



## **Terms and Need Strategic Cooperation Mechanisms of Social and Economic Systems of the Region**

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### **ABSTRACT**

The increasing complexity of the socio-economic systems and the increase in the state's functions in modern regional space becoming more common complex, multi-level strategic cooperation mechanisms. In such structures, the main elements of the control system are divided into several levels. Management levels are organizationally separate elements detected in the territorial structures of governance, for example, the subject of the federation, municipal formation. Between the different levels of the system of separation of powers, responsibilities and functions of the power vertical. Within the framework of the powers assigned to them elements of the system have the right to independent decision-making. Developing of the Russian Federation system of market relations qualitatively increased value, role, authority and responsibility of regions to ensure the functioning and development of the territories, the growth of living standards of the population living in them. Enhanced functions of the organs of power in the federal subjects is accompanied by the simultaneous complexity of the mechanism of management decision-making, and the increasing influence of the variability of environmental factors. Under these circumstances, the effective activities of the regional administrations are not possible without the coordination and integration of their efforts, which can promote inter-regional cooperation.

**Keywords:** Regional Economy, Social and Economic System, Management Mechanism

**JEL Classifications:** Q27, R12, R58

### **1. INTRODUCTION**

The development of socio-economic systems and mechanisms of strategic cooperation appears quite important function of regional management, designed to effectively exploit the potential of inter-territorial cooperation and integration to achieve the strategic goals of social and economic development of the regions - subjects of cooperation. However, existing at the moment of interregional interaction management mechanism is characterized by a lack of systematic interaction between the tactical and strategic focus between objects and subjects of the management process, as well as the imperfection of instruments used in the implementation of strategies of interaction regions. It does not allow governments

economies interacting regions to use the available resources effectively to address interregional issues and act on the principle of priority development.

The theoretical basis for the study of mechanisms of strategic interaction of socio-economic systems of the region were the works of Russian and foreign economists, official materials, legislation, legal documents, as well as special and general economic literature. A common methodological approach to the organization of the study are systemic and structural and functional aspects of the formation and development of mechanisms of strategic interaction of socio-economic systems of the region. When solving the issues involved in the study of the index method, instantiated in

formal models of the distribution of strategic interaction of socio-economic systems and the evaluation of investment options for development of regional economies. The study took into account the legislative framework of the Russian Federation, giving the background a federal investment in the country, as well as the legal framework of Russian regions-subjects.

## 2. DISCUSSIONS

In modern economic literature there are various scientific approaches to research and practical mechanism to ensure strategic coordination of socio-economic system of the region. Their classification can be carried out on the basis of differentiation of the main directions of development of economic science. Consider the orientation and capacities of different scientific approaches to the development of the socio-economic system of the region in the order in which they were formed historically. The first theoretical and methodological construct in the study of this problem developed in line with the classical school of political economy; its complete expression they received in neoclassical economic theory.

Neoclassical school of economics inherent in the liberal approach to the operation and development of all economic and social systems built on the principles of:

- A minimum of government intervention in social and economic processes;
- Ensuring maximum freedom of self-regulation of market forces.

Note that the basic provisions of the neoclassical theory developed long before the first work on the regional economy; but this research area has once again demonstrated an enviable ability to develop emerging issues and research facilities (Inshakov and Frolov, 2010).

With regard to the region's liberal approach system means freedom competitive interaction between all participants; the state - at the federal level and at the regional level - cannot intervene in the market of their interaction and to impose them any programs and solutions (Lvov, 2010). The state as a member of the social and economic system of the region should be limited to two types of functions: Firstly, the collection of taxes; secondly, the security operation and development of the regional system and the protection of property rights of its members.

As part of the neoclassical theory of the system of education are revealed by analyzing the market forces of the natural attraction to each other independent of market subjects, the data have market power - the nature of the price. Thus, Marshall explains the force of attraction of the market of various economic actors, based on the concepts of price equilibrium.

If we accept this explanation, we have to admit that all the economic actors, there is one center of gravity - the most attractive price (Marshall, 1993). That it forces one to conclude contracts, and not others, choose from a variety of investment program proposed. A web of contracts in the area of the region generates the appropriate socio-economic system.

But if the price parameters dramatically changed, the participants of contractual agreements coming out of previous agreements and enter into new and more profitable. It turns out that the force that keeps the system in the region in a more or less steady state when changing the basic parameters of the market, is the only force of economic inertia. It is unlikely that such an explanation can be sufficient to describe today's complex, stable and have developed the potential to adapt to the changing conditions of regional systems (Porter, 2002).

Neoclassical direction contains a "grain of truth" relying on its own potential market participants, to the forces of economic freedom; in this - his power (Dianova, 2012). However, it is virtually ignores the active role of the institution of power and reduces the regional system to a set of variable contracts; in this - his weakness. System quality elements operating in a space region fails to disclose such a method.

Even if we remain within the framework of the classical approaches to regional systems, it must be recognized that the natural market processes in the area of the region - the diversification, specialization, cooperation and concentration of forces of participants of market interaction somehow translate the equilibrium market situation into a situation where competition creates its opposite - economic power over the market, the relations of domination and subordination.

From this we can draw several conclusions related to the formation and development of regional socio-economic systems:

- The dominance of a few major economic actors reduces the efficiency of self-regulation of the market economic system and increases the value of the factor of economic power; to force the state somehow added a qualitatively new force large corporations to which the state has at least considered;
- The dominance of large corporations involves the formation in the socio-economic system of the region a powerful mechanism of economic power and the corresponding branched-management system; this mechanism brings the power for themselves the necessary material base and using its revenue opportunities for those arising in the region of the common system, common needs that cannot be provided on the basis of private activities and private interest;
- Interaction of the economic domination of the largest economic entities and the competition gives rise to the region in the space of a qualitatively new forms of competition: The quality of competition, competition, distribution mechanisms, potential competition in the economic process of renovation, etc.;
- In the conditions of formation in the socio-economic system of the region a powerful mechanism of economic power regional market is divided into segments surrounded by barriers, which is organized on the basis of the centers of economic power.

## 3. RESULTS

In this study, we mean invariance under a certain stability of regional economic systems. It characterizes the steady state operation of the elements of regional economic systems and the

conservation of the integrity of its relative stability in the process of continuous change and innovation.

In connection with the ongoing economic trends in the world, Russia needs to boost the economy and maintaining its competitiveness through continuous innovation and change (invariance). It follows from this that the Russian Government should seek for improvement from within the economic indicators. The basis of the state of its federal centers (regions), thus raising the economy will be at the expense of reserves and potential strength of the data subjects (Economy Government Russian, 2016). Therefore, the government should develop a set of theoretical positions and practical recommendations for the formation of an invariant content of the methodology of development of regional economic systems. In turn, the regions should develop new systems and mechanisms of development of regional economic systems based on the latest achievements of science and technology. This approach involves consideration of his position with systemic (Medvedev, 2009). This means that all of the above processes will take place from the standpoint of economy of the region as a whole (single system). So, as part of the regional economy involves service markets, factors of production, capital and goods, they interact with each other and are part of the regional economic system and form the basis of its stability.

Stroeva and Sibirskaya (2012) they claim that the operation of a single regional economic system is a process and is carried out in the area of the common interests of its five members: The investor, the source of innovation, state, region, economic entities and population of the regions (Stroeva and Sibirskaya, 2012).

According to the authors, the decisive role in the interaction of participants in regional economic systems played by the state, which sets the course of innovation policy and investment development of the regions, the government (the competent authorities) to create an investment climate to attract investors in a particular region, while working closely with territorial authorities evaluating developed investment projects or business plans, the so-called sources of innovation in the region that will bring profit in the future. Sources of innovation in the region appear thanks to research conducted by research institutes (centers), they are the basic tools that attract capital investors to finance innovative ideas and projects for the development of advanced products and technologies.

Thus, the current economic situation is pushing many regional governments to look for new tools to their effective interaction, and improve strategic management of the process mechanisms. It is very important aspect of the solution to this problem appears to maintain a balance of interests of all participants in inter-regional cooperation, which is possible only if the provision of system of their actions, including greater consistency and predictability, based on the maximum possible use of regional competitive advantages.

Based on the above, implementation of the mechanism for the implementation of inter-regional cooperation strategies associated with significant changes in the current system of

regional management, which are linked to the restructuring of the administrative apparatus, the need to overcome organizational, financial, social, psychological and other barriers.

The success in the implementation of inter-regional cooperation strategy is possible only if the partner of interregional cooperation at all levels: Government, society and business, and the strategic cooperation, which is based on professional motivation of each group and adapted to the specific economic conditions of a set of tools interaction regions.

Such a complex institutional and economic instruments must meet the following requirements:

1. Comply with federal implemented a long-term strategy for regional development in the field of inter-regional cooperation;
2. Be adequately implemented by the regions and institutional cooperation strategy to ensure the realization of the interests of these regions-subjects interaction at the macro-regional, regional and intraregional levels.

As one of the options for improving the mechanism of inter-regional cooperation can offer the use of the following set of institutional and economic instruments to strengthen inter-regional economic cooperation, ensuring the realization of interests of subjects of regional cooperation at macro-regional, regional and intraregional levels:

1. The development of the scheme and allocation of productive forces of the macro-region;
2. Targeted comprehensive programs, including federal programs, such as program eliminate these differences, the federal target program of the Federal District - "South of Russia," the complex program of development of socio-economic development of the Federation, inter-regional and inter-municipal target programs targeted programs;
3. A separate niche in the system tools that promote activation of inter-regional cooperation should take a variety of bilateral and multilateral agreements on strategic cooperation of the federation;
4. Form a fruitful inter-regional cooperation is a mutual participation in various trade fairs, scientific conferences, sporting events, festivals, forums, held in the territory of the parties participating interregional cooperation.

In addition, the successful implementation of integration tasks involves active interaction of executive authorities of regions with non-governmental organizations, foundations and other institutions involved in the development of interregional cooperation.

The tools of interaction of a higher order, promotes enhanced integration processes should include a variety of inter-regional funds, interregional clusters, as well as socio-economic regionalization of interacting regions.

Thus, the fund's interregional cooperation should consolidate resources, including - low cost, for the implementation of various programs and interregional projects. The effectiveness of the use of funds of the fund will depend not only on the amount of funds,

but to a large extent, on the presence of an appropriate mechanism to use them, including monitoring.

Inter-regional clusters will help to focus the interacting regions of their competitive advantages, without wasting time and opportunities to strengthen the polarization in the development and competition. After all, in fact, according to the theory of Porter, a cluster - a group of geographically adjacent interconnected companies (suppliers, vendors, and others.) And associated organizations (governments, infrastructure companies, educational institutions) operating in a certain area and complementary to each other (Leksin, 2001; Porter, 2002).

Therefore, the cluster development of the economy today is recognized throughout the international community as the overriding business development tool, regions and the country as a whole. The cluster, existing within the rules set out a market-oriented society to its economic entities - a specially organized space, which allows you to successfully develop large firms, small businesses, suppliers, infrastructure, research centers, universities and other organizations, raising the economy interacting regions to a qualitatively new level of innovation.

It is important that the cluster is implemented primarily a synergistic effect, because it becomes part regions mutually competing (Leksin, 2001). Today, many of our suggested tools are used to implement programs of economic and social community regions. However, the lack of consistency and complexity of their application often leads to dissociation of the interacting actions of the authorities.

Thus, in modern Russian conditions the economic entities that are in the neighboring areas and belonging to neighboring regions, often operate using a common infrastructure, the same labor, production, energy, natural-geographic and other resources, linked by a system of economic and simple interpersonal relationship. In cases where a significant portion or majority of business entities located in the area, located on the outside in relation to it the market, having a certain degree base of local advantages, similar interests and goals, the main one of which is to achieving and maintaining a certain segment of the market, created the objective conditions for the formation of the cluster. First of all, the emphasis is on the transition from competition to actively cooperate Federation in the macro-region.

So, the strategy of socio-economic development of the Krasnodar Territory to 2020 provided for the formation of the South of Russia with the active participation of the major inter-regional clusters in the region - agro-tourism and recreation. The primary role of the Krasnodar territory in the creation of agro-industrial cluster expects to be due to the rapid deployment of a network of trade distribution centers, using a competitive advantage - access to world markets via the black sea ports of Azov (Garant, 2008).

As the priorities of interregional cooperation in the Krasnodar territory strategy also provides for the creation of inter-regional production clusters - Forestry, agricultural machinery and other, actively promoting cooperation organizations, suppliers of

equipment, components, specialized production and services, research and educational organizations (Larionova, 2012).

With the creation of clusters in this strategy is bound to solve the following tasks:

- The formation of a common economic space, elimination of the differentiation of socio-economic development of municipalities;
- Improving the competitiveness of cluster members through the introduction of new technologies, reducing costs and improving the efficiency of the corresponding high-end services through the synergy and harmonization of approaches in logistics, engineering, information technology, quality management, etc.;
- Increase the level of employment in terms of optimization of the structure of large enterprises and outsourcing, increasing the potential market for small and medium enterprises through the implementation of various projects and programs;
- Improving access to market information and the promotion of products and services to small businesses in the market of large enterprises.

Thus, one of the most important factors in successful implementation of inter-regional relations in the socio-economic development of the cooperating regions is the creation of these regional clusters. However, further regional clusters - to the justification of the conditions for the formation of inter-regional relations, policymaker's socio-economic development of Krasnodar region did not.

Meanwhile, it seems to us, namely the development of complementary industries in the framework of inter-regional clusters enables the integration of natural competitive advantages of interacting small, highly subsidized regions with the economic power of the Krasnodar territory, staying within established boundaries.

In order to implement such an approach appears necessary to create a favorable investment climate in interacting regions.

In addition, one of the most promising tools management strategy of interregional cooperation can be, in our opinion, cooperation on the basis of socio-economic zoning.

Thus, in many parts of the country between the individual groups of regions with common environmental conditions, especially the economy and the trend of further development, already has established stable economic ties. On this basis, it seems appropriate allocation of new consolidated areas of social and economic interaction with much greater economic potential and, consequently, a greater interaction potential (Porter, 2002).

The establishment of cooperation at the level of socio-economic areas within the same region - a new phenomenon for the Russian reality. Moreover, a new phenomenon in the domestic management practice is to organize inter-regional cooperation at the level of socio-economic areas that will strengthen existing and develop new links between the municipalities belonging to different regions.

Thus, we proposed zoning option not pursuing the goal to reshape the existing administrative-territorial division of the region, to determine the most promising regions for interacting contours and direction of inter-municipal cooperation.

Given the above, it should be noted that the development of interregional cooperation in economic areas should be set in motion a whole range of different tools, including the inter-municipal programs and projects. Especially because of the Federal Law "On General Principles of Local Self-Government in the Russian Federation" (2003). Is a direct reference to the desirability of inter-municipal cooperation, aimed at solving the problems of cooperating municipalities (Galvansky et al., 2009).

No less important instrument of interregional cooperation can be considered the creation of the Fund's collaboration and innovation, joint meetings a constantly intergovernmental and inter-municipal committees, the establishment and operation of which, as well as inter-regional clusters will complement the basic advantages of the participants - interacting regions (Larionova, 2012).

They were the most effective way to improve their competitiveness and reduce dependence on subsidized funding method that fetter the independence of regional governments in making effective management decisions.

Thus, the present innovative development of regional economy should be dictated by the search engine of economic inter-regional integration and interference to achieve a multiplicative and synergistic effects.

One of the most effective forms of such interference through the formation of the spatial organization of the productive forces, as noted above, is the creation and development of inter-regional economic clusters in a separate federal district or the economic territory.

But the future as it is seen to be behind a number of large-scale form of regional management to participate in the business-processes.

It is obvious that the possibility of sustainable development of the regions defined by their ability to participate in global systems of production and exchange relations.

Thus, the strategic analysis of the economy of individual regions of Russia revealed the preconditions for effective use of the introduction of mechanisms in the geo-economic space, including the creation of zones of advanced development and formation of technoparks and technopolis, is a special organizational form of integration of science, education and industry.

The main objectives of science and technology parks and challenges facing this kind of structures are:

1. To promote financial support of innovative activity of enterprise structures interacting regions, stimulating the development and production of innovative high-tech products, to promote the introduction of new technologies and inventions;

2. Promotion of inter-regional policy on the formation of market relations in science and technology by supporting infrastructure development of small innovative businesses, promote competition by attracting free financial resources for their target, the effective use in the implementation of programs (projects) to establish a production of high-tech products;
3. Participation in the design, examination and competitive selection of local, regional and cross-sectoral programs, which would provide de-monopolization of the creation and development of new technologies, market saturation is elaborated on the basis of their competitive products;
4. Engaging on a competitive basis, small businesses, domestic investors to the realization of the state scientific and technical programs and projects;
5. Support the development and implementation of new technologies and know-how with the use of patents and licenses;
6. The creation of new jobs and retraining of managers and specialists in the sectors of interacting regions;
7. Shortening the implementation of innovative projects and programs;
8. Increase of economic efficiency on the basis of innovation;
9. The establishment of stable relations among the participants of the innovation system in the various forms of inter-regional associations.

Therefore, it is an extension of the innovation infrastructure of interacting regions through the creation of inter-regional clusters of systems, business - incubators, technology parks and techno poles, development of venture financing mechanisms; state support of innovative companies at the stage of starting; insurance companies innovative risks in technology investment can be a powerful impetus for economic development of individual regions and the country as a whole.

As confirmed international and domestic experience of the past two decades, entrepreneurship, as an important component of the market economy, largely determines the rate of economic growth and development of the regions and the country as a whole.

The deep sense of entrepreneurial activity and economic analysis of its nature points to the inextricable relationship of entrepreneurship and innovation that raises today business management issue to the fore (Lopes et al., 2015).

The growing role of business, especially small and medium-sized, in the development of economic relations in the economy of Russian regions is one of the dominant trends today. This circumstance is due to the fact that Russia and the entire world community seeks to reach a new innovative way of development. So, welcome innovations in all sectors and spheres of the economy, social policy and management. The presence of an innovative approach to solving daily problems allows us to call the business or other activities. In the modern world the increasing commercialization of economic relations confirms that businesses today can act only on the production, trade, and education and even science.

Thus, the functioning of small and medium-sized businesses in a variety of its forms allows you to quickly react to changing market conditions, gives the necessary elasticity of the market economy and contributes to the formation of a competitive environment and acts, to a certain extent, one of the most serious steps on the path of innovative development of the country.

Despite the fact that the role of business development in recent years has increased significantly, many enterprises continue to operate according to the old logic, betting competition and their own capabilities, especially no claim to assistance from the state, which implies all possible support to the development of small and medium-sized business. Meanwhile, new approaches and methods of non-state support for entrepreneurship, including the cluster approach in recent years occupied a leading position among the instruments creating the conditions for successful business development.

In many rapidly developing countries, along with the state of business support policies aimed at achieving social and economic growth, gradually there is a process of active interaction of small, medium and large enterprises. Moreover, in various countries, the general pattern has been identified as a market economy, manifested in the most successful community development of small and medium-sized businesses, grouped around the leading large firms on the basis of production and technological, scientific, technical and commercial links within a geographically limited area.

This phenomenon was first studied in detail by Porter, who defined a cluster as a geographically concentrated group of interrelated companies, specialized suppliers, and associated institutions (public authorities, infrastructure companies, educational institutions, trade associations) operating in a certain area and complementary each other, but the competing (Larionova, 2012; Leviakangas et al., 2014).

Therefore, the cluster development of the economy today is recognized throughout the international community as the overriding business development tool. The cluster, existing within the rules set out a market-oriented society to its economic entities - a specially organized space, which allows you to successfully develop large firms, small businesses, suppliers, infrastructure, research centers, universities and other organizations. It is important that the cluster is realized, first of all, a synergistic effect, as part of competing enterprises become mutually (Garant, 2008).

A cluster may include large or small number of companies, as well as large, medium and small enterprises in different proportions. It serves the economic space, which made a real interaction between the local business structures, as well as between business entities and other institutions.

In many Russian regions, has created favorable conditions for the development of clusters in various sectors: There is concentration of manufacturers, suppliers, organizations scientific educational complex, are external factors that are specific to each industry,

there is an interest to these processes on the part of the authorities. However, there are serious limitations of cluster policy because as a result of planning and directive policy of productive forces in the previous period have not been formed in the country almost no competitive cluster. By other constraining factors in the implementation of cluster policy in the Russian Federation include:

- Insufficient development of small business, a relatively undeveloped infrastructure and organizational conditions;
- Low level of trust between the main economic actors, reaching its lowest level in the relationship of business and government;
- Consideration of factor conditions (mainly access to cheap resources) as the primary determinant of the success of the development of clusters;
- Lack of a culture of information openness, which causes distrust of potential cluster members and the formation of unfair competition;
- Lower production standards, the lack of experience in managing outsourced basis;
- The poor quality of the business climate;
- Low level of associative structures (chambers of commerce, industry associations), which cannot cope with the task of developing and promoting the priorities and interests of business;
- Short-term planning horizon - the real benefits of cluster development appear only after 5-7 years.

#### 4. CONCLUSIONS

Thus, unlike conventional forms of integration and cooperation, the clusters are characterized by the following features:

- The presence of a large organization leader, defining the long-term economic, investment and other strategies entire cluster;
- The territorial localization of the bulk of economic entities participating cluster;
- Stability of economic relations of participants of the cluster system;
- Long-term coordination of the cluster members within the production programs, innovative processes and quality control.

And the very process of creation and functioning of clusters ensure the ongoing development of the business, both in individual regions and throughout the country; will have an impact on the effectiveness of work and administrative areas; it will strengthen the links between economic entities - members of the cluster, uniting their efforts in terms of the internal market, risk sharing, joint research and development, access to new technologies, innovation, solve infrastructure issues, strengthening interaction with the authorities, including formation of legal regulation of business activity.

It is said that the creation of the cluster completes the basic advantages of the participants due to the emergence of new benefits inherent to the cluster as a system; increases the number of taxpayers and the tax base; it improves the human infrastructure and acts as the most effective way of improving the competitiveness of business and territories on the basis of public-private partnership.

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