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## Regional Competition for Confidence: Features of Formation\*



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**Abstract.** The increase in economic independence of the regions inevitably leads to an increase in the quality requirements of the regional economic policy. The key to successful regional policy, both during its development and implementation, is the understanding of the necessity of gaining confidence (at all levels), and the inevitable participation in the competition for confidence. The importance of confidence in the region is determined by its value as a competitive advantage in the struggle for partners, resources and tourists, and attracting investments. In today's environment the focus of governments, regions and companies on long-term cooperation is clearly expressed, which is impossible without a high level of confidence between partners. Therefore, the most important competitive advantages of territories are intangible assets such as an attractive image and a good reputation, which builds up confidence of the population and partners. The higher the confidence in the region is, the broader is the range of potential partners, the larger is the planning horizon of long-term concerted action, the better are the chances of acquiring investment, the higher is the level of competitive immunity of the territories. The article defines competition for confidence as purposeful behavior of a market participant in economic environment, aimed at acquiring specific intangible competitive advantage – the confidence of the largest possible number of other market actors. The article also highlights the specifics of confidence as a competitive goal, presents factors contributing to the destruction of confidence, proposes a strategy to fight for confidence as a program of four steps, considers the factors which integrate regional confidence and offers several recommendations for the establishment of effective regional competition for confidence.

**Key words:** competition, region, confidence, cooperation, image, reputation, brand.

Globalization of the world economy, increasing competition, deepening economic crises have led to a relevant need to achieve greater independence of the regions in the economic space. Active participation of regions in international cooperation, their competition with each other and active positioning in the global economy have become global trend. For example, in the 21st century the economic policy of China is demonstrating a growing importance of regional independence, where the government grants the regions significant economic independence, including international cooperation, in order to promote competition among provinces.

In the search for ways out of the current economic crisis for Russia it seems necessary to intensify the implementation of the policy on the increase of regional economic independence. This was noted by E.M. Primakov in one of his recent speeches, where he urged to improve the status of regions and municipal units and give them more powers [1, p. 10]. Potentially, Russian regions, in order to become globally competitive, need to learn to position themselves in the Russian economy and in the global economic space, to cooperate actively with each other and with major Russian companies and foreign partners. Such qualities are not acquired quickly and

suggest appropriate training of regional management. The key to the successful regional policy both during its development and implementation is the understanding of the necessity of gaining confidence (at all levels) and the inevitable participation in the competition for confidence.

The importance of confidence is largely determined by the evolving climate in current economic environment, which involves higher requirements to the regions from investors, business, potential partners, etc. In the context of globalization, the economic crisis inevitably causes increased territorial competition for investment, partners, tourists and qualified workforce in international markets. This forces the regions to support existing competitive advantages and to search for new ones [2, pp. 67-85]. As M. Porter rightly pointed out, the availability of workforce, capital or raw materials does not determine company's success as these resources have become widely available [3, p. 23]. The same rule is also applicable to regions. Workforce and capital have become highly mobile, migrating to the most favorable areas, and the development of communication lines has made the movement of raw materials and products relatively inexpensive.

In modern conditions, the government, regions and companies clearly express their focus on long-term cooperation which is impossible without a high confidence level between partners. That is why the most important competitive advantages of the

territories are intangible assets such as the image and reputation (including quality of government performance and a low degree of corruption, favorable business environment, social orientation, etc.). It means that attractive image and positive reputation of the region increase confidence of the population and partners [4, pp. 4-10].

Regional competition for confidence, image and reputation is an example of extra-market, or non-market, competition [5, p. 237]. However, the fact that this competition occurs outside the market, does not make it less real, and ignoring such competition may have an adverse impact on the region. Understanding the importance of confidence and the necessity of its gaining allows the regions and cities to prepare for new economic realities.

In order to understand the peculiarities of the emergence of the competition for confidence it is necessary to reveal its essence. *From our point of view, confidence is an integral component of economic relations which characterizes their participants' expectations concerning their compliance to commitments and the established rules of interaction.* Confidence, as emphasized by many scientists [6, p. 246; 7, pp. 20-21; 8, p. 188; 9, p. 83], stimulates economic cooperation, ensures the willingness to cooperate and implement commitments, contributes to the reduction of opportunism and the emergence of "animal spirits" (according to J.M. Keynes), stimulating people's economic activity.

The profitability of confidence has long been taken into account in companies' activities, when they compete in their reputation built on the confidence in their ability to implement their commitments and meet their clients' demands, rather than in their products and their knowledge [10, pp. 118-119]. In some cases, company's assessment of its trademarks, which serve as an embodiment of production reputation and confidence in the company itself, accounts for up to 90% of company's value. In fact, the value of the company is determined by its ability to build and maintain confidence. This experience should be used in the regions, especially since there already exist striking examples of territories' development almost from scratch due to a high level of confidence of partners and population. Former Prime Minister of Singapore Lee Kuan Yew believed that confidence is the most valuable asset, and explained economic and social progress of Singapore by gaining people's confidence. He also consistently strived to maintain the confidence of foreign companies and banks in Singapore, which allowed this small city-state without any valuable resources to become one of the financial and business capitals of the world in half a century. Confidence has become the key competitive advantage for Singapore.

The higher the confidence in the region, the broader is the range of potential

partners, the larger the planning horizon of long-term concerted action, the better are the chances of acquiring investment and the higher is the level of competitive immunity of the territories [11, pp. 139-156]. The region which gains and maintains confidence becomes more prosperous, therefore it is not surprising that confidence gaining becomes one of the competitive goals [12, pp. 4-23] of the region and a prerequisite to the beginning of cooperation and long-term collaborative projects. In today's economic environment regional competition for confidence is more and more apparent.

*Competition for confidence*, in our opinion, is purposeful behavior of a subject of the market in economic environment, aimed at acquiring specific intangible competitive advantage – the confidence of the largest possible number of other market actors. It is a conscious activity to gain and maintain confidence through the formation and improvement of an attractive image and positive reputation [13, p. 79].

Region's victory in a competition for confidence means that it will receive additional intangible competitive advantages in the form of an attractive image and positive reputation, which are the basis for mutually beneficial cooperation with partners, investors, consumers and central government. Thus, any region has incentives to participate in the competition for confidence.

In practical terms, competition for confidence is now recognized and taken into account when conducting regional policy in a number of oblasts of the Russian Federation. This is reflected in the interview of the first Deputy Chairman of the Government of the Novosibirsk Oblast V. Znatkov about the importance of confidence for the region and competition of regions for the development of the Oblast [14]. The experience of competition between regions in China is very interesting. Amid the crisis and the economic slowdown regional governments of peripheral provinces are increasingly trying to integrate into mega-projects announced by Beijing. When in 2013 the government announced a plan to build a new Silk Road, Chinese regions were involved in fierce competition for the right to participate in this ambitious project. Regional leaders seek to gain confidence of the central Chinese government. Reporting on new transportation routes and international exhibitions, they want to link their projects to the Silk Road. An example of such action is rebranding the Harbin Fair into Russia-China Expo [15]. Well-organized cooperation of the Chinese province with Russian regions increases Chinese government confidence in the country and greatly increases the chances of its inclusion in the Silk Road project. Thus, the promotion of territorial competition allows China to minimize the effects of the crisis by stimulating the interest of the

provinces in joint projects and building closer cooperation with neighbors.

Confidence as a competitive objective has its own characteristics, which determines its specific nature. We identify a number of specific characteristics of confidence as a competitive goal.

*1. Trust is a behavioral characteristic that determines the peculiarities of his gaining.*

Yu.Ya. Ol'sevich notes that sequential behavior dictated by the trust instinct, an inherent need of people to trust their own kind and the society, is characteristic of the majority of market participants [16, p. 15]. Confidence is a mutual feeling which requires mutual efforts in order for it to emerge. Each producer and consumer is to a certain extent prone to trust and needs confidence. It would be impossible for a market participant to gain confidence of others, if he loses confidence in his partners and consumers [17, pp. 80-81].

The special feature of confidence is that it initially has not only economic, but primarily a psychological value. Economic relations are largely dependent on the person's necessity and need for relationship and cooperation with other people. People's need for trust and being trusted can also be mentioned. Stephen Covey Jr. is convinced that "...people want to be trust. They respond to confidence. They flourish when they are trusted" [18, p. 50].

*2. Confidence is irrational and changeable, it is not fixed and is extremely difficult to transmit and easy to lose.*

Confidence, being a largely irrational expectation, is closely linked to risks, primarily reputational. There is always an unpredictable risk of confidence loss. The reason for this may be both the mistakes of a company or a particular region, and external factors which deter market participants from their commitments. Confidence, which is formed and strengthened for a long time and gained with great effort, may be lost in an instant.

Confidence, like reputation, cannot be automatically prolonged or transferred to someone else. Even a long institutionalized process such as trademark sales creates a risk of value reduction of the sold brand due to the change of ownership. Therefore, “confidence capital” gained by the company, as well as reputational capital embodied in the form of a registered trademark, may be fully realized by the company itself (this rule also works with regard to the regions). This is a fundamental difference between confidence and other resources of market participants (tangible and intangible, human, etc.).

*3. Confidence may be an unlimited resource, available to all competitors, which forms the basis for their cooperation.*

According to V.V. Radaeva, competition is the activity of two or more market participants aimed at obtaining the same limited resource, which becomes available if some efforts are made on their part [19, p. 48]. Confidence may be both an unlimited resource, and a competition target. One and the same person, one and the same company

is able to confide in all market participants, even if they are competitors with one another. In this case the decision to choose be made either through the comparison of the degree of confidence in the competitors (higher–lower), or confidence will be one of the criteria for selection of goods and services suppliers, while other factors will be crucial – the product’s price, its quality, discounts, etc. Using sport terminology, we can say that confidence and reputation allow market participants to go through to the “Premier League”, to become a consumer’s “number one pick” among suppliers and partners, since confidence and reputation, which market participants have provided while working with former clients, reduce risks for new clients receiving guarantees of reliability [20, pp. 136–138]. Confidence is a resource available to multiple competitors, unlike, for example, financial, material or human resources, the reception of which by one market participant means that other market actors will not receive them, or they will, but in limited amounts. That is why *confidence may serve as a basis for cooperation of competing market actors.*

*4. Confidence, unlike many other types of resources, is capable of renewing.*

If confidence is not justified and is lost, there is still the possibility of restoring it. Financial and material resources mistakenly wasted are most often impossible to restore, but lost confidence may be regained, thought by making considerable effort. A compelling example of successful regain of

confidence in the country and its economy was the policy of Ludwig Erhard, Minister of Economy of the Federal Republic of Germany from 1949 to 1963 and Chancellor of West Germany in 1963–1966. L. Erhard in his work “Prosperity for All” states that regain of world confidence in Germany is his main achievement. The program on country confidence regain in South Korea after the crisis of the 1990s also comes to mind.

*5. Confidence of different groups must be gained separately.*

Since the interests of different groups (public, business community, federal government, major foreign companies) do not always coincide, it is impossible to win the confidence of all at once. For example, environmentalists and the population may oppose the construction of new industrial enterprises of a particular profile in a particular area, while entrepreneurs will advocate for new plants, etc. The region has to find consensus, ranking the interests and building confidence-based relations within the bounds possible and acceptable to the majority. While implementing major projects it is necessary to contemplate the forms and amounts of compensation for those groups whose interests are affected. This is the only way to maintain confidence for the future.

The highlighted characteristics should be taken into account when developing programs for gaining and maintaining confidence in the region. It is important to bear in mind that confidence is by no means

a goal of the economic policy of the region in itself. As it is rightly indicated, confidence, providing competitive advantage, is still the only resource to rely on. It does not guarantee business success, but is the spiritual capital, which allows other organizational structures, strategies and tactics to be more efficient [21, p. 239]. Creating confidence without institutionalizing other development mechanisms means working counterproductive and soon losing confidence when the region fails to fulfil the expectations of the population and partners.

Despite all the difficulties of gaining confidence, it is much harder to maintain it. We should highlight the factors contributing to the loss of confidence in the region, which are the most prominent:

1. Non-confidence within the region between individual target audiences, for example, between the population and the government, between the entrepreneurs and the population, between the investors and the government, etc.
2. High rate of corruption at all levels.
3. Large-scale underground economy, high level of economic crimes.
4. Unsuccessful projects implemented (or not implemented) in the region in the past.
5. Underdeveloped institutional environment, absence of legal framework, high administrative barriers.
6. Economic and social instability.
7. Absence of socio-oriented policy of regional authorities, etc.

Eliminating or minimizing these phenomena is a complex and at the same time a necessary condition for region's successful competition for confidence. The actual strategy of competition for confidence is presented as a program of four steps (stages).

*The first step – gaining confidence of the population and local business in the regional administration and in its offered/implemented projects.*

It is difficult to imagine a company trusted by its partners for a long time but with no confidence between employees and between managers and employees. In a firm of this kind explicit or implicit opportunism of employees would inevitably affect collaborative projects with partners, destroying their confidence in the company. Similarly, it is difficult to imagine a region with high confidence degree of the partners, but with a relative low confidence degree between the government and the business community, between local businessmen, between regional authorities and the population.

What will be the price of the region's effort to gain confidence of external partners, when collaborative projects fail due to local entrepreneurs' sabotage or population protests? In this case the gap between partners' expectations and the final outcome will lay the groundwork for deep distrust in the region and regional authorities. A good example of confidence issues in the region is the history of construction

of Tominskiy GOK in the Chelyabinsk Oblast. "Russian Copper Company" has managed to find common ground with the regional leadership for a major design of a mining and processing plant [22], but this project failed to gain population's confidence, which caused the escalation of the conflict between the residents and the company [23]. Regional authorities, having won confidence of the "Russian Copper Company", clearly overestimated their influence on the residents and were unable to convince them of the benefits of the plant construction for the region. This mistake threatens to result in both company's losses and reputation damage of the region, which failed to support its partners on the joint project.

At the first stage competition for confidence only begins to emerge. Most of the residents and local companies are tied to the region and will not change it. However, competition starts at the level of individual experts and unique production among Russian regions, as well as among foreign territories, attracting required personnel by better working and living conditions. Therefore, regions have to attend to keeping valuable staff and prospective companies on their territory, developing special programs for their welfare and confidence.

*The second step – winning confidence of federal authorities.*

This stage includes fierce competition for confidence between Russian regions. Confidence of the federal centre is necessary

for the region's integration into large-scale national projects (e.g. hosting 2018 FIFA World Cup, international exhibitions, forums, etc.) and participation in the development and implementation of major projects of state-private partnership, such as design and construction of high-speed railways, etc.

*The third step – gaining confidence and development of interest in the region to the people outside it – both in Russia and abroad.*

In order to achieve this, the region should not only be recognizable in the world, but also attractive for visiting and living. It is worth mentioning that, for example, the development of tourism tests the region's readiness for long-term confidence maintenance: whether the trip there will become a one-time extreme and exotic experience, or the region will seem a friendly and pleasant place for people to visit again and again. Well-developed tourism raises the interest in the region of potential economic partners, while entertainment visits may be of interest from the point of view of doing business there.

At this stage the region has to compete for confidence with hundreds of regions worldwide, which makes it extremely difficult to establish leadership in the competition for confidence. At the same time it helps study the experience of other regions in confidence gaining and choose the most optimal ways of gaining confidence

in one's region using the achievements of competitors and taking into account their mistakes.

*The fourth step – winning confidence of major Russian and foreign companies, other regions and countries.*

The most difficult and responsible stage of the competition begins when leaders in confidence gaining become actively engaged in the competition. At this very stage partners for costly long-term collaborative projects are selected, which is considered as the "prize" in the competition. The successful implementation of such projects allows the region to pass to the "Premier League", facilitating further maximization and maintenance of confidence in the region.

The region will always be tempted to go directly to winning confidence of large companies and other regions in order to participate in major projects. The benefits from such projects are too obvious: international reputation, interest of potential partners worldwide, project implementation experience and new potential prospects. Regional authorities do not always consider the difficulties and costs such as intense competition over the participation in a project, significant resource and effort costs (tangible and intangible) for at least getting on the list of candidates for participation in such projects; originally high costs and long-term cost recovery; discontent of the

population, which may think that their daily needs are neglected for the sake of major projects; the declining confidence in the region in case of its failure, etc. The history of Tominskiy GOK construction and the failure of Yekaterinburg to win the right to hold EXPO 2020 prove that it is better to gain confidence step by step participating in competition for global projects only if the necessary confidence capital of the population and business in the region is developed.

Without confidence even good undertakings of both federal and regional authorities are doomed to failure. There are many examples of this in the Russian history. The example which proves it best is the Russian-Transcaucasian Trading Company, in which A.S. Griboyedov was actively engaged, who was not only the author of the famous “Woe from Wit”, but also the most influential official and a skillful diplomat. In order to develop and explore the region, recently annexed to the Empire, a new trading company with

joint state-private capital following the model of the British East India Company was expected to be established. Announced in 1831, the company, however, never initiated activities, despite government money invested in it. In the search for the reasons for company’s failure, the local official claimed that local Armenian merchants “are not prone to mutual agreement” and Moscow manufacturers, being the best hope of company’s project planners, did not invest in the company [24, pp. 152-154]. Without confidence in the authorities even the prospect of sole trade with the most prosperous region could not encourage Moscow merchants to cooperate neither with the government, nor with the Transcaucasian regional officials.

Unfortunately, nowadays the level of public confidence of residents and businesses in Russia still remains low. According to the results of our sociological survey in the Ural Federal District, the level of confidence between the federal subjects of the Russian Federation is also low (*Tab.*).

Distribution of answers to the question: “How would you rate the current level of confidence in Russian economy (between the federal subjects of the Russian Federation)?”, %

	All respondents	Including the representatives of:		
		authorities	business	scientific community
High	-	-	-	-
Above average	5	8	4	4
Average	42	58	40	29
Below average	30	22	27	39
Low	12	4	14	17
Not sure	11	8	15	11

The 2013 survey<sup>1</sup> showed that 42% of respondents rated the level of confidence in the economy as “below average” and “low”. The proportion of such answers among the representatives of the authorities amounted to 26%, while among businessmen – 41%, and among the representatives of the scientific community – more than a half (56%). The problem of confidence is fully relevant in Russia, and the prospects of the establishment of competitive cooperation between the territories in current economic environment will depend on its solution.

It would be fair to give positive examples of competition for confidence in the Sverdlovsk Oblast. Ural Mining and Metallurgical Company (UMMC) is particularly noticeable. The holding

<sup>1</sup> The survey was devoted to the assessment of the competition and the prospects of the establishment of competitive cooperation of the territories in current economic environment. Three hundred and sixty-seven questionnaires were received from the representatives of the authorities and management (128 respondents), businesses (111 respondents) and scientific community (142 respondents) of the Ural and Volga Federal districts. Among the representatives of the authorities and management are Deputies of regional and city dumas, leading experts of economic ministries and departments of the Sverdlovsk, Chelyabinsk, Tyumen, Orenburg and Kurgan oblasts, as well as employees of economic committees of cities such as Yekaterinburg, Nizhny Tagil, Izhevsk, Perm. The representatives of business community included heads and deputy heads of enterprises of small and medium-sized businesses operating in the Sverdlovsk, Tyumen, Kurgan, Chelyabinsk, Perm oblasts and in the Republic of Bashkortostan and the Udmurt Republic. The scientific community is represented in the survey by academic economists of Institute of Economics of the Ural branch of the Russian Academy of Sciences, Ural State University of Economics, Tyumen State Oil and Gas University, Perm National Research Polytechnic University and Udmurt State University.

company, being the largest copper producer in Russia, integrates more than forty companies in different regions of Russia and abroad. In addition, UMMC implements projects in the sphere of agriculture, construction and development, enters the market of telecommunication, medical and insurance services. Such a large company must inevitably build trusting relations not only with the Russian and regional authorities, but also with the population. This became particularly important when the implementation by UMMC of a series of projects provoked its prosecution of environmental damage.

Today the company continues to claim its responsibility for the development of the territories where the holding’s enterprises are located, for social welfare and the increases in the level of material well-being of the residents. UMMC plays an important role in the participation in the industrial personnel training program, implemented in cooperation with the authorities of the Sverdlovsk Oblast and other companies. In 2013 Corporate UMMC University of Technology was established (Verkhnyaya Pyshma), centers of engineering creativity for pupils in the Sverdlovsk Oblast were opened on the basis of joint projects under the Ural School of Engineering. Supporting regional business, the company tries to take on partners among local businesses, establishing long-term and mutually beneficial cooperation. Such

multilateral efforts in the development of the region and gaining confidence of the population deserve the highest appraisal and may be good examples to be followed. It is fair to say that UMMC successfully competes for confidence of not only the authorities and business partners, but also the population.

The government must also help build confidence. Confidence as the most important prerequisite of social transformations and a condition for achieving socio-economic stability must be the core of the state policy. The government must not only initiate, but also promote the establishment and development of confidence in economy by creating favorable conditions for doing business throughout the whole country, by protecting property, business entities, etc. [25, pp. 155-172]. It is necessary to ensure the unity and consistency (within reason) of the “rules of the game” operating in the territories of all sub-federal entities. Without such national regulation of competition for confidence the results of cooperation between regions, between regions, business units and the population would be negligible.

Confidence is based on many factors which must be taken into consideration regional competition. This determines the complexity of control and neutralization of negative phenomena and processes which can lead to losses while competing for confidence. These losses usually coincide

with the risk factors of reputational loss and the damage of the image of the region and business community. They include:

- legislation violation by market entities, failure to fulfil contractual obligations, inadequate quality of products and provided services;
- negative or indifferent attitude of regional authorities and individual companies to the needs of the population and businesses, to ethical issues and rules of corporate culture, social responsibility, etc.;
- unethical and fraudulent operations of business representatives and authorities of all levels;
- participation of regions, cities and companies in high risk and non-transparent projects;
- failure of the relevant authorities and structures to adequately protect the most important socio-economic projects of the regions from embezzlement and other economic crimes;
- absence of effective and efficient partnership of the regional authorities and business with the media.

Analyzing the world experience of building confidence in economy, we propose several recommendations for the establishment of effective regional competition for confidence.

*1. It is necessary to use a variety of methods to disseminate objective information about the region in order to form its attractive image and positive reputation and, finally,*

*confidence in it.* Media promotion campaigns extremely costly, but absolutely necessary in the process of gaining confidence. Newsworthy information may be very different. Charity, participation in joint social programs with authorities, and promotion of cultural activities contribute to the increase of frequency of the region's reference in the media and the creation of confidence of the population.

Participation of regional companies in exhibitions, specialized conferences, and steady work in professional associations within one's industry and chambers of Commerce and Industry promote the creation of a positive image, reputation and confidence in the region in a professional environment. Such associations may help coordinate competitive cooperation, develop general rules of the game and define the goals, objectives and development prospects of the industry and the region.

2. *As a major success factor in the competition for confidence it is important to consider the ability of regional authorities and companies to anticipate future technological and organizational changes*, which help be in advance of the rivals within the depth of the planning horizon. Both competitive cooperation in scientific and technological progress, in joint implementation of new technology and competitive intelligence, focused on the study of strengths and weaknesses of the competitors, not willing to cooperate, are effective.

3. *To minimize the risks posed by reliance on confidence in order to improve competitive immunity of the region, ensure its viability and confirm the success of the chosen confidence building strategy it is necessary to conduct permanent analysis of rivals effectiveness and partners' and consumers' loyalty, and to measure their level of confidence in the region and companies operating in it.*

4. *A timely competent adjustment of tactical actions, and sometimes a shift in paradigm of confidence building is required, based on the abovementioned monitoring of strategy, risks and level of confidence.*

5. *When competing for confidence it is not recommended to use methods which undermine confidence.* They include bribery of the authorities and the media, spreading false information about competitors, consumer fraud regarding the quality and characteristics of goods and services, etc. These methods may be beneficial in the near future, but they will completely destroy confidence in the region in the distant future. In addition, it is necessary to remember that sustainable development of modern economy is increasingly dependent on the interaction with competitors. Under the massive information flow the world is becoming more "transparent" and deception is getting more and more difficult to remain unnoticed. Honesty is the best and least expensive policy on gaining confidence. It is also important that "confidence must be earned" and maintained for as long as possible.

In conclusion, it must be emphasized that the establishment of competition for confidence among the regions in Russia will probably occur in the context of continued poor management quality (i.e. bad institutions) and lack of real federalism (which implies economic and political autonomy of the regions). In order for the regional competition for confidence to be realized in practice, it is necessary to ensure the stability of the rules of the game (institutions), institutional support is required.

The continuing lack of initiative from regions and municipalities in gaining confidence and competition for it is not often the result of lack of resources and finance. Lack of initiative and depressive character of the territories is largely due to a big amount of untapped potential in both organization and communication strategies of regional authorities. Regional authorities remain passive in the organization of state-private partnership, coordination of the cooperation of regions and municipal units,

mobilization of factors and conditions increasing the mobility and creativity of economy in the area under their jurisdiction. Of course, it is fair to note that today there is lack of drivers for such activities due to the fact regional and local communities have no real autonomy. It appears that the development of competition for confidence between regions is hampered by:

- uneven economic development of regions and municipalities;
- underdevelopment of the institutional environment;
- excessive dependence of economic development of the regions on the federal center;
- low level of confidence in the country, including the sphere of economy;
- weak mobility of regional and municipal economies;
- low diversification level of territorial economies;
- insufficient integration maturity of the territories.

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