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1. Prospects and forecast directions for the effective development of regional systems based on the use of their collective resource potential

1.1 Directions and content of state regulation as a condition for the effective use of the region's resource potential

In conditions of a shortage of budgetary and other financial resources in the country, it is the resource potential of the region that becomes the main source of their development. One of the main priorities of the activities of executive authorities, local self-government bodies and territorial communities is to ensure the effective use and further increase of the resource potential of the region.

Resource potential is the basis for the sustainable development of both the region and the country as a whole. Since the resource potential of the regions determines the total national product, the state's regional policy and relations between the centre and the regions are the subject of constant attention from leading domestic scientists. V. Heyets, A. Chukhno, B. Danilyshyn, M. Dolishniy, V. Oskilsky, S. Mocherny, P. Bielenky and many others have devoted their work to the study of these issues.

In a number of scientific works, state regulation is limited to the methods and instruments of influence of state bodies and local self-government bodies on economic processes. For example, Stechenko D.M. writes: "...state regulation can be defined as the influence of the state on reproductive processes in the economy by appropriate means in order to orient economic entities and individual citizens towards achieving the goals and priorities of state policy for social development" [10, p. 9].

Effective state regulation of resource potential is currently the most important task of the socio-economic development of the region, as well as a key component of state regional policy.

In the process of researching the causes of ineffective state management, M. Dolishniy came to the conclusion that: "The current acute crisis of power and management in Ukraine forces us to intensify consideration of the problems associated with overcoming it. Among them, issues of territorial management, and therefore the problems of the country's territorial development, occupy a significant place" [3, pp.

4-11]. The lack of a balanced regional policy has led to the irrational use of the resource potential of the regions and excessive pollution of the environment.

State regulation of the use of resource potential is a system of legislative, executive and supervisory measures implemented by state authorities and local self-government bodies with the aim of stabilising the socio-economic system of the region.

The system of state regulation, in turn, also consists of elements, the relationship between which and their level of perfection determine the effectiveness of the entire state regulation. The structural elements of the state regulation system are: subjects and objects of state regulation, functions, goals, objectives, principles, forms, methods, and management tools (Fig. 1.1). The entire state regulation system and the effectiveness of its functioning depend on the internal and external conditions for the implementation of the regulation process.

The essence of state regulation of resource use is revealed in its main functions, which are a continuation of the functions of the state and are determined by the inability of the market mechanism of self-regulation and monopolistic planning to ensure the stable development of the socio-economic system. The main functions of state regulation of resource use include:

Target – determining the goals, priorities and main directions of resource potential use and, on this basis, socio-economic development;

State regulation of the use of the region's resource potential

Subjects	Executive and local self-government bodies; heads and management of these bodies (politicians, officials, civil servants vested with state authority).
Objects	Resources; Enterprises; Sectoral and regional economic structure Social infrastructure; Employment; Money circulation; Social security; Staff training and retraining system; Environment; Human potential; Human capital; Resource market
Objective	Creating conditions that allow each region to have the necessary and sufficient resources to ensure decent living conditions for citizens, comprehensive development and increased competitiveness of the region's economy
Tasks	Development of a long-term programme for systemic and structural transformation of territories, taking into account spatial development priorities and resource constraints; Effective use of resources available in the region; Creation of a favourable innovation and investment climate in the regions; Regulation of relations between state, regional and local authorities regarding the use of resource potential; Prices, conditions of competition, creation of a multi-level budgetary system for the accumulation, redistribution and use of resources; Resource conservation
Principles	Scientific basis, Soundness; Rationality, Realism; Balance, comprehensiveness; Priority of strategic goals; Ensuring the unity of strategic and current state regulation; Adequacy; Efficiency; Fairness; Stability; Systemic state influence; Optimal combination of administrative, legal and economic levers; Gradualism and phasing; Market uniformity
Functions	Targeted, Incentive, Normative, Corrective, Social, Controlling, Direct management
Methods	Administrative and legal, financial and economic, programmatic and targeted, information and communication
Tools	Licensing; Antimonopoly prohibition; Quotas Development strategy; Programmes, plans, forecasts, standards, norms, tariffs, state investments, guaranteeing the sustainability of investment projects Tax rates, Tax breaks, Customs duties, Reduction of tax pressure Laws, Resolutions, Decrees, GOSTs, Certification, Preferential lending programme, Budget financing, Subsidies and grants, State orders
Strategy	Improving citizens' living conditions and the quality of the socio-economic environment; Increasing the competitiveness of the region; Development of competitive resource markets; Improving the efficiency of resource use
Conditions	Comprehensive (regulatory, financial, economic, informational and analytical) support
Result	Reducing interregional differentiation in the socio-economic status of regions and quality of life of the population, creating equal opportunities and promoting regional development based on the use of resource potential

Fig. 1.1. Elements of the economic mechanism of state regulation of the use of the region's resource potential

Incentive - the formation of regulators that are capable of effectively influencing the activities of economic entities and directing the use of resource potential in the direction desired by society;

Normative - with the help of legislative acts, the state establishes certain rules, standards and conditions for economic entities;

Corrective - this is the adjustment of the distribution of resources in the economy with the aim of developing progressive processes, eliminating negative external effects, etc.;

Social - state regulation of socio-economic relations, redistribution of income, provision of social protection and social guarantees, preservation of the environment.

Controlling – state supervision and control over the implementation of established rules, economic, environmental, social standards, etc.

In market conditions, state regulation of the use of regional resources must take into account three main factors that shape relations between central and local authorities: - economic independence of regions; restructuring of the legislative framework of the market economy; partnership relations between the centre and the regions.

The system of state regulation of the use of the region's resource potential is based on the following principles:

- scientific basis - combining the scientific foundations of state regulation of the economy with practical actions to implement economic and political decisions on the effective use of resource potential;

- reasonableness - the formation of a system of state regulation of the use of resource potential, taking into account the theoretical foundations and models of economic policy and existing experience of state regulation in the country and abroad;

- rationality, realism - state regulation of the use of resource potential should be based on real, not ideal, assumptions, and should not conflict with the established structure of the economy and the rational actions of individuals;

- balance, comprehensiveness - unity of national, regional and sectoral levels of state regulation of resource potential use, taking into account the characteristics of the phases of social reproduction, individual sectors and areas of the economy;

- priority of strategic goals - ensuring the achievement of the strategic goal of state regulation of resource use through the implementation of tactical goals;

- market uniformity, i.e. the applicability of state decisions to the activities of all economic entities without exception. Practical compliance with these principles depends on many factors - the clarity and unambiguity of the chosen model and strategy of regulation, the adequacy of methods of state intervention, and the competence and professionalism of civil servants.

- reasonable sufficiency - only those functions that cannot be performed by other links in the economic system due to their limited competence and insufficient resources are subordinate to the state;

- Gradualism - command-and-control methods of regulation are replaced by legal and economic methods as objective conditions are created - demonopolisation, privatisation, stabilisation, etc.

- adequacy - the system of state regulators of resource use must reflect the real state of socio-economic development;

- effectiveness - state regulation must provide for the ultimate economic effect. State regulation measures must implement rational policies and correct such negative market elements as monopoly and cyclicality;

- fairness - since the market reveals inequality, the state, with the help of appropriate regulators, must correct this system by redistributing resources in order to establish a certain fairness of principles. This is achieved through progressive taxation and the introduction of income support policies;

- stability - ensures the necessary influence on the economy as a whole in order to smooth out the ups and downs of the business cycle, curb unemployment and support economic development. State financial, tax, foreign economic and customs policy measures influence the level of resource use, production, employment and inflation.

- systematic state influence - involves a comprehensive, systematic approach to solving economic, social, environmental, foreign economic and other problems related to the use of resource potential;

- optimal combination of administrative, legal and economic levers - administrative methods of macroeconomic regulation should ensure the formation of an optimal reproductive structure. Economic levers are used to stimulate the efficient use of resources, production and investment activities, and to solve social problems. The use of economic mechanisms and regulators in the course of management decision-making is also envisaged.

- ensuring the unity of strategic and current state regulation and its efficiency - maintaining the economic and social strategic course of the state, as laid down in the reform programme, as well as in national, targeted, comprehensive and other programmes. In order to adhere to the strategic course, the state forms and controls the list of resources strategically.

An important principle of state regulation is compliance with the requirement of material and financial balance in order to ensure the resource potential of society and regulate financial flows (money, loan obligations, shares, securities, etc.).

To ensure the rational use of available resources and transform resource potential into an effective factor of regional development, regional and local executive authorities and local self-government bodies need to focus on the following tasks:

- implementation of measures to conduct an inventory of mineral, raw material and other natural resources and carry out their economic assessment;

- decommissioning or ensuring an adequate level of safety for particularly environmentally hazardous facilities;

- effective use of resources available in the region, introduction of environmentally friendly and resource-saving technologies;

- introduction of economic levers to reduce the negative impact of production facilities on environmental pollution;

- legislative and regulatory harmonisation of property issues and economic activities related to land use;

- promoting the development of recreational, health and tourism infrastructure and the restoration of historical and cultural monuments.

- development of a long-term programme for the systemic and structural transformation of territories, taking into account spatial development priorities and resource constraints;

- creation of a favourable innovation and investment climate in the region;

- regulating relations between state, regional and local authorities regarding the use of resource potential.

One of the tasks of state regulation is the skilful use of the region's resources (natural, human, financial) to increase budget revenues, as well as for investment, restructuring and economic development. In doing so, it is important to be guided by the criteria of preserving market freedoms.

Another task of state regulation is to develop socio-economic development programmes, sectoral, regional, interregional and targeted programmes, investment projects, socio-economic development concepts, and short- and long-term forecasts, which should reflect the role of state bodies in management.

The objectives of state regulation of regional development can be ranked according to their importance. In our opinion, the main objective should be to create conditions that allow each region to have the necessary and sufficient resources to ensure decent living conditions for citizens, comprehensive development and increased competitiveness of the region's economy.

Achieving this goal forms the basis for the successful implementation of the rest of the set of tasks, which are more specific in nature in relation to the stated goal. State regulation of regional development extends to those areas of activity that fall within the competence of the state level of government. These include:

— natural resource use policy;

— social policy and solving employment problems;

— development of production systems requiring centralised management; development of state regional development programmes;

— placement of state orders with enterprises in the region on terms that ensure the economic interests of enterprises and, accordingly, regions;

— pricing and credit policy;

— development of the legal basis for economic development;

— determination of tax policy and its differentiation, taking into account the stimulation of the market formation process in the region;

— foreign economic activity regime and others

The strategy for strengthening the region's resource potential and increasing its competitiveness provides for:

- creation of economic, organisational and regulatory prerequisites for the implementation of the basic principles of sustainable regional development;

- broad development of entrepreneurship, primarily small and medium-sized businesses as the main factor in the socio-economic development of the region, increasing employment, and filling local budgets;

- strengthening the economic integration of the region based on the most effective use of its competitive advantages;

- promoting the comprehensive development of human potential based on stabilising and improving the demographic situation, achieving productive employment of the population, and developing social infrastructure;

- improving the system of environmental protection and use of natural resources, mechanisms and instruments for implementing environmental policy [1, p. 241].

The state influences regional development and the use of resource potential through various administrative and, mainly, economic methods.

Legal and administrative regulation is carried out through the approval of various legal acts that regulate the rights, functions and obligations of market participants, including state bodies. This area of regulation also includes state orders, limits, quotas, actions of state bodies on licensing, issuing various permits, coordinating with them various economic issues of independence of market entities, establishing various industry standards, depreciation rates, and others.

Forms of direct state participation in the regulation of regional development include state regional programmes financed from the state budget, particularly important investment projects of a structural nature, orders for the supply of products for national needs, and others.

Among the forms of state regulation of regional development, the implementation of state programmes financed from the state and regional budgets and individual structure-forming projects is of great importance.

The main goal of regional development programmes should be to reduce the negative effects of territorial imbalances in order to improve the organisation of production, raise the standard of living of the population, and create the conditions for accelerated development of the region.

State regulation should be aimed at strengthening the economic basis for the independent socio-economic development of all regions through a clear division of competences and responsibilities between state authorities, regional entities and local self-government bodies. Such a division is particularly important in the areas of resource use, development of basic sectors of the economy, transport, foreign economic activity, etc. At the same time, measures are needed to improve the legal framework and interaction between state, regional and local authorities.

State regulation is the basis for the formation of a single commodity market and regional markets; it is designed to ensure the principles of unity of the country's economic space and the free movement of goods, capital and labour throughout Ukraine. State regulation provides for the effective functioning of the system of financial assistance to individual regions, industries and production facilities. At the same time, state regulation plays an important role in improving the methodology for calculating transfers. State intervention in economic processes should ensure progressive changes in the proportions of reproduction, conditions for fair competition and the prevention of negative social and economic consequences.

The main areas of activity of central and local authorities in developing the resource potential of regions should be the restructuring of the economy, expanding its sectoral specialisation, creating processing industries in each region on a modern technological basis, greening production, developing production, transport and market infrastructure, promoting entrepreneurship, implementing innovation policy in the regions, and ensuring effective management of communal property.

Attracting additional resources for local and regional development requires a fundamental change in management approaches at both the local and national levels, a different level of qualification and organised ongoing work to expand the resource base and ensure the sustainable development of regions.

Thus, the essence of state regulation of resource use lies in the state performing certain types of activities (functions) to achieve specific goals aimed at ensuring the efficient use of resource potential in market conditions, using measures and means that constitute its economic mechanism.

State regulation of regional development is carried out on the scale of the system of political, social, economic, financial and credit, budgetary, tax, natural resource, environmental and other relations.

The most important areas of long-term state regulation of the economy at the present stage are:

- the effective use of state ownership of the means of production and natural resources;
- supporting and stimulating growth in certain sectors of the economy;
- implementation of a nationwide innovation policy;
- regulation of commodity, resource and financial markets;
- regulation of regional development.

The system of state regulatory influence on the region's economy should organically combine: forecasting of social, scientific, technical, environmental, production and foreign economic processes; macroplanning; programming (development of comprehensive target programmes).

The priority role of state regulation in no way diminishes the importance of market self-regulation. The state's structural policy does not replace entrepreneurial initiative but, on the contrary, creates the right conditions for it, focusing on investment activity and the widespread adoption of new technologies. The state promotes the formation of competitive enterprises that can operate both in domestic and global markets, concentrating resources on promising areas of production modernisation. State mechanisms should be geared towards supporting private initiatives aimed at mastering new technologies that stimulate innovative activity.

1.2 Institutional support for optimising the development and use of the region's potential

The transformation processes of socio-economic changes taking place in Ukraine necessitate research into the problems of forming and using resource potential, substantiating the mechanisms of its formation, attraction, management and control. The socio-economic development of regions is accompanied by an irregular use of the resources involved in economic circulation. However, the development of the country's regions is largely determined by the size and nature of the use of the main types of natural and economic resources, and the optimal combination of their use in social production. The resource potential of a region determines the territorial organisation of production, and its use and optimal combination determine the characteristics, nature, specificity and scale of the production of material goods. Significant changes in the use of resource potential lead to changes in the level of regional development. Regions that have currently achieved a high level of economic and social development are experiencing a shortage of resources. At the same time, an increase in the level of regional development leads to a quantitative increase in the economic needs of all economic entities for most types of resources, as well as the personal needs of the population. The contradiction between the limited nature of resources and the growing demand for them is increasing.

The resource problem is quite relevant for economic development, as it concerns the availability of resources necessary for the economic and social development of society and natural and ecological conditions that are safe for human health. Therefore, there is an objective need to create conditions for the effective resolution of resource problems at all levels of government – national, regional and local. To achieve these goals, effective institutional support for the use of the resource potential of the region and the country as a whole is necessary.

The latter includes a system of legislative and regulatory regulation of structural changes, an appropriate organisational and functional structure of state and regional management, a system of relations, interconnections, basic principles and communications to ensure structural changes in the development of the regional system that are adequate to the dynamic external and internal environment.

The application of institutional theories in the process of developing and implementing regional economic policy in Ukraine is a requirement of the times, caused by the need to intensify institutional transformations and create an institutional environment as a basis for the successful implementation of market reforms at the regional and national economic levels.

At the same time, the formation of regional development institutions is characterised by constant change and instability in the rules of the game that regulate the activities of economic entities and influence the rational use of the region's resource potential.

The issues of institutional research were first studied in detail by well-known Western scholars T. Veblen, J. Commons, W.K. Mitchell, and J. Galbraith. According to these scholars, it was institutionalism that explained the specifics of transformational changes in both developed and transitional economies.

Scientific research related to institutional transformations in the resource sector of Ukraine is reflected in the works of O. Alimov, B. Danyshylin, V. Mishchenko, Z. Gerasymchuk, V. Tregobchuk, M. Khvesyk, S. Kharichkov, and others.

The authors note that the problems of assessing Ukraine's existing institutional system, as well as the scientific and institutional foundations of sustainable economic development with mandatory compliance with the requirements of resource and environmental safety of economic activity, remain extremely underdeveloped in scientific and practical terms. Moreover, they emphasise that the development of theoretical and methodological foundations and applied aspects of institutional support for stable, sustainable economic development should be considered a fundamental and priority task of economic science.

At the same time, certain aspects of this issue, namely those related to the impact of institutional conditions on regional development and ensuring the effective use of resource potential, are not given sufficient attention.

The institutional development of a region takes place in the process of interaction between subjects and objects through a set of institutions and institutional regulators.

Institutions are key elements of any economic system, and therefore the main task is to study institutions and the processes of their preservation, renewal and change. Today, the study of institutional aspects, including state regional policy, is designed to level out existing spatial disparities in the socio-economic development of the region using instruments to stimulate regional growth.

Initially, institutions (social, ethical, legal, political, economic) were interpreted by T. Veblen as the result and consequences of processes of public life and as powerful factors of social and psychological inertia. At the same time, it is the level of perfection of institutional structures (as noted by supporters of institutionalism) that determines the level of socio-economic development of a country. Institutionalism remains the only scientific concept that focuses on the links between economics, law, sociology, psychology, political science, public administration theory, etc.

Douglas North believes that "Institutions are the rules of the game in society, or, more precisely, the constraints invented by people that direct human interaction in a certain direction. As a result, they structure incentives in the process of human exchange — political, social or economic"[7].

Institutions regulate social relations, providing a structure that promotes order and reduces uncertainty in the exchange process. They reflect the relationship between the state system and the economy, as well as the consequences of this relationship for economic growth (or stagnation and decline) [2, p. 65].

G.B. Kleiner offers the following definition of institutions. "Institutions are understood to be formal and informal norms or systems of norms that are relatively resistant to changes in the behaviour or interests of individual actors and their groups, and that continue to operate over a significant period of time, regulating the decision-making, activities and interactions of socio-economic actors (natural and legal persons, organisations) and their groups"[5, p. 19].

O. V. Cherevko considers "institutional transformations to be one of the factors in increasing the effectiveness of a region's economic development, a factor that ensures its social orientation" [12, p. 9]. At the same time, he notes that only "a capable institution of power and a coordinated system of public administration can ensure effective strategic planning for the balanced socio-economic development of the region" [12, pp. 14–15].

Ukrainian researcher M. Oliinyk includes the following in the institutional structure:

1) financial institutions (money, credit, taxes, liquidity, etc.);

2) organisational institutions operating in this sector;

3) the state;

4) informal institutions of general order aimed at ensuring the synergistic effect of the functioning of the financial sector of the economy in the form of an optimal combination of the interests of all participants (trust) [8].

According to another Ukrainian scholar, V. Smagin, the institutional structure consists of institutions, the institutional environment, and market organisations [9, p. 163]. He believes that the institutional structure is a system of certain formal and informal institutions and mechanisms of interaction in society, which also include formal and informal institutions of economic power that influence the formation of an effective economic system.

D. North sees the main role of institutions in reducing uncertainty and organising relationships between them [7, p. 65]. In the course of further research, other definitions of institutions are formed. O. Williamson considers them as mechanisms for managing contractual relationships [11, p. 63].

From another point of view, institutions, on the one hand, are "objective" structures created by people in the form of formal forms of influence on the processes of socio-economic life. Ideas and ideologies are important, and institutions determine to a decisive extent how important they are. They form subjective mental constructs through which individuals interpret the world around them and make choices.

Institutions are characterised by three main elements:

1. Formal rules (constitutions, laws, administrative acts, legal norms).

2. Informal restrictions (traditions, customs, contracts, agreements, voluntarily accepted norms of behaviour, unwritten norms of professional ethics).

3. Enforcement mechanisms that ensure compliance with the rules [7, pp. 17-19, 137].

In today's world, it is believed that life and the economy are governed by official institutions. Formal institutions are formally established norms, i.e. rules officially established by specific competent authorities, recorded as legal acts or written orders based on legal acts (the constitution, statutory and common law, court precedents, subordinate acts, etc.), and cover political (and judicial) rules, economic rules and contracts [7].

The institutions of any society are the result of historical changes, and their formation depends on both formal and informal constraints. Formal constraints (laws, constitutions) can be changed through political and legal decisions. Informal constraints (agreements and voluntarily accepted codes of conduct), embodied in customs, traditions and rules of behaviour, are much less susceptible to conscious human effort. That is why institutional changes are usually incremental rather than discrete, and even changes such as revolutions and changes in political regimes (violent or constitutional) are never completely discrete. These features of institutional change must be taken into account when carrying out various types of reforms.

The dynamics of formal and informal institutions, formal and informal social rules and norms are most evident at the regional level. This is because, in the context of social transformation, many factors influence the socio-economic situation in individual regions, namely:

- the speed and scale of economic (market) transformations;

- the level of development of market sectors;

- opportunities to use the resource potential and geographical location of regions;
- the nature of the relationship between each individual region and the centre;
- the capabilities of regional elites, etc.

As noted by V. Keretsman [4, p. 80], there are state and non-state institutions operating in the regions of Ukraine that influence or could potentially influence regional development and regional governance and must, in one way or another, be represented in regional development agencies, including:

- local state executive bodies;
- territorial bodies of central executive authorities;
- local self-government bodies;
- individual business entities or their structural subdivisions;
- associations of citizens and their structural units which, in accordance with their statutes, deal with regional development issues (local branches of the Association of Cities, the Union of Local and Regional Authorities of Ukraine and similar associations of citizens with local status), as well as trade unions.

Optional participants in regional management are:

- administrations of special economic zones (SEZs) or similar structures;
- national administrations of transnational regions (Euroregions).

Institutional transformations involve changes in property relations, the organisational and economic structure of the region's economy, an increase in the role of various types of economic entities, the creation of the necessary conditions and forms for attracting capital, and the strengthening of the state's managerial and regulatory functions in new socio-economic relations.

The problems of institutional support for Ukraine's state regional policy remain the lack of consistency and the short-lived existence of individual institutions. There is also a lack of a system of state and non-state bodies capable of effectively implementing regional policy tasks through interaction and coordination. An institutional structure with vertical, horizontal and diagonal links is needed to ensure the movement of the necessary resources and processes.

The balanced use of resource potential and the development of the socio-economic system are ensured by the interaction of a whole set of conditions and factors, which can be grouped according to their qualitative characteristics into nine groups (Fig. 1.2).

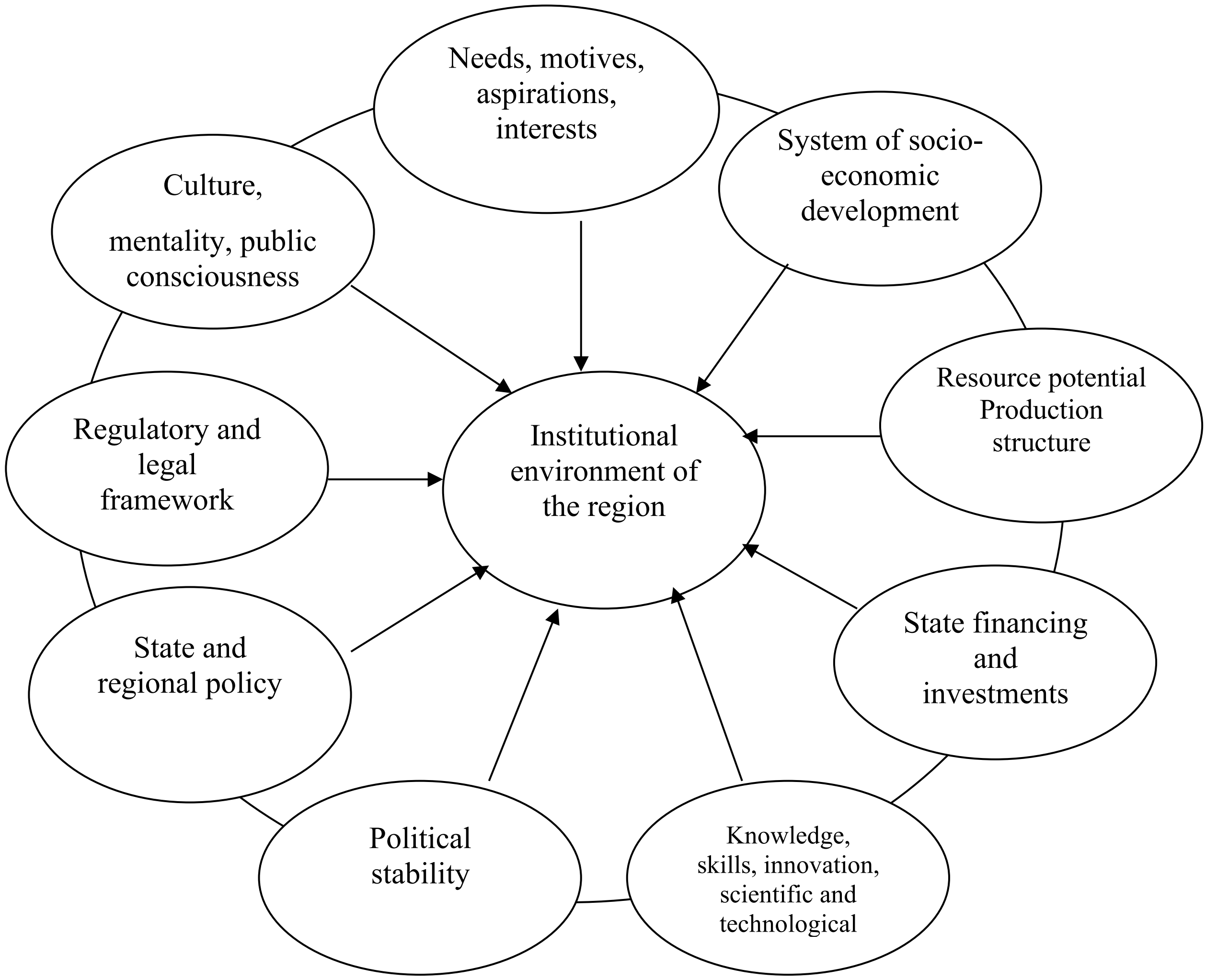

Fig. 1.2. Factors of institutional support in the region

The first group includes needs, interests and motives that form the basis of people's impulses, aspirations and actions, shaping their desire to learn more about and understand themselves and their environment, to act in harmony with other people, society and nature, to improve themselves and their living conditions.

The second group includes factors of socio-economic origin and the conditions for the functioning of market institutions.

The third group includes the characteristics of resource potential (the region's natural, financial, labour and other resources) and the structure of production.

The fourth group includes the differentiation of government spending on regional development needs and investment inflows into the region.

The fifth group consists of the totality of knowledge, skills, abilities, and innovations that arise and accumulate in the process of activity, cognition, and self-improvement, and is a means of solving the problems of harmonising the interaction between "human beings, society, and nature."

The sixth group includes political factors and conditions that create a general direction of action at all levels and in all links of society, organising people's activities to achieve socially significant and system-forming goals and objectives aimed at sustainable development.

The seventh group is managerial, containing the entire arsenal of management tools that ensure planning, coordination and control in the socio-economic system in order to achieve its internal integration and adaptation to external changes in the most effective way.

The eighth group represents the regulatory and legal component, consisting of a set of legal norms and restrictions that form the legal basis for interactions both within the socio-economic system and between this system and the external environment.

Finally, the ninth group includes value-cultural factors and conditions for the integration of society into a coherent whole based on historically and culturally determined meanings of life and mentality.

The institutional aspect of sustainable development includes: a wide range of methods, means, rules, norms of behaviour, implementation mechanisms, forms of organisation and interaction; directions for the development of social groups and production complexes that ensure the resolution of environmental, economic, social, and scientific and technical issues in the process that we define as the sustainable development of socio-economic systems. The conditions of the institutional environment in which the regional economic system operates undoubtedly influence the balance and rational use of the region's resource potential.

The institutional environment of a region is a set of formal and informal institutions operating in the region (Fig. 1.3).

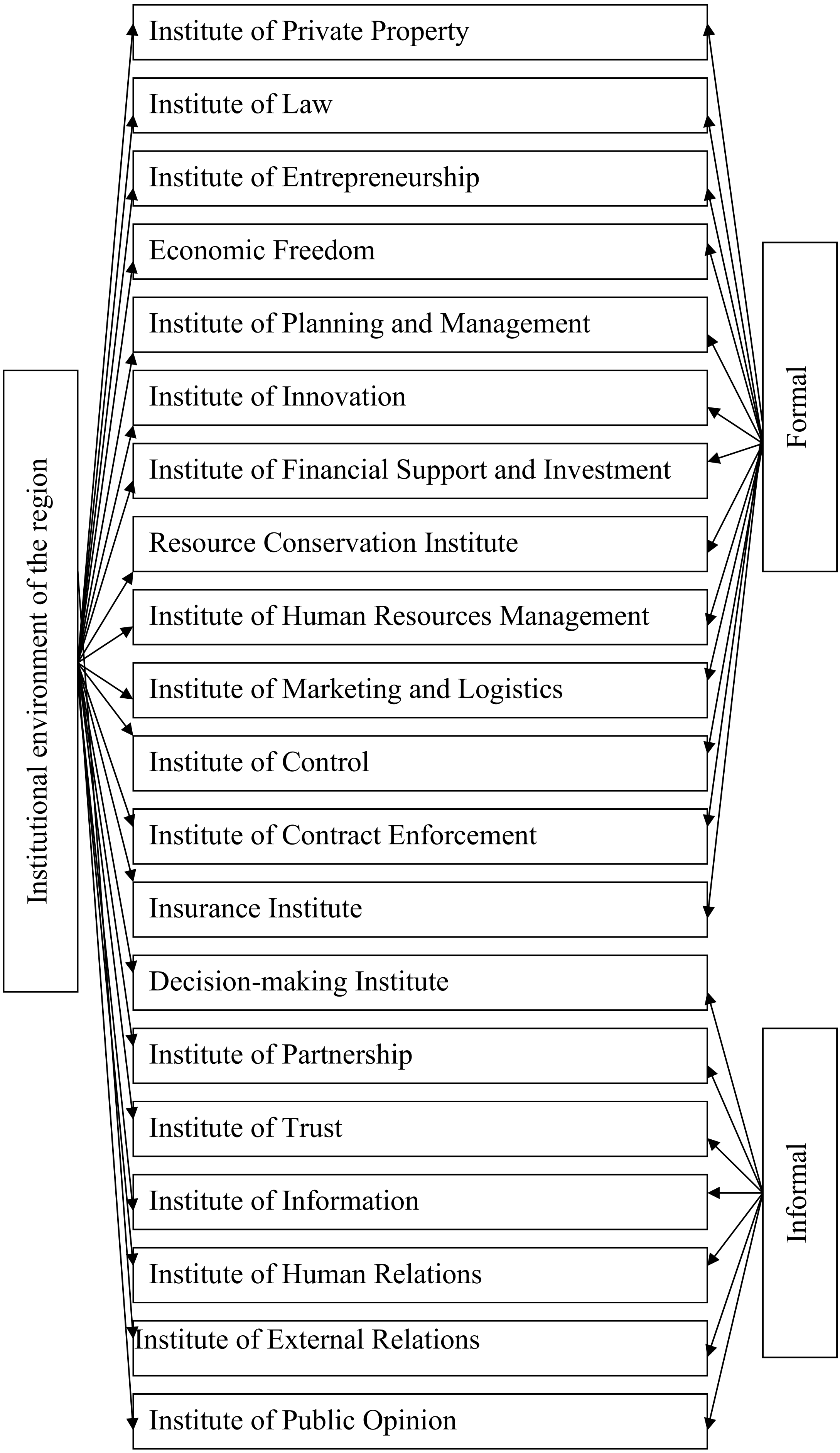

Fig. 1.3. Elements of the institutional environment of the region

An effective institutional system of a region is a system that ensures economic growth. The formation of such a system is based on the development of institutions, and all of them. Institutional changes determine how society develops over time and are therefore key to understanding historical changes. Dependence on the trajectory of previous development arises due to the actions of self-supporting mechanisms of institutions, which (mechanisms) reinforce the once chosen direction of development.

One of the elements that increase the effectiveness of regional governance are structures that encompass various institutions: laws, rules of the game, certain codes of conduct, types of relationships and connections. The institution of coordinating the economic interests of various market agents is considered an important institution specific to the regional level of management. The institutional environment, as the intellectual result of the reproductive activity of people, societies and states, forms the corresponding transactional relationships, which ultimately affect the transactional costs of people's livelihoods.

A high level of human and democratic relations in society presupposes the existence of developed, well-founded and legally compliant transactional relations and costs.

In general, the system of institutional support for the regional economy can be represented as the constructive interaction of its two subsystems: institutional and legal regulation of regional development policy and organisational support for socio-economic transformations based on the rational use of resource potential.

The subsystem of institutional and legal regulation of regional development policy should determine the nature of the reforms carried out and ensure their legislative support. Undoubtedly, based on an analysis of the region's current activities, it is easier for regional authorities to formulate a set of tasks, the solution of which will contribute to the optimisation of resource potential, increase the competitiveness of the region's economy and enhance its investment attractiveness. The main tasks of institutional and legal regulation of regional development policy should include:

1) creating institutional preconditions for the socio-economic development of the economy;

2) ensuring the mobilisation of the region's internal resources;

3) developing interregional cooperation;

4) optimising the use of the region's resource potential.

The institutional structure is the most important part of the regional strategy for socio-economic development. In essence, it largely determines the role and responsibilities of various structures in the development and implementation of the adopted development strategy. The institutional structure at the regional level must meet the following criteria: be democratic, aimed at achieving the desired results; have the power to influence; be simple enough to understand; use a system of socio-psychological motivations; be adaptable; stimulate progressive development. The main requirement for the institutions of the regional development regulation mechanism in conditions of economic independence is that all components of the mechanism as a whole should contribute to the formation of a market system that ensures the growth of production efficiency based on the use of resource potential, the balance of supply and demand, and the improvement of the quality of goods and services [7, pp. 196-200].

The institutional system is understood as a system of contractual relations or a management structure. It unites economic units and determines the ways in which they interact, i.e. the institutional environment. The activation of institutional processes is also important in the field of resources, in the use of the region's aggregate resource potential. The system of the institutional environment for the use of the region's resource potential is shown in Fig. 1.4.

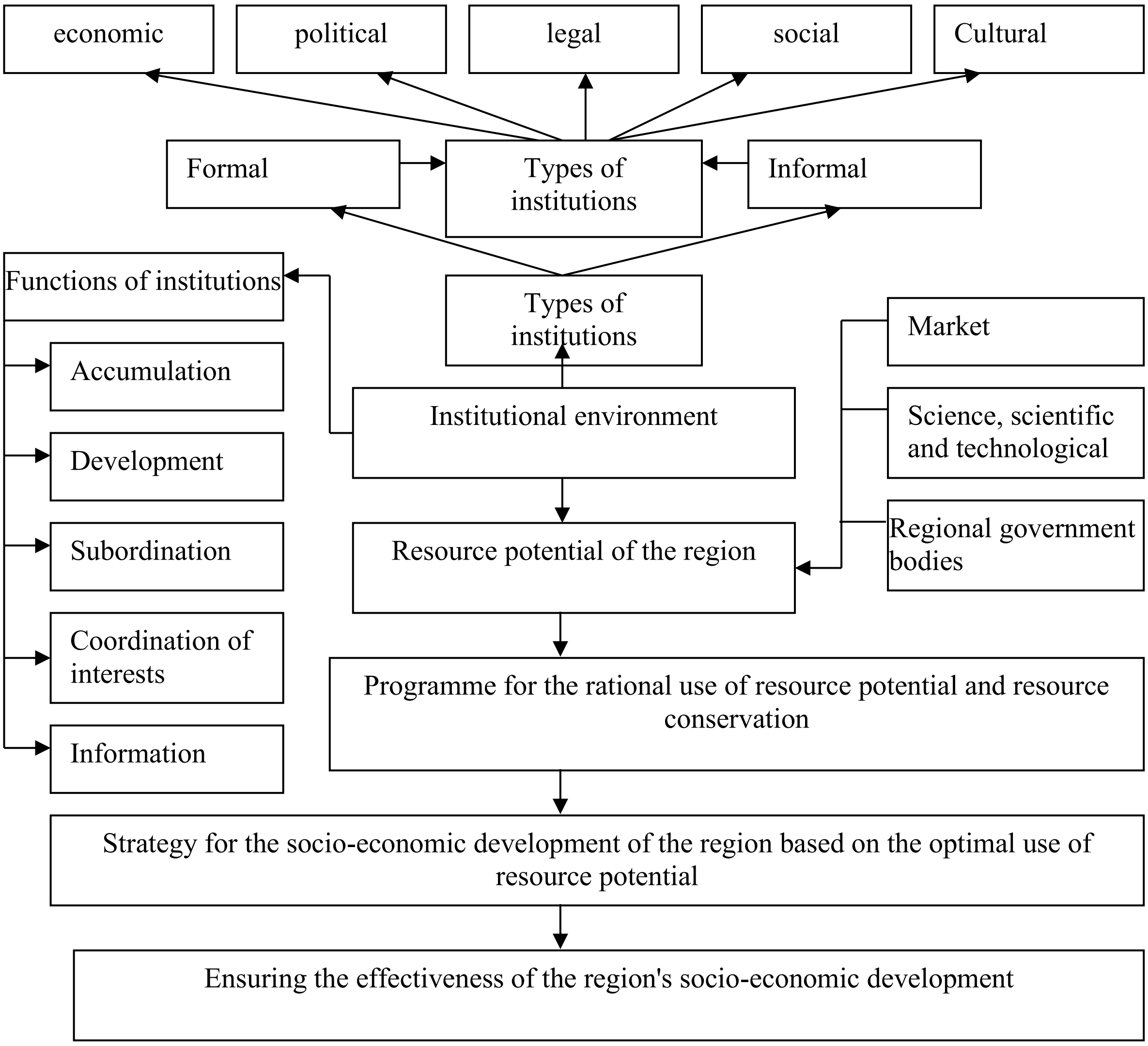

Fig. 1.4. System of the institutional environment for the use of the region's resource potential

Thus, the institutional environment is a system of positive and negative incentives that direct the actions of agents in a certain direction. These are the "rules of the game" according to which economic activity is carried out by organisations, i.e. "players". Thus, institutions form the basis for managing the socio-economic development of regions and society. The institutional environment is the intellectual result of the reproductive activity of people, regions, societies and states that form the corresponding transactional relationships.

The institutional system of regional policy should be based on a specific body that makes key management decisions and coordinates other institutions in the process of implementing regional policy.

Institutional mechanisms for implementing regional policy at the state level are divided into six main groups:

1) administrative and managerial;

2) means of restraining the location of new enterprises in overpopulated areas;

3) spatial distribution of the state's economic activity;

4) financial incentives for companies;

5) creation of physical infrastructure;

6) so-called "soft" measures to stimulate development (creation of a favourable business environment, support for information networks, consulting activities, education, scientific research and technical development).

The specific institutional model chosen for the development and implementation of regional policy depends on a variety of factors. Even developed countries differ greatly in terms of the severity of regional problems, the level of territorial disparities, the level of political culture with its attitude to "acceptable inequality" between territories, and the methods of state intervention in regional processes.

The sphere of mandatory competence of management or self-government bodies should not include functions that do not correspond to the objectives of regional management or are implemented by independent economic entities and regulated by market mechanisms.

The importance of changing the institutional and legal platform for the formation of the regional economy is emphasised in the State Strategy for Regional Development for the period up to 2015, the implementation of which consists of state support for the implementation of four strategic tasks:

1) increasing the competitiveness of regions and strengthening their resource potential;

2) ensuring the development of human resources;

3) developing interregional cooperation;

4) creating institutional conditions for regional development.

To implement these strategic objectives, the State Strategy provides for the use of the following instruments:

conclusion of agreements on regional development,

development of programmes to overcome the depression of certain territories,

state target programmes,

regional development strategies and programmes for socio-economic and cultural development.

To summarise the above, we can identify promising areas for improving the institutional support of the region's resource potential:

- creation of a legal framework for the rational use of resource potential and resource conservation;
- concentrating efforts and resources on the implementation of priority socio-economic projects;
- creating attractive conditions for investment in the resource sector;
- creating conditions for the development of a system for training and retraining personnel;
- providing information on the use of resource potential.

The institutional basis for structural transformations in regional development in Ukraine should provide for the improvement of regulatory and legal regulation, in particular taking into account the processes of European regionalisation and the experience of EU member states, in particular with regard to the formation of "optional" institutional units, active means of involving civil society in the management of regional development, stimulating interregional cooperation, the activities of interregional territorial entities, and the development of cooperative ties in the system of influence on structural changes.

On the other hand, the tasks of functional support for institutional influence on the formation and use of the resource potential of regions are becoming more relevant, in particular through the improvement of programming, strategic planning, conceptualisation of regional development, and the development of selective means of support for regions with special status, depressed areas, and other economic and territorial formations.

1.3 Planning strategic development and entrepreneurial activity in the sphere of aggregate resource potential

The problematic issues of developing and implementing strategic planning for the economic development of the region in Ukraine are becoming particularly relevant in the context of the transformation of market relations. A strategic plan makes it possible to plan an adaptive process from the perspective of tomorrow, resulting in the constant adjustment of management decisions and constant monitoring of their implementation. For strategic planning to be effective, it is necessary to have a complete understanding of the future state of the region and a clear vision of possible prospects.

Globalisation processes exacerbate the need to implement a regional development strategy that would ensure, on the basis of existing resource potential: a qualitative change in the structure of production and exports towards an increase in the share of more technological and competitive products; innovative and investment development of the region's industry to ensure its competitiveness; the most effective and comprehensive use of all available resources and potential of the region.

The process of effective strategic planning for regional development can be divided into the following stages (Fig. 1.5).

The effectiveness of regional economic management is inextricably linked to the maximum use of existing resources, opportunities, advantages, progressive methods and strengths of the region (which depend, first and foremost, on its economic and geographical position; rational use of resource opportunities) and, at the same time, minimising risks, threats and weaknesses in the economic development of the region. Therefore, the first step is to analyse and assess the regional situation.

The strategic planning process does not provide for uniform approaches, methods and procedures, as local communities differ in terms of geographical characteristics, available resources, economic activity, social organisation of the population and the effectiveness of local authorities. The methodology for strategic planning of regional development must be selected and developed on the basis of a pragmatic selection of elements from various concepts and methodologies and their synthesis in order to ensure the necessary flexibility and relative freedom of action in choosing the mechanism and tools for implementing the strategy in the specific socio-economic conditions of the territorial community.

Justifying the prospects for regional development in a market environment requires the development of new scientific and methodological foundations for conceptual and strategic planning based on approaches to the rational use of the region's resource potential. A new regional development strategy is needed, which will be adjusted for each region taking into account its resource potential. The formation of such a strategy should be aimed at solving both national and intra-regional socio-economic and environmental problems. It is advisable to develop a regional resource development strategy for the region under study, which should essentially be an important mechanism for ensuring its targeted and effective development. This strategy should define a system of priorities, goals and objectives that would become a source of renewal for the region, improving its socio-economic development and the quality of life of its population, and ensuring sustainable development based on the effective use of its resource potential.

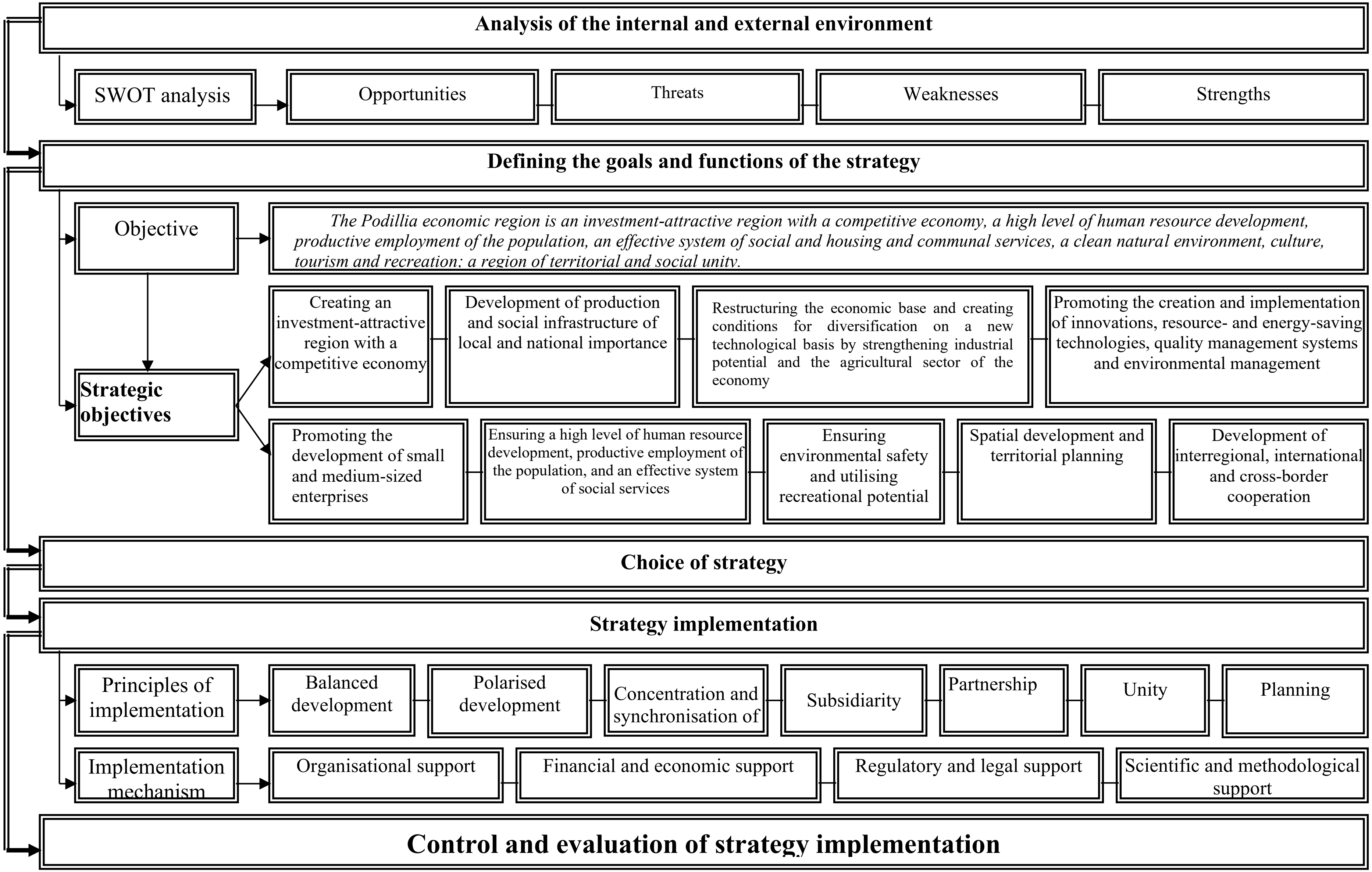

Fig. 1.5. Schematic structure of strategic planning for the socio-economic development of the Podilskyi economic region

The defining principles in the development of the region's resource strategy are its social orientation, comprehensive and systematic approaches, as well as: the advantageous geographical location and climatic conditions of the region; the availability of natural, labour, financial, production and information resources; the balanced use of the total resource potential; the reproduction and limited nature of resources that ensure economic growth; the advanced development of industries that could play a significant role in national and regional interests; consistency in the implementation of adopted policy documents aimed at overcoming constraints in the socio-economic development of the Podillia region.

To increase the efficiency of the region's resource potential, structural reforms and institutional changes are needed, as well as the creation of a favourable investment and innovation climate in the region, environmental protection and resource conservation (Fig. 1.6).

Structural reform and institutional changes include:

- the development of regional development strategies based on the effective use of resource potential,
- modernisation of the mineral and raw materials sector of the economy,
- structural reorientation of the agro-industrial complex and increasing its efficiency to create intensive agriculture and livestock farming, taking into account natural resource potential,
- introduction of economically sound investment incentives to support structural changes at the regional level,
- elimination of imbalances in the organisational, institutional, innovative and export structure of production,
- introduction of new principles of state regulation of resource use in the resource sector.

Strategic directions for improving the efficiency of the region's resource potential

Structural reforms and institutional changes:

- development of regional development strategies based on the effective use of resource potential,
- modernisation of the mineral and raw materials sector of the economy,
- structural reorientation of the agro-industrial complex and increasing its efficiency to create intensive agriculture and livestock farming, taking into account natural resource potential,
- introduction of economically sound investment incentives to support structural changes at the regional level
- elimination of imbalances in the organisational, institutional, innovative and export structure of production
- introduction of new principles of state regulation of resource use in the resource sector

Creating a favourable investment climate in the region:

- development of regional strategies to attract foreign and domestic investment in the region's resource base
- coordination of targeted and sectoral regional development programmes with socio-economic development strategies
- expansion of the programme to attract foreign investment in the resource sector and support for it by regional state authorities and local self-government bodies

Ensuring innovative development of the region:

- developing and implementing strategic programmes for the innovative development of the region
- forming regional innovation systems with maximum involvement of available scientific, technological and financial resources
- creation of regional scientific centres of scientific and production clusters, taking into account specialisation;
- forming the infrastructure of the regional innovation market in the resource sector

Ecologisation and resource conservation:

- introduction of environmentally friendly, resource-saving technologies in areas of resource use
- launching enterprises for the processing of industrial and household waste
- environmentally friendly and innovative modernisation of the region's economy;
- creation of an effective environmental, recreational and tourist infrastructure in the region
- ensuring the expanded reproduction of renewable natural resources,
- development and implementation of a regional programme for environmentally balanced nature management

Fig. 1.6. Strategic directions for improving the efficiency of resource use in the region

Creating a favourable investment climate in the region involves:

- developing regional strategies for attracting foreign and domestic investment in the region's resource base,

- coordination of regional resource development target and sectoral programmes with socio-economic development strategies,

- expanding the programme for attracting foreign investment in the resource sector and supporting it by regional and local government authorities.

To ensure the innovative development of the region, it is necessary to:

- develop and implement strategic programmes for the innovative development of the region,

- formation of regional innovation systems with maximum involvement of available resource, scientific, technological and financial potential,

- creation of regional scientific centres of scientific and production clusters, taking into account specialisation,

- forming the infrastructure of the regional innovation market in the field of resources.

Ecologisation and resource conservation consist of:

- introducing environmentally friendly, resource-saving technologies in the areas of resource potential,

- launching enterprises for the processing of industrial and household waste,

- eco-innovative modernisation of the region's economy,

- creating an effective environmental, recreational and tourist infrastructure in the region,

- ensuring the expanded reproduction of renewable natural resources,

- development and implementation of a regional programme for environmentally balanced nature management.

In the context of increasing globalisation and regional competition caused by the prolonged financial and economic crisis, it is very important to formulate a competitive strategy correctly. A competitive strategy not only addresses the question of how to increase the competitiveness of the region's economy, but also reflects functional strategies that answer the question of how best to conduct organisational activities in the region in the direction of competitive struggle. Competitive strategy is primarily aimed at how to compete and how to develop the region's own competitive advantages, how to make these advantages stable and long-lasting. A key part of a strategy for effectively managing a region's strategic competitiveness is building long-lasting and stable competitive advantages, which are the basis for its successful strategic development.

The strategy for ensuring effective management of the region's strategic competitiveness should be viewed as a set of continuously evolving measures aimed at achieving long-term goals for its improvement. At the same time, the mechanism for developing and implementing a strategy for effective management of strategic competitiveness development must take into account the possibility of adjusting its provisions in line with changes in the external environment and depending on the socio-economic and political situation. In addition, the strategy must be sufficiently clear and understandable so that it can be implemented.

Currently, each region is building its own path to achieving a high level of strategic competitiveness based on factors of production (natural resources, human capital, investment, innovation, etc.), as well as factors of the new economy (knowledge economy), which has a number of features:

- an increase in the intangible component in the activities of economic entities;
- strengthening the role of novelty (new ideas, innovations) in ensuring the competitive advantages of objects;
- instability of the organisational environment, increased intensity of changes in the external environment;
- increased influence of the human factor on the results of economic activity;
- further differentiation of consumer needs, stimulating the emergence of new types of products;
- increase in the share of creative, intellectual human labour compared to physical, manual labour.

Our approach to forming a strategy for effective management of the region's strategic competitiveness is based on the principles of a systematic approach, as well as an interdisciplinary methodology for studying the region as a multifaceted entity. This approach has the following advantages:

- creation of preconditions for increasing the strategic competitiveness of the region by initiating real and targeted innovative changes in its management in the region;
- forming and forecasting quantitative values of key indicators that allow monitoring the implementation of the strategy;
- implementation of changes aimed at improving the efficiency of administrative management and, consequently, increasing the likelihood of successful strategy implementation;
- using more sophisticated methods of analysing the region's competitive advantages;
- balancing the regional strategy for effective management of the development of strategic competitiveness.

In this regard, the search for new ways to research and develop a strategy for effective management of the development of the region's strategic competitiveness can be the subject of independent research. The process of developing a strategy for effective management of the development of strategic competitiveness consists of three main stages:

1) analysis of the current state of the region's actual competitiveness;
2) analysis of existing strategies for increasing the competitiveness of territorial entities;
3) analysis of the effectiveness of the proposed strategy for increasing the competitiveness of the region.

The choice of a competitive strategy for effective management of the region's strategic competitiveness is a search for the main strategic competitive advantages of the region based on the study of competitive reserves in various areas of regional activity. In essence, building a competitive strategy for the region consists in creating competitive advantages and selecting types of activities that differ from those of competitors, which is the main task of managing regional strategic competitiveness.

Thus, a systematic approach to developing a strategy for effective management of a region's strategic competitiveness requires the formation of an appropriate system as a tool for implementing the chosen strategy. Only a system can solve the task of effectively managing the improvement of a region's strategic competitiveness. Having justified the need to develop a strategy for the effective management of strategic competitiveness as a system, we can highlight its main advantages:

- expansion and deepening of one's own strategic ideas about the mechanism of interaction between economic entities in the regional socio-economic system;
- discovery and study of new properties of the system in increasing the strategic competitiveness of the region;
- increasing the strategic competitiveness of the region as a system in terms of its functional development.

In addition, in the process of implementing a systematic approach to the formation of a strategy for the effective management of the region's strategic competitiveness, a number of general systemic principles must be taken into account:

- considering the set of system elements as a whole;
- the property of the system is not simply the sum of its elements. This increases the possibility that the system will possess special properties that may not be present in individual elements;
- maximum efficiency of the system. It has been theoretically proven that there is always a value function of the system in the form of the dependence of its efficiency on the conditions of its construction and functioning. In addition, this function is limited, which means that it is possible and necessary to seek its maximum;
- mandatory consideration of external connections, the requirement to view the system under analysis as part (a subsystem) of a more general system;
- the possibility of dividing the system into parts, i.e. subsystems.

Strategic maps are currently used to provide a unified view of the vision, policy, strategic goals, strategy and their interrelationships. According to the author of the work, strategic maps define the general direction and align the vision, policy, strategic goals, strategy, measures, key performance indicators and target values of these indicators.

We have developed a strategic map for one of the priority areas of the socio-economic development strategy of the Vinnytsia region for the period up to 2020 – increasing the competitiveness of the region (Fig. 1.7), which presents the vision, policy, strategic goals and strategy in their logical interrelationship. It should be clarified that in the strategy for the socio-economic development of the Vinnytsia region for the period up to 2020, the competitiveness of the region's economy, according to the previously adopted terminology, is strategic competitiveness, which will be achieved in the future.

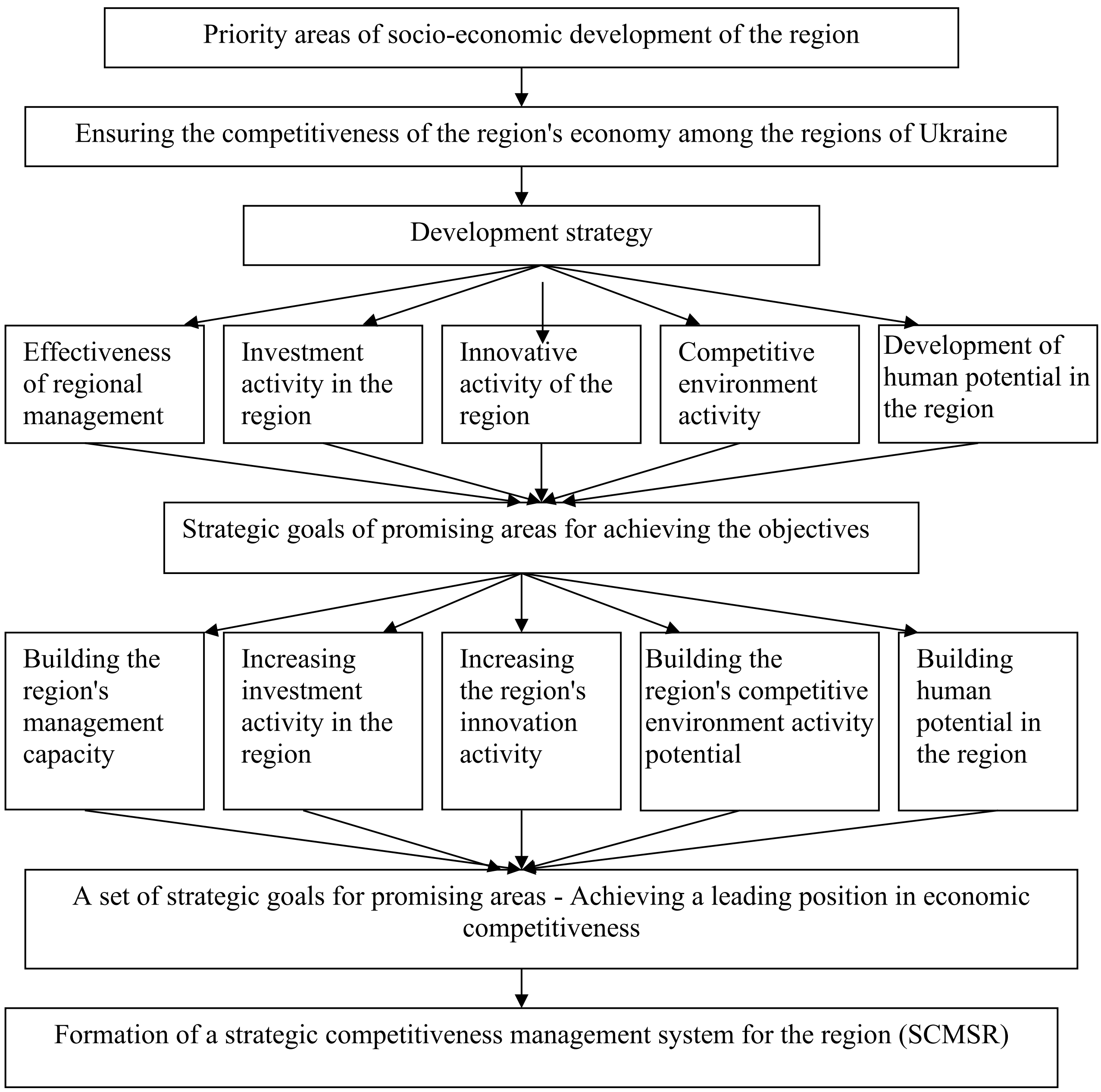

Fig. 5.7. Strategic map for the implementation of the priority direction of the socio-economic development strategy of Podillia for the period up to 2020 – increasing the competitiveness of the region's economy

The vision of the regional administration for the priority area under consideration is to transform the Vinnytsia region into a globally integrated, competitive region in the future. At the same time, the policy of increasing the strategic competitiveness of the region involves setting the main goal, which is to achieve a leading position in terms of the competitiveness of the Podillia economy among the regions of the country. Therefore, the main goal in achieving the strategic competitiveness of the region's economy is based on the region's competitiveness policy and is manifested in systematic orderliness.

The main goal in the area of strategic competitiveness is intended to be the basis for the formation of the main strategic priorities for its achievement. The key link in the decomposition of the main goal is the transition to strategic directions (perspectives) and further to the strategic goals of the perspectives that follow from them, which we consider as a single interconnected system.

The results of the SWOT analysis of the socio-economic situation in the Vinnytsia region and the competitiveness of its economy give reason to believe that the main strategic priorities (perspectives) for achieving the main goal in the area of strategic competitiveness may be:

- improving the efficiency of regional management;
- increasing investment activity in the region;
- increasing the region's innovation activity;
- increasing the activity of the region's competitive environment;
- developing the region's human potential.

Since each strategic perspective has its own strategic goal, the next step (Fig. 5.7) is to move on to their specific formulations. Accordingly, the strategic goals of the region's priority areas are:

- building the region's management capacity;
- building the region's investment activity potential;
- building the region's innovation activity capacity;
- building the region's competitive environment capacity;
- building the region's human potential.

At the same time, the set of strategic goals for promising areas determines the region's strategy for achieving its main goal: to become a leader in economic competitiveness among the regions of Ukraine.

Having defined the strategy for achieving the main goal, the final stage involves developing a conceptual approach for its implementation. The results of a systematic analysis of scientific approaches, an analysis of Podillia's competitiveness and its socio-economic development for the period 2010-2015 allow us to believe that the strategy for achieving the main goal can be implemented on the basis of forming a system for managing the region's strategic competitiveness (SSMC).

Thus, the strategic map we have developed has a strategic focus and serves to improve the effectiveness of regional strategic competitiveness management. As can be seen in Fig. 1, the strategic map graphically illustrates the interrelated, logical transition from vision, policy, main goal, priority areas and their strategic objectives (strategies) to the possibility of practical implementation of the strategy through such an instrument as the formation of a regional strategic competitiveness management system (RSCMS).

The existence of an SRMS means that the development of regional strategic competitiveness in the long term will not be carried out spontaneously or through isolated measures, but in a targeted manner in conjunction with the vision, policy, strategic objectives and strategy.

The implementation of the above strategic directions and strategies for the effective management of the region's strategic competitiveness as a system requires, first and foremost, the solution of the following main tasks:

1) creation of a conceptual model of a system for effective management of the formation of the region's strategic competitiveness and description of the mechanism of its functioning;

2) selecting and forecasting indicators of the region's strategic competitiveness for the period up to 2020;

3) forming a forecast level of strategic competitiveness of the region and its constituent potentials;

4) developing a program-targeted approach to the implementation of the forecast level of the region's strategic competitiveness.

1.4 Building a forecast integration model for the development of regional systems based on the comprehensive use of aggregate resource potential

For the effective development of aggregate resource potential and the creation of integrated formations in a rather unstable economic situation, progressive forms of economic management are needed through which property relations for large state-owned and privatised industrial production will be implemented. They will allow the combination of enterprises and organisations in the resource sector, scientific, banking, supply, insurance, exchange and trading firms located in the country, restore interrupted economic ties, accumulate resources for innovation, and implement scientific and technological progress. Through the organisation of the integration of enterprises and organisations, the interests of participants in the rational use of basic types of resources are combined. Research into resource potential shows that favourable conditions have developed in the country for the creation of appropriate vertically integrated enterprises in this sphere. Global practice proves that a country's competitiveness is ensured not by the success of individual firms, but by entire industries. Balancing the interests of enterprises in the resource sector, solving the problems of resource fragmentation and duplication of efforts can ensure the efficiency of the resource base while promoting growth and preventing negative processes that develop under the influence of market forces. However, it should be borne in mind that by seeking to concentrate national capital and national wealth in the country by granting privileged rights to national commodity producers in the use of resources, the state contributes to the monopolisation of the industry and the loss of its competitiveness. Avoiding these mistakes will ensure the creation of not just one company that includes most of the large enterprises in a particular resource sector, but the organisation of several vertically integrated companies based on the most powerful, economically developed enterprises in the resource base. The state is responsible for maintaining macroeconomic balance, defining the contours of the resource sector's development, creating the appropriate conditions for this, and stimulating economic activity by creating conditions for free market competition, where business will take the initiative. It is advisable to create a vertically integrated company and to create conditions for the formation of several vertically integrated enterprises that may compete with each other.

The nature of integrated links should be chosen by the relevant organisations on a voluntary basis and based on relevant market research. Further structural changes should provide for the gradual resolution of the interests of all sectors of the Podillia resource complex (natural resources, production, labour, investment, innovation, infrastructure) with the formation of several integrated structures - holding companies. Moderate intervention in the development of the resource sector, without hindering economic incentives for the creation of a competitive environment, and state regulation may take the form of special subsidies, regulation of energy prices, reduction of interest rates on loans, introduction of depreciation discounts and tax breaks, export financing, etc. To ensure the sustainable economic development of each management entity of the state as a whole.

It is advisable to form a vertically integrated enterprise (VIE) in four stages (Fig. 1.8), with particular attention to the first stage of organizing a vertically integrated enterprise. Integration consists in the implementation of a more sophisticated management structure and its precise alignment with objectives, organisational methods, the correct choice of economic and legal forms, types of integrated company structures, and sound marketing and technical and economic calculations.

The preparatory stage of the general model for the formation of a vertically integrated enterprise in the field of resource base includes the determination of: the purpose of each enterprise's participation in the creation of a vertically integrated company; the method of organizing integration; the economic and legal form of the vertically integrated enterprise being created; the optimal type of structural association; analysis of information on the state of production facilities - private owners of integration; conducting technical and economic calculations and calculations of the economic efficiency of integration.

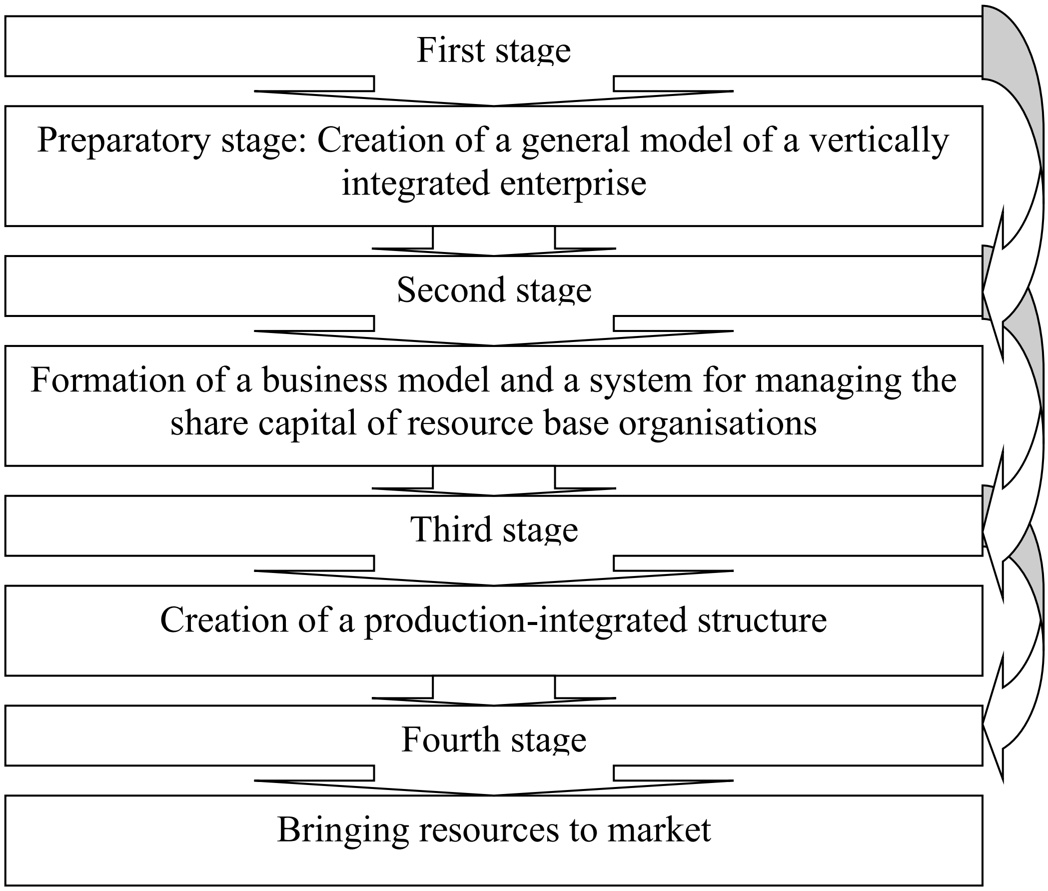

Fig. 1.8. General model for forming a vertically integrated enterprise in the field of resource potential

The preparatory stage of the general model for forming a vertically integrated enterprise in the field of resource base includes determining: the purpose of each enterprise's participation in the creation of a vertically integrated company; the method of organizing integration; the economic and legal form of the vertically integrated enterprise being created; the optimal type of structural association; analysis of information on the state of production facilities - private owners of integration; conducting technical and economic calculations and calculations of the economic efficiency of integration.

Integration has the following main objectives, which are the focus of integrated enterprises: in the interests of production; in the interests of sales; with the aim of reducing taxation; in financial and investment interests; with the aim of material and technical supply. The method of organising integration depends on the type of resource - it can be either a merger or an acquisition.

At the first stage of forming a vertically integrated enterprise project, to achieve a synergistic effect, taking into account the most optimal types of production cooperation in each individual case. To this end, mergers, sales and acquisitions of resource potential are considered first, which will increase investment, reduce costs and improve efficiency. The most acceptable economic and legal form of a vertically integrated enterprise in the current conditions of economic development in the field of resource potential is a holding company. A holding structure is characterised by the independence of divisions, diversification of activities, risk management, accessibility of investments, tax protection, profitability of divisions, control over the ownership structure, the effect of managing a group of technologically related or related companies, the non-mandatory participation of banks or other credit institutions, the non-mandatory existence of contracts and agreements between participants - members of the enterprise, the possibility of participation in other organisations, the possibility of solving the financial and economic problems of participants using the mechanisms of the participants' activities. Holding companies and financial and industrial groups organised on their basis best meet the requirements of resource potential organisations when organising vertical integration in modern market conditions.

As is known, vertically integrated enterprises are created according to three types of structural associations: vertically integrated enterprises organised by technological production chain; vertically integrated enterprises organised by stages and phases of the product life cycle; vertically integrated enterprises organised by stages and phases of the product life cycle and the technological chain of production.

At this stage of project development, it is necessary not only to theoretically justify the choice of the type of structural relationships, but also to make the appropriate technical and economic calculations. To determine the effectiveness of the new system, a detailed comparison of the results of the enterprise's production and economic activities for the previous and reporting periods is required.

F. Kotler's enterprise growth strategy [6, p. 336] can be determined on the basis of an analysis conducted at three levels:

1) identify opportunities that the firm can take advantage of at its current scale of operations (opportunities for intensive growth);

2) identify opportunities for integration with other elements of the industry's marketing system (opportunities for integrative growth);

3) identify opportunities that open up outside the industry (opportunities for diversified growth).

The essence of the second stage is expressed in the formation of a business model and a system for managing the share capital of the resource base, including the development and approval of the current model for managing the financial and economic activities of the holding, as well as the formation of a rational system of property rights. The formation of a share capital management system includes the development of a model for restructuring and protecting share capital and the formation of a system of infrastructure links.

The measures of the third stage of creating a vertically integrated enterprise in the resource sector involve developing a business model that includes the formation of a unified management apparatus and a unified profit centre, as well as bodies for accounting and control of commodity and financial flows, auditing of reports, and evaluation of enterprises. The measures also include the implementation of a marketing strategy for bringing the holding company to international capital markets.

During the fourth stage, it is planned to bring the shares of the integrated enterprise to the market, taking into account expansion into new raw material and sales markets, the transition to a single share and its introduction to international stock markets, measures to increase the liquidity of the holding's securities, attracting additional investments, etc.

The purpose of creating a system for managing the project of creating vertically integrated enterprises is to organise a systematic approach to researching this vertically integrated connection of enterprises, determining the optimal business model, conducting analytical work on relevant marketing research and technical and economic calculations, and analysing the economic and managerial efficiency indicators of the project. To implement this project management system, it is necessary to organize a working group, which should include specialists in the production of integrated enterprises, specialists in marketing research, specialists in investment and financial and economic activities, a group of advisers, which includes consultants on the creation of a business project, the development of recommendations, methodological support for the project, an expert council that includes consultants and auditors whose task is to collect, process and analyse information on the state of integrated production facilities, conduct scientific research, and the project management commission must include a Supervisory Board (Fig. 1.9).

The organisational structure of vertically integrated enterprises and organisations of the resource potential of Podillia included consideration of:

- the organisational structure for managing the resources of the Podillia economic region;
- a general model for the formation of a project to create a separate vertically integrated enterprise;
- the structure of the project management commission.

In performing the calculations, the most important question was the feasibility of a vertically integrated connection to obtain the effect of integrating these enterprises in the resource sector.

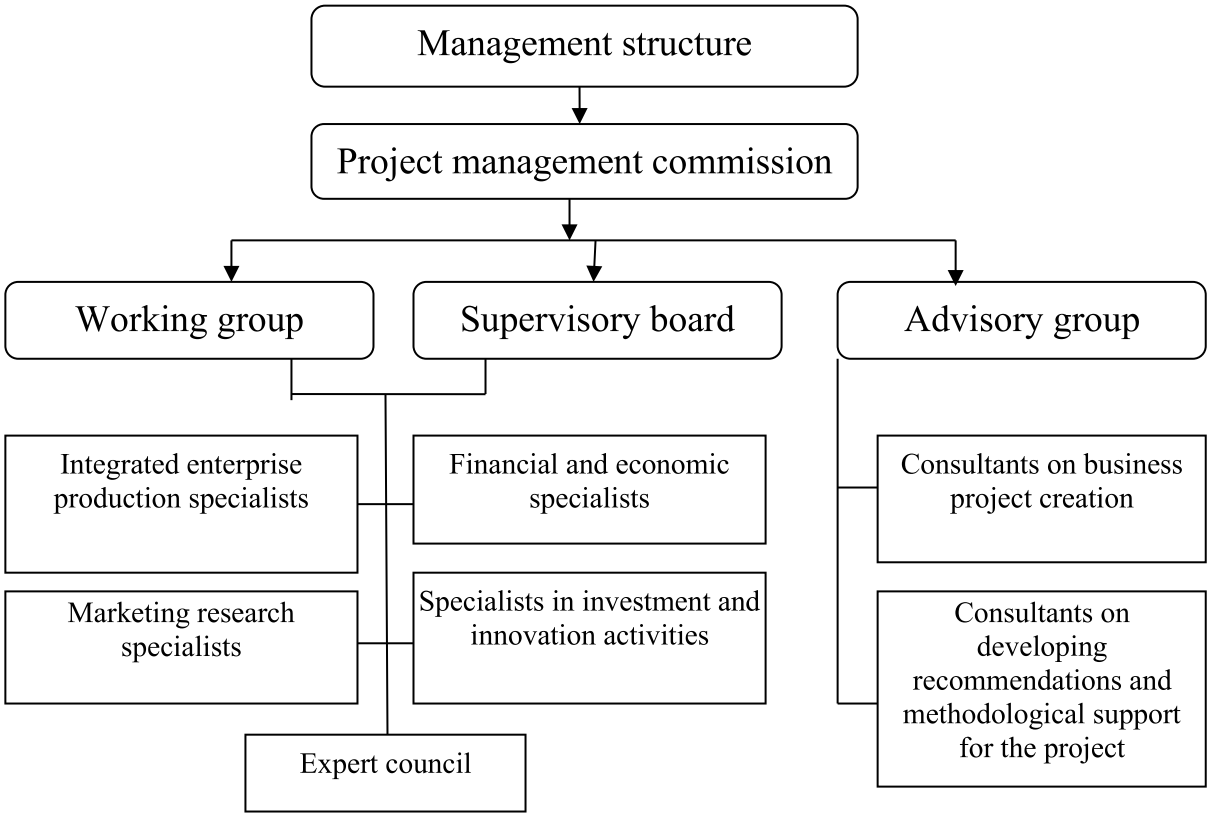

Fig. 1.9 Organisational structure of project management in a vertically integrated enterprise

A correctly chosen vertically integrated link contributes to increased profitability through rationalisation and cost reduction within a larger economic unit, ensuring sales to either partner processing enterprises or end consumers through own distribution channels, reducing the risk of production activities by distributing responsibility among several partners, and achieving a leading position by limiting competition.

In order to select the most effective option for partners participating in integrated enterprises and to achieve the maximum effect from the application of integration, when organising vertically integrated enterprises (through mergers or acquisitions), it is advisable to choose the option that will bring the greatest synergistic effect in the current period and in the future. It is necessary to build a comprehensive model of synergy, where, after performing the appropriate calculations, a final assessment of the synergy of the interacting technological chains of the integrating enterprises will be given, which is the arithmetic mean of the estimates of the impact of all synergy factors.

The research conducted allows us to conclude that vertical integration is economically efficient and contributes to the growth of national wealth.

The most important stage in the formation of a strategy for the rational use of the region's resource potential and the determination of a set of typical strategies is the informed choice of strategic management tools. Strategic models allow not only to most accurately determine the state of the resource base in the space of characteristic positions of the present, but also to outline and justify the choice of directions for prospective development. Two-dimensional matrices are used when creating such models. The definition of variables for building a specific model depends on the purpose of the analysis, with the key criteria for selecting variables being: the completeness of the reflection of the characteristics of the region's resource potential within the framework of a specific problem, and the capacity and informativeness of the characteristics of various resource states in the present and in the future.

Most well-known strategic models are based on the concept of the product/service life cycle, which states that every product goes through four stages in its existence: inception, growth, maturity and decline. Each stage of the life cycle has characteristic features that are reflected in the product's market position, profit margin, competitive strength and other quantitative and qualitative indicators.

Building a model to determine a strategy for the rational use of a region's resource potential involves the use of specific variables, the selection and inclusion of each of which requires scientific justification.

The basis for selecting the first variable is the hypothesis about the relationship between the stage of the resource potential life cycle and the rational use of resources. According to our understanding, the stage of emergence of resource potential is characterised by its extremely irrational use: there are one or two enterprises (more often one company), the production infrastructure is poorly developed, preference is given to the development of the richest deposits with high-quality reserves, the main task of economic entities is to reach profitable production volumes as quickly as possible, everything else is secondary.

The growth stage involves expanding the production infrastructure of the resource sector, including the development of new resources, in particular new deposits and entire fields, continuing the policy of "skimming the cream," which is gradually being hampered by increased competition and the entry of new enterprises (already at the state and, possibly, international level) into the industry market. The use of the region's resource potential in the growth stage remains irrational. The peak of competition, accompanied by an inevitable decrease in the explored amount of recoverable reserves and an increase in the share of hard-to-recover reserves in the reserve structure, means a transition to the maturity stage.

The state of reserves for economic entities remains attractive, as their quantity ensures production needs for at least 10-15 years, there are still areas that are potentially attractive to consumers, new extraction technologies are being actively introduced, and production growth is ensured by intensive production - all these are characteristic features of an economic complex at the stage of maturity. It is this stage that allows resource users to significantly increase the degree of rational use of oil and gas resources.

The depletion of reserves, with no prospects for their replenishment in the future, is accompanied by a decrease in the number of enterprises and the transfer of their production capacities to other territories. If the trend of decreasing proven reserves is characteristic of the country as a whole, the use of natural resources can reach its maximum degree of rationality at this stage of the life cycle. Otherwise, natural resource use risks returning to an extremely irrational state.

The analysis confirms the correctness of the hypothesis regarding the connection between the stage of the resource potential life cycle and the degree of its rational use. In this regard, we consider it reasonable to include the indicator "degree of rationality of resource potential use" as the first variable of the strategic model of their rational use.

The key task at this stage is to determine the second variable. Obviously, the characteristic we are looking for must be no less significant, be related to the life cycle of the economic complex as a whole, and reflect its development prospects. Given the significant requirements, we consider it appropriate to use one of the following indicators:

a) growth rates, gross domestic product (GDP) growth;
b) growth in industrial production;
c) industrial competitiveness;
d) investment attractiveness of the industrial complex;
e) level of well-being of the population;
f) level of environmental condition, etc.

Let us justify the choice of a specific indicator as the second variable of the strategic model for the rational use of resource potential. There are various methods for assessing investment attractiveness, the competitiveness of the industrial complex, and the level of environmental condition. Including one of these indicators in the strategic model will make it easy to find the location of the industrial complex on this axis, which will create comfortable conditions for analysts when building the model. This is an important factor, but the level of socio-economic development is a more significant characteristic, which includes virtually all of the above and is actively used by the world's largest analytical and consulting firms.

The level of socio-economic development is a unique integral indicator that reflects all the main trends in regional and national development: economy and finance; social sphere; demography and others. Thus, it is the level of socio-economic development of the region that is the indicator that should be used as the second variable of the strategic model for the rational use of resource potential. The model itself will look as follows:

1. The level of socio-economic development (compared to the potential) is plotted on the x-axis, which has four characteristic positions: low, below average, average, high;

2. The ordinate axis shows the degree of rational use of resource potential, which also has four characteristic positions: extremely irrational, irrational, insufficiently rational, close to rational.

Thus, the model offers 16 positions of a specific resource complex in the space of the proposed variables (Fig. 1.10).

Of the 16 quadrants of the matrix for describing a complex of typical strategies for the rational use of resource potential, we will use eight key ones (the quadrants are marked with numbers, Fig. 1.10). Quadrants 1-4 correspond to the extreme (polar) positions of resource potential use, and the typical development strategies for the situations indicated are as follows:

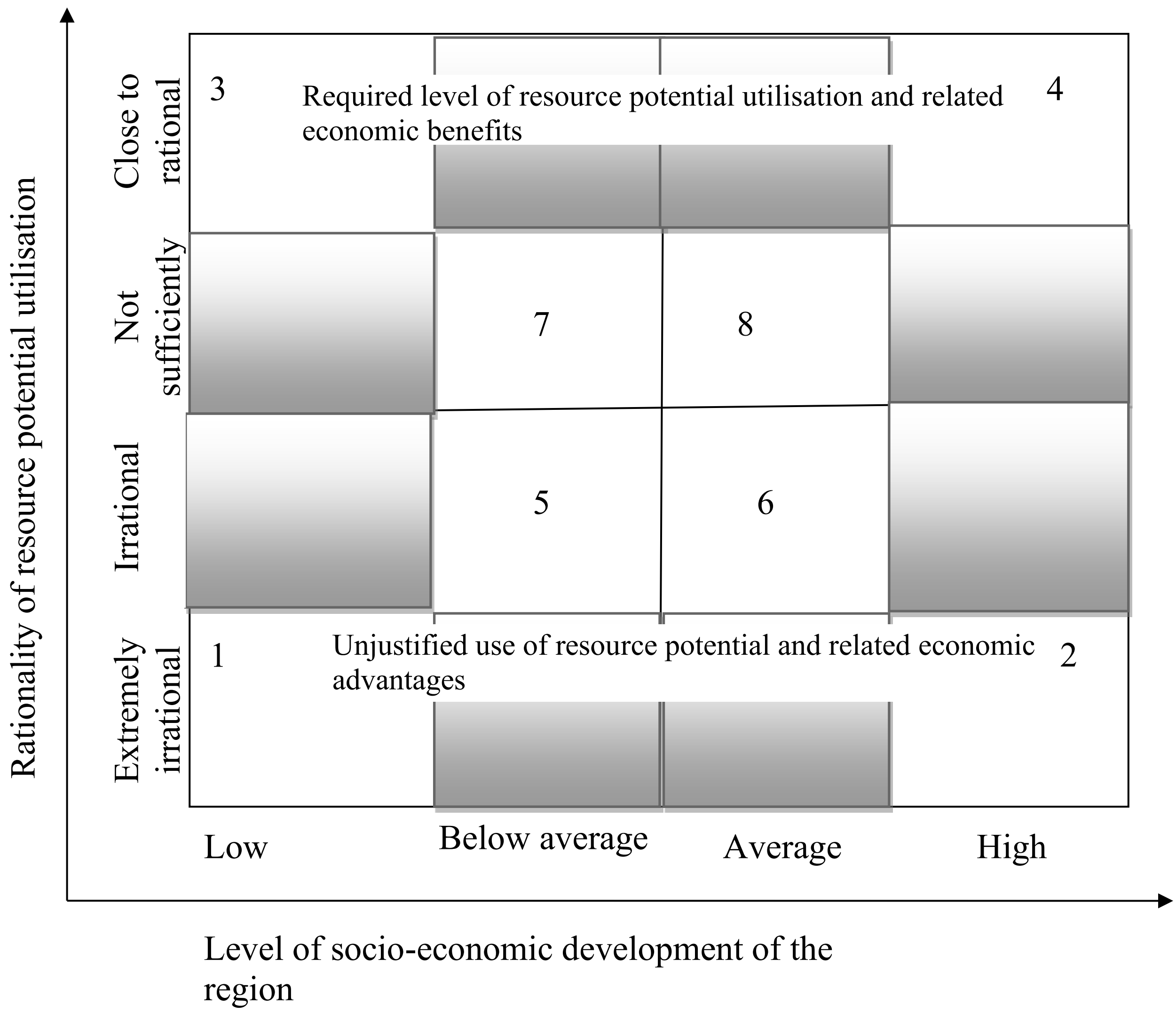

Fig. 1.10 Matrix of the model of rational use of resource potential

1. Characteristics of the situation - the use of resource potential is extremely irrational, the resource complex has a low level of development. Recommended

strategy - reorganisation, liquidation. Object of influence - state authorities and local self-government bodies, business entities. Subject of influence - state authorities. Content of measures taken - strengthening administrative control over the use of resource potential, actively attracting investors, changing economic entities, attracting other economic entities that have proven themselves positively in the country and worldwide to the sphere of resource potential use.

2. Characteristics of the situation: extremely irrational use of resource potential combined with a high level of socio-economic development. Recommended strategy: production expansion. Target: economic entities. Subject of influence - state authorities and local self-government bodies. Content of measures taken - optimisation of internal processes for the use of resource potential, stimulation of competition, involvement of new economic entities, improvement of the organisation of enterprises in the resource sector;

3. Characteristics of the situation: close to rational use of resource potential combined with a low level of socio-economic development in the region. Recommended strategy - horizontal unconnected integration (development of new types of business). Object of influence - economic entities, state authorities and local self-government bodies. Subject of influence - enterprises and other economic entities, state authorities and local self-government bodies. Content of measures taken: transfer of positive experience in the use of resource potential to other areas of economic development, active introduction of resource management experience into other areas of the economy, improvement and adaptation of the legislative framework for the rational use of resource potential.

4. Characteristics of the situation: close to the rational use of resource potential combined with a high level of socio-economic development in the region. Recommended strategy: intellectual leadership, creation of unique competitive advantages for the modern economy in the future. Target audience: economic entities and the general public. Influencing entities: state and local government bodies, enterprises. Content of measures taken: active development of the intellectual sphere, comprehensive support for innovative projects, intensification of work to revive the

unique traditions and crafts of the region's population, restoration of cultural monuments, creation of conditions for the development of various types of tourism, introduction of the latest developments in improving social and production infrastructure, institutional and investment environment.

The description of the polar strategies for the rational use of resource potential gives an idea of the nature and content of the measures taken, an important feature of which is the involvement of virtually all interested parties in the implementation of the strategy: state and local government bodies, the public, and economic entities from various sectors of the economy and the social sphere. This is what makes the presented strategies unique, due to the high social significance of resource potential.

An important stage in the formation of a set of typical strategies for the rational use of resource potential is the development of a central group of strategies (5-8 quadrants of the matrix, Fig. 5.10). It is this group of strategies that should be used most actively, since a significant part of them are average or close to average in terms of socio-economic development, and polar characteristics of resource potential use are also more often the exception.

5. Characteristics of the situation: irrational use of resource potential is combined with a low level of socio-economic development in the region. Recommended strategy: centred diversification. Target: economic entities. Influencing entity: state and local government bodies. Content of measures taken: creation of a favourable economic climate for the operation of resource-based enterprises with simultaneous strengthening of control over the rational use of resource potential; development of enterprises that use the most cost-effective resources; limitation of the number of economic entities, with preference given to economic entities with a positive image; striving to create vertically integrated enterprises within the region.

6. Characteristics of the situation: irrational use of resource potential combined with an average level of socio-economic development in the region. Recommended strategy: optimisation of economic relations in the field of resource potential use. Target: enterprises and other economic entities. Subject of influence: senior management of enterprises. Content of measures taken: combining strict control

with the creation of optimal conditions for the functioning of economic entities, use of resource potential, stimulation of the use of newer technologies and organisation of production activities.

7. Characteristics of the situation: insufficiently rational use of resource potential with a below-average level of socio-economic development. Recommended strategy: conglomerate diversification. The object of influence is enterprises and other economic entities in various sectors of the economy. The subject of influence is senior management of enterprises. The content of the measures taken is the development of existing and new types of business based on the use of resource potential and the experience of enterprises, with the parallel build-up of the latter's innovative potential.

8. Characteristics of the situation: insufficiently rational use of resource potential combined with an average level of socio-economic development. Recommended strategy: technological leadership. Target: enterprises and other economic entities. Subject of influence: senior management of economic entities. Content of measures taken: intensification of production activities in the resource sector, introduction of modern technologies, improvement of the organisation of resource potential use based on the most advanced Ukrainian and international experience, work to increase the investment attractiveness of the region, creation of favourable conditions for the use of resource potential, and increased social responsibility of economic entities.

The strategies described provide the most complete set of all possible directions for achieving rational use of resource potential, depending on the current level of socio-economic development of the region and the current state of resource potential use. The strategies of unnumbered quadrants (Fig. 1.10) can be defined as a combination of strategies of adjacent quadrants. Thus, we have formed a set of strategies for the rational use of resource potential and proposed tools for the reasonable determination of a strategy for the use of resource potential within the region.

An important aspect of the practical application of the proposed strategic model for the rational use of resource potential is the ability to visually represent the consequences of changes in state economic policy, changes in economic entities, the system of resource potential use, state authorities, and other significant changes. Based on a comparison of the region's situation over time using the proposed variables under different economic conditions (past and present), and the identification and analysis of relevant trends, it is possible to determine directions for improving the use of resource potential and the most acceptable strategy for its rational use in the region. The formalisation of complex results that are difficult to quantify can be achieved using the proposed original model, which greatly increases its scientific and practical significance.

The developed strategic model for the rational use of resource potential can also have a wider application. On a regional and national scale, the model allows us to present the positions of all the largest economic complexes in terms of their level of development and the degree of rational use of resource potential. In this case, a technique known from marketing position maps can be used to graphically represent an object: the object is depicted in the space of accepted variables in the form of a circle with its centre at a point with coordinates corresponding to the values of these variables for the object in question, and the diameter of the circle is determined depending on the size of the characteristic feature of the object. Thus, by determining the degree of rationality of the use of the country's resource potential, calculating the level of its socio-economic development and determining the share of each region in it, it is possible to construct a positional map of the use of the resource potential of the entire country in the space of the proposed variables.

Since the policy of sustainable development of regions should be formed taking into account the resource potential, the proposed strategies, which are based on the results of comprehensive diagnostics and determine the optimal development scenarios, will contribute to the effective use of resource potential, reproduction and stabilisation of the economy. The implementation of the developed strategies for the use of resource potential will make it possible to overcome the deformation in the socio-economic development of the regions, balance the development of their productive forces and improve the quality of life of the population.

The implementation of these priorities within the framework of the strategy for the sustainable spatial development of the productive forces of the Podillia macroregion will ensure the creation of a highly efficient economic complex based on the coordinated activities of its regional structures, expand the scope of participation in interregional and interstate structures on the basis of intensified interregional integration, and contribute to putting the economic complex of the macroregion on the path to economic growth in order to improve the well-being of the population.

To sum up, it is clear that state regulation of the use of resource potential in the work is presented as a system of legislative, executive and control measures implemented by state authorities and local self-government bodies with the aim of stabilising the socio-economic system of the region. The structural elements of the state regulation system are defined as follows: subjects and objects of state regulation, functions, goals, objectives, principles, forms, methods, and management tools.

The essence of state regulation of resource use is revealed in its main functions, which include: target-setting – determining the goals, priorities and main directions of resource use and, on this basis, socio-economic development; stimulation – the formation of regulators that can effectively influence the activities of economic entities; normative – through legislative acts, the state establishes certain rules, standards and conditions for economic entities; social – state regulation of socio-economic relations, redistribution of income, provision of social protection and social guarantees, preservation of the environment; control – state supervision and control over the implementation of established rules, economic, environmental, social standards, etc.

Providing the necessary resources for the economic and social development of society and natural and ecological conditions that are safe for human health is a pressing issue, which necessitates the creation of conditions for the effective resolution of resource problems at all levels of government – national, regional and local. This requires effective institutional support for the use of the resource potential of the region and the country as a whole. The dissertation identifies that this problem includes a system of legislative and regulatory regulation of structural changes, the corresponding organisational and functional structure of state and regional management, a system of relations, interconnections, fundamental principles and communications regarding the provision of structural changes in the development of the regional system that are adequate to the dynamic external and internal environment.

The institutional system is understood as a system of contractual relations or a management structure that unites economic units and determines the ways in which they interact, i.e. the institutional environment. One of the innovative forms of institutional support for structural transformations in the development of the regional economy is the introduction of contractual principles in the interaction of state authorities, local self-government bodies, civil society institutions, business structures and territorial communities in ensuring the comprehensive and balanced use of the region's resource potential.

Improving the structure and use of the aggregate resource potential depends on the justification for the development and implementation of a strategy for its functioning as a general action programme. The strategy is generally a generalised plan, a system of conceptual ideas and a lever for their achievement based on the full use of available resources. Its implementation should ensure, on the basis of existing resource potential: a qualitative change in the structure of production and exports towards an increase in the share of more technological and competitive products; innovative and investment development of the region's industry to ensure its competitiveness; the most efficient and comprehensive use of all available resources and potential of the region.

The expediency of developing a regional resource strategy for the development of the region under study as an important mechanism for ensuring its targeted and effective development has been proven. This strategy should define a system of priorities, goals and objectives that would become a source of renewal for the region, improving its socio-economic development and the quality of life of its population, and ensuring sustainable development based on the effective use of its resource potential.

It has been confirmed that the main factor of growth is the strategic management of the effective use of the resource base, which is impossible without a modern, adapted mechanism for regulating its development and managing the disposal of the region's total resource potential. The management of the effective use of the region's resource potential should be based on the development of a strategy for implementing this process, be evolutionary, long-term, balanced, natural and sustainable in nature, and necessarily take into account existing experience in resource use.

The work proposes a strategy for ensuring effective management of the region's competitiveness, which is considered as a set of continuously evolving measures aimed at achieving long-term goals for its improvement. It is based on the principles of a systematic approach using strategic maps that determine the general direction of development when coordinating policy with strategic goals. The dissertation develops a strategic map for one of the priority areas of the socio-economic development strategy for the Podilskyi economic region for the period up to 2020.

Based on the construction of a predictive model of integration impact and clustering, the dissertation substantiates promising directions for restructuring and utilising the resource potential of regions depending on the level of utilisation of the region's resource potential, and formulates corresponding strategies.

The work substantiates the priority tasks of the strategy for sustainable spatial development of the Podilskyi macroregion, the implementation of which will ensure the growth of gross regional product and household income by 2015, contribute to the creation of a highly efficient economic complex of the macrosystem, expand the scope of participation in interregional and interstate structures, and provide the macroregion with a vector of economic growth to improve the well-being of the population.