

STATE UNIVERSITY OF JAN KOCHANOWSKI
DEPARTMENT OF ENTREPRENEURSHIP AND INNOVATION

**STRATEGIC MANAGEMENT:
GLOBAL TRENDS AND NATIONAL PECULIARITIES**

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THE THEORETICAL PLATFORM OF THE SOCIO-ECONOMIC POTENTIAL OF THE REGION

Summary

The research is devoted to the relevant issues of the analysis of the theoretical foundations for the formation and development of the socio-economic potential of the region. On the basis of the comparative analysis conducted and based on an interdisciplinary approach to existing scientific directions, the structuring of socio-economic potential was made and an own view of the concept of «potential» was given. The content characteristics of the concepts «state» and «region» are investigated and their features are analysed taking into account the scientific and theoretical basis. The role of the state and regions in the national economy in terms of scientific approaches is revealed. The necessity of researching the imperatives of regional development in the process of formation of the potential of the state and its regions in the institutional system of the national economy is substantiated. The imperatives of regional development of the potential of the state are offered, their connection with each other is revealed, and the dominance of the economic imperative with respect to others is established. The nuclear-spherical model of the nature of the relations of the imperatives of regional development in the formation of the state's potential is presented. The basic hypothesis and the main (guiding) idea of the concept, which link the institutional, economic, and social subsystems of the potential, are determined. The concept of forming the potential of the state and its regions, taking into account the factors influencing this process, has been developed. The paradigm of development of the socio-economic potential of regions, as a separate subsystem of the state in the institutional system of the national economy, is presented in the form of a model. The structure of the socio-economic potential of a separate region of the state in the institutional system of the national economy is proposed.

Introduction

Modern conditions for the formation of the socio-economic potential of the state and its regions are characterized by processes of economic and socio-political instability and differences between the stated strategies and practices for their implementation in real norms, mechanisms, and institutions. At the same time, the changes taking place in society under the influence of integration processes form new requirements for the development management system of the state and its regions. Therefore, the study of issues related to the development of the concept of

state formation and regions potential is relevant and has scientific value for the national economy of Ukraine.

The study developed the following statements:

- justified the interdisciplinary, multidimensional nature of the definition of the term «potential»; when studying the theoretical foundations of the concept of the socio-economic potential of a region, the definition of the content «potential» should be considered in such categories as: «potential of natural resources», «ecological potential», «information potential», «scientific and technical potential», «economic potential», «social potential», «labour potential»;

- the concept of «potential» is defined as the most important value for further research: potential is a set of interacting resources and the possibilities of their realization, ensuring the maximum possible structural and functional conditions (parameters) of development. It is proposed to determine the social potential as a set of available and hidden opportunities, abilities and competencies of human resources, which in the process of interaction create values for economic actors;

- the potential of the region, as a complex category, characterized by different levels of the combination of natural conditions and resources (tangible and intangible), which are involved in the reproduction of the economic space and provide opportunities for further development of the region. «The socio-economic potential of the region» as an economic category reflecting the complex, multifaceted, aggregated and consolidated economic processes, connectives and relations arising between the economic actors of the region in accordance with the needs of the population and social needs.

The concept of capacity building of the state and the region was first developed on the basis of the basic hypothesis and the basic idea in accordance with the institutional, economic, and social potential subsystems. The necessity of the mechanisms for the implementation of the concept, combining economic methods, principles, and tools for the implementation of the concept into a single system. In order to carry out structural reforms that will ensure sustainable economic growth and help achieve the main goal – sustainable economic development of the state and its regions that meet the directions of national and regional policies;

In the course of the study, a model of the modern paradigm of development of the socio-economic potential of the regions of Ukraine was developed. This paradigm is formed under the influence of socio-economic processes in accordance with the decentralization of state power, the informatization of subjects in the regional economy, transformations in the division of labour, factors of mobilization in production. This development will highlight the core of the main components of the regional development plateau.

The structure of the socio-economic potential of a separate state region in the institutional system of the national economy has been improved.

Part 1. Comparative analysis of the concept of potential as a basic economic category of the socio-economic potential of the region

The size of the socio-economic potential characterizes the level of development of the productive forces, determines the country's competitiveness, the degree of capitalization of enterprises. The content of the socio-economic potential of the region reflects the complex, multifaceted, aggregated, and consolidated economic processes, relations and interrelations in accordance with ensuring the balance of its development mechanisms. Meanwhile, in the theoretical aspect, the category of socio-economic potential is not sufficiently studied; there is no systematic vision of this problem both in relation to the socio-economic potential of the state and in relation to the economic potential of Ukrainian entities.

Understanding the content of the paradigm of the formation and development of the socio-economic potential of the region requires an interdisciplinary study of the contradictions and the genesis of its main element – «potential».

Today, the concept of «potential» is the subject of extensive research by many scientists. Representatives of scientists who worked on the essence of this definition, the characteristics of the formation and areas of effective use of potential in the context of socio-economic systems are: I. Bobuch, O. Balatsky, A. Grinev, O. Grishnova, B. Danilishin, S. Doroguntsov, A. Zhulavsky, S. Ilyashenko, E. Kachan, I. Korotun, N. Krasnokutskaya, L. Martyusheva, L. Maslovskaya, V. Mishchenko, V. Reshetylo, V. Fyfurt, and others. However, despite the scientific studies of famous scientists, there is no single view on the definition of potential as a socio-economic category, as well as on the theoretical foundations of its formation based on scientific approaches that take into account the properties of development.

The dynamism of economic processes and the development of economic theory require clarification and rethinking of the essence of the concept of «potential». Scientific and technological progress, integration processes in science and the national economy lead to the interweaving of the use of well-known terms. Recognizing the interdisciplinary nature of the concept of «potential», we will make a comparative analysis of this definition according to the existing scientific directions, namely: humanitarian, precision, natural, technical, and social sciences.

Let's begin the analysis from the standpoint of the humanities (philosophy, psychology, theology, pedagogy, etc.), given that the first and most used is the interpretation of the potential just as a philosophical category.

Aristotle was the first of the philosophers to consider the definitions of «act» and «potency» as the basis of ontological development. Accordingly, life was divided into «potential» and «actual», and such concepts as «becoming» and «development» were seen as a transition from the first to the second [1].

In the philosophical encyclopaedic dictionary, the concept of «potential» is interpreted as the ability of things to be not what it is in the category: 1) substance, 2) quality, 3) quantity, 4) place, that is, the ability to perform respectively «motion» or «process» [2].

Psychological peculiarities of a person's potential in the general sense are considered as a set of means, opportunities, primarily internal, which are hidden, potential, and may manifest under certain conditions [3].

The theological approach emphasizes the connection of life with higher spiritual ideals and values, that is, with spiritual guidance. Consequently, the spiritual potential of a person is determined by the orientation of the individual to higher spiritual ideals, values, and meanings, in particular, aesthetic, humanistic, ecological, cognitive, self-improvement, and self-realization [4; 5].

Pedagogical science considers the potential for the most part in terms of the possibilities of disclosing children's creativity. However, it is important that a person's creative potential is perceived with the help of an integrative property, which reflects the degree of realization of his creative forces as «a set of manifestations of personal functions aimed at solving external and internal problems of a person, for transforming the surrounding world as well as himself» [6].

Consequently, in the above stated different views of scientists on the essence of the concept of «potential» from the point of view of the humanities, potential reserves of a person were discovered in the process of interaction with the outside world and other people.

From the viewpoint of the natural sciences (physics, chemistry, geology, biology, geography, ecology), the potential acts mainly as a functional characteristic of a certain process.

The economic point of view considers the potential of natural resources as a term used in geographical science. There is still no unanimous opinion among scientists about a clear definition of the concept «potential of natural resources». In science, an attempt was made to reveal its content load in various ways, and sometimes in this category, it would be possible to understand other terms, such as «natural resources» or «resource potential».

In most cases, the concept of «natural resource potential» is characterized as: the state of nature, taking into account the laws of the functioning of development: a set of all natural resources, stocks, sources that are and can be mobilized, used to achieve a certain goal [7]; non-renewable natural resources (mineral raw materials and fuel resources), renewable natural resources (land, water, recreation resources), and ecological capacity of the environment, which characterizes its ability to perceive various anthropogenic loads on a certain scale without changing the qualitative parameters of the natural system [8]; the state of the elements representing the development of economic relations: a set of natural resources that are within certain geographical boundaries, ensuring satisfaction of the economic, environmental, social, cultural, recreational, and aesthetic problems of man and society [9].

Exact sciences include mathematics, cybernetics, and computer science. In this case, mathematics operates with potential as an abstract category of measurement. Following the example of physics, astronomy, and chemistry in the natural sciences. But computer science and cybernetics use this concept to determine the information potential. Nevertheless, if computer science is focused on the technical side – on material carriers, then cybernetics is a more significant component.

Technical sciences, the main of which are metallurgy, mining, casting, mechanical engineering, electrical engineering, heating engineering, water management, radio engineering, construction, give an engineering view of the potential with an emphasis on the applied aspect of the concept. For our research, it is important to describe the concept of «scientific and technical potential», the content of which takes into account the interaction of industry, technology, science, and innovation.

At the same time, the «scientific and technical potential» may act as a combination of resources [10], structures [11] or operating factors [12] – that is, it may have the content, form or action.

Modern economic studies prove that the content of scientific and technological potential is more extensive. Indeed, today, the interconnections between enterprises-innovators and participating enterprises (state-owned enterprises, industrial associations, universities) are transformed and established depending on the level of demand for innovations, which allows considering the scientific and technological potential from an economic point of view.

The analysis of the concept of «scientific and technological potential» proves that, with a sufficient set of resources, organizational structures are capable of transforming them into products (goods, services) that will provide the needs of both the region and the country as a whole. In these circumstances, it is appropriate to define the scientific and technical potential as a factor in the innovation development of the state and to link it with the innovative potential.

From the point of view of social sciences (economics, sociology, political science, legal science, demography, etc.), the concept of «potential» is more often used in the economic scientific space and is mainly studied as a category of resources that provides certain business processes of an enterprise in order to establish high level of performance with maximum results.

In accordance with the subject of our study, more attention should be paid to the content of the concept of «economic potential», which is characterized by quite significant differences in the formulation: from extremely narrow, such as annual production and enterprise capacity, and to the socio-economic system, which is a generalizing concept [13, p. 29]. In a general sense, «economic potential» is defined as the ability of a country's economy, its industries, enterprises, farms to carry out production activities, produce products, goods, provide services, meet the demand of the population, social needs, to ensure the development of production and consumption [14].

In modern views of scientists, there are structural changes in the content of the concept of «economic potential», in which the production and resource (resources: material, financial, labour, natural, scientific, technical, informational) potentials are synthesized. So, O. Velichko calls the economic potential a macroeconomic category, which, using the available reserves, resources and production capacity optimally, is able to satisfy public needs. At the same time, according to the author, the formation of potential begins at the level of an individual household, enterprise, and the creation of the economic potential of the industry, region, and society as a whole [15].

Consequently, the study of capacity building as a macroeconomic category proves the deep significance of this concept, which varies under the influence of transformation processes. The analysis of the concept of «economic potential» as an economic category at the macro level allows us to present our own view on the historical stages of the evolution of the interpretation of this concept.

To study and improve the social conditions for the realization of potential, it is advisable to investigate not only the economic potential but also its social component. An interest in our research is a sociological aspect in which potential is viewed as a concept with its intrinsic integrity, integrability, opacity, and strategic properties, the development of which ensures continuity, the synergistic effect of resources and capabilities of the past (retrospective potential), present (output potential) and future (perspective potential) development of the social community based on primary internal and secondary external factors.

In the course of the study, it became clear that the only definition of the concept of «social potential» is not provided but the main characteristics form the content from the standpoint: the level of civil consciousness and social maturity, the degree of assimilation by the employee of the norms of attitude to work, value orientations, interests, needs and demands in the field of labour, based on the hierarchy of human needs [16]; the set of such relations of interest, the installations of economic actors in its internal and external environment, which, due to their actual implementation, affect or may have a significant impact on its activities of the enterprise [17]; a combination of resources, which has additional benefits due to the synergistic effect [18]; the set of such motives and installations of the economic entity in its internal and external environment, the impact of which is reflected in the effectiveness of achieving goals [19].

Conditions of readiness and the ability of social potential for the implementation at the country level should consider the following levels: culture and education of citizens of the country, quality of social conditions and relationships, degree of citizens' trust in government and business, the favourable environment in society.

The processed material allows us to offer the following correct definition of potential as a baseline for further research: potential – a set of interacting resources and the possibilities of their realization, which provide the maximum possible structural and functional conditions (parameters) of development.

On the basis of a comparative analysis, it was proved that when studying the theoretical foundations of the concept of the socio-economic potential of a region, the content of the definition of «potential» should be taken into account in the following categories: «Natural resource potential», «Ecological potential», «Informational potential», «Scientific and technical potential», «Economic potential», «Social potential», «Labour potential» and others. The interdisciplinary, multidimensional nature of this concept emphasizes that the potential acquires its specific characteristics in accordance with the stated goal.

Summing up the analysis of literary sources, the economic potential should be understood as a set of economic conditions and resources, the systemic interaction

of which will provide opportunities for their transformation to obtain high end results on the principles of consistency, dynamism, and purposefulness.

Then it is expedient to define social potential as a set of available and hidden possibilities, abilities, and competences of human resources, which in the process of interaction create values for economic entities.

That is, the potential becomes the basis for the processes of future transformations depending on the specific direction (or goal) of its formation and development, taking into account the substantive features of those varieties that influence the receipt of the final result.

Part 2. The concept of the formation of potentials of the state and its regions

The state of development of the national economy in the context of regulated socio-economic processes creates a market environment, in which business entities operate within the same «rules of the game» for all. The state, which controls almost all spheres of economic activity, shows that the main potential for the formation of the concept of potentials at both the state and regional levels is the socio-economic potential. The socio-economic potential of the state and regions plays a special role in the institutional system of the national economy, where the state is considered as a subject of management, which ensures the formation and effective functioning of all regions of the state in accordance with the levels of the system.

The size of the economic potential characterizes the level of development of the productive forces of the region, the degree of capitalization of enterprises in the region, which determines the competitiveness of the country. At the same time, the regions of the country, in accordance with the specifics of the distribution of productive forces, available production resources, natural conditions, develop economic activities that ensure a stable competitive position in the state market of the country. Combining these efforts should be aimed at minimizing the negative consequences and maximizing the benefits of deepening economic integration.

Consider the features of regional development in the formation of the state's potential, the theoretical basis of which is a meaningful description of the definitions of the «state» and «region» in the institutional system of the modern national economy.

In a market economy, the state was viewed primarily as a social management body, a «concentrated and organized power of society,» whose functional goal is to become the main tool by which society acquires the ability to solve its actual problems [20, p. 146]

Taking into account the peculiarities of modern state-building, scientists carried out a detailed understanding of the significant characteristics of the «state» in the following approaches:

I. The national approach, by which the state is defined as a subject of consolidation of national sovereignty, and manifests itself as a means of: defining the population as a nation, ensuring its interests; strengthening and protecting national sovereignty through the interests of the nation; providing opportunities for

the development of national minorities; securing their rights, the manifestation of the national characteristics of different nationalities and nations.

II. A general social approach, by which the state is characterized as a subject of the implementation of the functions of managing society in accordance with legislative consolidation and a real guarantee of human rights in accordance with international standards, which manifests itself as a means: creation of effective legislation (corresponding to the level of justice in a society that is not recognized as a higher value than the law, and the law does not contradict the principle of justice); ensuring equality in the legal status of subjects of social relations; the search for social compromise; ensuring social security and mechanisms for the implementation of social benefits; help low-income citizens.

III. The epistemological approach to the essence of the state characterizes it as a legal category, which: has certain features; characterized by functional purpose; protects people from each other and from external influences; carries out regulation of public relations with the help of the developed mechanism; creates and provides living conditions for the functioning of society; defined as a carrier of sovereignty; it is a social phenomenon that acts as a phenomenon «in itself», «for itself», «for others».

In the institutional direction of economic thought, scientists [21] determine the role of the state in the system of the national economy through the performance of institutional functions by the state. Based on this, an effective institutional environment is formed for the functioning of economic subjects of the market by building up legislative norms, public moral values, protecting established traditions and the like.

We agree with the views of A. Demidyuk on the separation of the main functions of the state, which govern the institutional system of the national economy: 1) specification and protection of property rights; 2) the creation and development of market infrastructure, the main channels of distribution and exchange of goods, services, information; 3) development of standards for weights and measures; 4) law enforcement, the role of the so-called «third» party (court) in conflicts and disputes; 5) the production of public goods, etc. [22, p. 96].

Accounting for the above allows developing the basic hypothesis of forming the potential of a state based, on the one hand, on the economic system of property rights, and on the other, on a social basis. Thus, we will associate the socio-economic potential of the state in the institutional system of the national economy with ensuring the rational use by subjects of the property of objects of state ownership through the existing structure of property rights (ownership, use and disposal). This will provide an opportunity to raise the level of welfare in society in accordance with the main provisions on which:

- recognize objects of state ownership: natural resources; means of production in all sectors of the economy; the property; financial objects (money, securities, precious metals and products from them); intellectual property; cultural and historical values; labour resources;
- subjects of the property include: legal entities and individuals, state bodies of local government and self-government;

– the state is an agent who sells services related to the exchange of its functions for taxes: «We pay the government, D. North points out, so that it establishes and protects property rights» [23, p. 26].

– the state divides the population and business entities into groups, setting ownership rights for each of them in such a way as to maximize state budget revenues.

Today, in legislative acts, there is the following interpretation of the content of the term «region». The laws of Ukraine «On Stimulating the Development of Regions» (Article 1) and «On Foundations of State Regional Policy» (Article 1) determine that «a region is the territory of the Autonomous Republic of Crimea, regions, cities of Kyiv and Sevastopol» [24; 25].

In the works of scientists, the substantive characteristics of the «region» differ in accordance with the goal-setting [26; 27; 28]. Most often, the concept of «region» is interpreted as an administrative-territorial unit of a state and is revealed by conditionally-defined development imperatives:

1. Territorial imperative: region as a spatial unit.

In the opinion of N. Nekrasov [29], who took part in the formation of a new direction of economic science – regional economy, the region is «a large part of the country's territory with relatively homogeneous natural conditions, a characteristic direction of the development of productive forces based on a combination of the natural resources available and perspective social infrastructure.»

P. Bubenko, analysing the general principles of the formation and development of regions, notes that the boundaries of the regions and the boundaries of the units of the administrative-territorial structure may not coincide. The idea of a region arises when programs of any specific activity (or a set of activities) are created and implemented in a certain territory: economic, cultural, educational, military, etc. where the goal is the formation of any specific characteristics of people's lives in this territory [30].

2. Political imperative: a region as an area of political space, characterized by a special political organization or the presence of particular political interest, taking into account foreign experience (V. Rebkalo, L. Shklyar, S. Maksimenko) [31; 32].

3. Administrative imperative: a region that has electoral power, legal independence, and its own budget. Thus, S. Romanyuk [33, p. 3] proposes to understand by region «the largest administrative-territorial unit of the subnational level, which has elected power, legal independence, and its own budget». V. Vorotin and J. Zhalilo characterize the region as a territorially specialized, administratively outlined part of the country's economy, which is characterized by the unity and integrity of reproduction processes and management [34].

4. Economic imperative: the region as a territorially specialized, administratively outlined part of the country's economy is characterized by the unity and integrity of reproducible processes and management [35]. The authors of the collective monograph A. Tishchenko, I. Kizim, A. Kubakh, E. Daviskiba [36, p. 13] define the region as a territorial entity that has clearly delineated administrative boundaries, within which social and economic processes of life

support of the population are reproduced, determined by the place of the region in the system of territorial and social division of labour. N. Verkhoglyadova and I. Olinichenko [37, p. 114] suggest considering the region as a separate part of the territory, which has the integrity and unity of its lands, a peculiar economic and geographical position, features of natural and climatic resources, as well as possessing the identity of the national cultural heritage, which arose under the influence of certain historical processes; characterized by the existence of an independent in its development of industrial and scientific-technical potential, the existing administrative-political management system, with the social infrastructure inherent only in this territory, which contributes to the welfare of the population.

5. Social imperative: a region as a socio-territorial community characterized by localization of unified social relations, a social community of people [38] or a region as a community of people with mechanisms of reproduction, group identity, peculiar legal and ethical norms developed over a long historical evolution [39, p. 4].

6. Cultural and ethnic imperative: a region as a part of a country's territory with certain differences in the climatic conditions of life, the history of the ethnic composition of the population, language, culture, religion, and other factors that in the process of interaction acquire an integrative, systemic character and reflect the originality of the territory [40; 41].

In the narrow sense, the term «region» is understood as an administrative-territorial unit of individual states, whose borders are primarily the product of political decisions. In this context, the concept of «region» has three dimensions [42]:

- 1) macroregion – groups of neighbouring regions, united by a common historical and geographical past, resources, structure, and organization of the economy;
- 2) mezoregion – the territory of the region;
- 3) microregions, each of which is a peculiar natural-economic, ethno-social part of the region.

The combination of the concepts of «region» and «potential» allows us to consider the «potential of the region» as a complex category, which is characterized by diversity of levels, a set of natural conditions and resources (tangible and intangible) that are participants in the process of reproduction of economic space and provide opportunities for further development of the region.

Economic space will be considered as a set of economic actions that are subject to existing goals and means, and as elements of economic activity, issues of limited resources, the possibility of their alternative use are analysed.

We believe that the socio-economic potential of the region as an economic category reflects the complex, multidimensional, aggregated, and consolidated economic processes, connectives and relations that occur between enterprises in the region in accordance with the needs of the population and society.

So, in the course of the study, the substantive characteristics of the concepts «state» and «region», whose potential plays a special role in the institutional system of the national economy, were considered separately. The size of the state's economic potential, on the one hand, influences the level of development of the region's socio-economic potential regarding the provision of complex,

multidimensional, aggregated, and consolidated economic processes, links and relations that occur between enterprises in the region, on the other hand, the size of the state's economic potential depends on development of the socio-economic potential of the region, which is characterized by the level of satisfaction of the needs of the population and society.

The relationship of imperatives of influence is proposed to be represented in the form of a nuclear-spherical model of the nature of the relationship (Fig. 1).

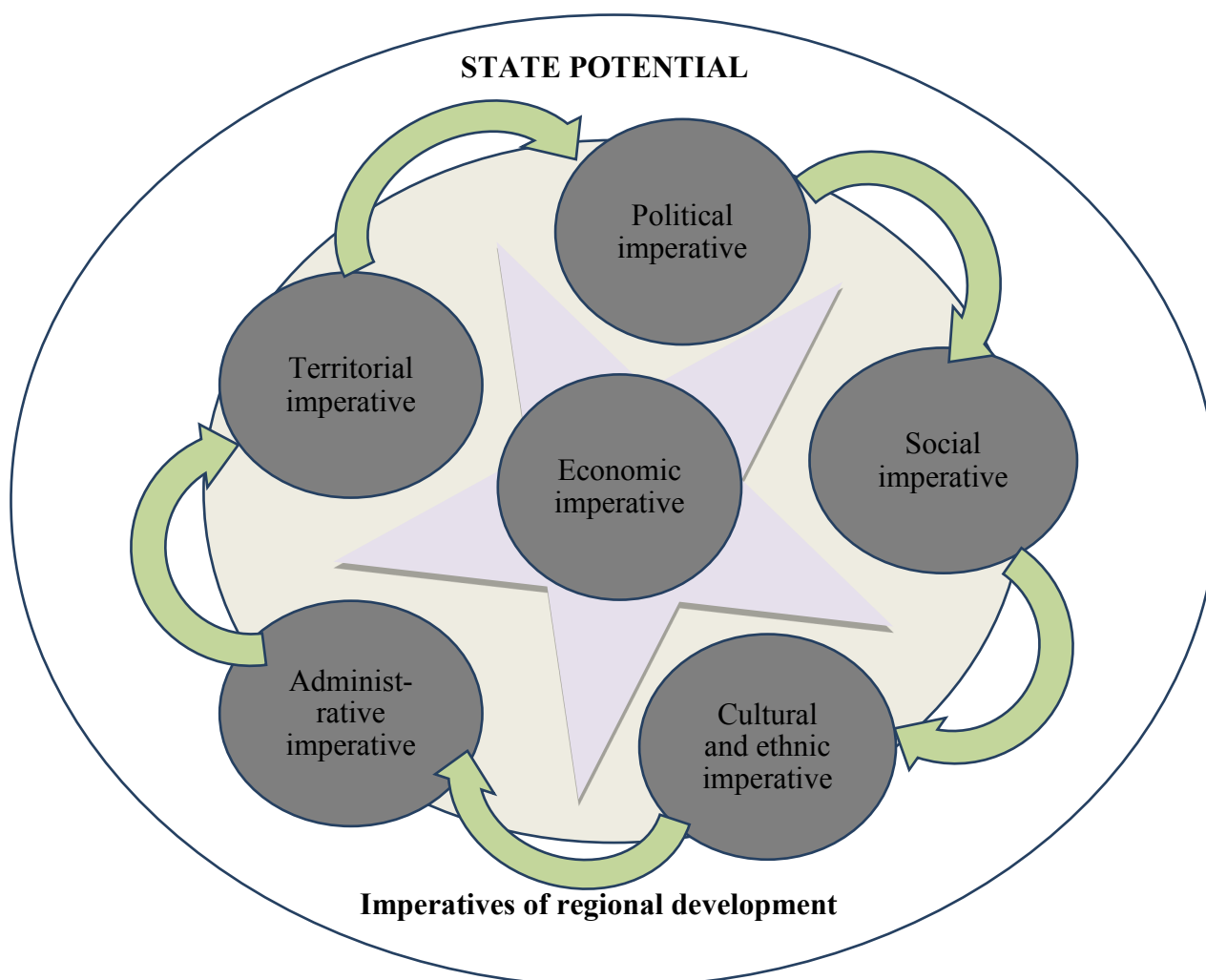


Fig. 1. Nuclear-spherical model of the nature of the relations of imperatives of regional development in the formation of the potential of the state

Source: suggested by the author

Such a nuclear-spherical model is commonly used in psychology and reflects human needs relative to the environment, when the nature of the relationship is based on the dominance of the noetic imperative with respect to the rest, which is the core of human integrity, while other needs create the core sphere and are driven by this imperative. In the plane of our research, this model demonstrates the

interrelation of imperatives of regional development, when it is the economic lever that is the activator for other imperatives, and the social, cultural, ethical, political, territorial, and administrative imperatives, in turn, they interact and complement each other creating the sphere of realizing the economic imperative of the development of the region.

Potentials of any level of management from the state to the enterprise and the individual employee function in constant interaction, which creates a synergistic effect, that is, contribute to the increase in the potential of the highest level.

We believe that the effective implementation of the concept of forming the potential of the state will be provided in interaction and interrelation with the socio-economic potential of the region, the potential of business entities that carry out their activities within the region, and the potential of an individual working at an enterprise in this region (Fig. 2).

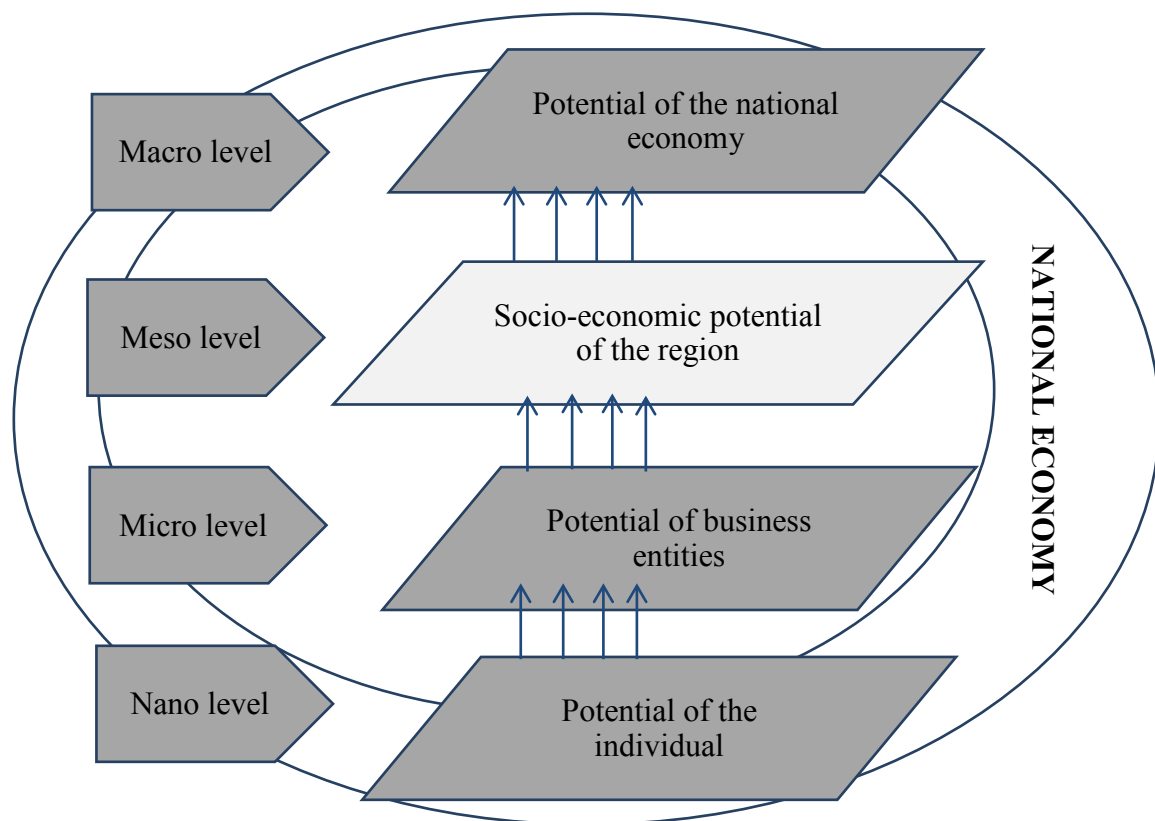


Fig. 2. The place of state and regional potentials in the institutional system of the national economy by the level of government

Source: suggested by the author

The study showed that the main idea of the concept of forming the potential of the state and its regions is to address the problems of their socio-economic development. And it should include factors that harmoniously interconnect the institutional, economic, and social systems of the potentials of the state and its regions.

Part 3. The modern paradigm of development of the socio-economic potential of the region

Ukraine has significant socio-economic potential and can be considered self-sufficient if you do not take into account the current crisis in the economic, social, and political environment. However, the changes taking place in society under the influence of integration processes and globalization transformations form new modern views on the features of the development of the socio-economic potential of a particular region of the state in the institutional system of the national economy.

Therefore, studies of the modern paradigm of development of the socio-economic potential of a region of a state based on a theoretical and methodological substantiation of the ways of its development are relevant, which will manifest itself in the developed model of the modern development paradigm at the regional level. We believe that the proposed model is able to ensure its self-organization and self-realization in accordance with the concept of forming the potential of the state and the regions, taking into account the state's course towards European integration and sustainable development.

The above information allows presenting the paradigm of development of the socio-economic potential of the regions, as a separate subsystem of the state in the institutional system of the national economy, in the form of a model (Fig. 3).

The regional development plateau occupies a central place in this model of the modern paradigm of development of the socio-economic potential of the region and is represented by a set of resources that form the potential of an individual region. We assume that the resource base of each individual region is represented by the following main resources: natural, labour, financial, informational, and administrative.

Despite the territorial regional specificity, the potential of a region of a state in a national economy realizes its potential through the set of resources that are characteristic only for this region in terms of quantitative and qualitative characteristics.

According to the totality of the region's resources (natural, labour, financial, informational, and administrative), we will conduct a scientific and theoretical consideration of the essence of the structural components of the socio-economic potential of the region and form our structure of components that will meet the needs of the region as a separate subsystem of the state in the institutional system of the national economy.

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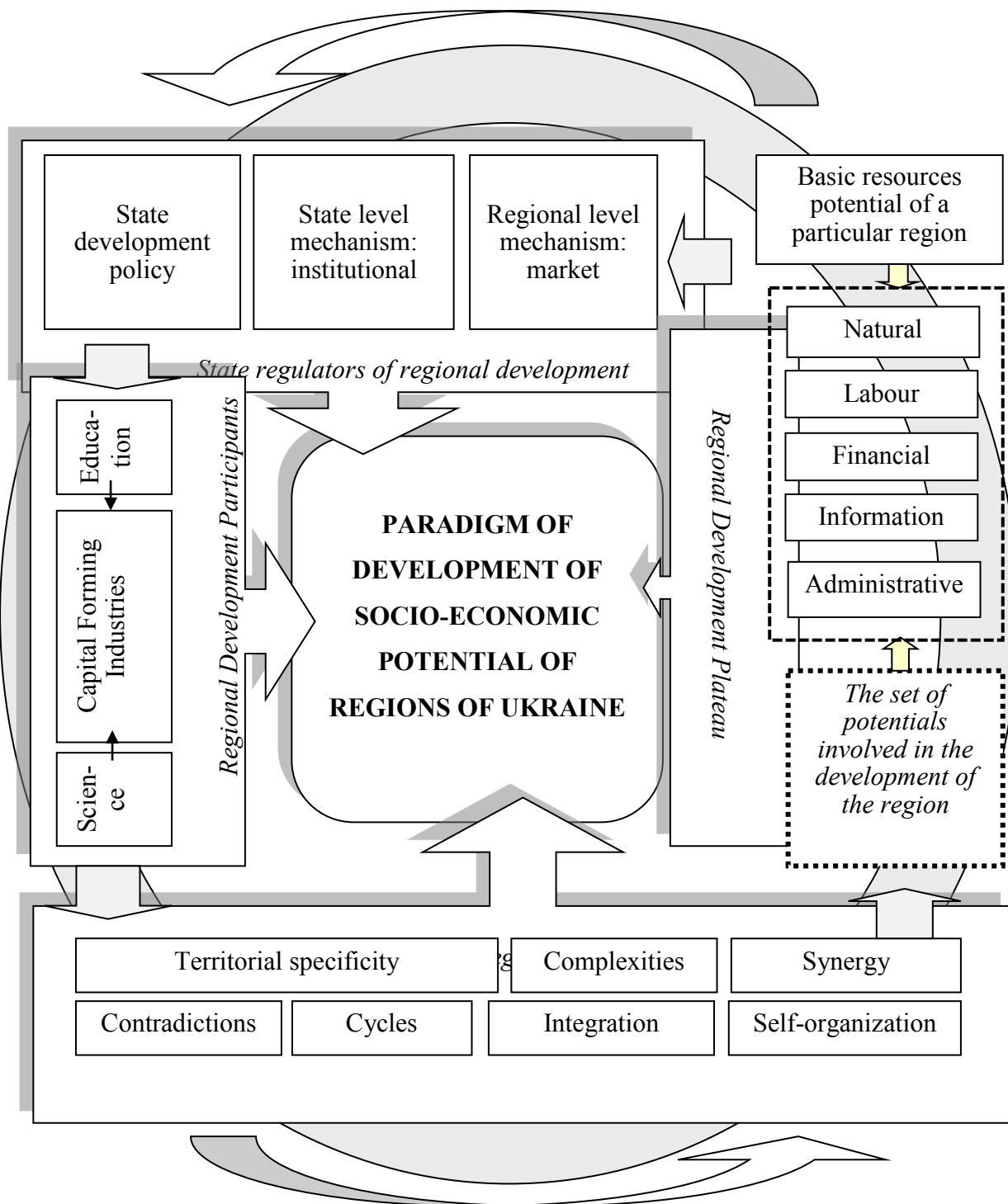


Fig. 3. Model of the modern paradigm of development of the socio-economic potential of the regions of Ukraine

Source: suggested by the author

The study of this issue shows that at present, there is no single approach to determining the structure of the socio-economic potential of the region. Scientists differently from its components, in particular:

- technological potential, information, natural, scientific, labour, organizational and economic relations, technical and economic relations, technical, economic mechanism, technological, property relations (I. Fedorenko) [43].

- ecological-economic (or natural-resource potential), production and technological, labour potential, research, internal economic potential, foreign economic, informational, the potential of social consumption, industrial and innovative potential (V. Shkola) [44];

- investment potential, innovation potential, natural resource potential, labour [36];

- labour potential, production, investment potential, natural resource, institutional potential (Y. Doroshenko, A. Zhulavsky) [45, p. 149];

- natural resource potential, production potential, labour potential, scientific, investment, foreign economic, management potential (M. Mironenko) [46];

- production potential, natural resource, human potential, financial potential, informational, institutional (S. Varnaly) [47].

After analysing the approaches of various authors to the formation of the components of the socio-economic potential of the region [48; 49; 50], we offer the author's view on the structure of the socio-economic potential of a particular region of the state on the following components:

- 1) the total component of the resource potential (production, financial, labour, information, natural resource);

- 2) the specific component of the resource potential (administrative, entrepreneurial, managerial);

- 3) a set of potentials (investment, innovation, transport, social consumption, foreign economic).

Let us reveal the content of the most significant for our state components of the socio-economic potential of the region: natural resources, production, financial, and labour.

We agree with the opinion of scientists, the basic component of the socio-economic potential of the region is the natural resource potential. This potential has its own characteristics that influence the formation of territorial-industrial complexes and the specialization of the regional economy. In most cases, the natural resource potential is considered as a set of all types of resources of a given territory.

In modern conditions, the attitude to the natural resource potential has changed, and the prospects for its use have pronounced regional features.

A group of well-known scientists considers the natural resource potential of the country as an integral system of complexly organized objects, which is determined by a natural combination of interdependent natural and socio-economic relations and dependencies that territorially unite all natural resources [51].

In the opinion of other researchers, the natural resource potential is considered as a combination of natural resources, which are a means of developing productive forces, an important environmental factor in the life of society, and can actually be used in economic activities with existing technologies and socio-economic relations [52].

A significant component of the socio-economic potential of the region is the production potential, which is considered as the material basis for the implementation of the processes of reproduction of resources and the development of economic entities and individuals, taking into account the means of production, which are involved in creating additional value of products.

In many studies, the authors concentrate their efforts on the study of individual aspects of the production potential; therefore, its specific definitions are given in the literature, which are weakly related to each other.

Thus, the concept of «production potential» is most often identified with the concept of economic, innovative, scientific, intellectual, and creative potentials [54]. According to others, the «production potential» is closer to the concept of the resource potential (natural resources of the region), the potential of functioning means of labour (basic production assets), scientific and technical potential (a set of scientific, technical, and technological knowledge) [53].

The financial potential of the region is the main tool for the implementation of the tasks in the development management system. To identify the essential characteristics of the concept of «financial potential of a region», we consider it in more detail.

V. Svirsky [54] defines the concept of «financial potential of a region» from the point of view of the resource approach and characterizes it as a set of existing and potential financial resources that can be mobilized and implemented by the financial system under certain conditions to ensure sustainable economic growth in a certain period of time. G. Wozniak [55] considers it as a set of financial resources that are at the disposal of regional authorities and are used to ensure the socio-economic (progressive) development of the region.

The process of reproducing the financial potential of a region is inherently dynamic and cyclical, the duration of which is at least the fiscal year. Depending on the strategic development programs of the state and its territorial entities in the system of state and local budgeting, it is necessary to envisage the organization of the process of a long (continuous) reproduction of the financial potential of the region. Restoration of the process of reproduction of the financial potential of a region is advisable to associate not only with its quantitative and qualitative characteristics but also to take into account its state depending on space and time [56].

We agree with the views of the authors and propose a structural division of the financial potential of the region as follows: the financial resources of budget enterprises (tax organizations and non-tax); financial resources of private enterprises; financial resources of financial institutions; household financial resources. However, it cannot be denied that the components of the financial potential may be determined in other areas, in particular, territorial or administrative.

The above features of the content and structure of the «financial potential of the region» prove the multidimensionality of this economic category.

At the present stage, when the rational use of labour resources becomes a necessary condition for development, great importance and priority in the

composition of the socio-economic potential of the region of the state are given to the labour potential. The concept of «labour potential» appeared in economics and the media in the seventies in connection with the development of production and a new attitude towards human labour, and it entered the 1980s in scientific circulation.

The labour potential of the region is the presently available and expected future labour opportunities, which are characterized by the number of the working-age population, its professional and educational level, and other qualitative characteristics. The total number of citizens of working age who, with certain characteristics (health, psycho-physiological features, educational, professional, and intellectual level, etc.) are capable of and intend to carry out labour activity [57].

We believe that the potentials that are formed by the basic resources of the regional development plateau are in close cooperation with other components of the paradigm model for the development of the region's socio-economic potential, and determine the realization of the possibilities for further growth of the region as a separate subsystem of the state in the institutional system of the national economy the concept of capacity-building of the state and regions, taking into account the time factor. Among the set of potentials involved in the socio-economic development of the region, innovative potential deserves special attention.

In most cases, the innovative potential of a region is understood as the ability of a region, using available resources and infrastructure, to create an innovative product and introduce it into the market [58, p. 386]. Separately, the innovation potential is considered as a measure of the ability and readiness of the economic entity to carry out innovation activity [59, p. 49]. And from the point of view of the structural characteristics, the innovation potential is «a set of scientific, technical, technological, infrastructural, financial, legal, socio-cultural, and other opportunities that ensure the receipt of innovation» [60, p. 141].

In the author's point of view, the innovative potential of a region is characterized as the region's potential for development in accordance with the resource content, which will allow business entities in the region to pursue innovative activities, the result of which is obtaining innovations.

Considering the above features of state regulation of regional development, we propose to consider the modern paradigm of development of the socio-economic potential of a region in accordance with the principles of regional development:

- 1) territorial specificity;
- 2) synergy;
- 3) contradiction;
- 4) cyclicity;
- 5) integration;
- 6) self-organization (Fig. 4).

During the implementation of the system self-organization and management model in the modern paradigm of development of the socio-economic potential of the region, there is a constant cyclical interaction between the subjects of state

administration at the regional level regarding the management of the development of objects that are represented by branches, economic relations, the social sphere, and the like.

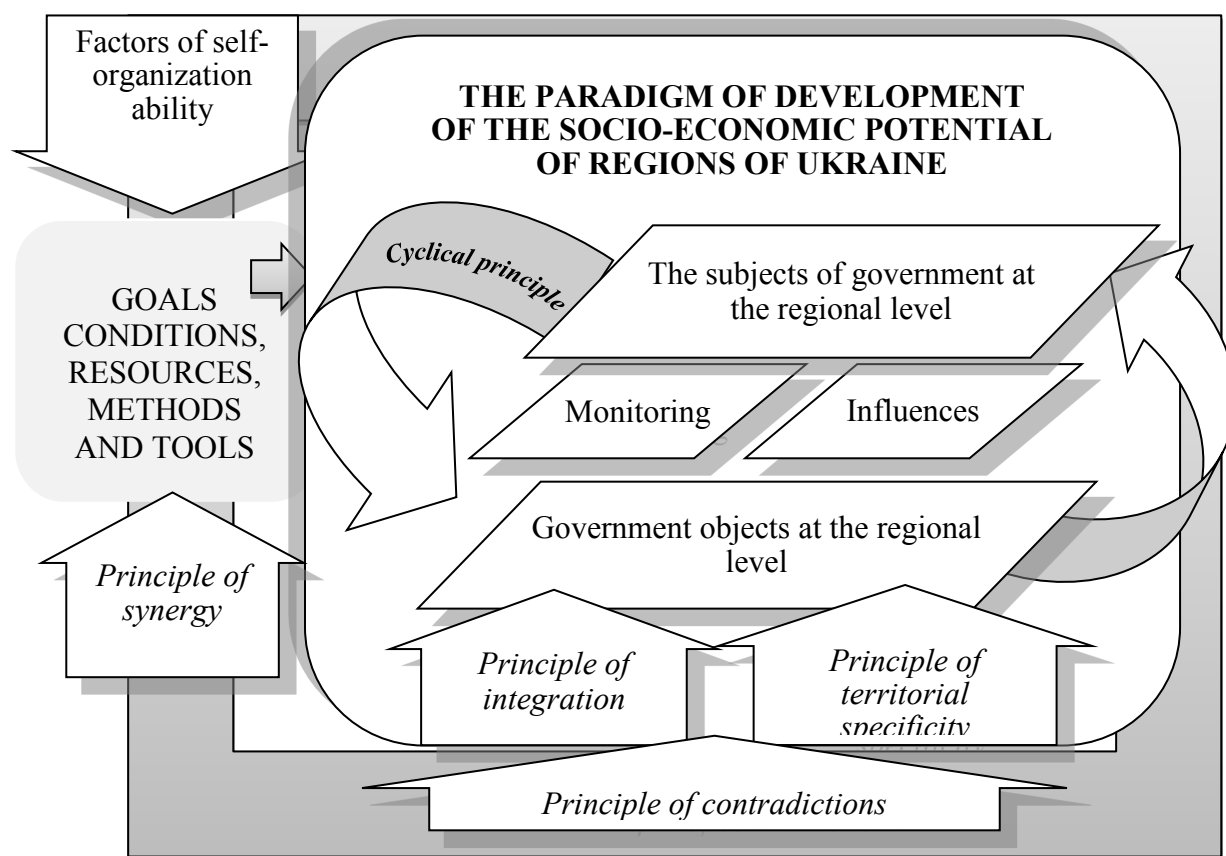


Fig. 4. Model of system self-organization and management by the principles of regional development in the modern paradigm of development of the socio-economic potential of the region

Source: suggested by the author

So, to implement the model of the modern paradigm of development of the socio-economic potential of the region, it is desirable to observe the following conditions for development, in particular:

1. Regions should be able to act as economic entities, that is, to behave strategically, have separate property and the right to make economic decisions.
2. The presence of a competitive environment, in which the regions of the country operate independently on competitive conditions.
3. The results of the strategic behaviour of the regions should influence the economic results of the region and the position of those who represent the region in the political and economic space.

Conclusions

Thus, the analysis of the theoretical foundations of the formation and development of the socio-economic potential of the region allowed us to obtain scientific results and come to the following conclusions:

1. It is substantiated that the theoretical basis for the study of the socio-economic potential of the region should be formed using a systematic, integrated, comparative approach.

2. Summarizing the analysis of literary sources, the economic potential is expediently understood as a set of economic conditions and resources, the systemic interaction of which will provide opportunities for their transformation to obtain high end results based on consistency, dynamism, and purposefulness. The social potential is proposed to define as a set of available and hidden opportunities, abilities, and competencies of human resources, which in the process of interaction create values for economic entities.

3. The role of the state and the regions in the national economy in accordance with scientific approaches is revealed, weighty imperatives of regional development that take part in shaping the potential of a region in the institutional system of the national economy are substantiated. This potential is based on the institutional, economic and social basis, which allows determining the relationship between the imperatives of regional development, establishing the dominance of the economic imperative in relation to others and reflecting the interdependence of imperatives in the form of a nuclear-spherical model of the nature of relations.

4. The concept of forming the potential of the state and the region was developed on the basis of the basic hypothesis and the main idea of the concept in accordance with the institutional, economic, and social subsystems of the potential.

5. The author offers an interpretation of the concept, methods and tools of the institutional mechanism for implementing the concept of building the capacity of the state and regions. At the regional level, the concept is proposed to be implemented through a market mechanism. At the local level, the concept of forming the potential of the state and regions is proposed to be implemented through a motivational and stimulating mechanism.

6. The author's definitions of key concepts of the concept are proposed, namely: «potential of a region» as a complex category, which is characterized by a variety of levels, a set of natural conditions and resources (tangible and intangible) that participate in the processes of economic space reproduction and provide opportunities for further development of the region; «The socio-economic potential of the region» as an economic category, reflecting the complex, multidimensional, aggregated, and consolidated economic processes, relations and relationships that occur between business entities in the region in accordance with the needs of the population and social needs; «The regional level market mechanism» as the best way to regulate economic relations, which ensures interaction between consumers and producers of a separate region of the national economy through a combination of economic laws, principles, and tools, will help create market equilibrium in the

regional market and create economic conditions for the formation of competitiveness of regional potential for price, supply, and demand.

7. A model of the modern paradigm of development of the socio-economic potential of the regions of Ukraine has been developed, which is formed under the influence of socio-economic processes in accordance with the decentralization of state power, informatization of economic entities in the region, transformation into the division of labour, the mobilization of production factors, which will allow separating the central place in this model for basic components of the plateau of regional development – the resource potential and the set of potentials involved in the sustainable development of the region.

8. The substantive characteristic of the resource potential of the region as an economic category is substantiated, which represents the aggregate amount of realized and unrealized opportunities to use the complex of material and intangible resources, as well as those that are identified as alternative, which will contribute to the purposeful and promising activities of economic entities in the region to acquire their economic benefits, influenced by internal and external factors.

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