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## Editorial

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**Biographical notes:** Liudmila Ruzhanskaya graduated from the Ural State University in Yekaterinburg, Russia in 1993 and earned her Doctor of Science in Economics degree (Dr. Sc. Econ.) from the Saint-Petersburg State University, Graduate School of Management, Russia. Since 2007, she is the Head of Academic Department of Management, Graduate School of Economics and Management, Ural Federal University. She authored more than 80 publications and research papers and received grants from Open Society Institute, EERC, Moscow Public Scientific Foundation, World Bank, USAID, Human Capital Foundation, and other Russian and international research foundations and academic exchange programs. Her research interests include corporate governance and strategies of Russian companies.

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This special issue of the *International Journal of Economic Policy in Emerging Economies* includes five papers which have been selected through a peer-review process among papers presented at the X International Conference 'Russian Regions in the Focus of Changes' in 2015 in Yekaterinburg, Russia. The conference has been jointly organised by Ural Federal University, National Research University Higher School of Economics (Moscow), Faculty of Economics of Lomonosov Moscow State University (Moscow), the Institute of World Economy and International Relations of the Russian Academy of Sciences (Moscow), New Economic School (Moscow) and the Graduate School of Management of St. Petersburg State University (St. Petersburg). In recent years, the

conference has been one of the biggest expert platforms for government authorities, academics and business representatives to discuss the issues of regional development.

This special issue is a coherent collection of papers on empirical studies of the Russian economy, including the public sector. The authors focus on actual development issues in emerging markets, including performance improvements at the firm level, efficiency of the reforms in public sector. The slowdown of the Russian economy has stressed the need to find new sources of economic growth. The papers brought together in this special issue cover the factors of efficiency in Russian firms related to spatial location, development of hard infrastructure, export activities. The public sector accounts for the large share in the Russian economy, this, in turn, raise the issues of the efficiency of public spending, especially in healthcare and education sectors.

In our view, the main advantage of this issue is the presentation of recent empirical evidence based on Russian data which is especially important for the development of comparative economic studies in the BRICS and emerging economies. Since the late '80s–early '90s, Russia experienced a dramatic political, economic and social transformations that have not only affected the economy, but also gave raise to the development of empirical research. The beginning of the reforms has been more than 20 years ago and has made it possible to accumulate large amounts of data on market-based indicators. However, the lack of micro-level data still is one of the major obstacles for modern empirical studies on the Russian economy. In this regard, empirical studies based on a thorough qualitative selection and interpretation of data draw higher attention and present evidence for comparative studies. Papers in this issue employ both data from statistical reports and firm surveys.

The article titled 'The impact of spatial concentration on enterprise performance: is localisation level optimal in Russia?' empirically estimates the effects of spatial concentration of economic activities on enterprise productivity, using Russian firm-level data from 1999 to 2008. Panel data allows to control for endogeneity biases associated with estimation of agglomeration economies, using fixed effects method. Results show that Russian firms benefit from localisation and urbanisation economies, as well as from home market potential and that these benefits vary across industries and cities. Localisation benefits are found to be not well internalised by firms in their location choice, i.e., there is difference between the pattern of location that would maximise productivity gains and the observed one. It shows that regional policy could help approaching optimum level of localisation economies.

In the paper 'Explaining the performance of Russian export: what role does the soft and hard infrastructure play?' the authors study the effects of 'hard' and 'soft' infrastructure on export performance in Russian regions. To measure 'hard' and 'soft' infrastructure the authors employ a unique data provided by the All-Russian Non-Governmental Organization for Small and Medium Business – Opora Russia, which assesses the quality of physical infrastructure and administrative regulation based on interviews with small and medium enterprises. The paper employs a semi-parametric survival analysis, robustness check is provided with discrete-time cloglog, and probit models, standard errors are clustered at two-digit region-industry level. The authors find that both 'hard' and 'soft' infrastructure improves export survival on foreign markets. Moreover, the effect is even higher for longer and larger export flows. Empirical results suggest that hard and soft infrastructure have resembling effects on export survival in the Russian economy and, thus, might be considered as complements.

Analysis of public sector issues starts with the paper ‘Strengthening competitive forces in Russian mandatory health insurance’ written by Hans Wiesmeth. The Russian healthcare system has experienced significant reforms since the early 1990s, also with the goal to strengthen competitive forces for better quality of healthcare, to open equal access to quality medical care, in particular. Nevertheless, the actual situation is still far from this goal. A serious lack of financial means, and framework conditions, which are not in favour of strong competitive forces, have to be blamed in the first place. In this context, a rigorous formal equilibrium analysis is applied to provide insight into the competitive forces in Russian mandatory health insurance. The paper investigates first the current system. Thereafter, a modified system with more possibilities of competition will be proposed. Besides, a better funding, this modified system requires structural changes in comparison to the current system.

In the age of increasing globalisation, the creation of international labour market has a considerable influence on the development of national tertiary education systems. In Russia, this influence has led to a comprehensive wide-ranging reform of the entire education system. The author of the paper ‘Current status of higher education in the regions of Russia: a pilot study’ has developed a methodology for diagnosing higher education systems at regional level. The author finds no strong correlation between the level of research funding and the research outcomes in Russian research and educational institutions. It allows to argue that regions with strong tertiary research and education institutions are less affected by the state financial policy.

At a time of public expenditure cuts the issue of how public sector workers should be remunerated attracts more attention. The paper ‘Empirical analysis of civil servants wage and maintenance setting: evidence from Perm region’ proposes an approach to wage and maintenance cost setting for municipal employees. Norm setting allows creating equal and fair conditions for local administrations, optimising the structure and number of municipal employees, attracting qualified personnel. To determine the best mechanism for establishing the norm, authors analyse the key features of the existing methods, formulate criteria for municipalities grouping and create the formula for norm calculating. Norm setting methodology is empirically tested, based upon 2013 data for the 339 municipalities of Perm region, and policy implications of the results are discussed.

To sum up, this special issue extends the research agenda in emerging markets by providing empirical results on the Russian economy, which is an important input into the development of modern comparative studies. We would like to sincerely thank the *International Journal of Economic Policy in Emerging Economies* for being a platform for sharing new evidences and suggestions among researchers and policy makers.

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