Economic and Social Development

37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development"

Book of Proceedings

Editors:
Muslim Ibrahimov, Ana Aleksic, Darko Dukic

Baku, 14-15 February 2019
Varazdin Development and Entrepreneurship Agency
in cooperation with
Azerbaijan State University of Economics (UNEC)
University North
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat

Editors:
Muslim Ibrahimov, Ana Aleksic, Darko Dukic

Economic and Social Development
37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development"

Book of Proceedings

Baku, 14-15 February 2019
EVALUATING DEMOGRAPHIC CAPACITY OF TERRITORIES IN REGIONAL SUSTAINABLE DEVELOPMENT PLANS .......................................................... 584
Zamin R. Husseynov, Abdulla K. Abdullayev, Basti M. Aliyeva, Nahid Huseynli

ESTIMATION OF THE EDUCATION INFLUENCE ON THE POPULATION INCOME ................................................................................. 593
Adalat Muradov, Yadulla Hasanli, Fargana Musayeva

ADVANCING TOWARDS SUSTAINABLE ECONOMIES: EXAMINING RESIDENT ATTITUDES & PERCEPTIONS TOWARDS SUSTAINABLE TOURISM DEVELOPMENT IN QATAR .................................................. 603
Ali Abdallah, Raheeq Al-Bakry

REGIONAL DEVELOPMENT IN PROVISION OF ECONOMIC GROWTH .......... 613
Alina M. Aliyeva

PREPARATION AND IMPLEMENTATION OF AGRICULTURAL DEVELOPMENT MASTER PLAN FOR ADMINISTRATIVE RAYON BASED ON SUSTAINABLE AND INCLUSIVE DEVELOPMENT PRINCIPLES ....................................... 623
Zamin R. Husseynov, Abdulla K. Abdullayev, Basti M. Aliyeva, Nahid Huseynli

STRATEGIZING OF THE SPATIAL DEVELOPMENT OF THE REGION BASED ON THE CONCEPT OF "SMART SPECIALIZATION" ............................................. 626
Anar Rzayev, Julia Lyshchikova, Tatyana Dobrodomova, Nadezda Borzenkova

CHALLENGES AND OPPORTUNITIES RELATED TO THE EMPLOYMENT OF UKRAINE WORKERS ON THE POLISH LABOR MARKET ........................................ 633
Halina Jasniewska, Anna Tomaszuk

TANAP AND TAP AS PART OF AZERBAIJAN’S ENERGY STRATEGY ............ 643
Araz Aslanli, Abilkhan Isayev

SOCIO-ECONOMIC PROBLEMS OF THE NON-OIL SECTOR IN MODERN CONDITION ............................................................................... 651
Arif S. Shakaraliyev, Zibeyda A. Shakaraliyeva

VALUE CHAIN FOR THE DEVELOPMENT OF THE EVORA REGION. THE CASE OF THE CHICKPEA PRODUCT ......................................................... 657
Erika Guadalupe Espinosa-Duran

INTEGRATION POTENTIAL IMPLEMENTATION MODELS ................................ 665
Nigar Ashurbeyli-Huseynova, Ludmila Filippova

ASSESSMENT OF THE IMPACT OF TOURISM SECTOR ON THE ECONOMY OF AZERBAIJAN, KAZAKHSTAN AND IRAN USING INPUT-OUTPUT MODELS ... 672
Yadulla Hasanli, Sailau Baizakov, Sudabe Salihova

PROBLEMS IN THE ENSURING MACRO-ECONOMIC STABILITY, FISCAL POLICY, PROVISION AND IMPROVEMENT OF ITS ACCOUNTING AND ANALYTICAL CHALLENGES IN THE REPUBLIC OF AZERBAIJAN ............. 682
Qubadova Aybeniz Anver
STRATEGIZING OF THE SPATIAL DEVELOPMENT OF THE REGION BASED ON THE CONCEPT OF "SMART SPECIALIZATION"

Anar Rzayev
Azerbaijan State University of Economics (UNEC), Azerbaijan
a.rzayev@list.ru

Julia Lyshchikova
Belgorod National Research University, Russia
lyshchikova@bsu.edu.ru

Tatyana Dobrodomova
Belgorod National Research University, Russia
dobrodomova_t@bsu.edu.ru

Nadezhda Borzenkova
Belgorod National Research University, Russia
borzenkova@bsu.edu.ru

ABSTRACT
The purpose of the study is to determine the conceptual foundations and approaches to the strategy of spatial development of the region based on the principles of "smart specialization" considering the specifics of the resource potential and geo-economic situation. The scientific novelty of the research is connected with the development of conceptual and categorical apparatus of regional and spatial economy in the form of the author's extended interpretation, hierarchy and systematization of such concepts as "region", "space", "territory", "spatial potential of the territory", "spatial development of the region", "strategy of spatial development", "smart specialization". In the process of comparative research using the method of "tag cloud" content analysis of strategic documents of the regional level of the European Union and some regions of the Russian Federation, in the context of their application of various forms of spatial organization of the economy and the principles of "smart specialization" was carried out. It is established that various forms of spatial organization of the economy and the principles of "smart specialization" are implemented by Russian regional authorities sporadically, fragmentary and unsystematic, which adversely affects the spatial development and leads to a lack of formation and implementation of the unique competitive advantages of the territories. The results of the study can be used in the development and updating of strategic policy documents at the regional and municipal level, including the mobilization of internal resources of the regions, the formation and implementation of strategies for socio-economic, innovative and spatial development and network interaction of the regions.

Keywords: Macroeconomy, Smart Specialization, Spatial Development, Strategizing

1. INTRODUCTION
Strategizing of spatial development (as a set of conceptualization, forecasting, strategic staging, modeling, planning, design, programming, implementation and control) is a relatively new direction in the research of problems of regional policy formation, which was developed in the mid-90s of the twentieth century (Bandman, 1977; Bukhvald, Valentin, 2016; Glazychev, 2008; Granberg, Suspitsyn, Minakir et al., 2011; Kleiner, 2011; Kotlyakov et al., 2013; Zhikharevich, Pribyshin, 2014). This was due to the need to develop completely new methods and tools to manage the potential of the regions in the conditions of transformation of the economic space.
in the globalization period. However, despite the existing experience of regional strategizing, many fundamental issues remain unresolved. In the context of the economic and spatial development paradigm, regions become fragments of the economic space, where, in the context of globalization and increasing competition for strategic resources and investments, international, national and regional interests are focused and collide. The process of polarization and disintegration of the economic space is growing due to the uneven distribution and concentration of economic activity at the local, subnational, country and international levels. The strategic challenges of the "new regionalization" require the development of a systematic methodology for strategic spatial development of territories, taking into account state priorities, macro-regional and interregional contexts, types of multiculturalism and prospects for the rational use of the unique internal potential of the regions.

2. TERRITORY, REGION, SPACE: EVOLUTION AND TRINITY OF CATEGORIES AND APPROACHES

The influence of the spatial factor on regional development was studied by representatives of different scientific directions (Boudeville, 1966; Enright, 1993; Glazychev, 2008; Granberg, Suspitsyn, Minakir et al., 2011; Hoover, 1971; Isard, 1960; Myrdal, 1957; Richardson, 1969; Tinbergen, 1967) and passed a long way of evolution (Figure 1).

![Figure 1: Evolution of Approaches and Categories in the Research of regional development](image)

The research of above-mentioned works in a retrospective allows to claim that for economists of the 19th century not the economic space, and, mainly, the territory as the limited part of the land surface with natural and anthropogenic properties and resources was subject of the analysis (geographical approach). Flourishing at the beginning of the 20th century the theory of economic zoning and the formation of national systems of administrative-territorial and economic zoning concentrated research on the category of "region" or "district" as a territory with different specialization and features of the complex development of the economy, a peculiar geographical location, natural and human resources, which boundaries are defined in the administrative order (regional approach). At the turn of 1980-1990, attention was clearly focused on the category of "economic space". This is due to the filling and saturation of the territory with the development of various objects (settlements, industrial enterprises, transport and engineering structures), strengthening, deepening and complication of the relationship between them, the emergence of prerequisites and opportunities to manage their development (spatial approach).

3. “SMART SPECIALIZATION” IN SPATIAL DEVELOPMENT STRATEGY

3.1. Genesis and Evolution of the Concept of “Smart Specialization”

The concept of "smart specialization" was drafted by an expert group of the European Commission "Knowledge for Growth" (Foray, David and Hall, 2009) as a strategy of innovative development of regions, suggesting the most efficient use of their features and the development of competitive advantages. In the future, as an element of innovative and spatial development, it was developed in a number of works (Barca, 2009; Barca, McCann, 2011; Boschma, 2014;
Coffano, Foray, 2014; Foray, 2015; Karayannis, Grigoridis, 2016; Kutsenko, Alenkina, Kendras, 2018; McCann, 2015; McCann, Ortega-Argilés, 2013; McCann, Ortega-Argilés, 2014; OECD, 2013). These works contain the substantiation of such distinctive features of "smart specialization" as:

- use of implicit knowledge and local competencies to select development priorities;
- evidence through quantitative indicators, building on a broad empirical base;
- principles of diversification, related diversity and strong interdisciplinary connections;
- identification of global technology trends in current and potential regional specializations;
- broad understanding of social and service innovations, including in medium- and low-tech industries;
- search for the region's place in the global value chain, analysis of structurally similar territories and subsequent benchmarking;
- assessment of the potential of interregional cooperation, taking into account the relationship of smart specializations of different regions.

The legal basis for the definition of "smart specialisation" is Regulation of the European parliament and of the council of 17 December 2013 no 1303/2013, where ""smart specialisation strategy" means the national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts" (European Parliament, 2013). In May 2012, the European Commission developed Guide on research and innovation strategies for smart specialization (European Parliament, 2012). The Guide sets out the main activities that provide guidance for the development of research and innovation according to the strategy of "smart specialization" (RIS3). The Guide consists of six practical steps:

- analysis of innovation potential;
- initiation and management of the RIS3 process;
- development of a common vision for the future of the region;
- identification of a limited number of priorities;
- definition of the relevant "mix" of state policy, development of the road map;
- monitoring and evaluation of the implementation of regional strategies.

Thus, "smart specialization" provides for the distribution of functions by levels of management. At the (above)national level, the general conditions for the development and implementation of strategies, verification of priorities are set, common databases for analytical comparisons are formed. At the regional level, direct selection of priorities for innovation development is carried out, the development of strategies and their implementation, and corresponding coordination structures are created.

3.2. Implementation of the Concept of "Smart Specialization" in the Strategy of Spatial Development

Directions and priorities of development and implementation of the spatial potential of the territories are reflected in the regulatory and legal policy documents, both at the level of integration associations (European Perspective of Spatial Development, the Fundamental Principles of Sustainable Spatial Development of the European Continent, the Territorial Agenda of the European Union until 2020, the Scenario of Spatial Development of the European Union until 2050), states (the Concept of Development "Azerbaijan 2020: a Look into the Future", the Forecast Scheme of Territorial and Spatial Development of Kazakhstan
until 2020., Strategy of Socio-economic Development of the Russian Federation until 2020; Strategy of Spatial Development of the Russian Federation until 2025; Strategy of Innovative Development of the Russian Federation until 2020; State Program of the Russian Federation "Economic Development and Innovative Economy" until 2020), and at the level of administrative-territorial entities. We conducted a content analysis of the strategic documents of socio-economic development of the regions of the Central Federal District of the Russian Federation for compliance with the generalized features of "smart specialization" (Kutsenko, Alenkina, Kendras, 2018) using the "tag cloud" method (Table 1).

Table 1: The Results of Content Analysis of Strategic Documents of Regional Development of the Central Federal District

<table>
<thead>
<tr>
<th>Region</th>
<th>Use of unique competitive advantages of the region</th>
<th>Validity of the chosen specialization</th>
<th>The choice of cross-sectoral priorities</th>
<th>A broad view of innovation</th>
<th>Focus on future markets and technologies</th>
<th>Accounting of strengths and specializations of other regions, including abroad</th>
<th>Synchronization between different levels of management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgorod region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Bryansk region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Vladimir region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Voronezh region</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Ivanovo region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Kaluga region</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Kostroma region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Kursk region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Lipetsk region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Moscow region</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Orel region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Ryazan region</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Smolensk region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Tambov region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Tver region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Tula region</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Yaroslavl region</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Moscow city</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>

The results of the analysis showed that the recently developed strategies of regional development until 2035 (Kaluga region, Moscow region, Ryazan region, Tula region, Moscow city) are sufficiently consistent with the principles of "smart specialization", especially in
relation to the development of municipalities. At the same time, the strategic documents of other regions contain significant shortcomings:

- single-industry specialization instead of identification and selection of promising interdisciplinary and cross-sectoral priorities;
- interregional competition instead of interregional cooperation within the framework of national and global competition;
- focus on existing specialization instead of searching for emerging fast-growing promising industries (key enabling technologies);
- lack of synchronization between different levels of management due to the lack of a common methodological and regulatory framework;
- prioritization of the specialization “from above” instead of activating the initiative “from below” through entrepreneurial search;
- duplication of competencies and priorities instead of complementarity and synergy.

In addition to creating a common methodological and regulatory framework in order to promote the countries and regions of the EU in the development, implementation and review of the selected priorities of the strategy of "smart specialization" (RIS3) in 2011, Institute for Prospective Technological Studies (IPTS) has created Smart Specialisation Platform (S3). The tools of Smart Specialisation Platform are:

- Eye@RIS3 is online database of RIS3 priorities. The database is a map and contains information about the priorities of the regions. The purpose of the database is to give an overview of the selected priorities to find unique niches and potential partners for cooperation. The database contains 4 headings: general description, existing opportunities of the region, target markets and sectoral priorities at the EU level;
- ESIF-viewer is a tool to search for planned investments of European structural and investment funds;
- ICT Monitoring is a tool to search for planned investments of European structural and investment funds in the field of information and communication technologies;
- Regional Benchmarking – an interactive tool to identify structurally similar regions across Europe;
- EU Trade is fully interactive web-application for visualization and analysis of interregional trade flows and competitive positions of regions in Europe. The purpose of this tool is to assess regional assets and analyze the economic situation of the region as a fundamental step in the construction of the "smart specialization" strategy;
- R&I Regional Viewer is a tool that allows you to visualize and compare research and innovation investments across different funding channels and EU programs across EU regions.

In our opinion, in the Russian Federation, and possibly in the Eurasian Economic Union EAEU, such a comprehensive ICT tool is also necessary to provide an opportunity to obtain information, methodology, expertise and advice from national and regional policy makers, promotes mutual learning and international cooperation and to help regions to choose a cluster specialization by comparing their own capabilities with those of other territories, assessing their own competitiveness, determining target markets and industry priorities.

4. CONCLUSION
In the conditions of strengthening of economic integration and simultaneous increase of global challenges and threats new methodological approaches to a strategirovaniye of spatial development of territories on the basis of the concept of "smart specialization" are necessary.
Systematic purposeful application of the concept of "smart specialization "will help to ensure the transition to a network cluster model, the creation of new spatial formations of interdisciplinary and inter-sectoral nature, the formation of interregional areas of integrated sectors of the"new" and "traditional" economy, generating significant multiplicative effects and stimulating the competitiveness of the regional economy.

ACKNOWLEDGEMENT: The article is prepared with the financial support of the grant in accordance with the order of Belgorod National Research University № 737-OD from 15.08.2018.

LITERATURE: