

N. Z. Solodilova ^{a)}, R. I. Malikov ^{a)}, K. Ye. Grishin ^{a)}

^{a)} Ufa State University of Economics and Service

POTENTIAL FOR DEVELOPMENT AND LIMITATIONS OF REGIONAL BUSINESS ENVIRONMENT¹

The article considers some questions of institutional support for the development of the regional business environment. In connection with constantly growing social liabilities of regional and municipal authorities, which results in the upsurge of risks of budget imbalance at respective levels, the research provides a foundation to the necessity of forming favorable business environment promoting enterprise activity in regions. The process of creating institutes of a region's business environment is analyzed with applying a matrix institutional model of entrepreneurship. The article reveals the mechanism stipulating the emergence of specific peculiarities of institutional configurations of the regional business environment. A conclusion is drawn about the decisive role of the institutional configuration of the business environment in the existing differences in the levels of social and economic development of regions. The researchers put forward a hypothesis that supporting a favorable institutional configuration of a region's business environment that stimulates enterprise activity in the area cannot last indefinitely as its development is of a cyclical nature. Simulation parameters for the formation and maintenance of a favorable institutional configuration of the business environment are given. With the aim of practical application of the suggested approach, the authors suggest a methodology allowing for regional authorities to estimate the expediency of favorable institutional configuration of business environment, and on this basis to formulate rules of play for business so that these rules could boost business activity and increase the contribution of entrepreneurship to the region's social and economic development.

The approach under consideration provides an opportunity to substantiate a theoretical and methodological framework for developing practical mechanisms of projecting and further long-term maintenance of favorable institutional configuration of business environment which will contribute to expanding the region's business activity, and which is resistant to negative effects of the external environment.

Keywords: favorable institutional configuration of a regional business environment, regional authorities, business structures, business capacity of business environment

Introduction

The modern stage of social and economic development of Russian regions is characterized by growing budget deficit in conditions of expanding the volumes of social programs and projects², so the activities of the authorities aimed at stimulation and development of business activity in the region that is the basis of increasing the revenue side should acquire greater and greater importance.

Upon the outcomes of the year 2013, the total expenditures of the consolidated budgets of all RF subjects grew by 5.6 % while income growth equaled only 1.2 %. 77 regions implemented the budget with the deficit and only 6 of them showed a surplus. In 2012, the consolidated budget was implemented with a surplus by 16 regions, and in 2011 26 regions showed a surplus. In Table 1 we present some parameters of budget implementations in the RF subjects of the Volga Federal Territory for the year 2013³. As it is seen from the table, all the 14 regions showed a budget deficit. And this tendency is likely to continue in the future⁴.

The pressure on the local budgets is still on the increase. According to the Ministry of Finance of the Russian Federation, in 2013 the total volume of the local budgets expenses was 3428,9 bln rub., which is 8.3 % up in comparison to 2012. Expenditures for resolution of local issues increased by 9.4 % or 212.8 bln rub up to 2485.1 bln rub, compared to 2012. In 2013 local budgets in the Russian Federation experienced deficit. The volume of expenditures surpassed the revenue collection of local

¹ © N. Z. Solodilova, R. I. Malikov, K. E. Grishin. Text. 2015.

² First of all, we mean growing social expenditures of regional budgets under RF President's Decree dated 7 May, 2012.

³ The Ministry of Finance of RF. Available at: <http://www.minfin.ru/ru/>.

⁴ According to the forecast of the Ministry of Economic Development of RF, in 2015 the deficit of regional budgets will amount to 1.3 % of GDP, and according to A. Siluanov, the minister of finance, it will make up approximately 600 billion rub. (Available at: <http://www.aif.ru/money/economy/1454398>).

**Consolidated budget deficit / surplus in the constituent territories of the Russian Federation
(Volga Federal District) in 2013**

Constituent territory of the Russian Federation	Budget revenue, million rub	Tax and non-tax revenue, million rub	Deficit (-) / surplus (+), million rub
Republic of Tatarstan	208 335.2	168 319.1	-1 219.3
Chuvash Republic	43 079.2	27 921.9	-1 377.7
Mari(y) El Republic	24 952.9	13 850.9	-1 749.0
Republic of Mordovia	36 616.0	20 333.2	-4 111.6
Ulyanovsk region	41 503.9	31 694.4	- 6 005.0
Penza Region	49 319.4	29 997.5	-6 469.9
Kirov Region	50 525.2	34 135.2	-6624.3
Saratov Region	79 631.1	59 695.1	-8 052.8
Udmurt Republic	60 990.8	47 895.0	-9 049.1
Perm Territory	119 770.3	107 024.5	-9 753.4
Nizhny Novgorod Region	139 318.2	118 909.9	-10 713.7
Orenburg region	78 650.8	65 545.8	-10 945.3
Republic of Bashkortostan	154 027.5	126 332.9	-17 481.1
Samara Region	154 319.6	133 816.6	-11 882.0

Source: Ministry of Finance of the Russian Federation.

budgets by 42.2 bln rub. whereas deficit was planned at 98.8 bln rub (compared with 27.5 and 93.3 bln rub in 2012)⁵.

According to the data provided by the constituent territories of the Russian Federation, in 2013 the budgets of 49.7 % of all the municipal districts experienced deficit, 48,1 % of them had surplus, 2.2 % of the municipal districts executed their budgets with deficit/surplus parity (in Volga Federal District 47.6 % of the local budgets were executed with surplus, 52.3 % were executed with deficit, and 0.1 % were executed with zero deficit)⁶.

However, in spite of the growing deficit of regional and municipal budgets, the requirement to fulfill social commitments made by the State remains in effect, and, according to the county's leadership, their implementation is a priority for the federal center⁷. Thus, implementation of social commitments in full amid continuing degradation of macroeconomic situation as well as growing economic, political, and other risks should bring about adjustment in the economic policies of Russian regions by various means, including promoting new mechanisms of cooperation with business society. In this activity forming a favorable business climate as an institutional basis for sustainable development of businesses is of special concern. The regional business climate is a combination of factors influencing business development in the region. It is an environment in which a business company rises and grows. The quality of modern business environment depends to a great extent on a system of administrative regulation of business activity (regulatory environment). The number of emerging business companies and the successful activity of existing companies depend on how favorable the business environment is. For all importance of other factors for developing private business initiative (regional industrial peculiarity, solvent demand, and a number of others), it is a business climate (first of all, regulatory environment) that exerts decisive influence on the quality of business development as this factor determines the core rules of business activity on the territory.

Methodological foundations of designing an institutional configuration of regional business environment

We propose to analyze the peculiarities of formation and development of regional business environment via the methodology of creating a matrix institutional model of business activity.

⁵ A summary of monitoring of the local budgets of the Russian Federation as of 1 January 2014. Available at: <http://www.minfin.ru/ru>.

⁶ Ibidem.

⁷ At the meeting with members of RF Government on 21 January 2015 President of RF V. V. Putin again focused on this issue. He quite distinctly used these exact words "Whatever we do and whatever our plans were, we must certainly fulfill our social commitments, guarantee their realization. We know that they are absolutely realizable, there are no doubts that we will do that" (Available at: <http://www.kremlin.ru/transcripts/47497>).

The issues of institutional matrixes as a foundation for generating and functioning institutions and their impact on the development of society are developed at length by Russian and foreign research [1-4]. In our view, the most efficient approach to the project rationale for the business institutional organization is the methodology of creating a matrix institutional model of business activity developed by A. N. Degtyarev [1].

According to this approach, institutional matrix is all set of executable (including lawfully vested) regulations and behaviour in their reality as they, through their actual condition, differentiate the business environment for companies that cooperate in an economic sphere.

Thus, within the development of this approach, the process of formation and further functioning of regional institutes of the business environment can be divided into some levels, each of which has the impact on the model of interaction («the rule of the game») of economic factors in the region which, in fact, determines the parameters of relative efficiency (inefficiency) of the business environment of a region (fig. 1).

It is represented that an institutional matrix, carrying out a role of a peculiar support plate, sets certain parameters of stability to system of institutional designs of various environments of functioning of society (educational, judicial and law-enforcement, business etc.). Thus stability of basic institutional designs is in many respects caused by that, how effectively they can correspond to specific variety of regional institutions whose influence (in some cases) can lead to shaking and deformation of constructive elements (basic institutes), creating prerequisites for the development of informal institutes. Hence, considering the process of formation of regional institutes (including the business environment), it is necessary to recognize that they (institutes) are considerably the representations of an institutional matrix of society that defines the contours of an institutional design of the business environment. Respectively, according to our approach, the basic institutional design of the Russian business environment is defined as a set of regional institutional configurations of the business environment understood as the forms of the ratio of basic and additional regional institutes taking into account the system of formal and informal interaction of economic factors developed in the region. Therefore, the regional institutional configuration of the business environment defines the degree and the nature of transformations of action of the basic institutes at their immersion in

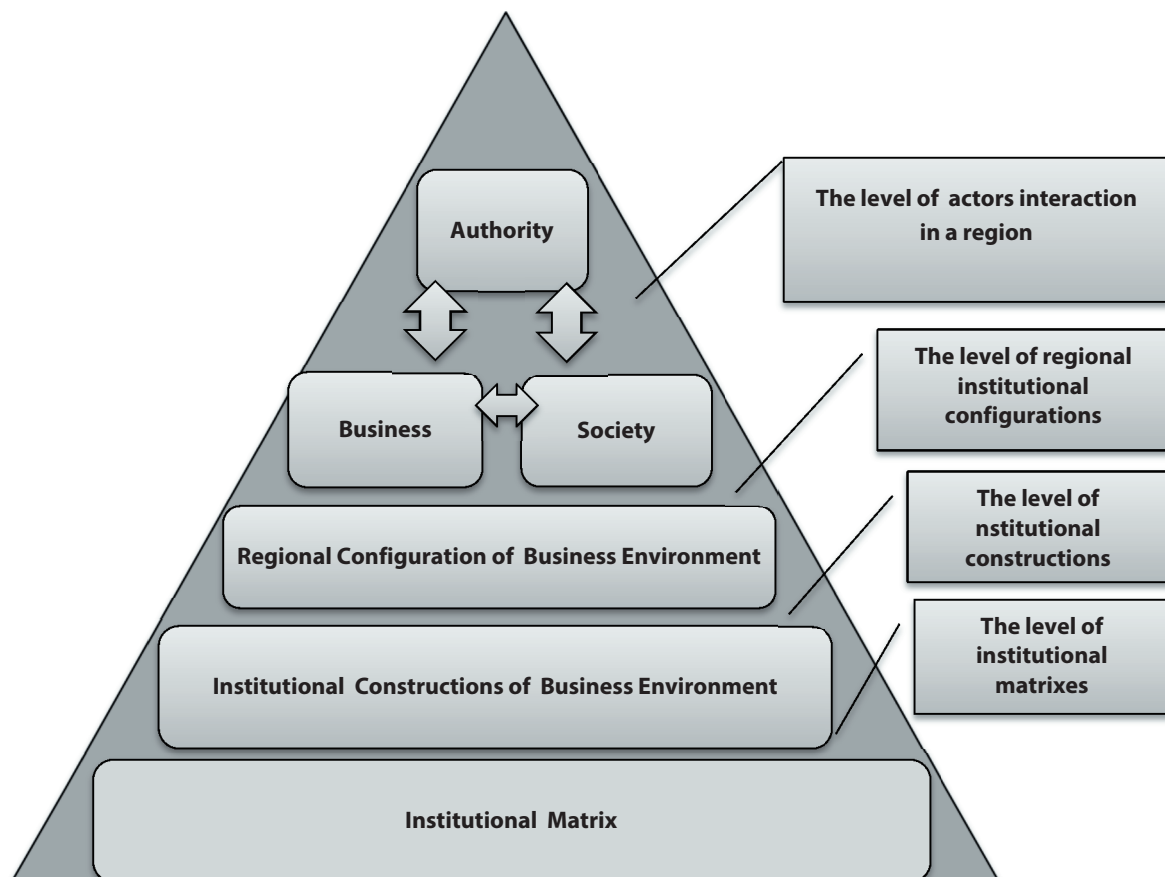


Fig. 1. The Process of forming the institutions of the business environment of a region

regional business practice. The options of the institutional configurations of the regional business environment differ in internal design features of institutional construction which are characterized by various ability to refract a trajectory of development of the institute of regulation of this or that business activity sphere designed in the federal center at its introduction in regional business practice. Therefore, the regional institutional configuration of the business environment defines the degree and the nature of transformations of action of the basic institutes at their immersion in regional business practice. The options of the institutional configurations of the regional business environment differ in internal design features of institutional construction which are characterized by various ability to refract a trajectory of development of the institute of regulation of this or that business activity sphere designed in the federal center at its introduction in regional business practice.

In such conditions the basic institutes of the business enterprise environment designed at the federal level when broadcasting them to regions were under pressure from a large number of regional institutions (economic mentality, business culture, national cultural values, system of steady informal institutes) and their influence led to institutional transformation therefore the institute implanted in business practice of the region started changing, being arranged under that configuration of the relations which dominates in the region.

In our opinion, the regional institutional configuration of the business environment determines the quality of functioning of institutes and it makes a crucial impact on formation of strategy of activity of bodies of the regional authorities in the sphere of regulation of business activity that in the conditions of domination of the state in system of the economic relations is the major factor determining the productivity of the business development in the region. Therefore, the institutional configuration of the business environment of the region is a basic platform for designing the system of business rules, the conditions for stimulation or control of enterprise activity are created and, respectively, there is a model of economic development of the region. Here we mean “the rules of the game”, but not about business conditions as, in our opinion, the formulation of “the rule of the game” in the presence of a large number of the informal institutes penetrating all regional business practice characterizes opportunities and restrictions at implementation of business activity in the concrete region more accurately. It should be noted that formats of the business environment, as a rule, in pure form don't exist, and the regional business environment is a symbiosis of different formats, however, one of them is dominating and defining for basic conditions of business (rules of the game).

From the logic point of view, the modern development of the region of “the rule of the game” has to provide conditions for growth of enterprise activity and increase of a contribution of subjects of private business to social and economic development of the territory. Proceeding from it, a key problem of regional development is design of an institutional configuration of the regional business environment providing the maximum realization and disclosure of enterprise capacity of the territory which we call favorable. Thus, the favorable institutional configuration of the regional business environment is a form of ratios of basic and additional regional institutes taking into account the system of formal and informal interaction of economic factors developed in the regions promoting transformation of basic formal institutes and their adaptation under parameters of the regional business environment from the point of view of the formation of the most favorable conditions of development for all business community of the region for the solution of problems of social and economic development of the region with use of market (economic) mechanisms [5].

Modeling the parameters of development of a favorable institutional configuration of the regional business environment

In our opinion, the maintenance of a favorable institutional configuration of the regional business environment stimulating enterprise activity in the territory can't be carried out infinitely long, and its development has a cyclic character. It is caused by the fact that formation and the subsequent maintenance of a favorable institutional configuration of the regional business environment requires plenty large enough number of various types of resources and their existence in the region is limited. We will try to simulate this process.

In the offered model, there are two variables, for subjects of business and bodies of the regional power:

– $B(t)$ – number of subjects of business during time t (unit);

– $V(t)$ – the resources of authorities directed on formation and maintenance of a favorable institutional configuration of the regional business environment (we stand. unit).

Further we will assume that in the conditions of growth of number of subjects of the business in the region, increases in the competition and physical limitation of resources which can be used for business activity, the standard of the real income on one subject of business is the decreasing function of a number of economic entities.

$$\varphi(B) = g_1 \left(1 - \frac{B}{q} \right), \quad (1)$$

where φ – real standard of the income of the subject of business; g_1 – speed of change of average standard of the income in the conditions of restrictions of a regional resource field q – the number of subjects of business, at which $\varphi = 0$.

This assumption is quite natural, and its realness can be shown on the example of such limited resource as effective demand. The advancing growth of a number of trade enterprises caused by a favorable institutional configuration of the regional business environment in the conditions of limited effective demand of the population leads to the reduction of a trade turnover of separately taken company and decrease in its income.

Thus, for $B > q$ additional profitability of enterprise structures negative (the level of profitability of set of subjects of business in the region is lower, than it is necessary for profitability of business).

Now we will assume that in the conditions of a favorable institutional configuration of the business environment at limitation of a regional resource field growth of number of subjects of business exceeds the regional resource volumes necessary for profitable economic activity of business:

$$B' = zB, \quad (2)$$

and that the specific growth rate of a number of subjects of business – linear function of average standard of the real income of business $z = g_2 \varphi(B)$. On the basis of combination of these two assumptions we receive logistic model of a gain of number of subjects of business in the region:

$$B' = z_0 B \left(1 - \frac{B}{q} \right), \quad (3)$$

where $z_0 = g_1 g_2$, and $-g_2$ respectively an indicator of speed of change of a number of subjects of business depending on an institutional configuration of the regional business environment. In this context, parameter q can be considered as an indicator of “business capacity” of the business environment of the region. Thus, in a case $B > q$ business in the region functions in the profitability mode (resources of economic entities, necessary for profitable activity, enough that allows to be organized and is profitable to function to new subjects of business). At $B > q$ resources for profitable activity of all subjects of business isn't enough that leads to reduction of number of business structures in the region.

Now we will start drawing up the differential equation for resources of the authorities directed on formation and maintenance of a favorable institutional configuration of the regional business environment (V). For this purpose, we need to note that the part of the cumulative income of business is withdrawn by the state in the form of tax that is calculated by a formula:

$$n = g_3 \varphi(B) B, \quad (4)$$

where g_3 is the share of the real income of subjects of business deducted in the budget in the form of tax. The expenses of regional authorities directed on maintenance of a favorable institutional configuration of the business environment for simplicity will be accepted proportional to number of subjects of business in the region. This assumption recognizes that with growth of number of subjects of business in the region the expenses connected with rendering the state services, implementation of control and supervising activity increase, ensuring the protection of the legitimate rights of entrepreneurs etc. Thus, for V we get the following equation:

$$V' = \varphi_0 B \left(1 - \frac{B}{q} \right) \mu B, \quad (5)$$

where φ_0 is the rate of taxation of business income taking into account regional tax privileges; μ – average expenses on maintenance of a favorable institutional configuration of the regional business environment per a subject of business.

Our further considerations will be that the regional authorities are able to create and maintain a favorable institutional configuration of the business environment, which leads to an increase in the number of the subjects of business operating in the mode of profitable economic activity of q . Thus, the business capacity of the business environment of the region (q) is monotonously increasing function from V . However in any conditions q can't infinitely grow. Irrespective of the resource capacity of the region V , all resources (both internal, and external), necessary for maintenance of a favorable institutional configuration of the regional business environment will be at a given time used. Therefore, there is a certain threshold q_{\max} value determined by the resource capacity of the region. In this context it is possible to conclude that the income from investments into formation and maintenance of a favorable institutional configuration of the regional business environment submits to the law of the decreasing return.

Thus, the functional form for $q(V)$ can be written in the following form:

$$q(V) = q_0 \left(1 + f \frac{V}{v_0 + V} \right), \quad (6)$$

where q_0 is the capacity of the business environment in the conditions of lack of unreasonable non-market intervention from public authorities (self-development of business on the principles of libertarian model of functioning⁸) (unit); f – the maximum possible increase in the number of the subjects of business operating in the mode of profitable economic activity q with unlimited resources $f = \frac{q_{\max} - q_0}{q_0}$ (rel. units.); v_0 is the indicator specifying how q depends on V (when V increases from zero to v_0 the relative gain of q is $f/2$).

By combining the received equations, after some simplifications we will get parametrium model of development of an institutional configuration of the regional business environment:

$$\begin{cases} B' = zB \left(1 - \frac{B}{q(V)} \right), \\ V' = B \left(1 - \frac{B}{q(V)} \right) \mu B, \\ q(V) = 1 + f \frac{V}{v_0 + V}. \end{cases} \quad (7)$$

On the basis of the given approach, it is possible to consider the dynamics of a model of development of an institutional configuration of the regional business environment.

It may be assumed when starting with the value at which the resources of authorities directed on formation and maintenance of a favorable institutional configuration of the regional business environment $V = 0$, and number of subjects of business in the region of $B = q_0 / 2$, the model foretells that originally and number of subjects of business in the region (B), and the volume of resources of the authorities directed on formation and maintenance of a favorable institutional configuration of the regional business environment (V) will grow. In process of increase in volumes of the resources directed on maintenance of a favorable institutional configuration of the regional business environment business-capacity of the regional business $q(V)$ environment which will come nearer to q_{\max} indicator grows as well. In the conditions of a favorable institutional configuration of the regional business environment the number of subjects of business in the region will increase even though the volume of resources which authorities can direct on maintenance of favorable conditions for business, ceases to grow and will start decreasing. When resource providing a favorable institutional configuration of the regional business environment is decreasing $q(V)$ indicator also decreases to q_0 , and the number of subjects of business in the region follows this variable.

The reason of falling of volumes of resources of the authorities directed on formation and maintenance of a favorable institutional configuration of the regional business environment consists in the following.

⁸ Libertarian functioning business model is characterized by the absence of off-market authorities imposed restrictions on the activities of business structures [4].

When the number of subjects of business in the region is not many, their growth conducts to increase the income of regional authorities, some of them are used for maintenance of a favorable institutional configuration of the regional business environment. However the more the number of subjects of business, the more the growth of a share of the income of the regional power, which can be directed on support of favorable institutional conditions of business, starts falling. It is caused by the fact that in the conditions of increase in business activity and improvement of an economic situation in the region the number of the population, both due to natural birth rate, and due to migratory processes starts increasing. It leads to the advancing growth of costs of regional budgets for performing social (the primary ones) obligations. In such conditions even with a growth of total amounts of the income of regional budgets the share of the expenses directed on the maintenance of a favorable institutional configuration of the regional business environment will decrease. Thus, the expenses needed for maintenance of a favorable institutional configuration of the regional business environment in the conditions of growth of a number of subjects of business, will constantly increase.

Finally, the fulfilling of growing social obligations will lead to that regional authorities will be lack of necessary resources for maintenance of a favorable institutional configuration of the business environment providing allocative efficiency of economic entities on the principles of a pareto-optimality. When the volume of resources, which authorities are capable to allocate, is less than necessary for maintenance of parameters of the business environment in a favorable format, the developed institutional configuration of the regional business environment collapses.

“Then in order to start a new cycle of formation of a favorable institutional configuration of the regional business environment B has to become less $(1 - \mu)$, or V is to exceed $\frac{V_0}{f(\mu^{-1} - 1) - 1}$. Considering

that the business environment of the region develops in the conditions of a stochastics where both B and V parameters are influenced by a large amount of exogenous factors, a new cycle of formation of a favorable institutional configuration of the regional business environment will begin in the condition of rather strong indignation capable to start a new phase of business activity in the region.

The carried-out analysis allowed to come to the following results.

1. There is a conclusion that growth of business activity in the region (increase in number of subjects of business, expansion of scales of economic activity of enterprise structures etc.) provided with a favorable institutional configuration of the business environment can't proceed infinitely long. Finally at a certain stage of social and economic development there is a destruction of the developed favorable institutional configuration of the business environment that leads to falling of enterprise (investment) activity in the region respectively [6].

2. The offered tools gives an opportunity to regional authorities to count parameters of formation and maintenance of a favorable institutional configuration of the business environment, thus making the rational administrative decisions promoting the longest support of favorable conditions for development of business in the region and effectively eliminate the social and economic risks caused by cyclic decrease in business activity in the region.

Efficiency assessment tools of a favorable institutional configuration of the business environment for regional authorities

The key element in designing a favorable institutional configuration of the business environment is the development of efficiency assessment tools of the given type of business environment both for regional authorities (especially in terms of public utility) and for business entities. This is due to the fact that the formation of a favorable institutional configuration of the business environment will also change the architecture of the interaction system between the government and business structures, that is new rules of the game with the new balance of costs and benefits between the interacting parties will be generated.

Thus, from the business point of view a favourable institutional configuration of the business environment along with direct benefits (reduction of administrative barriers, creating conditions for healthy competition etc.) leads to the formation of some restrictions in the process of business activity realization, which could be avoided in another type of the business environment configuration (for example, informal schemes of business realization). From the authorities point of view, a favorable institutional configuration of the business environment should, on the one hand, have a positive

impact on the growth of revenues in the regional budget, but on the other hand, it will require extra costs taking into account the need to support the new rules of the game (extra costs related to the increase in intensity of administrative structures activity to ensure a favorable business climate on the premises and the need to provide some benefits to business entities etc.).

In this regard, the suggested approach allows us to model the mechanism of regional authorities rational behavior in relation to business entities in order to obtain additional financial benefits as a result of formation of a favorable business environment. Using authorities and entrepreneurs in the system of interaction components of the new rules of the game within a favorable institutional configuration of the business environment the model of the expected additional benefits of regional authorities in cooperation with business entities can be represented by the utility function:

$$EU(d_i, P_o, P_r, Q_j, R_j, G_j) = (1 - P_o) [(d_i - R_j) - P_r Q_j] + P_o [(d_i - R_j) - P_r Q_j - G_j], \quad (8)$$

where d_i is the average value of additional financial profit from i -business entity taking into account the new rules of the game within the designed favorable institutional configuration of the business environment; P_o – probability of entrepreneur avoidance of the new rules of the game within the designed favorable institutional configuration of the business environment; Q_j – resource supply, directed at supporting the entrepreneur by j -regional authorities under the new rules of the game within the projected favorable institutional configuration of the business environment; P_r – probability of a positive decision on resources allocation to provide support to the entrepreneur’s economic activity under the new rules of the game within the designed favorable institutional configuration of the business environment; R_j – costs of j -regional authorities, arising from the compulsion of the entrepreneur to perform the new rules of the game within the designed favorable institutional configuration of the business environment; G_j – extra costs of j -regional authorities as a result of insufficient level of resource supply in the region.

Setting equal the given function to zero, on several rearrangements, the following is obtained:

$$d_i = R_j + P_r Q_j + P_o G_j, \quad (9)$$

$$R_j = d_i - P_r Q_j + P_o G_j, \quad (10)$$

$$P_o = \frac{d_i - R_j - P_r Q_j}{G_j}, \quad (11)$$

$$P_r = \frac{d_i - R_j - P_o G_j}{Q_j}, \quad (12)$$

$$Q_j = \frac{d_i - R_j - P_o G_j}{P_r}. \quad (13)$$

Table 2

The average value of additional financial profit from i – entrepreneur taking into account the new rules of the game within a favorable institutional configuration of the business environment for the function $d_i = R_j + P_r Q_j + P_o G_j$ where $R_j = 0,1$; $Q_j = 0,1$; $P_r = 0,1$

P_o	G_j									
	0,1	0,2	0,3	0,4	0,5	0,6	0,7	0,8	0,9	1
0,1	0,12	0,13	0,14	0,15	0,16	0,17	0,18	0,19	0,2	0,21
0,2	0,13	0,15	0,17	0,19	0,21	0,23	0,25	0,27	0,29	0,31
0,3	0,14	0,17	0,2	0,23	0,26	0,29	0,32	0,35	0,38	0,41
0,4	0,15	0,19	0,23	0,27	0,31	0,35	0,39	0,43	0,47	0,51
0,5	0,16	0,21	0,26	0,31	0,36	0,41	0,46	0,51	0,56	0,61
0,6	0,17	0,23	0,29	0,35	0,41	0,47	0,53	0,59	0,65	0,71
0,7	0,18	0,25	0,32	0,39	0,46	0,53	0,6	0,67	0,74	0,81
0,8	0,19	0,27	0,35	0,43	0,51	0,59	0,67	0,75	0,83	0,91
0,9	0,2	0,29	0,38	0,47	0,56	0,65	0,74	0,83	0,92	1,01
1	0,21	0,31	0,41	0,51	0,61	0,71	0,81	0,91	1,01	1,11

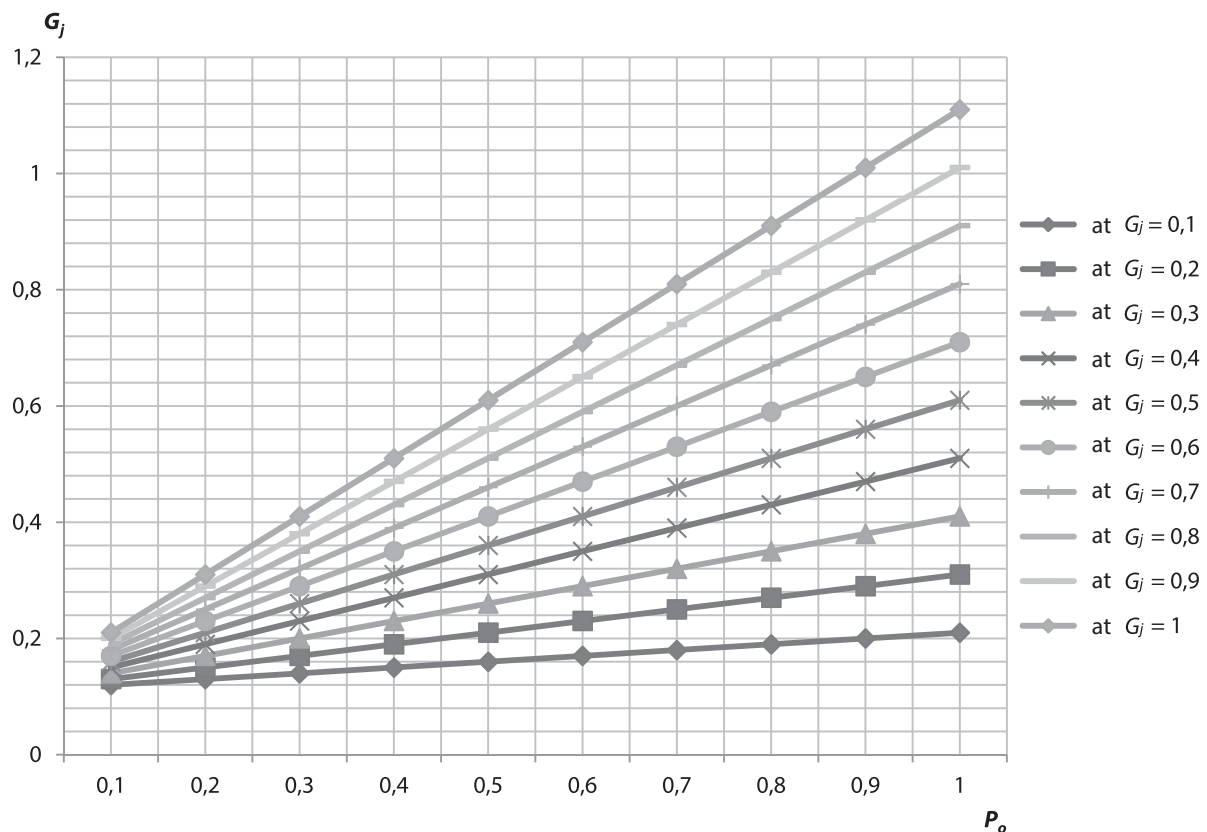


Fig. 2. Curve profiles of the average value of additional financial profit from i — entrepreneur taking into account the new rules of the game within a favorable institutional configuration of the business environment $d_i = R_j + P_r Q_j + P_0 G_j$ where $R_j = 0,1; Q_j = 0,1; P_r = 0,1$

The economic sense of the model is to evaluate the potential benefits of regional authorities, resulting from the formation of a favorable institutional configuration of the business environment and new rules for the business community in order to obtain additional financial revenue under the conditions of revenue contraction and the growth of social obligations (Table. 2, Fig. 2).

The proposed approach and the given results provide an opportunity to justify and form theoretical and methodological framework for the development of practical tools for the design and maintenance of a favorable long-term institutional configuration of the business environment in the region resistant to the negative impact of the environment. The approach can also be used to develop the tools for prediction institutional risks reduction scenarios in the regional business space, which, in turn, will provide the long-term stable growth of investment and entrepreneurial activity in the region.

Acknowledgement

Work produced with the financial support of the grant FSBI “Russian Humanitarian Science Foundation” in the framework of scientific — research project “Interaction of authority and business organizations in the municipalities: through compromise to mutual loyalty” № 15-12-02008.

References

1. Degtyarev, A. (2001). *Institutsionalnyye osnovy razvitiya malogo predprinimatelstva v XIX–XX vv. [Institutional bases of small business development of in the 19-20 century]*. Ufa: UGIS [Ufa State University of Economics and Service], 300.
2. Kirdina, S. (2000). *Institutsionalnyye matritsy i razvitie Rossii [Institutional matrixes and development of Russia]*. Moscow: TEIS, 213.
3. North, D. (1990). *Institutions, institutional change and economic performance*. Cambridge: Cambridge Univ. press.
4. Polanyi, K. (1977). *The livelihood of man*. New York: Acad. press.
5. Degtyarev, A., Malikov, R. & Grishin, K. (2014). *Institutsionalnaya konfiguratsiya regionalnoy delovoy sredy. Parametry proektirovaniya [Institutional configuration of the regional business environment. Design parameters]*. *Voprosy ekonomiki [Questions of economy]*, 11, 83-94.
6. Malikov, R. & Grishin, K. (2014). *Modelirovanie parametrov razvitiya institutsionalnoy konfiguratsii regionalnoy delovoy sredy [Modeling of development parameters of an institutional configuration of the regional business environment]*. *Ekonomicheskaya politika [Economic policy]*, 6, 171-186.
7. Oleynik, A. O. (2010). *O prirode i prichinakh administrativnoy renty: osobennosti vedeniya biznesa v rossiyskom regione N [On nature and reasons of administrative rent: business features in the Russian region of N]*. *Voprosy ekonomiki [Questions of economy]*, 5, 58-80.
8. Polishchuk, L. (2013). *Autsorsing institutov [Outsourcing of institutes]*. *Voprosy ekonomiki [Questions of economy]*, 9, 40-65.

9. Polterovich, V. (2006). Strategii institutsionalnykh reform. Perspektivnyye trayektorii [Strategy of institutional reforms. Perspective trajectories]. *Ekonomika i matematicheskie metody [Economics and mathematical methods]*, 42, 1, 3-18.
10. Polterovich, V. (2011). Regionalnyye instituty modernizatsii [Regional institutes of modernization]. *Ekonomicheskaya nauka sovremennoy Rossii [Economic science of modern Russia]*, 4(55), 17-29.
11. Solodilova, N., Malikov, R. & Grishin, K. (2014). Generatsiya blagopriyatnoy institutsionalnoy konfiguratsii regionalnoy delovoy sredy [Generation of favorable institutional configuration of regional business environment]. *Ekonomika regiona [Economy of region]*, 4, 271-283.
12. Tambovtsev, V. (1999). Institutsionalnyye izmeneniya v rossiyskoy ekonomike [Institutional changes in the Russian economy]. *Obshchestvennyye nauki i sovremennost [Social sciences and the present]*, 4, 44-50.
13. Baumol, W. J. (1990). Entrepreneurship: Productive, Unproductive and Destructive. *Journal of Political Economy*, vol. 98, 5, 1, 893-920.
14. Weingast, B. (1995). The Economic Role of Political Institutions: Market Preserving Federalism and Economic Development. *Law, Economic and Organization*, 11, 1, 3-31.
15. Williamson, O. (1985). Behavioral Assumptions. In: O. E. Williamson. *The Economic Institutions of Capitalism. Firms, Markets, Relational Contracting*. N.Y.: The Free Press, 44-52.

Information about the authors

Solodilova Natalia Zinovyevna (Ufa, Russia) — Doctor of Economics, Professor, Rector of the Ufa State University of Economics and Service (145, Chernyshevsky St., 450078 Ufa, Russia; e-mail: post@ugues.ru).

Malikov Rustam Ilkamovich (Ufa, Russia) — Doctor of Economics, Professor, Head of the Chair of Economics and Management, Ufa State University of Economics and Service (145, Chernyshevsky St., 450078 Ufa, Russia; e-mail: MalikovRI@rambler.ru).

Grishin Konstantin Yevgenevich (Ufa, Russia) — PhD in Economics, Associate Professor at the Chair of Economics and Management, Ufa State University of Economics and Service (145, Chernyshevsky St., 450078 Ufa, Russia; e-mail: grishin2472@yandex.ru).