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SYSTEMATIC APPROACH TO PROVIDING EFFECTIVENESS OF ECONOMIC REGULATION OF REGIONAL DEVELOPMENT

Statement of the problem. In modern world there is a great division of not only countries into the developed, developing and undeveloped ones, but also of the population into the nouveaux riches, rich and poor. In our world the cornerstone of any action is its ability to be effective (productive, efficacious, efficient, useful, etc.). In the same line there are also regions by which effective development one can judge about the visible and long-term existence prospects of certain communities on their areas. And these prospects also depend on how these communities can adequately respond to both external and internal stimuli, changes of various factors (political, economic, social, environmental, cultural, religious, etc.).

In this regard, effective economic and social regional development should include such a focus on the proper organization of processes and activities in which education and improvement would take place both within the regional and inter-regional relations of their internal order. This should be achieved by taking into account and using the basic properties of the region as a territory, as an economic system and as economic space. That is, the systematic approach should be used to form the methods of providing the effective economic regulation of regional development.

Urgency of the topic connected with providing effective economic regulation of regional development is enhanced due to the fact that the regionalization of the economy is a part of the liberalization and democratization of economic management. Regionalization of economic management ensures the formation of financial resources at local level, brings a manufacturer closer to a consumer, creates regional markets and conditions for the employment growth, and forms a complete competitive environment within the country [1, p. 4].

Analysis of previous researches and publications. The problem of regional development and the role in the regulation of the economic and social status of the regions were investigated by many researchers; significant contributions to the national scientific achievements were made by: V. M. Vasylenko, O.I. Amosha, V.H. Bodrova, V.M. Heiets', V.M. Oluiiko, A. H. Mazur, V.V. Yurchyshyn, V.I. Pyla, N.R. Nyzhnyk and others. A lot of national and foreign works are dedicated to the effective economic regulation of regional development, in particular the works of: Yu.O. Darienskih, N.S. Kolotov, L.B. Khramova, M.V. Zimina. The national scientists who studied the problems of effective regional economic regulation are: I.A. Bevz who in his research work assessed the socio-economic regional development in the pre-crisis and post-crisis periods; E. Vedunh who grounded the basic criteria of economic efficiency; I. Artym who assessed the public administration effectiveness through the use of the factor and criterion approach.

The question that remained unresolved is the systematic approach to providing effective economic regulation of regional development.

Statement of the task. The goal of the article is the use of the systematic approach to providing effective economic regulation of regional development and justification of the basic requirements to effective economic regulation of regional development.

The main material. An economic region in terms of its content is the most complex multi-element system having confused (often undefined) internal and external connections – that is why determining its effective development is a complex problem [2]. The prospectiveness of this sphere associated with providing economically effective regional development must be supported by the wide use of economic regulation methods. This is due to the fact that today uncertainty and variability of regional development are growing, and in order to overcome them it is necessary to provide systematic interaction of the main functional elements of the region, i.e. of the territory, of the economic system and of the economic space. And here the systematic approach to economic regulation of regional development is designed to help to achieve the desired level of the economic efficiency.

This system can be represented as a three-level process of providing the effective economic and social development. Functional description of providing the effective economic and social regional development should include some formalization of its operation purposes and determination of the quality adherent to its components' internal and external relations. The description is shown schematically in figure 1.

The final evaluation of the effectiveness of economic and social regional development should take into account certain interconnection of changes in regional parameters that reflect the basic properties of the region as a territory, as an economic system and as economic space. This interconnection may contain some formalization of these changes and be expressed in the dynamics of the corresponding correlations.

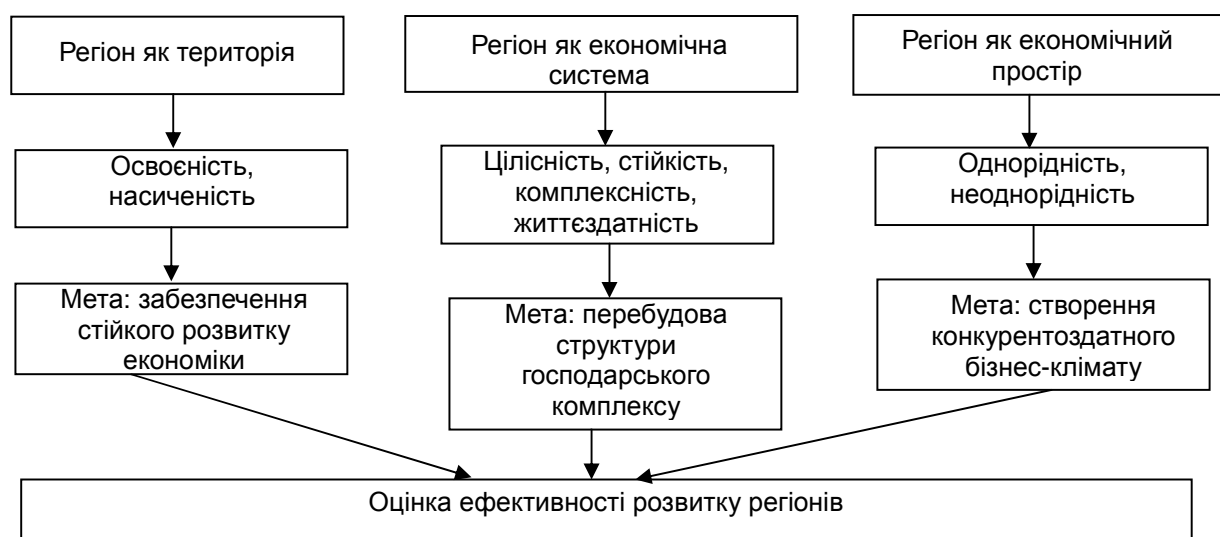


Figure 1. Processes of providing the effective economic and social regional development
(made by the author)

To obtain the final evaluation, the problems related to (a) the analysis of the factors influencing the developing level of regions, (b) the identification of the reasons that caused the ineffective use of the methods of economic regulation of regional development, and (c) the effectiveness of measures taken to improve the economic and social regional development are expected to be solved.

According to the 2011 reports, most of the Ukrainian regions are very weakly capable for post-crisis recovery of their socio-economic status. That is because by 2011 most of the regions have not been able to restore their socio-economic indicators to the pre-crisis level; in particular, 15 regions are still even below the pre-crisis level. These regions are mainly the ones which have been traditionally considered to be the leaders of economic development [3].

Using of economic regulation of regional development should definitely provide some effect. In common form, this effect can be defined as the ratio of actual results (realized positions) to the established positions in a relevant document (a strategy, a strategic plan, a programme, an indicative plan and a project), i.e. it can be defined as the economic effect and returns to scale; the economic effect is determined as additional benefit obtained within a particular region by the highest possible number of participants from the elements of the productive forces (factors of production) efficiently combined in the course of their activity. The returns to scale are achieved by means of a compromise between the reduction of production unit costs and increase of both relative and absolute costs for transporting of raw materials and finished products.

The joint effectiveness should reflect the qualitative result of using economic regulation of regional development. Regarding the object composition of the region, effectiveness of economic regulation of regional development can relate to:

- the region as a territory - through correlation of parameter changes of the productive forces basic elements within a set period of time (material, labour, organizational and other resources);
- the region as an economic system - through correlation of parameter changes of industrial proportions, the main types of economic potential (productive, labour, organizational, scientific, and other potential), diversification of social production and the cycles of reproduction;
- the region as economic space - through correlation of parameter changes of social production concentration (differentiation), integration (disintegration), convergence (divergence).

Thus, the resultant evaluation of the economic and social regional development effectiveness acquires the complex nature and can reflect actual state of affairs in this area.

The special feature of the industrial relations system within a certain territory (of the same region) is the spatial and temporal components. The main forms of spatial and temporal interaction of the participants in these relations are subordination and coordination. Subordination means the vertical order, certain hierarchy of different levels of production relations. Coordination represents the horizontal order of industrial relations at the same level. The need to use such specific forms of interaction as subordination and coordination was caused by territorial and industrial division of labor. Vertical and horizontal interaction between the participants of the production relations is shown through the so called regional effectiveness of social production [4].

By regional effectiveness one should understand such a form of social production effectiveness in which the degree of localization of economic results and costs (taking into account the specific conditions of reproduction) provides an accelerated regional development that is based on the combination of the regions' main properties related to the development of the territory, the economic system and the economic space.

According to E. Vedunh, the effectiveness indicator is divided into: the effectiveness as "costs -

benefits" and the effectiveness as "costs - efficiency". According to the author, efficiency is the assessment of the goal achievement with no account taken of the costs [5]. It takes into account only the degree of the goal achievement and the assessment of the results [6, p. 3].

The author believes that the efficiency is not associated with costs. And if we are talking about the use of resources to achieve certain results, then it goes about the efficiency, not the effectiveness [7, p. 291].

That is, there are two aspects of the effectiveness: economy and efficiency. If economy characterizes the input of the artificial system, efficiency characterizes its output.

The main criterion of regional effectiveness which reflects the economy of the regional operation and development will be saving of the basic factors of production in use, gained by reducing production costs. The main criterion of regional effectiveness which registers the efficiency of operation and development of a particular area will be the effect from the use of regional productive, natural, human and other resources. A common measure of the effectiveness of economic and social regional development should be a real increase in regional aggregate economic potential that can be measured through the estimates of productive, human, natural, and scientific and technological potential.

In recent years, a lot of organizations in the regional economy have not only navigated in the virtual economy (shares, securities, electronic money, difference in exchange rates, etc.), but have been based on it. These conditions worsened the problem between the creation and consumption of a real product that has a use value. Financial resources and their flows became the guidelines.

On this ground, and also assuming that the regional economy takes into consideration basically the interests of many members of social relations, the measure of regional economic efficiency should be represented by the real increase of resulting physical indicators, and not simply by an arbitrary value assessment of some intermediate results which are impossible to be visualized [8, p. 11].

Different sides of effectiveness can be measured by:

- the ratio of a result to costs that describes the result from the point of view of a unit of input;
- the ratio of costs to a result that indicates the specific value of costs per unit of the achieved result;
- the difference between a result and costs that characterizes the production effect;
- the ratio of the difference between a result and costs to costs that characterizes the effect from the point of view of a unit of input;
- the ratio of the difference between a result and costs to a result that reflects the specific value of the effect per unit of the obtained results.

Findings of the research. Thus, the practical use of the economic regulation methods of regional development should provide some positive dynamics in the change of the corresponding estimates used for the application of the productive forces basic elements, that can be qualified as the effect (either economic or returns-to-scale effect). In this connection, the further study actualizes the search for adequate methods of measuring the most important parameters of economic and social regional development.

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Medvid' V.Yu. SYSTEMATIC APPROACH TO PROVIDING EFFECTIVENESS OF ECONOMIC REGULATION OF REGIONAL DEVELOPMENT

Purpose. The purpose of the article is the use of approach of the systems to providing of effective development of regions and ground of economic mechanism of his adjusting.

Methodology of research. During research such methods are used: approach of the systems,

method of synthesis (for clarification of determination there is "efficiency" and "effectiveness" of economic development of regions); method of logical abstraction (for the analysis of reproduction processes and description of existent model of economy of region).

Findings. It is discovered that the use in practice of methods of the economic adjusting of regional development must foresee appearance of some positive dynamics in the change of the proper estimations of the use of basic elements of productive forces, which can be skilled as appearance of effect (economic effect or effect of scale). It is set that in subsequent researches it is necessary aktualizirovat' the search of adequate methods of measuring of the most essential parameters of economic and social development of regions.

Originality. The scientific going purchased subsequent development near the ground of approach of the systems in relation to providing of efficiency of three-level process of adjusting of economic social development of regions.

Practical value. Got results can be drawn on researches which are related to the ground of economic mechanism of the effective system adjusting of development of regions in-process territorial organs of management.

Key words: region, regional development, efficiency, regional efficiency, economy, effectiveness