“Institutional aspect of the Russian economy regional development”

AUTHORS	Yuri V. Matveev Olga V. Trubetskaya http://orcid.org/0000-0001-7569-0534 Igor A. Lunin http://orcid.org/0000-0002-9602-4554 Kirill Y. Matveev

ARTICLE INFO	Yuri V. Matveev, Olga V. Trubetskaya, Igor A. Lunin and Kirill Y. Matveev (2018). Institutional aspect of the Russian economy regional development. *Problems and Perspectives in Management*, *16*(1), 381-391. doi:10.21511/ppm.16(1).2018.36
DOI	http://dx.doi.org/10.21511/ppm.16(1).2018.36
RELEASED ON	Friday, 23 March 2018
RECEIVED ON	Thursday, 14 September 2017
ACCEPTED ON	Thursday, 15 March 2018

LICENSE	This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License

JOURNAL	"Problems and Perspectives in Management"
ISSN PRINT	1727-7051
ISSN ONLINE	1810-5467
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
33	3	4

© The author(s) 2026. This publication is an open access article.

BUSINESS PERSPECTIVES

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10, Sumy, 40022, Ukraine

www.businessperspectives.org

Yuri V. Matveev (Russia), **Olga V. Trubetskaya** (Russia),
Igor A. Lunin (Russia), **Kirill Y. Matveev** (Russia)

INSTITUTIONAL ASPECT OF THE RUSSIAN ECONOMY REGIONAL DEVELOPMENT

Abstract

The urgency of the issue under research takes place due to the fact that the institutional system forms prerequisites for economic development of regions and affects the rate of economic growth and welfare of the population not only at the local, but also at the federal level. The article reveals the peculiarities of the institutional aspect of regional development, gives recommendations on the improvement of institutions to smooth the unevenness of regional development. As a scientific and methodological basis, the methods of analysis and synthesis are used in the work, which allow to reveal the features of regional institutions at the present stage. The use of statistical data reflecting the main characteristics of Russian regions made it possible to reveal that regions develop unevenly both in time and in space. The reasons for this are insufficient performance efficiency of institutions, which duplicates the powers of federal and regional authorities, the state's participation in realizing ownership rights in the private property system, insufficient protection of property rights, bureaucratic procedures, and financial problems in the Russian economy. The above-mentioned shortcomings in the system of regional institutes reduce the competitiveness of regions, and reduce the volume of investments, which leads to further strengthening of their uneven development, and exacerbating the issue of income differences of the population. The authors believe that in order to improve the system of regional institutions and overcome the asymmetry, it is necessary to systematize resources, develop differentiated interaction at the regional and federal levels, and evaluate the effectiveness of the decisions made with the help of leading indicators in business cycle phases.

Keywords regionalism, institutional system, uneven economic and social development of regions, institute

JEL Classification B52, E02, O10

Received on: 14th of September, 2017
Accepted on: 15th of March, 2018

© Yuri V. Matveev, Olga V. Trubetskaya, Igor A. Lunin, Kirill Y. Matveev, 2018

Yuri V. Matveev, Doctor of Economics, Professor of Department of Institutional Economics and Economic History, Samara State University of Economics, Russia.

Olga V. Trubetskaya, Ph.D., Associate Professor, Department of Institutional Economics and Economic History, Samara State University of Economics, Russia.

Igor A. Lunin, Senior Lecturer, Department of Institutional Economics and Economic History, Samara State University of Economics, Russia.

Kirill Y. Matveev, Ph.D., Associate Professor, Department of Institutional Economics and Economic History, Samara State University of Economics, Russia.

This is an Open Access article, distributed under the terms of the Creative Commons Attribution-Non-Commercial 4.0 International license, which permits re-use, distribution, and reproduction, provided the materials aren't used for commercial purposes and the original work is properly cited.

INTRODUCTION

The heterogeneity of the economic pace in Russia has intensified over the years of the market economy. The reason for this is not only the uneven development of regions, the different supply of their resources, which were the most in demand during the transformation of the economy, but also the dependence on the trajectory of the previous institutional development. The economic growth observed in the country at the beginning of the first decade of the 21st century did not mitigate the intensified centrifugal tendencies, and the financial crisis led to further differentiation of regions in terms of living standards, access to social services, development of production and transport infrastructure, and institutional organization.

In such conditions, the study of the institutional development aspect of regional systems becomes relevant: how regional institutions operate, what their specific features are, the reasons for successful and problem regions, institutional factors for the resumption of economic growth, further differentiation or convergence of regions in the economic crisis.

Also, institutional economic theory makes it possible to identify the basic institutions that contribute to evolutionary development of regions and the direction of regional development in the context of the economic crisis.

1. LITERATURE REVIEW

Institutionalism is a direction in economic thought, the main emphasis of which is to analyze and forecast effective economic institutions. Many studies by foreign and Russian scientists are devoted to the analysis of institutional factors of economic development.

Thus, Commons views the institution as a collective action to control, liberalize and expand individual action (Commons, 1931). Without institutions in society there would be a conflict of interest of individuals, universal violence of people against each other, and this, ultimately, would lead to a huge economic and social damage. North, a representative of the modern school of institutionalism, defines the institution as rules, mechanisms that ensure their implementation, and norms of behavior that structure repeated interactions between people.

The peculiarity of the work of Russian scientists, representatives of the institutional direction, was the studies not only on market institutions, but also formation and development specifics of the institutional system. Kapelyushnikov and Latov (2004) consider the relationship of institutions of centralized ownership, Polterovich pays special attention to the issue of institutional transformation and institutional traps. In a number of works, development specifics of the institutional system are used to explain the differences in economic development of individual countries and regions (Baranov et al., 2015). Other economists closely link the development of institutional factors and economic growth, noting that they are more significant than geographic location and culture (Asemoglu et al., 2005). Bush (1987) and Elsner (2012) analyze the importance of existing institutions in society through behavioral patterns that primarily affect the social values of society.

Issues of institutional development are widely studied by representatives of the foreign scientific thought such as North (1931), Williamson (1985), Demsetz (1972), Commons (1931), Alchian (1972), etc. According to North, economic institutional development takes place when institutions are asking for "rules of the game", and organizations operate within the given framework as "players". And if the organization sees the possibility of making a profit that cannot be obtained in conditions of the already existing institutional system, there is transformation of existing institutions that causes economic development. In the domestic economic thought, institutional development issues are considered in the works of Russian scientists such as Polterovich (2001), Shastitko (2012), Nureev (2009), Kirdin (2005), and others. Thus, Polterovich identifies two reasons for institutional development: innovative, occurring in the course of natural selection of institutions, and imitative, emerging at the time of transition of institutions from other institutional systems. Regionalization has been examined by many researchers. Acemoglu (2005), Bush (1987), Elsner (2012) examine the influence of institutional factors on social development of economic systems. Porter (2001), Lagendijk (2000), and Sanders (2002) believe that regional development is influenced by cultural institutions, social networks, clusters. Hermelo and Vassolo (2010) examine the impact of institutional conditions on hypercompetition development between individual countries and regions, which, according to the economists, is an important moving force in economic development. Fang, Hasan and Marton (2013) pay attention to the influence of institutions on the state and development of the financial sector of the economy.

Russian economists Nureev (2009), Gareyev (2010), Vol'chik (2013), Baranov (2015), etc., are searching for characteristics of the institutional system of regional development. They connect the existence of uneven development of Russian regions with the ineffectiveness of the existing institutional system, generating social tension within the country and creating obstacles to its further modernization.

A separate area of research has been the study of possibilities and limitations of practical imple-

mentation of institutional theory with regard to regional development through innovation, cluster development concepts (Porter, 2001; Matveev et al., 2016), and concepts of agglomeration development of territories (Lagendijk & Cornford, 2000). Eriksen (2005), Sanders (2002) link regional development to the existence of specific institutions, culture, social networks, Dias and Tebaldi (2012) consider the main purpose of the institutional system to stimulate the human capital development.

Amin, in his studies, uncovers the prerequisites for the institutional turnaround to a regional economy, related to the overcoming of limitations within the framework of Keynesian and neoclassical concepts (Amin, 1999).

Vol'chik (2013) believes that the development of regional institutions is a major problem, since it is economic and institutional heterogeneity that generates conflict within the country, hinders modernization and leads to destabilization of society.

The goal of the study is to analyze the existing institutions of regional development in Russia, as well as to develop recommendations for improving the institutional system in order to eliminate disproportions in regional development.

2. METHODS

In the course of the research, the following methods were used: theoretical (analysis, synthesis, generalization, analogy method); empirical (study of regulatory documentation); and methods of mathematical statistics and graphical representation of results.

The use of theoretical methods of cognition made it possible to identify performance features of regional institutions at the present stage, to determine their influence on the development of regional economic systems. The identification of regional differences in the level of economic development became possible through the use of empirical comparison methods. Methods of mathematical statistics allowed forming groups of statistical data reflecting the main characteristics of the regions in Russia, and allowed identifying that the regions develop unevenly both in time and in space.

3. RESULTS

In the globalized economy, not only countries, but also regions are increasingly becoming involved in competition for foreign and domestic investment, access to technology. All these changes require an appropriate institutional environment that will ensure regions achieve desired results, stimulate economic growth, and have sufficient impact on social and economic development. The effectiveness of existing institutions can be assessed by main macroeconomic development indicators of the whole country and its individual regions.

Considering the main characteristics of regions in Russia (Table 1), one can see that regional development is uneven both in time and in space (Russian Statistical Yearbook, 2016). The Central Federal District is the most developed one, which houses every fourth inhabitant of the Russian Federation and accounts for only one-fifth of the country's territory. It produces 35.6% of Gross Regional Product (GRP), the majority of agricultural production, manufacturing and retail trade. This region also accounts for the main share of investments in fixed assets (25.2%). The Volga Federal District ranks second in terms of GRP production (15.6%), agricultural production and tax revenue, while the region is inhabited by 1/5 of the country's population. The Urals Federal District has been developing rapidly in recent years. And this is not surprising, because it accounts for more than half of all minerals extraction mined in our country. The lowest indicators of the average annual number of employees, retail trade, and fiscal revenues are in the Far Eastern Federal District, which is due to infrastructure underdevelopment, difficult transport accessibility of this region.

Gross Regional Product per capita is presented in Table 2.

The highest level of GRP is in the Central, Urals and Far Eastern Federal Districts, the lowest is in the North Caucasus and Southern Federal Districts. In the Volga and Siberian Federal Districts, it is noticeably below the Russian average. At the same time, inequality continues to deepen over the period under review, since GRP growth rates are uneven. These average indicators hide noticeable differentiation that exists within Federal Districts.

Table 1. The structure of the main indicators of regional development in the Russian Federation (as of January 1, 2016, %)

Regions	Territory	Population	Average annual number of employees	GRP	Fixed assets	Investment in fixed assets	Fiscal revenues	Own production		Retail	Agriculture
RF as a whole, including	100	100	100	100	100	100	100	100	100	100	100
Central Federal District	3.8	26.7	27.7	35.6	31.1	25.2	28.2	9.3	33.5	33.7	26
North-Western Federal District	9.9	9.5	9.8	10	10.8	9.9	11	6.38	13.59	9.5	17
Southern Federal District	2.6	11.2	10.3	6.8	7.8	11.4	5.6	2.63	6.37	10.3	14.8
North Caucasus Federal District	1	6.6	5.1	2.6	2.5	3.5	1.1	0.2	1.9	5.5	7.9
Volga Federal District	6.1	20.2	20.4	15.6	14.3	16.8	15.6	15.26	20.19	17.7	12.9
Urals Federal District	10.6	8.4	8.8	13.6	18.0	17.3	24.5	38.32	12.26	9	6
Siberian Federal District	30	13.2	13.1	10.4	8.9	9.5	8.9	14.18	10.48	10	12.2
Far Eastern Federal District	36	4.2	4.8	5.4	6.6	6.1	5.1	13.73	1.71	4.3	3.2

Here there are cases when the gap exceeds two or three times, and compared to GRP per capita in Moscow – 14 times.

In the "Concept of Long-Term Social and Economic Development of the Russian Federation 2020", plans for the development of Russian regions have been developed.

The main goal of the state regional policy in the Concept 2020 was the problem of increasing the balance of spatial development of the Russian economy in order to reduce economic differentiation in the level and quality of life of the population. Overcoming these gaps is possible not only through the fuller use of advantages of each region, creating new centers of economic growth in them, but also by improving the institutional environment (The Concept of Long-Term Social and Economic Development of the Russian Federation, 2008).

The following features of the Russian market system block the establishment of effective institutions (Startseva, Avakumova, 2008):

- formation of individual markets;
- unsuccessful experience of importing a number of institutions;
- high dependence of regions on administrative-distributive relations, which is caused by the production structure, poor transport accessibility of some territories of the country.

Institutions that promote economic development are diverse: the property institution, entrepreneurship, the government institution, etc. Their totality determines the state of the economic system, sets the framework for the behavior of economic entities. The specifics of the formation of regional institutions depend on the country's institutional

Table 2. Gross Regional Product per capita (rubles)

Source: Regions of Russia. Socio-economic indicators 2010–2016, pp. 120-121.

District	2010	2011	2012	2013	2014
GRP (total)	263828,6	317515,3	348641,5	377006	403178,9
Central Federal District	350204,2	417288,1	45157,2	484482,7	535430,5
North-Western Federal District	289611,4	350764,2	383339,4	403612,9	427922,9
Southern Federal District	168773,2	200306,5	229214,5	256444,6	280342,3
North Caucasus Federal District	94915,3	112647,6	127042,1	146117,2	164905,9
Volga Federal District	190719,5	236240,2	263976,2	284810,4	308508,5
Urals Federal District	423495,4	521192,2	583243,9	619540,9	652935,4
Siberian Federal District	214401,6	249420,1	269171	287293,8	316380,1
Far Eastern Federal District	334909,9	403572,5	431768,1	454144,1	518185,5

Table 3. Distribution of enterprises and organizations by forms of ownership (in %)

Source: Compiled according to the data from the Russian Statistical Yearbook (2016).

Form of ownership	1995	2000	2010	2012	2013	2014	2015	2016
State-owned	14.3	4.5	2.5	2.3	2.4	2.3	2.2	2.3
Municipal-owned	8.8	6.5	5.1	4.7	4.7	4.5	4.2	4.3
Privately owned	63.4	75	85.1	85.9	85.9	86.2	86.8	86.5
Property of public and religious organizations (associations)	4.2	6.7	3.3	3	3	3	2.9	3
Other forms of ownership	9.3	7.4	4.1	4.1	4.1	4	3.9	3.9

system, the prevailing formal or informal norms and rules of agents' behavior, the prevailing structure of production, distribution and consumption.

The modern property institution in Russia is based on the principles of the command economy, where the state ownership was the main form of ownership. With the development of market relations in Russia, the state ceased to be the sole owner, which led to the separation of its rights into certain categories, necessitated the provision of guarantees for the observance of these rights for all owners, liability for the maintenance of the owner's property, its safety and related costs and risks (Alchian & Demsetz, 1972).

At the same time, transformation of the property institution took place in two ways: on the one hand: decomposition and liquidation of the state system of property relations, legalization of criminal property and spontaneous growth of private property based on the initial accumulation of capital, and on the other – parallel transformation of this formally private or mixed property. Privatization, economic liberalization and increased competition have become necessary conditions for the formation of the private property institution. Over the past 20 years, in terms of institutional development of private property Russia has come very close to countries with developed economies (see Table 3).

Thus, the share of privately owned enterprises was 86.5% in 2016, which is 2.7% more than in 2009 after the crisis. The share of state-owned and municipal-owned enterprises decreased by 16.5% in 2016 compared to 1995. The share of privately owned enterprises increased over the entire period under review, recessions in positive dynamics are observed only during periods of crisis in the economy (2008–2009), and also after the introduction of economic sanctions (2015–2016). Considering the regional structure of private property, we see that in the last 5 years it has changed insignificantly. The increase in the share of private property of about 1% was in the Central, Volga and Siberian Federal Districts, in the Southern and North-Caucasian Federal Districts, the share of privately owned enterprises remained unchanged – 6.2% and 2.4%, respectively, for 2010–2015.

Table 4. Distribution of enterprises and organizations by forms of ownership (%)

Source: Calculated according to regions of Russia. Socio-economic indicators, 2010–2016.

District	Form of ownership					
	2010			2015		
	State-owned	Municipal-owned	Privately owned	State-owned	Municipal-owned	Privately owned
RF (total)	100	100	100	100	100	100
Central Federal District	27.5	23	39.5	24.2	22.7	38.8
North-Western Federal District	11.9	7.8	13.5	12	6.9	13
Southern Federal District	8.1	9.1	6.3	8.7	9.8	7
North Caucasus Federal District	6.4	5.5	2.4	7.2	6.7	2.4
Volga Federal District	18.9	25	14.8	20.7	23.7	15.8
Urals Federal District	6.7	7.8	8.8	6.9	8.1	8.4
Siberian Federal District	13.3	16.6	11.1	13.1	16.7	10.8
Far Eastern Federal District	7.2	5.2	3.6	7.2	5.4	3.8

Source: Compiled according to the data from the Doing Business Report (2010–2017).

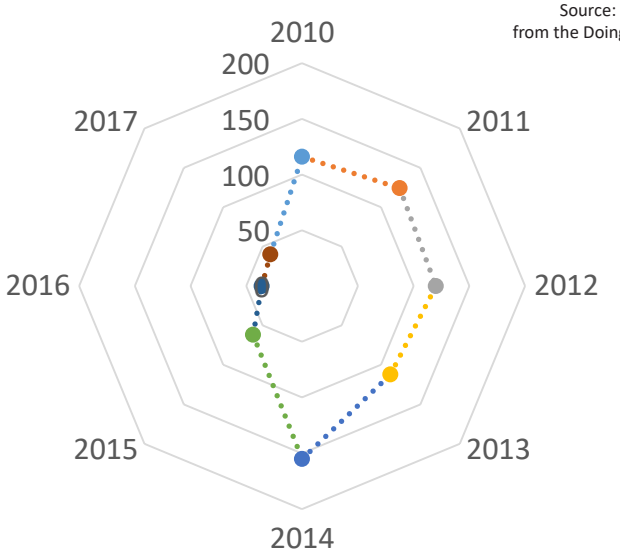

Figure 1. Rating indicators of Russia in the Doing Business Report in 2010–2017

In a number of districts there was an increase in the share of state-owned and municipal-owned enterprises: in the Central Federal District, for example, the share of state-owned enterprises increased by 5.8%, in the North-Western Federal District – by 5%, in the Southern and Urals Federal Districts the increase was insignificant. The share of municipal-owned enterprises increased in the Central, North-Western, Volga and Siberian Federal Districts.

The data in Table 4 show that, under the development conditions of the private property institution, the state is not limited to be the guarantor of property rights, but actively intervenes in the rights of other economic entities. First of all, the state's share has increased in large companies, which affects the mechanism for making management decisions, the change of ownership. The guarantee of property rights in business is provided by the state from within, which generates inequality in relation to other market participants. At the same time, the state does not always invest its income in the same company. It can create new state corporations, which leads to increased competition in this industry, while corporations with state participation receive exclusive status, as they are not subject to bankruptcy laws, public procurement, which leads to a blurring of the legal system and, as a result, weakens the market economy. Also, the state and its representatives affect the property, leaving behind decisions about which objects can be transferred to private ownership, transition conditions, and it contradicts the principles of this institution performance.

Another problem of the property institution performance is that often formally fixed private property rights are insufficient grounds for the realization of these rights. In economic disputes between the parties, the percentage of arbitration proceedings is the highest, it amounted to 65% in 2016. In total for the period 2010–2016, the number of applications filed in arbitration courts increased by 27.2% (Federal Arbitration Courts of the Russian Federation, 2016). In the structure of the cases considered, the main part is made by claims for economic disputes, and their share is steadily growing: from 65.4% in 2013 to 76.8% in 2016. The largest number of disputes are about non-fulfillment or improper performance of obligations under the contracts – 69.4% in 2016, disputes related to the protection of property rights amounted to 1%, while claims of this category are on the 8th place out of 27 on the frequency of consideration, which illustrates the urgency of the problem of private property protection in the modern economy of Russia.

To overcome the above problems in modern conditions, the state should abandon the role of the participant in the process of realizing ownership rights in the private property system and concentrate on protecting all types of property rights in equal measure.

Source: Compiled according to the data from the Doing Business Report in 2010–2017.

Figure 2. The place of Russia in the ranking on ease of doing business 2016–2017

Another equally important institution that ensures the balanced development of regions and the country as a whole is the institution of entrepreneurship, which forms a system of incentives for economic entities' activity, determines the options for selecting agents' goals, and the ways and costs of achieving these goals.

According to the All-Russian Public Opinion Research Center-VTsIOM (VTsIOM, 2016), bureaucracy (26%) and large taxes (20%), as well as serious financial costs, lack of the necessary seed capital (12%), tough competition (11%) in general (14%) are considered the main obstacles to doing business in Russia. Also, entrepreneurs are critical enough about some aspects of Russian public policy, its flexibility and compliance of practical measures with the stated facilities.

The basis for assessing the effectiveness of the institutional environment of entrepreneurship is the analysis of the Doing Business Report, the annual survey of the World Bank Group that estimates the ease of doing business in 183 countries (see Figure 1).

The analysis of the institutional environment uses indicators that measure the degree of state regulation, protection of property rights and their influence on the behavior of firms: indicators characterizing the degree of the economy regulation (the number of procedures necessary to start a business, registration of property), the results of regulation (the costs of fulfilling contracts, the time of passing the bankruptcy procedure), the measure of legal protection of property rights (openness of information for investors, etc.). Russia, according to the Doing Business Report, is finally in the first hundred rating on ease of doing business over the period of 2010–2017. Despite the worsening of the final rating (from the 36th place in 2016, Russia dropped to the 40th place in 2017), the place of the Russian Federation in the rating improved by 10 criteria out of 11 in 2017. The only exception was the worsening situation in international trade, here the Russian Federation fell to 2 rating positions (see Figure 2). According to the rating, settlement of commercial disputes in Russia takes half the time (less than 365 days) compared to the world average (637 days). The time frame for opening a bank account for legal entities has been reduced, it is not required to introduce authorized capital before the registration of the enterprise. Entrepreneurs are no longer required to notify the tax authorities and extra-budgetary funds about opening or closing a bank account.

Terms of registration of property rights are reduced from 22 to 10 working days. A register of notices on the pledge of movable property was created and amendments were made to the legislation that allow a general description of the mixed category of assets for collateral. Registration of property rights in Russia is three times faster (up to 15 days) than the world average (51 days).

When obtaining construction permits, at present it is not necessary to coordinate the project documentation with the water supply and sanitation organization, there is no need to receive a sanitary and epidemiological certificate, the agreement with the Ministry of Emergency Measures and the payment for issuing technical specifications for connecting the building to the networks have been canceled.

The process of connecting to the power grid was simplified and cheaper in three times. As to the reliability of the connection to the power grid, Russia has one of the best practices in the world and outperforms most of the countries that are members of the Organization for Economic Cooperation and Development (OECD). In Russia, three procedures are required to connect to electric grids, in this aspect it divides the first place with countries such as Germany, Hong Kong, and South Korea.

If we consider the rating of individual regions, then for the period 2014–2017 the evaluation conducted by the Agency for Strategic Initiatives shows that the leading positions are occupied by the Central, Volga and Urals Federal Districts, which occupy first, second and third positions, respectively. The last place is taken by the Far Eastern and North Caucasus Federal Districts, which is due to the low development level of institutions for doing business, inadequate development of the district's infrastructure and low level of entrepreneurial activity (Agency for Strategic Initiatives, 2014–2017).

Increasing Russia's position to the top ten in the world ranking of the Doing Business Report will largely depend on effective state regulation of the institutional system, while the priority areas can be: strengthening motivation for doing business through stabilization of the economy, improving the market infrastructure, credit availability, increase in state structures efficiency supporting business activity.

Let's consider interaction of government institutions and entrepreneurship as their mutual relations also have some specific features.

If we talk about the government institution, at the regional level it depends on the federal center very much: there is a duplication of power between federal and regional authorities, regions practically do not compete with each other. Another interaction feature of government institutions and entrepreneurship is the existence of interregional contradictions and imbalances, such as hypertrophy of reproductive processes in regions with a chronic depressive state, a sharp increase in the level of economic development of the country's territories due to raw materials orientation of the economy (Grishakov, 2012). Many regions are characterized by the presence of large vertically integrated companies, on the one hand, which have absorbed the bulk of industrial production, and on the other hand, the entry of state representatives in business or vice versa is observed at the regional level.

In most cases, vertically integrated companies do not take into account the problems of increasing the competitiveness of territories, which causes asymmetry in the interaction of institutions and leads to deformation of the country's economic development. An important factor is the uneven distribution of investment across regions, as they are mainly concentrated in districts rich in natural resources (see Figure 3).

There are three forms of relations between government institutions and institutions of entrepreneurship: "white", "gray" and "black". White is administrative and economic regulation of business (licensing, registration); gray represents informal payments from entrepreneurs (creation of various funds for additional deductions, conclusion of additional agreements on cooperation, sponsorship); black is informal criminal relationship (corruption). As a result of this interaction, the state decides to reduce social tensions in society, and increases the growth of rev-

Source: Compiled according to the data from the Russian Statistical Yearbook (2016).

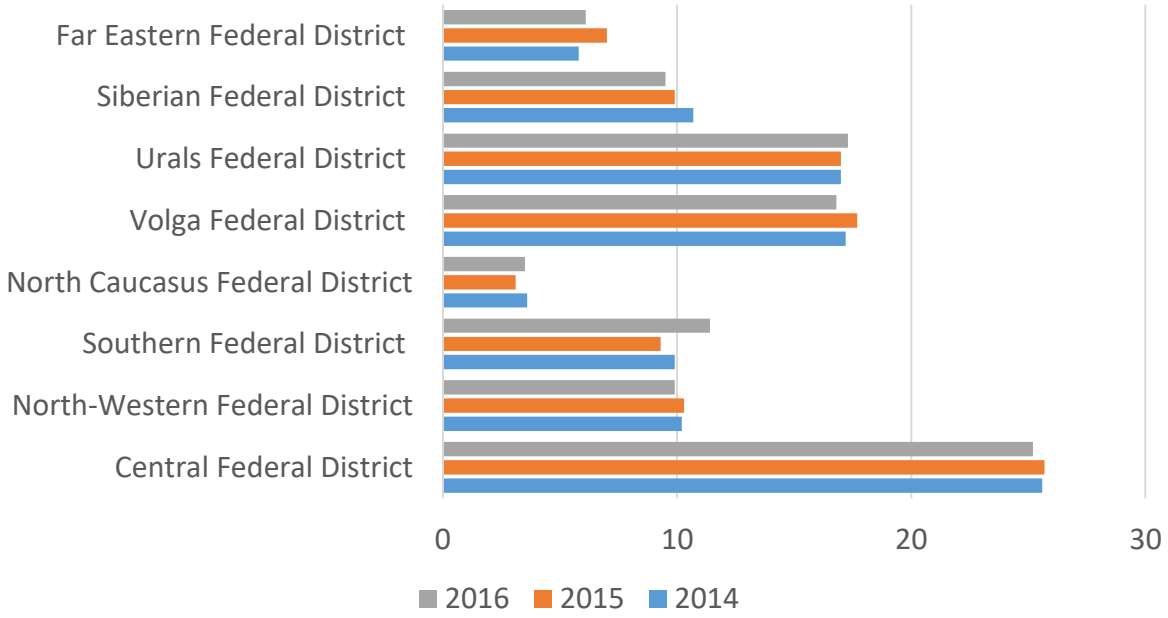

Figure 3. Investments in the fixed capital of enterprises (%)

enues of regional budgets. Entrepreneurs ensure themselves an increase in the investment attractiveness of their firms, tax incentives and loyalty on the part of government authorities.

In addition, institutions of entrepreneurship are influenced by global processes. One such is internationalization, which affects these institutions simultaneously and everywhere. This impact is reflected in the influence of transnational corporations and international institutions (the International Monetary Fund, the United Nations, the World Trade Organization). The problems of this stage are: the need for Russia to fit into the global division of labor, to overcome multiple barriers and the difference in technical standards.

To improve the performance of government institutions and institutions of entrepreneurship, it is first of all necessary to overcome the asymmetry that has arisen between them, having coordinated the interests of these institutions in a number of key areas (Grishakov, 2012).

At the initial stage, there is systematization of resources (economic, political, information, innovative, financial, expert), which have both institutions. Further, it is necessary to develop a process of their differentiated interaction at the local, regional and federal levels with the government institution and with subsequent harmonization of the interests of both institutions.

At the last stage, it is necessary to assess the effectiveness of decisions taken, both under favorable and unfavorable conditions. At the same time, leading indicators will play an important role (indicators characterizing the problems that arise in advance in the process of interaction between government and entrepreneurship, primarily at the regional level), as there will be an opportunity to forecast the phases of the business cycle. Forecasts of economic development can be based on extrapolation, econometric models, survey data of economic agents, etc.

At the same time, the formation of effective institutions for regional development is possible only if all the above directions are coordinated. The need for institutional changes is caused, first of all, by the need for regions to actively develop and integrate into the system of world economic relations, while increasing the social standard of living in the regions as a whole.

CONCLUSION

Thus, the existing system of institutions causes disproportions in the development of the Russian economy, which is confirmed by the analysis of regional development in the Russian Federation.

The most developed regions are the Central, Volga and Urals Federal Districts, they produce the bulk of GRP, production, the majority of the population lives there, and major investments are made in fixed capital.

One of the reasons for the uneven regional development is specific performance of a number of institutions: government, entrepreneurship, property.

The peculiarity of the Russian property institution is that the Russian state is not only a guarantor of property rights, but is also a full participant in transactions of other economic agents, influencing the mechanism of making managerial decisions and transferring property rights. This practice is contrary to principles of this institution performance, in addition, the problem of protection and specification of property rights still remains urgent, most of all economic disputes are arbitration proceedings on non-performance or improper performance of contracts.

The institutional environment for entrepreneurship is also unevenly developed. And in this case, the leaders in the development of this institute are the Central, Volga and Urals Federal Districts. The reasons that hamper the development and entrepreneurship, according to entrepreneurs' assessments, are the absence of starting capital, bureaucratic procedures, contradictions between stated government regulations and practical measures in the state regulation of the economy.

The government institution is also not effective enough there is duplication of powers of federal and regional authorities, regions practically do not compete among themselves. Government institutions and institutions of entrepreneurship in Russia are closely connected: in many regions there are large vertically integrated companies with a share of state structures that have absorbed the bulk of industrial production, and also situations where state authorities in business are observed at a regional level.

Such a combination of state and business leads to an increase in disproportions in the country's economic development, since the bulk of investment is carried primarily to regions rich in raw materials, and hypertrophied reproduction processes to regions with a chronic depressive state. Overcoming the existing problems can be achieved through the introduction of leading indicators, through which it will be possible to smooth out fluctuations arising from imperfections in the institutional system during the economic cycle. At the same time, the state should limit its influence on property rights and strengthen its role protecting all types of property rights in equal measure. The results of scientific research can be applied in practice to improve the system of institutions, both at the regional and national levels, to enhance the competitiveness of Russian regions.

REFERENCES

1. Acemoglu, D., Johnson, S., & Robinson, J. (2005). Institutions as the Fundamental Cause of Long-Run Growth. In Anhion Pand Durlaufs (Ed.), *Handbook of Economic Growth, 1, A* (464 p.). New York: Elsevier.
2. Agency for Strategic Initiatives (2014–2017). Retrieved from https://asi.ru/rating
3. Alchian, A., & Demsetz, H. (1972). Production, Information Costs and Economic Organization. *American Economic Review, 62,* 777-780.
4. Amin, A. (1999). An Institutionalist Perspective on Regional Economic Development. *International Journal of Urban and Regional Research, 23*(2), 365-378.
5. Baranov, A., Malkov, E., Polishuk, L., Rochlitz, M., & Syunyaev, G. (2015). How (not) to measure Russian regional institutions. *Russian Journal of Economics, 1,* 154-181.
6. Bush, P. (1987). The Theory of Institutional Change. *Journal of Economic Issues, XXI, 3,* 1075-1116.

7. Commons, J. (1931). Institutional Economics. *American Economics Review, 21,* 652.
8. Dias, J., & Tebaldi, E. (2012). Institutions, human capital, and growth: The institutional mechanism. *Structural Change and Economic Dynamics, 23,* 300-312.
9. Doing Business Report (2010–2017). Retrieved from http://www.doingbuisness.org
10. Elsner, W. (2012). The Theory of Institutional Change Revisited: The Institutional Dichotomy, Its Dynamic and Its Policy Implication in a More Formal Analysis. *Journal of Economic Issues, XLVI,* 1.
11. Eriksen, T. (2005). Economies of ethnicity. In J. G. Carrier (Ed.), *Handbook of Economic Anthropology* (559 p.). Cheltenham, UK, Northampton MA, USA: Edward Elgar.
12. Fang, Y., Hasan, I., & Marton, K. (2013) Institutional development and bank stability: Evidence from transition countries. *Journal of banking & Finance, 39,* 160-176. Retrieved from https://www.scopus.com/inward/record.uri?eid=2-s2.0-84894234513&doi=10.1016%2fj.jce.2013.07.006&partnerID=40&md5=f884beebc55358e6a9e0d7887cf68d92
13. Gareyev, T. (2010). Региональный институционализм: terra incognita или terra ficta [Regionalnyy institutsionalizm: terra incognita ili terra ficta?] *Journal of Institutional Studies, 2*(2), 27-38.
14. Grishakov, A. (2012). Сглаживание асимметрии взаимодействия институтов "власть" и "бизнес": региональный уровень [Sglazhivaniye asimmetrii vzaimodeystviya institutov "vlast'" i "biznes": regional'nyy uroven]. *Sotsialno-ekonomicheskiye yavleniya i protsessy, 12*(046), 65-69.
15. Hermelo, F. D., & Vassolo, R. (2010). Institutional development and hypercompetition in emerging economies. *Strategic Management Journal, 31*(13), 1457-1473. Retrieved from https://www.scopus.com/inward/record.uri?eid=2-s2.0-78249269147&doi=10.1002%2fsmj.898&partnerID=40&md5=87898dc1703b0c653ee76a917a6f02ab
16. Kirdina, S. (2005). Теория институциональных матриц (пример российского институционализма) [Teoriya institutsionalnykh matrits (primer rossiyskogo institutsionalizma). In R. M. Nureyeva & V. V. Dementyeva (Eds.), Постсоветский институционализм *[Postsovetskiy institutsionalizm]* (pp. 75-101). Donetsk: Kashtan.
17. Lagendijk, A., & Cornford, J. (2000). Regional institutions and knowledge: tracking new forms of regional development policy. *Geoforum, 31,* 209-218.
18. Latov, Y. U. (2004). Власть – собственность в средневековой России [Vlast – sobstvennost v srednevekovoy Rossii]. *Terra Economicus, 2*(4), 111-133.
19. Matveev, Y., Trubetskaya, O., Lunin, I., Rousek, P., & Kopnov, V. (2016). Clusters and Their Role in Economic Development. *International Journal of Economic Perspectives, 10*(3), 113-125. Retrieved from https://www.scopus.com/inward/record.uri?eid=2-s2.0-85014104857&partnerID=40&md5=13b7d2a56827ebd2ae39e74f80002952
20. North, D. (1931). Institutions, Institutional chance and Economic Performance. *Cambridge University Review, 21,* 652.
21. Nureyev, R. (2009). Регионалистика: резервы институционального подхода [Regionalistika: rezervy institutsionalnogo podkhoda]. *Terra Economicus, 7*(2), 18-41.
22. Polterovich, V. (2001). Трансплантация экономических институтов [Transplantatsiya ekonomicheskikh institutov]. *Ekonomicheskaya Nauka Sovremennoy Rossii, 3,* 24-50.
23. Porter, M. (2001). *Regions and the new economics of competition in Global City-Regions: Trends, Theory, Policy*. Oxford: Oxford University Press.
24. Sanders, J. (2002). Ethnic Boundaries and Identity in Plural Societies. *Annual Review of Sociology, 28,* 327-357.
25. Shastitko, A., & Tutov, L. (2012). Модели человека в институциональной экономической теории *[Modeli cheloveka v institutsionalnoy ekonomicheskoy teorii].* Moscow: MAKS Press.
26. Startseva, O., & Avakumova, N. (2009). Институциональные предпосылки развития регионов [Institutsionalnyye predposylki razvitiya regionov]. *Vestnik Tomskogo Gosudarstvennogo Universiteta*, 157-159.
27. Vol'chik, V., & Kot, V. (2013). Институциональные изменения в периферийных регионах: роль гражданских институтов [Institutsionalnyye izmeneniya v periferiynykh regionakh: rol grazhdanskikh institutov]. *Terra Economicus, 11*(4), 13-35.
28. VTSIOM. Retrieved from https://wciom.ru/index.php?id=236&uid=116082
29. Williamson, O. E. (1985). *The Economic Institutions of Capitalism.* New York: Free Press.
30. Концепция долгосрочного социально-экономического развития Российской Федерации [Kontseptsiya dolgosrochnogo sotsialno-ekonomicheskogo razvitiya Rossiyskoy Federatsii] (2008). Moscow: MERT.
31. Регионы России. Социально-экономические показатели [Regiony Rossii. Sotsialno-ekonomicheskiye pokazateli] (2010–2016). Retrieved from http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/publications/catalog/doc_1138623506156
32. Российский статистический ежегодник [Rossiyskiy statisticheskiy yezhegodnik] (2010–2016). Retrieved from http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/publications/catalog/doc_1135087342078
33. Федеральные арбитражные суды РФ [Federalnyye arbitrazhnyye sudy RF] (2016). Retrieved from http:// www.cdep.ru/index.php?id=79&