

Relevant Approaches to the Management of Nature and Economic Territory Complexes

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Abstract—The natural resource management is one of the important tasks that is especially pertinent for Russia as it has a considerable share of the global natural resources. In order to organize NETC management more effectively, the article suggests changing the existing system of powers with a view to ensure "single-handed" management. The authors formulated propositions on the adaptation of the ETC interests to the goals and tasks of regional development and on the government influence that provides efficient natural resource management.

Keywords—*nature and economic territory complex; natural resource management; economic territory complex (ETC); ETC structure; state regulation of natural resource management*

I. INTRODUCTION

The organization of the efficient management of natural and economic territory complexes (NETCs) is one of the most pertinent scientific tasks that need to be accomplished. In our opinion there are a number of central problems in this field that have to be singled out:

- it is necessary to provide "single-handed" management on the NETC;
- it is necessary to ensure sufficient expeditious managerial decision-making process.

Let us analyze the issues stated above and the ways to resolve them proposed by the authors in more detail.

II. THE NECESSITY TO PROVIDE "SINGLE-HANDED" MANAGEMENT ON THE NETC

Today the authority over the management of various NETC elements is quite considerably divided between different state bodies that substantially impair the complex management process [1]. Another management drawback

must also be pointed out concerning the fact that the authority over the development of a strategy of natural resource management and over the current managing of the resources might be possessed by different executive authority bodies of the same level. For example, in the Moscow Oblast the Ministry of Environment and Natural Resource Management of the Moscow Oblast has the authority over land resources management strategy while three ministries deal with the issue of their practical management, namely the Ministry of Environment and Natural Resource Management of the Moscow Oblast, the Ministry of Agriculture and Food of the Moscow Oblast and the Ministry of Property Relations of the Moscow Oblast.

The existing system of authority distribution in the area of natural resource management makes the supreme executive body of a federal subject the most suitable body that can comprehensively manage the natural and economic complex as a whole.

Nevertheless, in practice such redistribution of management authority would mean giving this body too many functions alien to it that objectively accompany natural resource management (monitoring, licensing, quota allocating, resolving various technical issues, etc.). Thus the most effective way is to delegate the full executive authority to one government agency on a lower level, for example to a "Ministry of Natural Resources" of a federal subject. It is also viable to somewhat change the existing authority structure, i.e.

- regional property and agricultural relations management bodies should be able to participate in the land resource management only in a consultative role;

- the existing forest resource hierarchy must be changed with territorial governing forestry bodies being made subjects to regional authorities (or more precisely to the "Ministry of Natural Resources" of a federal subject mentioned above);
- the authority over water resource management in a territory must be transferred to the "Ministry of Natural Resources";
- the authority over natural resource management that is currently exercised by the federal government level must be transferred to the regional level (but the federal level should still keep the right to control the use of such natural resources and to veto the decisions made by regional authorities when natural resource management on the regional level goes contrary to the interests of the strategic development of the Russian Federation).

An important observation must be made concerning the changes proposed by the author. Despite the obvious efficiency of reorganizing the state natural resource management structure, in practice the redistribution of powers will face bitter opposition mainly for political and financial reasons. Let us explain briefly our point of view. In our opinion the concentration of the authority over the NETC management on the level of a federal subject (even under the close control of the federal authorities) will lead to the following consequences:

- the centrifugal tendencies will increase that can ultimately lead to certain regions (richest in natural resources) leaving the Russian Federation;
- there will be a need for the redistribution of financial flows (first of all, tax payments for natural resource exploitation) as well as for adequate redistribution of powers.

The above stated leads us to the following conclusion. For a whole number of reasons making it not beneficial for the federal centre it is almost impossible to redistribute the natural resource management powers in the most efficient way, and that is why it is essential to change the procedure of natural resource management on the federal level through a legislative process by making it a necessary step on the way to coordinate managerial decisions with the regional authorities. Thus the federal subjects will have an opportunity to monitor the compliance of the use of certain NETC elements with the strategic development goals of the region. Besides that, it seems viable to perform federal management of natural resources on the alternative basis with the priority given to propositions put forward by the region concerning the exploitation of the natural resources in its territory (if such a proposition does not go against the strategic goals and tasks of the Russian Federation).

To sum it up, we can come to the conclusion that the existing structure of powers in natural resource management at the moment does not allow for the NETC to be managed "single-handedly".

III. THE ROLE OF THE REGIONAL ECONOMIC COMPLEX IN THE DEVELOPMENT OF THE CONCEPT OF REGIONAL ECOLOGICAL AND ECONOMIC COMPLEX

Taking all the problems of managing the NETC as a single unit we cannot ignore another important component of the regional economy that significantly influences natural resources, namely the economic complex of a territory¹(ETC). The structure of the regional economic complex in place at the moment and created objectively in time must be by all means taken into account not only while developing the concept of the regional environmental and economic complex development but also while making practical managerial decisions in the area [2].

The main difficulty when organizing the practical cooperation between the public authorities and the ETC lies in the strong diversification of the latter by various organizational and legal characteristics and thereby by core functions [3]. According to the civil legislation of the Russian Federation the entirety of legal entities that comprise an economic complex of a region can have the structure presented in "Table I".

¹ By an economic complex of a territory we mean the whole complex of economic subjects and economic ties in the region.

TABLE I. LEGALLY PERMISSIBLE STRUCTURE OF AN ECONOMIC COMPLEX OF A TERRITORY

		Organizational and legal characteristic: the goal of the economic activity	
		<i>the goal is to generate and distribute profit</i>	<i>the goal is set at the beginning</i>
Organizational and legal characteristic: Parties	<i>Citizens</i>	<i>Self-employed Businessmen</i>	
	Organizational and legal characteristic: forms	<i>Legal entities (organizations)</i>	<i>Profit-making organizations:</i>
Business entities and Associations			Consumer Cooperative Societies
			civil and religious organizations (unions)
Production Cooperative Societies		Funds	
		Institutions	
State and Municipal Unitary Companies		Associations and Unions of Profit-Making Organizations	
	Associations and Unions of Non-Profit Organizations		

As it follows from the "Table I", all the economic subjects functioning in a region can be divided by their economic activity goals into two categories: profit-making and non-profit economic entities. As for the goal set for this paper, the most attention must be paid to profit-making entities because the basic goal of their work (according to the Civil Code of the Russian Federation) is to generate profit and distribute it between the participants. The interests of this segment of the ETC can strongly oppose public interests as well as the strategic interests of the region itself when it comes to the management of its natural and economic complex.

It is essential to point out that any restriction of the freedom of entrepreneurship of the entities in the concerned subject with a view to make their economic activity compliant with the strategic development goals of the region is impossible and must be seen as a restriction of constitutional rights and freedoms of economic entities. Thus we are faced with a challenging task of ensuring "voluntary" compliance of the commercial interests of economic entities with the strategic goals of regional development.

In our opinion the solution to this problem will be largely determined by two interrelated parameters of economic activity: the scale of the activity and the core function of an economic entity [4]. The expert evaluation method on the basis of the systemic analysis of the present condition of the economic entity financial management and global scientific and practical advances in the field allowed the author to formulate the following rule: the less the scale of the activities of an economic entity is, the closer is its goal to simple profit generating (without distribution), but the larger the scale, the more the economic entity tends to maximize the capitalization.

As the capitalization of a business is a superposition of various economic and non-economic factors, it seems

possible to adapt the core function of big business entities to regional interests by transforming it rather than by forcibly changing it. This said, the efforts of regional authorities must first of all be put in increasing the influence of non-economic factors in the formation of business capitalization.

It is somewhat more difficult in the case of small businesses. Economic entities in this segment as a rule have insignificant financial resources and their activities are poorly diversified. This is why any attempt to transform their core function (let us remember that the smaller the scale of the activity, the more it concerns simple profit-making) will be clearly seen as a restriction of freedom. From the other hand, small business entities are the most resilient group with their assets being quite easily distributed between different types of economic activities. The choice of economic activity type in their case is determined only by a profit margin that according to the economic theory is determined by consumer demand and objective production expenses. In order to transfer small businesses' assets from commercially effective areas that however lay beyond the strategic regional development concept (or opposing such a concept) it is possible to influence any of the factors that determine profit margins. Let us briefly analyze the opportunities for state regulation in the field.

State management of consumer demand seems to be quite a difficult task that is not only and not so much economic in nature but that requires social, ideological and mindset efforts. Indeed, it is only possible to slow down the demand for the product of, i.e. private sawmills (and in the small business sector it is formed mostly by individuals), by changing the thinking of potential buyers. This said, it is almost impossible to persuade citizens to use other materials in private construction, taking into account the fact that at the moment timber has the best "price - quality - environmental friendliness" ratio. As an alternative to the social and mindset

aspects the strictly economic mechanism of demand regulation might be proposed. In the analyzed example (timber) it can be a system of fines for those who use timber in construction (both in individual and industrial one). But such an initiative of the regional authorities that is already very doubtful from the point of view of the constitution, is unlikely to be supported on the federal level. It must be said that the solution of similar problems abroad has long since concerned the social and mindset aspects rather than the economic one.

State influence on production expenses seems more promising. It must be said that the system of state measures (mainly it is a system of target payments and fines that seems quite expedient) in the field has already been developed and includes the following substructures:

- activity licensing with compulsory periodic payments;
- compulsory regular tax and non-tax payments;
- responsibility for breaking legislatively imposed limits (including responsibility in the form of fines).

IV. PROBLEMS OF EFFICIENCY OF THE SYSTEM OF ECONOMIC RESTRICTIONS IN THE MANAGEMENT OF NATURAL RESOURCES

Nevertheless, today both the public and the experts have serious doubts regarding the effectiveness of the said system of economic limits in natural resource management. In the authors' opinion the main reason for such ineffectiveness lies in the insufficient implementation of state control functions concerning the monitoring of the natural resource quotas. Lack of proper control over natural resource management almost excludes economic influence on the expenses of the production of the third component of the system described above, namely the subsystem of responsibility (first of all, the economic one) for breaking the established limits. At the same time in our opinion this component can influence most of all the decisions made by economic entities on the change of the sphere of economic activity. The stated above can be justified by the two following arguments.

First of all, it must be said that in three of the subsystems stated above only the responsibility subsystem is pseudorandom for an economic entity and that is why is difficult to predict. When faced with an impossible task of measuring accurately enough the amount of the possible punishment (as to a large extent it depends on the way the violation is determined and on court rulings), in other words in order to accurately assess the amount of its future profit an economic entity will have to observe the established limits². But if taking into account the established activity limits the expenses will not allow to bring profit, under the circumstances the only feasible solution will be to change the economic activity.

² In this case for the sake of simplicity we do not consider those economic entities that will continue to break the aforementioned limits at their own risk, their total economic activity will depend inversely on the number of detected violations and administered punishments, and it seems that the number of malpractices will reduce slower than the number of reported violations.

The second argument that proves the effectiveness of the responsibility system is, in our opinion, the fact that unlike periodic and regular payment subsystems, it does not limit constitutional rights and freedoms. The main goal of the subsystem is to defend the rights and interests of other members of the society (or, as it is referred to in the economic theory, to minimize negative externalities) so that social value of the subsystem is more important than the value of the payment subsystem. On the basis of that the amount of responsibility can and must be considerably bigger than the amount of periodic and regular payments.

In the authors' opinion the adaptation of the ECT interests to the goals and tasks of regional development must occur simultaneously in two directions:

- enhancing social responsibility of business entities (with the help of the aforementioned greater influence of non-economic factors on the capitalization of a company);
- improving the system of state control over natural resource management limit enforcement; simultaneously the responsibility for violations in the field might be increased.

Practical implementation of the second direction is possible if regional and federal authorities combine their efforts to change legislative acts (Administrative Offense Code of the Russian Federation, the Criminal Code of the Russian Federation, other legislative acts on the federal and regional levels that provide for responsibility for violating established limits in natural resource management). It is believed that the initiative in this regard must lie with the Federation Council of the Federal Assembly of the Russian Federation (as a body that must champion the interests of the regions), and the issue of the nature and amount of the changes needs to be developed in detail and lies beyond the tasks of the present scientific study.

In the author's opinion influencing business reputation of economic entities can help to promote social responsibility of the business. The institution of Trade and Industry Chambers can be the key to the practical implementation of this direction. In accordance with Law of the Russian Federation No.5340-1 of 07.07.1993 "On Trade and Industry Chambers in the Russian Federation" the goal of creating Trade and Industry Chambers includes promoting modern industry, financial and trade infrastructure; creating favourable conditions for business; managing relations between businessmen and their social partners. Simultaneously one of the legally established goals of the Chambers is to promote all kinds of business activity in the light of economic interests of the subjects of the Russian Federation, industries and companies [5]. Thus, from the one hand, Trade and Industry Chambers promote the interests of the ECT and from the other hand they must coordinate the interests of this complex and the interests of the region itself.

Another argument in favour of engaging Trade and Industry Chambers in coordinating economic interests of the ECT and the regional development goals concerns legally established rights of Trade and Industry Chambers provided

for in the same legislative act [5] and including for example the following rights:

- to conduct independent assessment of norms and regulation drafts in economy, external economic relations and other topics that concern the interests of businesses and businessmen;
- to keep non-state Register of Russian businesses and businessmen, whose financial and economic situation proves their reliability as business partners in the Russian Federation and abroad;
- to settle economic disputes under the legal system of the Russian Federation by establishing courts of mediation, to approve regulations regarding them and the dispute settlement procedure in the courts of mediation.

The first of the aforementioned rights once again proves the unconditional loyalty of the Trade and Industry Chamber towards economic entities that makes the institution more significant in the opinion of the latter.

The right to keep an independent register that basically shows the business reputation of an economic entity must become one of the ways to enhance the influence of non-economic factors on the business capitalization as was mentioned before. Another way to do that is in our opinion to settle such disputes through courts of mediation.

V. CONCLUSION

Therefore, trade and industry chambers have every opportunity to exercise significant non-economic influence over business entities in accordance with the interests of a region. With a view to implement this in practice it is essential to ensure the participation of the Trade and Industry Chamber in the development of strategic goals and tasks of the social and economic development of a region and of the relevant development concept and programme at the initial stage. In the future the functions of the Trade and Industry Chamber must be reduced to the control over the compliance of the economic complex of a region with the assumed social obligations. Consequently, Trade and Industry Chambers take the role of a coordinating and controlling body in the NECT management.

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