

# *Analysis of the indicator of attracting investments of the region in the period of the digital economy*

Kondratenko O.A.

Ural State University of Economics  
Yekaterinburg, Russia  
tnd@usue.ru

Latypov R.T.

Ural State University of Economics  
Yekaterinburg, Russia  
tnd@usue.ru

Reznichenko D.V.

Ural State University of Economics  
Yekaterinburg, Russia  
[tnd@usue.ru](mailto:tnd@usue.ru)

**Abstract** — The contemporary condition and development level of any territory is an essential indicator of the living standards of each territory subject. This issue is explored from different perspectives and many researchers come to the conclusion that the quality of life is primarily determined by the territory investment potential. Investment potential determines both the competitiveness and the efficiency of any territory functioning in present-day conditions. This is ensured by the image of the territory and by its rank among other subjects: residents and non-residents. The research requires to examine the socio-economic development of the region, since it is precisely the social and economic system that gives a grounding for the territory advancement. The paper focuses on the key aspects that hamper the sustainable development of the territory.

**Keywords** — investment, the potential of the territory, the development of the region, investment objectives.

## I. INTRODUCTION

The relevance of this study is that, the region development is a multidimensional and multifaceted process, considered in view of an array of objectives prioritizing the improvement of the quality of life of the population. The development of the region requires a solution to a number of key problems: higher incomes, improvement of education standards, of nutrition quality and health care, poverty reduction, healthier environment, equal opportunities, expansion of individual freedom, cultural enrichment, etc. The specific conditions of a particular territory underlie its investment potential, primarily with regard to the resources available. Strategic planning for social and economic development is carried out with regard to the resources potential, which is to ensure a framework for the further development of the economy. In fact, one can speak about the level of efficiency of the territory potential in the context of the access to the raw materials.

The sustainable potential of the territory implies an ability to maintain a certain standard of well-being with no dramatic drops. Thus, the social and economic system of the territory, securing a consistently high level of the population well-being, can be viewed upon as a source of high potential in the development of the territory. It brings in focus the prospects of the system, its expected condition, i.e. it appears necessary to

assess not only the level achieved, but flexibility of the system, its readiness to change.

This task can be carried out only through a comprehensive analysis of the economic growth factors in each particular territory. Sverdlovsk oblast is focused on as an object of research.

## II. METHODOLOGY

In Sverdlovsk oblast the competitive advantages, which exert a favorable impact on the development of the region are defined as follows [1]:

- a high level of the manufacturing industry development and a high density of the defense complex enterprises;
- the administrative center of Sverdlovsk oblast is a macro-regional center providing business services;
- high indexes, providing macroeconomic conditions for investment activities;
- a high level of the scientific and educational sector development;
- a high level of innovative development in certain branches of economy;
- availability of natural, production, energy and human resources;
- the advantageous geographical position of Sverdlovsk Oblast for the transport and logistics complex advancement.

TABLE I. SWOT ANALYSIS OF THE SOCIO-ECONOMIC DEVELOPMENT OF SVERDLOVSK OBLAST

Strengths	Weaknesses
<p>Favorable geographical position on the border of Europe and Asia at the junction of the transcontinental flows allowing to benefit from the proximity to high-capacity markets</p> <p>Sverdlovsk oblast is the Russian and one of the world largest regions in the explored and forecast mineral reserves</p> <p>A developed industrial complex (accounts for 40% of the RF total industrial output; a large volume of locally produced goods shipped)</p>	<p>Sverdlovsk oblast is located in the continental climate zone with cold long winters</p> <p>Severe environmental problems (air and waterbody pollution)</p> <p>Low efficiency of the local innovation activities</p> <p>Insufficient development rate of transport infrastructure</p> <p>Considerable remoteness from strategic ports and the borders of potential importers, relatively high cost of export</p>
<p>Persistent development of the mineral resources potential. The subsoil resources value in Sverdlovsk oblast is 9.5% of the total value of the Russian subsoil resources, it accounts for about 30% of that in the Urals.</p> <p>Sverdlovsk oblast shows a steady long-term growth of every sector of the economy; the growth rate is higher than in the Russian Federation on the whole.</p> <p>Economically developed region (occupies the 6th place by GRP in the country, and the 10th by investments among other RF subjects).</p> <p>Favourable location in the heart of the sizeable industrial and investment products market (the Ural and West Siberian economic region).</p> <p>Favourable investment climate</p> <p>Access to major rail, road, aviation and logistics hubs.</p> <p>The state scientific and educational sector aimed at the support of innovative business and diverse projects implementation (Ural Federal University, Ural Branch of the Russian Academy of Sciences).</p>	<p>Insufficiently developed industrial outsourcing of large companies in the region</p> <p>Low labour mobility (internal migration)</p> <p>Insufficiently developed venture investment and a shortage of business angels for attracting long-term investments in high-risk projects.</p> <p>Sverdlovsk oblast lacks an innovative development strategy with well-developed technology roadmaps, stages of goals achieving and statements of responsibility</p> <p>A middle-level position of Sverdlovsk oblast not allowing it to outperform other regions in competition for federal resources</p> <p>High depreciation of the region's fixed assets</p>
Opportunities	Threats
<p>Productive factors promoting science and technology advancement</p> <p>Federal social and economic policy</p> <p>Interregional cooperation and competition</p> <p>Modernization of the Russia transportation system</p>	<p>Dependence on fluctuations in the world metals market</p> <p>Demographic and industrial pressure from China</p> <p>Neo-industrial pressure from the West</p> <p>Probable negative consequences of decisions taken at the federal level</p>

### III. RESULT

The above-given SWOT analysis of the Sverdlovsk oblast socio-economic development potential allows to come to the following conclusion: the region can benefit from its favorable geographical position, developed industrial complex, positive investment climate. The factors impeding the development of the region include environmental problems, low labour mobility, low indicators of innovation effectiveness, slow pace of transport infrastructure development and high depreciation of the region's fixed assets.

The main indicators of the social and economic situation of Sverdlovsk oblast over the period of 2015 - 2018 are presented in Table 2.

Based on the data indicated in Table 2, over the period of 2015 – 2018, the population of Sverdlovsk oblast has increased by 19.9 thousand people (0.5%) over the past four years. In particular, population below the employable age rose by 65.9 thousand people (by 9.5%); the over working age population increased by 57.6 thousand people (by 5.8%). In the period concerned, the employable population decreased by 100,000 (3.8%).

The number of employees in the region decreased by 31.1 thousand people (2.0%) though the number of unemployed in the region dropped by 28.8 thousand people (17.2%), and the number of those registered in the state employment offices fell by 11.8 thousand people (30.7%) during the period in question. As regards pensioners the number increased by 38.2 thousand people (3.0%) from 2015 to 2018.

Gross regional product of Sverdlovsk oblast rose by 539.7 billion roubles (51.6%) during the period in question. The GRP per capita in Sverdlovsk oblast increased by 124.0 thousand roubles (51.0%).

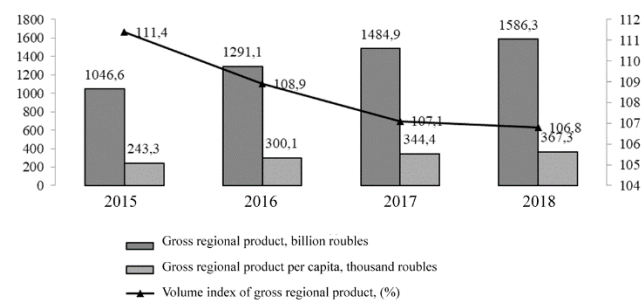


Fig. 1. Gives figures of the Sverdlovsk oblast GRP and the GRP per capita, in 2015-2018.

The GRP index for the analyzed period decreased by 4.6%. Thus, in 2018 the GRP of Sverdlovsk oblast amounted to 1,586.3 billion roubles, while the GRP per capita was 367.3 thousand roubles, the GRP volume index was 106.8%.

The slowdown in the GRP growth in Sverdlovsk oblast resulted from a decrease of the gross added value in energy, gas and water production and distribution (1.7%), in trade (2.6%), hotels and restaurants (0.8%), and ensuring military defence (0.2%).

Furthermore, in 2016 there was a considerable slowdown in the growth of gross added value in the extraction of mineral resources (0.8%), financial activity (8.7%), healthcare and social services (2.1%).

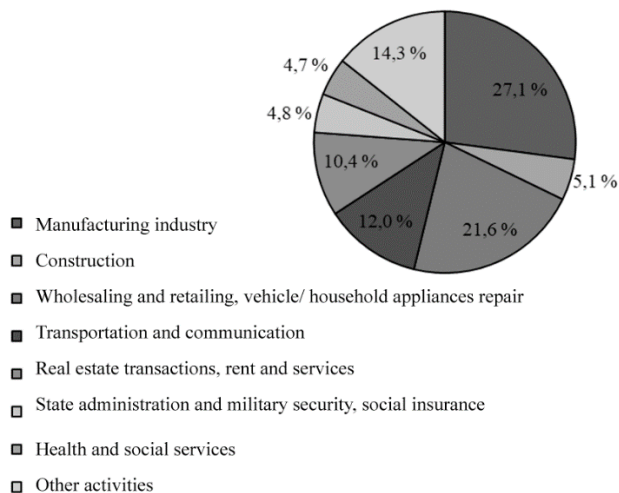


Fig. 2. Structure of Sverdlovsk oblast gross regional product in specific economic sectors for 2018, (%)

#### IV. CONCLUSIONS

The main contribution into the GRP structure is made by manufacturing sector - 27.1%, followed by wholesaling and retailing - 21.6%, other activities made 14.3%, real estate transactions - 10.4%, transportation and communications - 12.0 %.

Investments in the fixed capital of Sverdlovsk oblast for the period in question increased significantly from 333.5 billion roubles to 370.4 billion roubles. The share of investments in the region fixed capital from the local funds decreased from 16.5% to 13.9%, so did the federal budget investments.

There was a considerable change in the average per capita income per month. Over the past four years it has risen from 24,892.6 roubles to 32 035.9 roubles, that is by 7 143.3 roubles (28.7%). Equally the region saw an increase of an average per capita consumer expenditure from 24,496.1 roubles to 32 183.4 roubles that is by 7 687.3 roubles (31.4%).

The average nominal monthly wages paid in Sverdlovsk Oblast in 2018 was 29,492.2 roubles, 7313.0 roubles or 33.0% higher than in 2015.

Thus, Sverdlovsk oblast occupying a special geopolitical position not only benefits from its unique natural resources, it also demonstrates the necessary prerequisites allowing to be a driving force for its dynamic development and to intensify its investment attractiveness. The analysis carried out by the authors allows to make an assumption that the level of Sverdlovsk oblast investment potential is high enough. This can be a decisive factor both for an effective functioning of the territory and for the sustainable growth of the citizens well-being. This can be achieved through implementing a program of development of Sverdlovsk oblast investment potential in view of the current and prospective needs of the municipality.

#### References

[1] Basile, G., Dominici, G., Tani, M. (2016). Place Marketing and Management: A Complex Adaptive Systems View. *The Strategic Planning of the City of Avellino, Italy. Systemic Practice and Action Research* 29(5), pp. 469-484

[2] Birch, K., MacKinnon, D., Cumbers A. (2010) Old Industrial Regions in Europe: A Comparative Assessment of Economic Performance, *Regional Studies*, 44(1), pp. 35-53, DOI: 10.1080/00343400802195147

[3] Botschen, G., Promberger, K., Bernhart, J. (2017) Brand-driven Identity Development of Places. *Journal of Place Management and Development*. 10(2), pp.152-172.

[4] Cassinger C., Eksell J. (2017) The Magic of Place Branding: Regional Brand Identity in Transition. *Journal of Place Management and Development*, 10(3), pp.202-212.

[5] Eshuis, J., Braun, E., Klijn, E. (2013) Place marketing and governance strategy : an assesment of obstacles in place marketing and their effects on attracting target groups. *Public Administration Review*, 73(3), pp. 507-616.

[6] Gavinelli, L., Morra, M.C., Di Gregorio, A. (2016). Pre-event marketing and territorial governance: the case of Monza and Brianza province. *Qualitative Market Research* 19(2), pp. 173-203

[7] Gertner, D. (2011). Unfolding and Configuring Two Decades of Research and Publications on Place Marketing and Place Branding. *Place Branding and Public Diplomacy*. 7(2), pp. 91-106.

[8] Graham, S. (2002). Bridging urban digital divides? Urban polarisation and information and communications technologies (ICTs). *Urrban Studies*, 39(1), pp.33-56.

[9] Graham, S., (2001) Information Technologies and Reconfigurations of Urban Space // *International Journal of Urban and Regional Research*. 25(2), pp. 405-410.

[10] Huggins, R., Izushi, H., Thompson, P. (2013) Regional competitiveness: theories and methodologies for empirical analysis. *The Business and Economisc Research Journal*, 6(2), pp.155-172.

[11] Jayaram, D., Manrai, A.K., Manrai, L.A. (2015) Effective use of marketing technology in Eastern Europe: Web analytics, social media, customer analytics, digital campaigns and mobile applications. *Journal of Economics, Finance and Administrative Science*, 20, pp. 118-132.

[12] Lichrou, M., O'Malley, L., Patterson, M. (2014). On the Marketing Implications of Place Narratives. *Journal of Marketing Management*, 30 (9-10), pp. 832-856.

[13] Matveeva A.I., Sarapultseva A.V., Nazarov A.D. (2019). Analysis of spiritual socialization and personal adaptation in the period of digitalization of the economy. *Proceedings of the 1st international scientific conference modern management trends and the digital economy: from regional development to global economic growth (MTDE 2019)*. Inst Int Relat, Yekaterinburg, Russia, vol. 87, pp. 463-467

[14] Nazarov D. M., Fitina, E. K., Juraeva A. O. (2019). Digital economy as a result of the genesis of the information revolution of society. *Proceedings of the 1st international scientific conference modern management trends and the digital economy: from regional development to global economic growth (MTDE 2019)*. Inst Int Relat, Yekaterinburg, Russia, vol. 87, pp. 351-356

[15] Spielmann, N., Williams, C. (2016). It goes with the territory: Communal leverage as a marketing resource. *Journal of Business Research* 69(12), pp. 5636-5643.

[16] Zanella, A., Bui, N., Castellani, A., Vangelista, L., Zorzi, M. (2014) Internet of Things for Smart Cities. *IEEE Internet of Things Journal*. 1(1), pp. 22-32.