

Institutional Environment for the Emergence of Regional Monopolies and its Assessment

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Abstract—The article reveals the factors of formation and consolidation of regional monopolies in modern conditions. Regional monopoly is considered as a special type of monopoly operating under conditions of objective constraints on supply and demand caused by the singularity of institutional environment. Assessment of institutional environment of regional monopolies is based on the application of Pattern integral method. The integral estimation is based on the following coefficients: density K_{PD} , territoriality K_T and service K_S . This methodology allows us to assess the degree of institutional environment, to rank the set of regions in probability of occurrence of regional monopolies and to identify the factors that cause these monopolies. Evaluation of institutional environment of regional monopolies allows us to work out appropriate adjustment of economic policy in the region aimed at overcoming factors that predetermine regional monopolies.

Keywords—Regional monopoly, Institutional environment, Integral evaluation, Spatial reorganization monopoly, Antimonopoly policy, Market power, Industrial infrastructure.

I. THE ORIGIN OF THE CONCEPT OF "REGIONAL MONOPOLY"

Modern antimonopoly policy should proceed from the fact that it is connected with the classical monopolies, overusing their exclusive position in a broad economic environment [1]. Economic policy should be differentiated for different types of monopoly. The term regional monopoly is not new. It is developed within the framework of the neoclassical theory of the spatial organization of markets, in particular in the works of V.S. Voitinsky, G. Hotelling, E. Chamberlin, S. Salop, D. Hay and other foreign economists. Besides, there are provisions about regional monopolies in neoclassical theory of natural monopoly (W. Baumol, J. Penzar, R. Willing, K. Becker, S. Foster, R. Posner, R. Shmalenzi, etc.). Nevertheless, a large number of authors not go beyond the scope of formulation the problem. Except several works, devoted to the identification and analysis of monopolization processes in selected regional markets - S.B. Avdasheva, S.V. Klusina, N.M. Rozanova, A.E. Shastitko. At the same time, the reasons and conditions for the emergence of regional monopolies in modern conditions are not completely systematized in the scientific literature, and it also seems necessary to identify the tools of antimonopoly policy, taking into account specific features of display of regional monopolies. A regional monopoly is a special type of monopoly that operates in a closed economic space - a region. The classic features of this monopoly are the uniqueness of the

seller, the exclusivity of the situation, the possession of market power, the ability to influence the price, the appropriation of consumer surplus. Along with this, there are also features associated, primarily with the fact that the buyer and seller are in close proximity. Consequently, the personification of the seller and the buyer, full awareness of the demand, the need to maintain a positive reputation, the focus on long-term relationships.

II. FACTORS OF THE EMERGENCE OF REGIONAL MONOPOLIES

Classification of regional monopolies is possible on the basis of the source of education. We singled out objective and subjective factors of the emergence (according to their types) of regional monopolies [2]. The objective factors of the emergence of regional monopolies form a spatial, discrete and natural regional monopolies. To assess the environment for the emergence of regional monopolies, we considered a spatial regional monopoly. The choice is connected, first of all, with insufficient knowledge of this type of regional monopoly, and also with the social significance of this phenomenon. The identification of the reasons for the formation of regional monopolies has made it possible to develop a mechanism for identifying regional monopolies, which is based on application of the integral estimates of the Pattern, which allows not only to combine the aggregate of indicators into one coefficient, but also to rank the aggregate of regions in probability of regional monopolies. As the basic indicators that underlie this methodology, we have identified the territory, the number of residents and the number of retail facilities. This set of statistical information allows to determine the economic indicators that characterize the institutional environment of regional monopolies: population density, the average territory served by one trade enterprise, the population served by one trade enterprise.

III. INTEGRAL ASSESSMENT OF THE CONDITIONS FOR THE EMERGENCE OF REGIONAL MONOPOLIES

The integral evaluation is based on the coefficients: density, territoriality and service [3]. The integral coefficient of conditions for the emergence of regional monopolies is the arithmetic mean of the density, territoriality and service indicators. In regions where this integral coefficient is higher, the probability of regional monopolies is higher. So far as this coefficient is reducing both within a particular region in the time span and in comparison with other regions, the possibility of the emergence

of regional monopolies is lower [4]. To facilitate the perception of the integral coefficient by regions, we consider it expedient to rank the subjects of the Russian Federation in terms of the probability of the emergence of regional monopolies from larger to smaller. Where the rank is smaller, the probability of regional monopolies is higher and vice versa. This method is showed in Fig. 1. Note that this technique is applicable only to the so-called industrial infrastructure, and can not be adequately used in relation to other sectors. The universality of this methodology is limited by the fact that underdeveloped market infrastructure and low population density, as factors of regional monopolies are not the defining factors of monopolies in industry, as a rule.

trict, the Siberian Federal District and the Ural Federal District are the most sensitive to regional monopolies.

For the Far Eastern Federal District, the significant factors of regional monopolies are low population density and a small number of retail trade facilities per unit area. For the Ural Federal District and the Siberian Federal District, the determining factor of a regional monopoly is an insignificant number of retail trade objects per resident with a sufficiently high population density. The Southern FD has the largest rank, which indicates a low probability of regional monopolies in the given territory. This is explained by a rather high population density, which implies a developed transport infrastructure.

IV. CONCLUSION

1. Thus, the presented methodology makes it possible to identify not only specific regions where the emergence of regional monopolies is potentially possible, but also, on the basis of an analysis of the density, territoriality and service coefficients, to identify the factors that predetermine these monopolies. This will make it possible to implement the appropriate correction of economic policy in the region.

2. It should be specially emphasized that the task of government intervention, primarily through antimonopoly policy, should not be the liquidation of this type of monopoly, but only the overcoming of factors that determine it. Thus, the liquidation of regional monopolies will not ensure the appearance of more efficient business entity than monopoly. So far as the objective reasons for the formation of this type of monopoly stipulate only an alternative: either a regional monopoly or the absence of economic relations and absence of the market in general in the given territory. Thus, regional monopolies play an important role in the socio-economic support of the economic territory. Accordingly, the state regulation of regional monopolies should be built taking into account this circumstance. In particular, in regions where regional monopolies are caused by an inadequate number of retail facilities, it is necessary to develop regional programs that promote the activation of entrepreneurial activity in this segment [4, 5].

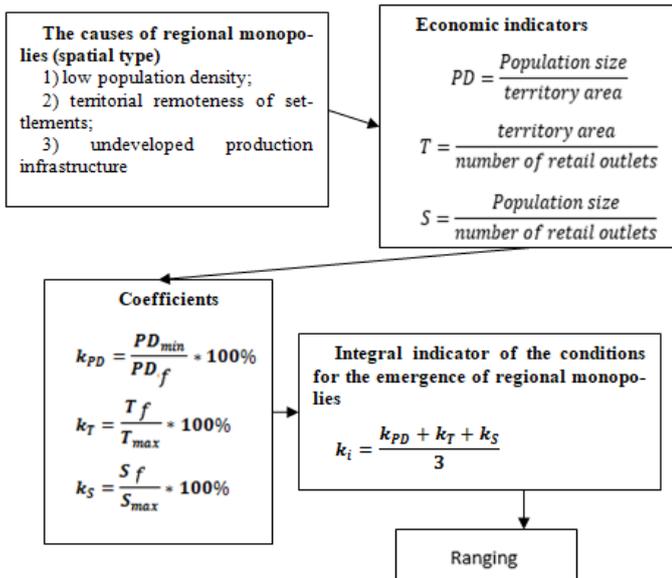


Fig. 1. The mechanism for identifying regional monopolies.

The data of Table 1 demonstrate the coefficients of conditions for the emergence of regional monopolies. In general, analyzing the integral coefficients at the level of the Federal Districts (FD), it can be noted that the Far Eastern Federal Dis-

TABLE I. COEFFICIENTS OF CONDITIONS FOR THE EMERGENCE OF REGIONAL MONOPOLIES

| | k_{PD} | | k_T | | k_S | | k_i | | rank | |
|----------------------------------|----------|------|-------|------|-------|------|-------|------|------|------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Central Federal District | 0,04 | 0,04 | 0,05 | 0,05 | 0,84 | 0,83 | 0,31 | 0,31 | 7 | 6 |
| North-Western Federal District | 0,19 | 0,19 | 0,19 | 0,20 | 0,69 | 0,69 | 0,36 | 0,36 | 5 | 4 |
| Southern Federal District | 0,03 | 0,03 | 0,03 | 0,03 | 0,64 | 0,63 | 0,23 | 0,23 | 8 | 8 |
| North-Caucasian Federal District | 0,02 | 0,02 | 0,03 | 0,02 | 0,97 | 0,85 | 0,34 | 0,30 | 6 | 7 |
| Volga Federal District | 0,03 | 0,03 | 0,05 | 0,05 | 1,00 | 0,97 | 0,36 | 0,35 | 4 | 5 |
| Ural federal district | 0,22 | 0,22 | 0,32 | 0,32 | 1,00 | 1,00 | 0,51 | 0,51 | 2 | 2 |
| Siberian Federal District | 0,27 | 0,27 | 0,27 | 0,34 | 0,69 | 0,87 | 0,41 | 0,49 | 3 | 3 |
| Far Eastern Federal District | 1,0 | 1,0 | 1,00 | 1,00 | 0,70 | 0,68 | 0,89 | 0,89 | 1 | 1 |

3. It is considered necessary to arrange special measures of organizational and economic support for local entrepreneurs working in remote places. In regions where the factor of regional monopolies is low population density - to provide the development of transport infrastructure. The organization of regular various forms of exit trade should become a permanent responsibility of local administrations.

4. To eliminate regional monopolies as a private task, as well as to implement a larger task of improving the efficiency of industrial policy in the region and the validity of regional economic development forecasts, it is necessary to establish work on monitoring regional markets. This will make it possible to assess the real ratio of the economic forces of their participants, increase the effectiveness of decisions taken in the field of government regulation of regional economy.

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