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Process Approach as a Methodological Basis for Economic Integration of Zabaikalsky Krai and Cross-Border Territories of China

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This article proves the necessity of international economic integration between Zabaikalsky Krai and cross-border territories of China. The possibility of increasing regional integration between Zabaikalsky Krai and China is based on complementarity and interdependence of the economic potentials of both sides. At the same time, the existing national differences at the level of development of the adjacent socio-economic systems need a common system of goals, balance of priorities in their achievement, which, in its turn, implies a coherent integration policy between two regions — Zabaikalsky Krai and Inner Mongolia Autonomous Region. However, the lack of unified theoretical and methodological basis for international regional integration restrains the formation of the existing policy. In the context of multiple and ambiguous scientific approaches to international system, it is proposed to consider the “theory of relationships”, by Professor Qin Yatsin, as the scientific basis for international regional integration, which proves the need and possibility of harmonising relationships between participants of international exchanges. From the author’s point of view, the practical implementation of the “theory of relations” is possible within the framework of the process approach, which implies the interaction of international integration participants in achieving overall results. The use of the process approach as a methodological basis for regional integration allows to balance the interests of the sides of integration and identify their priorities. The proposed paradigm of international relations is supplemented by the author’s classification of the processes, the assessment of their impact on the results of integration. It is shown that the interaction of the processes is sufficiently stable, predictable, manageable, hence the use of the process approach in the development of international regional integration

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seems very promising. The process approach allows to form various scenarios of international integration, based on different composition, results and nature of the interacting processes.

Keywords: process approach, Zabaikalsky Krai, China, international regional integration, relationship theory, interaction of processes, harmonisation of relationships.

Research area: economics.

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Zabaikalsky Krai, in comparison with the other regions of the Russian Federation, has the longest border with China. Foreign trade is one of the priority directions of the regional economic development. However, international projects are underrepresented in the Socio-Economic Strategy. There are a lot of cooperation agreements signed between Zabaikalsky Krai and cross-border territories of China. The results of cooperation are presented in the table below (Table 1).

Table 1. Dynamic of foreign trade between Zabaikalsky Krai and China, in millions of dollars¹

Indicator	2010	2015	2016	2017	2018
Turnover	510.4	570.7	618.9	876.5	981.7
Export	131.6	108.4	207.7	286.9	433.5
Import	378.8	462.3	411.2	589.6	548.2
Surplus	-247.2	-353.9	-203.5	-302.7	-114.7

In conditions of favourable goods and finance market conjunction, export of goods from Zabaikalsky Krai is constantly increasing. The proportion of the import covered by the export is growing too (under 19.0 %). Dynamic of turnover in the last 5 years is unsustainable, which is apparently associated with the intermittent fluctuations in demand on commodity market, at the same time, the economy of Zabaikalsky Krai is oriented on it (Kolodin, Sukhodolov, 2019: 224). Fuel and mineral resources are dominant in the commodity structure of the region (33.8 %). Wood and wooden products make up 44.4 % of the commodity structure. Rising trend of goods export

¹ Customs statistics of foreign trade of Zabaykalsky Krai. Available at: http://stu.customs.ru/index.php?option=com_content&view=category&id=178:2012-12-27-01-27-57&Itemid=253&layout=default (accessed 10 July 2019).

does not include export of services which had a marked decline during the researched period (dropped by 54.0 %). The main share in the total volume of export consists of transport, hotels, restaurant and travel services (travel agencies, excursions, travel agents).

In our view, positive changes of foreign economic activities in Zabaikalsky Krai mentioned above should be considered as a modest improvement of trade conditions with China. The changes are not due to the progressive transformation of the international cooperation aimed at deep integration. It has to be acknowledged that the existing level of international cooperation between Zabaikalsky Krai and cross-border regions of China does not provide possibility to expanded usage of competitive benefits of the region: well-developed transport and logistics infrastructure, availability of natural resources, agriculture adapted to harsh climate and provided with manufacturing facilities.

World economy globalisation and deepening of integration between businesses of leading countries offer the prospects of expanding markets for agriculture and food sectors manufacturers, provide possibilities for adaptation of new technologies in mining and manufacturing fields, implementation of high technological projects in production of machines and equipment, development of rocket and space sector, development of tourism and hospitality, address social problems, etc. (Popkova, Sukhodolov, 2017: 111; Shalak, 2017: 20).

In our opinion, the development of integration between economics of Zabaikalsky Krai and Inner Mongolia Autonomous Region is possible. It should be based on complementarity of development potentials of the regions. Industrial use of rich natural resources of Zabaikalsky Krai should be combined with the investment opportunities of China, along with advanced investment legislation of Zabaikalsky Krai, favourable tax regime for foreign investors and government support based on previous experience of interaction with representatives of business in Chinese and Mongolian cross-border regions.

In terms of complementarity it is necessary to note that there is a demand and increasing capacity to pay for green and organic agricultural products and products of industrial manufacturing on Chinese market along with existence of manufacturing capacities, technologies and experience in Zabaikalsky Krai (Bagainikov, 2014: 184). At the same time, taking into account trends in the development of the world economy and acceleration of its globalisation, it is possible to predict the growth of complementarity and interdependence between cross-border economies. Economical

interdependence, besides positive results, should also lead to a major challenge for stability and economic security from the economies of a number of western countries.

Harmonisation of possibilities and challenges in the process of cooperation between cross-border regions is obviously essential (Voskresenskii, 2013: 94). In order to achieve this purpose international community of Zabaikalsky Krai and China should follow the path of deep integration, change for a higher level of cooperation to achieve agreed goals, determine priorities, and optimise the results of international interregional cooperation (Sukhodolov et al., 2018: 401). Taking into account the diversity of national legislations, social, economical and technological environments, achievement of the agreement should be based on common opinion on the system of international relations which will result in the theoretical and methodological basis of organisation and management in the process of regional integration (Hoffman, 1977: 54).

In conditions of diversity and ambivalence of existing approaches, scientific approach developed by Professor Qing Yaqing (China Foreign Affairs University) is very promising. According to his approach, the system of international relations is regarded as a combination of interconnections between people, societies, events and things. Within the system, individual interests are subordinated to the interests of the entire society what makes the system more harmonized and sustainable (Arin, 2013: 55). Harmonisation of relations takes a central place in the methodology of Chinese researchers in contrast to the western approaches considering the main subjects of the system of international relations as individual actors with their subjective ambitious, individual goals and competitive advantages (Pon'ka et al., 2017: 83). Approaches of the western studies embodied in international documents and international rules apparently show the dominance of the strongest actors, priority of their interests and make the entire system of international relations unbalanced resulting in crises and periods of turbulence (Chzhao Tinyan, 2015: 32). As practice shows, instability of international cooperation leads to the gap between the levels of socio-economic development and as a result forms economic and political dependence of the participants (Qin Yaqing, Ling Wang, 2007: 13).

Methodological base for the system of international relations provided by Chinese research is increasingly studied by the Russian leading specialists (Grachikov, 2014: 50). In this regard, the theory reveals new prospective of the development of international relations and regional integration because joint development without mutual elimination creates new life. Norms and institutes of the West and the East are

interacting, developing and transforming into new more reliable interactive forms (Do, 2015: 22).

In the context of interregional integration between Zabaikalsky Krai and China actuality of methodological basis of international relations and international cooperation developed by Chinese scientists is unquestionable. Taking into account the novelty of the method it is necessary to provide additional arguments in support of the proposed approaches for their future implementation at the regional level.

First of all, it is necessary to draw attention to the fact that the processes connecting individual actors (owners and clients) should be aimed at the result which will satisfy each of them (Kozinets, 2016: 69). However, we emphasise that implementation of the process does not require rejection of authenticity. Individual authenticity is exactly what helps to achieve the best results. In support of Qing Yaqing's approach we would like to note that the result of every process can be quantified. Possibility to evaluate the results allows to provide efficient management including design and prediction of the processes, as far as control over their formation and development.

In the context of management, structuring of relationships between individual participants in the form of the processes helps to form the system of participants' goals agreed at different levels, to balance the interests of different parties, to evaluate resource endowment of the goals, to develop a common algorithm of their implementation, as far as to predict the results of the processes. It is necessary to note that process management in the international field does not contradict recently popular project management and also does not cancel it. In contrast to a project, which may have specific and unique features, a process is a constantly repetitive sequence of actions, regenerative relationships, which also can be modified many times, unlike a project, optimised. Thus, processes are predictable and rational and control of processes could be automatised.

An important argument in support for the process approach in the field of international cooperation and regional integration is the fact that the process approach becomes more and more popular in business providing a high rate of competitiveness both in domestic and international markets. According to the opinion of Qin Yatsin, the foundation of relationships is the processes of "yin" and "yang", which he considers to be fundamental (Qin Yaqing, 2009: 12).

Considering regional social and economic systems and opportunities of their integration as an interpretation of "fundamental" processes, in our opinion, we should examine social and economic processes happening at different levels of the

mentioned systems. Formation and appearance of new processes is related to the need of satisfying people's demands. According to the universality of people's demands, the core of the socio-economic system are the processes which keep vital activity of the whole system. Moreover, the mentioned processes in different regional systems are the same. These very processes, in our opinion, may form the basis of international regional integration. Interpreting the results of Qin Yatsin research and expanding his paradigm of "theory of relationships", let us present the contents of regional processes, which form the main level of integration according to our opinion (Kuznetsov, 2014: 172; Tsygankov, Grachikov, 2015: 36)

In the economic field we have chosen the processes, which satisfy the following demands: the demand in food, shelter, innovations, industrial products, safety travel. Social processes include the processes with such demands as demand for labour, medical treatment, education, information and cultural development. The results of the research we have conducted on the regional level allowed to distinguish the character of their cooperation and to learn that, due to the conditions of the regional system, a social process can be positive or dominant, i.e. providing conditions for achieving the systemically important goal, and negative or recessive, influencing badly the total result of the socio-economic development of the system (Makarenko, Koval'chuk, 2016: 393). Taking into account features of cooperation of regional processes, we can offer to add the following classification of processes to the paradigm of Qin Yatsin's "theory of relationships": acquisitive processes which transform entry resources into useful results for participants; dissipative processes are the processes of dissipation of resources from the environment, creating "interference" or "barriers" for results of processes useful for participants.

Acquisitive and dissipative processes interact with each other during satisfaction of demands and achieving the points of the processes. In the view of control of the processes, dividing them on acquisitive and dissipative allows us to optimise the contents of the regional processes, decreasing barriers and interference, adding resources to the acquisitive processes, producing useful results (Koval'chuk, 2015: 15).

Control of the contents of the regional processes can be implemented on the basis of reallocation of resources between entries into different processes. According to the results of the surveys, resources are reallocated intensively during interaction between the processes with dissipation of their part. In the result of dissipation either synchronised dynamic of the results of the processes, "the term of the maximum", or its antiphase (when the peaks in the dynamic of the results of some processes coincide

with decreases in the dynamic of the other processes), “the term of the minimum”, may happen. Synchronism or antiphase of peaks and decreases of the results’ dynamic is the demonstration of the consistency (coherence) mechanism which leads to a synergetic effect of productivity of the whole socio-economic system.

In the context of regional integration, the present classification of regional processes and mechanisms of their interaction (coherence) discovered stipulate the possibility of creating different scenarios of its implementation, distinguished by highly effective results of the processes.

In the view of the present people’s demands and their life conditions, one of the most perspective scenarios is interaction of integrational processes with high dynamic and effectiveness. The interaction mentioned above may be implemented either in one sphere (for instance, between economic processes: construction, agriculture, communications) or the social processes (education, science, medicine, humanitarian cooperation, etc.), also between different fields: economic and social (processes satisfying demands for labour and in shelter or innovations).

Interaction of the processes with different nature (acquisitive and dissipative) is also quite perspective. The point of such cooperation could be decreasing of existing barriers and global (regional) problems. For instance, decreasing losses during waste recycling, preventing the lack of high-qualified specialists, appearance of different institutional traps.

Another branch of effective international regional cooperation is interaction of the processes which dynamic is the same (single-phase processes) and different (antiphase processes). These processes may provide high effectiveness and synergetic effect of international regional integration, which may eventually lead to transformation of integrational processes. Possibility of transformation, i.e. change of the character of cooperation, possibility of reaching the next, high level of integration stipulates more rational use mutual resource potential of cooperation, which is also the result of interaction of acquisitive and dissipative processes, decreasing the lack of resources during processes, more precise orientation to clients and more effective satisfaction of their demands.

Thus, implementation of the process approach is reasonable and realistic in the organisation of management of regional integration, which increases its efficiency. Moreover, it is important to note that the perspectives of implementing this approach in management of international integration at the regional level depend on the possibility of decreasing particular problems related to implementation of the mentioned approach.

One of such barriers is difficulties in organising the process approach in practice. Another major problem, in our opinion, is the problem to control the results of the processes at the international level. It is also important to have qualified specialists with proper experience for organising such processes in companies, which business is related to international operations.

However, in our opinion, the problems mentioned herewith can be solved. They should not be the reason to give up and even research of the problems for the process approach implementation in the conditions of international integration will contribute to discovering new ways of its promotion.

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Процессный подход как методологическая основа экономической интеграции Забайкальского края и сопредельных территорий Китайской Народной Республики

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В статье обоснована необходимость развития международной экономической интеграции между Забайкальским краем и сопредельными территориями КНР. Возможность углубления региональной интеграции между Забайкальским краем и провинциями КНР основана на взаимодополняемости и взаимозависимости потенциалов развития обеих сторон. При этом существующие национальные различия сопредельных региональных социально-экономических систем обуславливают необходимость фор-

мирования общей системы целей, согласования приоритетов в их достижении, что, в свою очередь, подразумевает формирование согласованной интеграционной политики Забайкальского края и автономного района Внутренняя Монголия. Формирование такой политики сдерживается отсутствием единой теоретико-методологической основы международной региональной интеграции. В условиях множественности и неоднозначности научных подходов к исследованию международной системы в качестве научного базиса международной региональной интеграции предложено рассматривать «теорию отношений» профессора Цинь Яцина, который обосновывает необходимость и возможность гармонизации отношений между участниками международных обменов. Практическая реализация положений «теории отношений» возможна в рамках процессного подхода, который подразумевает взаимодействие участников международной интеграции в достижении общих результатов. Заинтересованность участников процесса позволяет организовать их взаимодействие в формате взаимодополняемости, что обуславливает возможность достижения не только более высоких результатов, но и гармонии в их взаимоотношениях в широком долгосрочном контексте. Использование процессного подхода в качестве методологической основы региональной интеграции дает возможность согласовать цели, сбалансировать интересы и определить приоритеты сторон интеграции. Предложенная Цинь Яцином парадигма международных отношений дополнена классификацией процессов, оценкой их влияния на результат и характером взаимодействия. Показано, что взаимодействие процессов является достаточно устойчивым, предсказуемым, управляемым, следовательно, использование процессного подхода в целях развития международной региональной интеграции представляется весьма перспективным.

Ключевые слова: процессный подход, Забайкальский край, Китай, международная региональная интеграция, теория отношений, взаимодействие процессов, гармонизация отношений.

Научная специальность: 08.00.00 — экономические науки.
