, the factors limiting production growth in mining and manufacturing are insufficient demand for the products of enterprises in the domestic market, a high level of taxation and the uncertainty of the economic situation as a whole [2].

Based on international conditions (regionalization, sanctions confrontation, emergencies, such as closing borders and production due to COVID-19) and all of the above, it is worth noting the importance of transforming industry in the direction, primarily of the processing high-tech industry. To implement the tasks set by the President of the Russian Federation V.V. Putin and ensuring GDP growth of 3–4% annually require serious institutional changes.

The Russian model, based on the super centralization of economic and political institutions in Moscow and St. Petersburg, practically does not allow regions that are not involved in oil and gas production and processing without serious transfers from the Federation to execute budgets. In turn, this inevitably leads to an outflow of economic entities (or their parent enterprises) to capitals and regions offering preferential conditions for the functioning of the business. The decrease in the number of large taxpayers affects the investment climate and even more leads to the unsecured budgets of the entities. Samara region (a region with a diversified economy) in the ranking of regions is included in the second decile of the economies of the constituent entities. Largely because it takes 2nd place in Russia in terms of oil refining (19.5 million tons per year).

Regional authorities are making efforts to create a favorable investment climate in the Samara region. On the electronic site (online platform) of the Agency for attracting investments, basic information is presented that may interest key stakeholders: investors, project authors, regional authorities. Key attention is paid to the creation of one of the largest agglomerations in the country, Samara-Tolyatti, which is an attempt to adopt the experience of agglomerations in Moscow, St. Petersburg, Tyumen and so on. The portal provides funding for socially important projects both in the field of public-private partnership (PPP), and by attracting third-party investors.

Conditionally, the activities of regional authorities can be divided into three key areas:

1. Regulatory support of the field of PPP (approval of the list of objects the property right to which belongs or will belong to the Samara region, regarding which it is planned to conclude concession agreements).
2. Development of the institutional environment in the field of PPP (at the end of 2018, the Samara Region became one of the 6 leading regions of the Russian Federation in terms of the development of public-private partnerships along with Moscow, St. Petersburg, the Moscow Region, the Republic of Bashkortostan and the Khanty-Mansi Autonomous District scoring 90 points).
3. Accumulation, aggregation and transfer of experience in implementing PPP projects (22 projects are currently under implementation (implemented) for a total amount of

extrabudgetary investments attracted 25.86 billion rubles, of which 14 projects amounting to 6.22 billion extrabudgetary funds raised rubles have already been implemented and 1345 jobs have been created, 25 projects are under consideration and structuring).

Among the main projects it is worth highlighting:

1. The construction of the highway “Central”.
2. Construction of a bridge over the Volga River with a detour of Togliatti and access to the M-5 Ural highway.
3. Construction and exploitation of railways to ensure the operation of the special economic zone of the industrial-production type “Togliatti”.
4. Organization of high-speed railway communication “Samara-Kurumoch airport-Togliatti”.

3 Results

According to the results of an electronic questionnaire, a representatives of the business and scientific field of the city of Samara and the Samara region conducted by the authors of the article, it is worth noting the similarity of indicators of statistical bodies and the empirical assessment of respondents. The survey involved 70 people, of whom 52 identified themselves as being associated with industrial production. Distribution of respondents by gender: men - 61% (82% of those related to industry), the most frequent range value of age: 30–40 years. Respondents were asked the following questions:

1. “How do you assess the general state of industrial production in the Russian Federation on a scale from 1 to 5?”, Where 1-unsatisfactory, 2-poor, 3-lowered, 4-corresponds to the average world level, 5-exceeds the average world level.
2. “How do you assess the general state of industrial potential in the Russian Federation on a scale from 1 to 5?”, Where 1-unsatisfactory, 2-poor, 3-lowered, 4-corresponds to the average world level, 5-exceeds the average world level.
3. “Refer the Russian Federation to one of the following groups”: 1-driver countries of economic development, 2-developed countries, 3-developing countries, 4-lagging countries, 5-backward countries.
4. “How do you assess the state of extractive industrial production in the Russian Federation on a scale from 1 to 5?”, Where 1-unsatisfactory, 2-poor, 3-lowered, 4-corresponds to the average level of developing countries, 5-exceeds the average level of developing countries.
5. “How do you rate the state of manufacturing in Russia on a scale from 1 to 5?”, Where 1-unsatisfactory, 2-poor, 3-lowered, 4-corresponds to the average level of developing countries, 5-exceeds the average level of developing countries.
6. “What drivers of industrial development in the Russian Federation do you consider the most important?”: Technology adoption, technology development, planning system, strengthening state regulation, increasing competition, militarization, environmental friendliness, I find it difficult to answer.

7. "Do the current methods of industrial management in Russia correspond to the scale of the new economic paradigm?": Yes, no, I find it difficult to answer.
8. "Is the existing scientific and technological base capable of ensuring the development of industry in the Russian Federation in the medium term?": Yes, no, I find it difficult to answer.

According to the results of the survey, 48% of respondents assess the state of Russian industry as lowered (while 69% believe that the development of extractive industries is above average among developing countries, and 59% consider the development of the manufacturing sector as lowered). At the same time, the respondents positively assess the industrial potential of the Russian economy (47% corresponds to the world average, 37% exceeds the world average).

Among the other survey results, it is worth highlighting the respondents' hopes that technology development and a well-planned planning system will be able to become drivers of the social and economic development of the Russian Federation. More than half (56%) believe that the current methods of industrial management in the Russian Federation do not correspond to the scale of the new economic paradigm, however 60% are convinced that the existing scientific and technological base is capable of ensuring the development of industry in the medium term. The second block of the survey questions concerned the information security of the measures taken to support the industry and their effectiveness.

So, the following questions were asked:

9. "How do you assess institutional measures taken by federal and regional authorities to stimulate industrial production on a scale from 1 to 5?", Where 1-unsatisfactory, 2-poor, 3-average, 4-good, 5-high.
10. "How do you assess the measures taken by federal and regional authorities to stimulate industrial production on a scale of 1 to 5?", Where 1-unsatisfactory, 2-poor, 3-average, 4-good, 5-high.
11. "How do you assess the ability of small and medium-sized businesses to take part in entrepreneurship support programs on a scale from 1 to 5?", Where 1-unsatisfactory, 2-poor, 3-average, 4-good, 5-high.

The survey results are presented in Figs. 2, 3 and 4.

Fig. 2. The results of the survey "How do you assess the institutional measures undertaken by federal and regional authorities to stimulate industrial production?" (Source: author)

Fig. 3. The results of the survey “How do you assess the information measures taken by the federal and regional authorities to stimulate industrial production?” (Source: author)

Fig. 4. The results of the survey “How do you assess the capabilities of small and medium-sized enterprises to take part in entrepreneurship support programs?” (Source: author)

Thus, it is possible to assess the degree of satisfaction of the business and scientific sectors in ongoing programs and their information support as average.

4 Discussion

The development of the domestic industrial field is constantly discussed in the scientific and business communities. It is no coincidence that industry is at the forefront of discussions: on the one hand, the presence of a strong industry can ensure national security and hedge the risks of international instability, and on the other hand, the industry must act as a driver of sustainable economic growth, which, unfortunately, failed to implement in Russia. Significant studies of institutional measures, including those applicable in the context of this issue, were published by Aganbegyan, Glazyev, Ivanter, Zubarevich, and Safronov [1, 5, 7, 9].

However, despite a number of objective negative aspects: a high degree of centralization in Moscow, the Moscow region and St. Petersburg, a high degree of imbalance in the economies of constituent entities, varying degrees of industrial

development, the share of transfers, lack of funding for science and technology, the outflow of knowledge capital, etc., about which experts say industry has a high potential for development.

Foreign researchers, in turn, are considering such a development of the industry that can allow them to go completely to a green economy [6, 8]. The work also reveals the relationship and interdependence of social and industrial (economic) growth [3]. In addition, the researchers noted the advantage identified by the authors to create agglomerations, the basis for which is an industrial cluster [4].

5 Conclusion

The author analyzed the current state of industry in the Russian Federation, examined the industrial potential of the Samara region and its structure. Based on the analysis of statistical data, a conclusion is drawn about industrial development trends in the Russian Federation.

The article provides an analysis of the main programs of support and development of industry at the level of federal and regional authorities, the main results of this support are presented.

The authors conducted a survey of representatives of business and scientific communities, one way or another connected with the industry of Russia, based on analytical data and the results of the survey, it is possible to draw a number of conclusions and recommendations.

The main findings include:

1. Industry is a prerequisite for the formation of national security, an adequate response to economic and political challenges.
2. Industry can and should act as a driver of the socio-economic development of the Russian Federation, as in the cases of developed countries manufacturing high-tech industry.
3. The measures to support domestic industry that existed before the launch of national projects in 2018 were not enough to at least somehow significantly increase the GDP (GRP) and living standards.
4. Industrial support programs in the Russian Federation in 2018–2024 are mainly built on the implementation of national projects (especially after the change of the Government of the Russian Federation).
5. Implemented measures to support industry do not fully meet the expectations of the real sector.
6. Information measures to support industry development programs were rated by 81% of respondents as poor and medium.
7. It is recommended to develop at the federal level a methodology for balancing regional inequality, a transparent system of distribution of transfers, tax exemptions, the goals of which will be to attract business in general and industry in particular to the regions.
8. Development of regional programs to attract significant financial resources to the Samara-Tolyatti agglomeration on favorable terms is recommended.

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