

Regional service economics development: foundations and process of strategic management

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Abstract. In the work there is shown an actual problem and pointed out essential characteristics of service economy; also, theoretic working out of all the regulations is done that define the structurization of all service activity types. We have defined the purpose of service zones in changing of spatial organization of regional economy. In the article there given and proved the principles of strategic management of the region service economy: the compliance of the expansion of the service list of strategic aim of the territory development due to formation of new service zones, and the ramification of the existing service network; client orientation services and creation of organizational and legal conditions at the macro - and meso-levels for the development of the service business by maintaining of close contact with the consumers; balanced development of regional economy, which determines the necessity to create an efficient mechanism of service and production activities' regulation, taking into account the interests of the main economic agents' groups (authorities, different organizations and the population, living on this territory); the guarantee of a certain completeness and adequacy of the means and methods of impact to the objects of service activity with regard to key areas and conditions of functioning of region service-oriented economy. We have worked out the process of region service economy strategic management, including the formulation of strategic goals, strategic analysis of the development of service sphere in the region with the assessment of the service potential, the rationale for the spatial transformation of the regional economy, the choice of the region service economy strategy, modeling of the balanced scorecard and the development of managerial strategic initiatives of the territory. [Tonysheva L.L., Nazmutdinova E.V. **Regional service economics development: foundations and process of strategic management.** *Life Sci J* 2014;11(11):536-539] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 93

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Introduction

The guarantee of sustainable development of the Russian Federation and the achievement of the desired outcomes from the ongoing modernization of the economy, ensuring competitiveness of products, works and services in the context of WTO accession, all this aspects require a complex elaborated long-term development strategy of the country and its regions. Also, we need to take urgent measures to meet the global challenges of the external environment. Strategic planning is impossible without spatial transformation of the economy at the macro - and meso-levels. Determination of spatial priorities for the development of the strategy should be directed towards the creation of territorial social-economic complex, based on the reproduction processes, focusing in "points of growth". Such centers of the economy are the pulse of regional economy transformation, expressed by the integral formation of new businesses and creation of new spatial structures [1].

Increase of the infrastructure role, providing the maintenance of different spheres of material production and human life requires intensive development of service activity that, in modern conditions, is the dominant factor for satisfaction of requirements and expectations of our customers by

providing quality services [2,3]. Service economy, as a defining feature of the modern post-industrial society, should become a key factor for sustainable spatial development of the Russian regions. We can speak about the territory welfare and population standard of living according to the condition of service economy sector. Taking into account that service sphere is the activity, oriented to the growth of domestic demand, but not to the world economy, that's why it is less under the influence of global crises. "...Service is very important part of the global economy: 50% of foreign direct investment in the developing countries is in this sphere" [4]. For many regions of the Russian Federation the service sphere can be a "crucial engine" of economy growth, an important source of income, the object of innovation investment attractiveness.

The development of service systems is rather important for the regions and country in general, both in the short-and-long term perspective. However, the service economy is being built in the conditions of the concept absence, absence of a mechanism and a clear state policy in the field of formation and regulation of the services sectors' functioning, insufficient development of scientific and methodological basis for priorities selection of service activities, lack of parameters for assessing its effectiveness, building an

integrated production process management and services of high quality with high added value.

Study results

The most important condition for transition to sustainable development is the availability of strategic dominant at all levels of management. Strategic management is the management of functioning and development processes according to the set strategic goals and available resources. The shifting process from the production sector to the service sector is usual for the post-industrial economy of a new type [5]. Today, the service is not regarded as a separate industry, but as a new level of interaction with the customer, a new kind of activity practically in all sectors of the economy. In market conditions the active development acquires a service business, which can be seen as providing services of the required quality with high added value.

The study of foreign and domestic experience has shown that sustainable spatial development of the territory is possible in the case of the strategic results-based management, which is possible only in case of clearly defined principles and structured process of strategic management.

A. The principles of region strategic management of the service economy

To achieve completeness and validity of the strategic transformation is necessary to base on a refined set of principles used in the regional strategic management in the context of service-oriented development of the region. Along with the well-known principles such as regulations, priority, targets' conjugacy, synergy, flexibility, accountability, it is necessary to implement the following additional principles:

1) *The correspondence principle of the services' list expanding of strategic aim of the territory due to appearance of new service zones, and the ramification of the existing service network.* A group of financial and business services that belong to the quaternary sector and a group of services for population that belong to quinary sector also have an important role in modern economy and require highly-skilled personnel along with the development of traditional sectors and activity spheres.

2) *The principle of client-orientation services and creation of organizational and legal conditions at the macro - and meso-levels for the development of the service business by maintaining of close contact with the consumers.* It can be achieved in the case of assistance from the authorities in the placement of service objects according to the criteria of availability, ecological compatibility, safety, potential market capacity, etc., as well as effective methods of service

3) *The principle of balanced development of regional economy, which determines the necessity to create an efficient mechanism of service and*

production activities' regulation, taking into account the interests of the main economic agents' groups (authorities, different organizations and the population, living on this territory). The efficiency of processes of structural adjustment of the economy is directly correlated with the provision of optimal combination of the interests of economic subjects of all functioning levels.

4) *The principle of the guarantee of a certain completeness and adequacy of the means and methods of impact to the objects of service activity with regard to key areas and conditions of functioning of region service-oriented economy.* It is necessary to develop the instruments of regulation of service development of the regional economy according to their key directions (the growth points), in particular, implementation of different forms of stimulation and state support of the service enterprises, creation of mechanisms of formation of the competitive environment of their operation, the creation of an effective system of relationships between the regional and local authorities with the management of business organizations through the strategic partnership [6].

The suggested principles should become the basis for the modernization of the region management system to increase the market activity of the service business that is able to realize new opportunities of systematic framework providing for regional development. Undoubtedly, these rules will evolve. Today, however, the service economy should be based on the above-mentioned principles, as it will give an opportunity to order the regulatory process, to make it much more efficient, to provide a rationale for the state and region economy management.

B. The Process of region service economy strategic management

The strategic management process as the logical structure of continuous interrelated activities or functions (impacts of the management subject to the management object) is the classical scheme of a management process as a set of changes, reflecting the dynamics of management: goal-setting, a study of the situation, identification of the problems and decision-making. However, the process of strategic management of the region service economy requires solving a number of problems:

- types' structuring of service activities;
- evaluation of the region service potential;
- typology of service strategies;
- the selecting procedure of service strategies;
- taking into account the spatial transformation of the regional economy;
- modeling of the balanced scorecard.

The process of strategic management of the region service economy can be represented in the form of an algorithm, giving a sequence of actions on

the selection and implementation of the region service economy strategy with the division of activities according to their role in the regional economy and the definition of scientific and practical service management tools, orienting to the result in the conditions of regional economy transformation (Fig. 1).

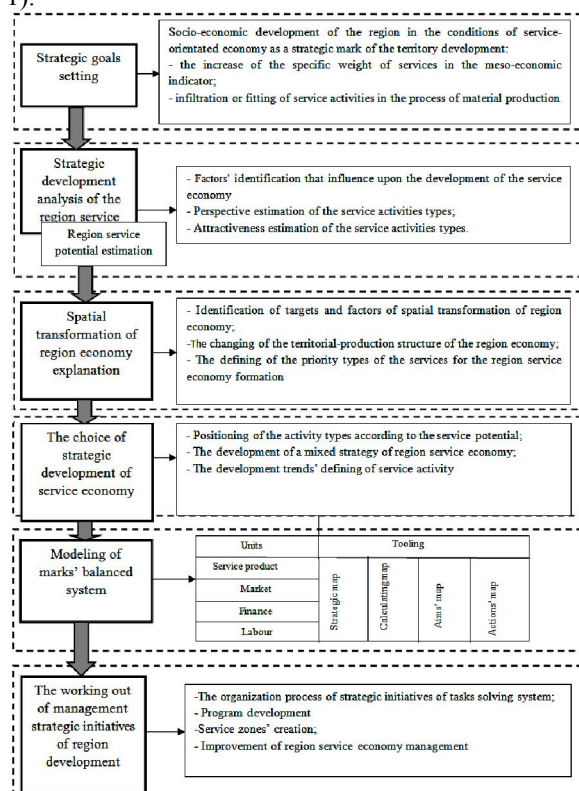


Fig. 1 The process of strategic management of region service economy

Systematization and generalization of theoretical and methodological aspects of region spatial-service development has allowed to establish that the post-industrial period is characterized by service economy character, that is gradually transforming from the producer's economy to the economy that can best meet the specific demands of consumers. The creation of new services and industries that produce them, leads to the development of so-called "servicization" processes [7, 8]. The service, being the basis of the service economy, provides the development of market infrastructure, social orientation of the economy, quality increase and life standard increase, harmonization of the society.

Taking into consideration that there is no uniform approach to the types' structuring of service activities, we can suggest to divide them into three groups:

1) production- and- service oriented, aimed to the meeting the needs of the other economy activities (except the primary and secondary sectors);

2) socially- oriented service covers the services aimed to the meeting of social needs, with exactly-social orientation;

3) The governmental services that represent the main form of relations between citizens, legal person and the authorities, where the state is considered as a "service provider".

Service economy is based on the independent income-generating development of different kinds of service, excluding secondary character of their functioning and hard binding of the product portfolio to the main products' consumer [9].

Among the problems of the region service sphere development we can point out the following:

- insufficient use of modern management technologies of the service subjects;
- mismatch of the service products' quality to the established requirements;
- low innovation activity of the service subjects;
- lack of qualified personnel;
- non-transparency of the service companies.

Consideration of the classical approaches to the transformation of production and economic relations as a result of systematically-oriented evolutionary and revolutionary transformation of the economic system has showed that the changes of this type are caused by a search for a new spatial concept of socio-economic development of territorial transformations [10]. The study has proved that the efficiency increase of the regional economy of the Russian Federation is seen in the necessity of transformation of the structure of evolutionally formed in the spatial dimension of territorial management.

Region development in the conditions of formation of its service economy is characterized by a distinctive improvement of the final product quality, produced by the service subjects and enhancing of the customer service quality. Therefore, the strategy of development of the region service economy is a generalized model of action for the development of certain types of service activities in the region, oriented on maximum satisfaction of customer expectations based on adequate changes' response of customer's preferences and conditions of the external environment with the aim of achieving of competitive advantages of the final product.

During the process of region development strategy working out, the key step is to identify the service potential that allows to form a structured "service portfolio" and to build a clear sequence of transformations aimed to the selection of an effective

regional strategy. Service potential should be viewed in the context of the ratio of activities' perspectivity and their attractiveness, which are used for the positioning of zones-oriented services. It allows to work out a mixed development strategy of region service economy and to define the changes' trends in the service sphere depending on the service potential.

Implementation of management actions considers the transaction of the service activity strategy into the precise instructions by means of a balanced scorecard (BSC) building [11] that is logically linking elements such as: the strategic development aims, key efficiency indicators of management with the target values, strategic initiatives of the task decision. The elements of the BSC in relation to the service sphere should be considered in the context of the four key components - "service products", "market", "finance", "labour" that can bridge the gap between strategy development and its implementation, moreover, it gives an opportunity to respond quickly to the changes in the business environment.

The spatial organization changing of the economy calls for the creation of "service zones" - as an generation of the enterprises of certain activities, providing highly competitive service products that meet the customization requirements and having the key importance for the development of spatial socio-economic system.

To reorganize the region economy we should point out three types of the service zones: industrial-production type; service zones, related to the territories; integrated service zones. The choice of the building form of the service zones is defined by the localization marks, specialization and concentration of service activities.

The most important condition for the sustainable economic development of territorial objects is a system development of region strategic management of the service sphere. The key role should be given to the formation of strategies and

programs aimed to the Russian internal market saturation by the competitive service and final products, the creation of the Institute of strategic planning that will act as a mechanism of priorities coordination of all the levels and stimulation of the sectors' activity with a potential for import substitution.

Conclusion

Thus, in modern conditions of strategy marks' changing in the context of servicization, all the activity should be concentrated on priority

directions of the key and attendant service types. The choice of the basic growth points of region economy and the formation of a service-oriented structure of the modernizing economy will be directed to the increase of the gross regional product, the guarantee of the competitiveness of the territory and quality and standard of life improvement.

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