

## STRUCTURAL FEATURES OF THE REGION'S COMPETITIVE POTENTIAL

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**Introduction.** Complication of managerial problems in condition of intensification of interregional competition and influence on processes of globalization sets tasks before state and regional authorities in order to improve system of management, including mechanism's search and methods of state regulation of territory, focused on its competitiveness. Regions of Ukraine need modernization of system's management of social and economic development, indicators of efficiency which are not quantitative indexes but qualitative ones in new developments' conditions. The basis contains particular politics, directed to transformation of competitive potential of region into a factor of its stable development, providing a transition economic system into qualitatively new level of economic progress. There are actual investigations, which are connected with definition of structure and functions of competitive potential of territory, its influence on regional competitiveness.

**The stage of problem's elaboration.** In economic science is paid much attention to the investigation a competition. Works by F. Khayek, A. Marshall, J. S. Mill, D. Ricardo, P. Samuelson, A. Smit, define a mechanism of competition and a process of competitive advantages formation of territories [5, 10, 11, 15-17]. Significant contribution in problem's solution of competitive relationships, development of regions and provision of their competitiveness was made by such Ukrainian scientists as P. Belenkyi, Z. Herasymchuk, L. Kovalska, V. Onyshchenko, L. Pidubna, I. Vakhovych [2, 4, 12-14, 18]. However questions about competitiveness of regions have not decided yet.

**The task of article** is theoretical grounding of an essence, structure and destination of region's competitive potential and also a development of methods its evaluation.

**Main material.** Nowadays in Ukraine regions are different according to the level of economic development, which is a result not only a preservation of differentiation of their industrial, resource and innovative potential, but also its force. Main reason of effective economic politics as in national so in regional level has not decided yet. In connection with there is a problem of formation of effective and adequate regional competitive politics, directed to provision of region's competitiveness. From these positions an investigation of competitive potential of region is a primary task, solution of which will allow improving competitive positions of a region on national and international levels.

In economic literature a term "potential" treats as resources, abilities, supplies, measures, which can be used, or as a level of power in any position, complex of means, which are necessary for smth. [3, p. 5], «hidden abilities, forces for some activity which can manifest at definite conditions» [8, p. 1012]. So, there is a contact between total abilities of a region (social and economic potential as a complex of resources and peculiarities, defining opportunities of stable and effective functioning of social and economic system in outer variable conditions) and formation of its competitive potential [4].

Absolute value of resource approach to the definition of competitive potential of region consists in allowing detecting unique resources and abilities and consider them as potential competitive advantages, correct use of which contribute mobilization of objective consumers (investors, entrepreneurs, residents, tourists, etc.), increase of the demand for some of its elements.

It is known competitive potential of region includes variety of components, which is a component of a structure and performing definite functions, which will change according to strategic purposes of development. There will be different a result obtained in the process of realization of competitive potential of region. Basic structural elements of competitive potential of region are economic, human, innovative, investment, infrastructural. Such scientific approach is the most traditional and widely used.

While increasing competition between territories and regions will cause an usage of new resources and abilities which are situated in the sphere of management, enterprise, and integration modern organizational and economic relationships of region. That is why the structure of the competitive potential of the region along with other elements, it is necessary to consider to potential of enterprise, a potential of internationalization, diversification, restructuring and clustering.

Let's consider the functional content of structural elements of the competitive potential of the region.

1. Economic potential. Traditional indexes of economic condition and power of regions is gross (total) regional product (GRP), the level of population's incomes, the volume of industrial manufacturing. GRP analysis can evaluate regional differentiation and suggest hypotheses about the possible causes of regional asymmetry. Changes of GRP show possible development of economic activities in the region. At GRP significantly affects the economic structure of the region, so the correlation of industrial and agricultural production, structure of industrial one. For example, as a rule, in terms of raw materials regions of GRP have potential of development much higher than the regions with non-resource specialization.

2. Human potential. Social and economic development in the XXI century is characterized by the increasing role of the human factor. In the modern world economics, human resources play an important role in order to achieve competitive advantage and ensuring competitiveness, so the development of the economy. At the same prospects of the region which is associated with human resources as carriers of knowledge, creativity, and creative behavior. That person with a high level of knowledge (education), training, business and public activity, initiative becomes a major instrument in the competitive regions.

3. Innovative potential. Innovations as an effective means of technological development, of provision strong market positions and significant competitive advantages are necessary part of the development of the regional economy.

World experience shows that it is the increased use of innovation regions of the country will achieve high technological independence of companies, provide the growth of their efficiency and competitiveness, promote economic development at both the regional and national levels, and allow to increase an income and quality of life [1].

4. Investment potential. A regional investor is one aspect of the competition. Ability of mobilization of the region's economics in the form of capital investment opens perspectives for the development of existing and creation of new enterprises, the formation of modern clusters, placement of new technologies, objects of infrastructure, development of transport and movements functions, etc.

5. Infrastructure potential. Regional infrastructure is designed to provide continuous and effective communication between primary and secondary production facilities and the normal functioning of the region's population. Non-formed infrastructure usually affects all economic activities of the national economics. Infrastructure in the region contributes to the rapid development of natural resources in order to fulfill the national economy and sustainable development of the regional economy.

6. It is necessary to consider an entrepreneurial potential as a multilevel system of resources and real business opportunities in the region, which can be realized through the implementation of high-risk, innovative activity, and an organization of favorable medium with the aim to provide social and economic efficiency of the regional business sphere. Development of entrepreneurial can be possible due to effective management of the enterprises of the region, which can be due to the growth rate of the amount of dynamics for several years. In order to achieve such purposes, objectives should be coordinated by managers at all levels and areas of activity.

7. Potential of internationalization can be described by such opportunities as interstate migration of population in an inappropriate region and also the volume of goods and services. The growth of arrived number ones demonstrates the mobilization of the region, the presence of appropriate conditions for work and income, which provides a high standard of living. Smaller level of volume of import of region testifies self-provision by own goods and services, that is why is expressed by profitability of industrial and non-industrial fields of economy.

8. Potential of diversification should be considered as a process which covers organizational, economic and law changes in the activity of economic entities in the region in a result of formation's economy associations (associations, corporations, consortium, concerns), activity of which is aimed to increase an efficiency of production, to reduce a risk of bankruptcy, timely response to changes in economic conditions of the market to ensure profitability. However, the diversification of enterprises is not only an instrument to increase products and services, but also an instrument of inter-industrial redistribution of financial resources, by optimizing the structural changes in the economics, helps to reduce the negative effects of the financial and economic risks, and increases the adaptive quality of economic entities on the market. Besides, diversification occurs when there is systemic synergic effect which results from the following properties: a component out of system has smaller potential than in complex.

9. It is necessary to consider potential of restructuring's region in two aspects. Firstly, it describes the possibilities of market transformation of the regional economy through changes in the structure of enterprises, depending on their size (small medium, large), organizational and law forms, the dynamics of their creation. The most important in the potential restructuring there are indicators of the growth of small enterprises that demonstrates the mobilization of formed entrepreneurial medium.

The role of small business in today's economy is quite different. It links economy in unity and forms a foundation on which should be grown more complex and high "levels." It should not forget about large business, which is mainly determined by economic and technological strength of both the region and the country.

Secondly, field specialization of the region determines its competitive advantages and competitive position. Therefore, the depression condition of definite regions requires immediate actions to restructure economics. Restructuring of region includes effective ways of rehabilitation of depressed areas and improvement of the competitiveness of territories with satisfactory development indicators.

10. Potential of clustering. Clustering is a process of combination objects into groups according to certain criteria in order to increase the efficiency of their functioning, an innovative approach to regional economic development. Interdependence and relationship between the processes of clustering, strengthening of competitiveness and acceleration of innovation – is new economic phenomenon that allows resisting the pressure of global competition and properly responding to the requirements of national and regional development. Progresses such productive form of activities, as a cluster should be seen in close connection with the modern laws of competition and based on the territorial aspect of global economics. The concept of clusters is one of the most progressive trends in the development of economic activities, which showed its effectiveness in many countries [7].

Results of evaluation and analysis of the competitive potential of the region can be effectively used to solve many problems of regional management, so quantitative measure of research involves the following tasks:

- development of methods and formation of tools that allow us to identify competitive potential;
- determination of component's weight in the formation of competitive potential of competitive advantages of the region;
- identification of perspectives for competitive potential to improve the region's competitiveness.

Solution of given problem assumes the choice of structural model and the definition of the factors that provide an increase of regional competitiveness. This approach corresponds to valuation of tenth factor model of competitive potential of region.

The advantage of the proposed model consists in selected factors consider general trends of social and economic development of both regions and the country.

The choice of indicators to measure each of the factors (elements of potential) should be substantiated by the following criteria:

- presence of an indicator of official statistical data;
- an ability to measure absolute magnitude of the phenomenon;
- display by indicators abilities and region's resources.
- independence from the size of regions and population living in them.

A definition of the level of region's competitive potential can be performed due to the basis of experiment:

$$K_i = \sum_{j=1}^m k_{ij} \cdot V_j, \quad (1)$$

where  $K_i$  – general level of competitive potential of  $i$  region;

$k_{ij}$  – competitive potential of  $i$  region according to  $j$  factor;

$V_j$  – specific weight of  $j$  factor in the competitive potential of  $i$  region;

$m$  – number of factors of competitive factors of region's potential ( $m = 10$ );

$i = \overline{1, n}$ ;

$n$  – number of regions.

$$k_{ij} = \sum_{z=1}^{h_j} R_{izj} \cdot W_{zj}, \quad (2)$$

where  $R_{izj}$  – degree of  $i$  region according to  $z$  index of  $j$  factor;

$W_{zj}$  – specific weight of  $z$  index in  $j$  factor;

$z = \overline{1, h_j}$ ;

$h$  – number of indexes of  $j$  factor.

It is grounding of the relative importance (specific weight) of each index within a factor advisable to carry out to use the method according to Saati to construct relative value function at final variety [6, p. 44-48].

Competitive potential is a reserve, which can use the region, modifying and adjusting strategic development priorities and implementation. High competitive potential of the region allows you to save or increase the rate of development and to stop the negative effect of external and internal factors. One of the most important areas of practical application of the proposed approach to measure the competitive potential of the region is the organization of monitoring of the formation of its functional structure, which is important for both local and regional, as well as for government. At the local and regional level results of the functional structure of competitive potential can solve the following tasks: to improve the use of competitive advantages of regions, based government funding of regional programs and projects, to optimize the development strategy of competitiveness factors and their use, to mobilize investors, business people and tourists. At the state level, realization of the proposed approach can improve the regulatory politics of steady development of the regions, to determine the direction of optimizing of mechanism between state programs, to evaluate the effectiveness of the regional government; to initiate the adoption of state programs of individual regions.

**Conclusions.** So, the competitive potential of the region and its functional structure determine its competitiveness and there is a source of competitive advantage of territory. The complexity and variety of this category is confirmed by its structure and functional purpose.

A determination of the functional structure of the competitive potential of the region is necessary to construct and improve the use of its competitive advantages by choice more efficient rates of development, investors mobilization etc. An analysis of the competitive potential allows identifying regions which have succeeded in the development of a competitive factor. Such information may be useful to create different kinds of formal and informal associations' areas in which the most important goal will be to cooperate through the exchange of experience and transfer of innovation in all spheres of social and economic development of the territory.

Besides, the results of investigation can become competitive potential of the information base for the formation of a regional competition politics and the adoption of regional authorities informed decisions in the management of steady development of the territory.

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**Vita Rzhepishevska**, PhD (Economics). Poltava National Technical Yuri Kondratiuk University. **Structural Features of the Region's Competitive Potential.** Modern regional management needs special regional policy aimed at making the competitive potential of the region as a factor of its sustainable development. In this regard, the main task of this study is to base the nature, structure and destination of competitive potential for the purposes of regional management, and developing methods its evaluation.

It is proposed to consider the competitive potential of the region as a set of available resources, tools and sources of various properties, which belong to the territory and which help to attract attention of aimed customers (investors, entrepreneurs, residents, tourists, etc.) at it, increase of the demand for some of its elements, which can be used in competition, making unique resources and capabilities into competitive advantages.

Along with the traditional elements of the competitive potential of the region some elements were offered to include in its structure. Those elements show modern organizational and economic relations of the regional productive forces.

The author developed assessing technique of the competitive potential level of the region. One of the most important areas of practical use the results is the organization of the formation potential monitoring for local, regional and national governance.

**Keywords:** region, competitive potential, competitive advantages, competitiveness, structure, evaluation, monitoring, regional management.

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**Ключові слова:** регіон, конкурентний потенціал, конкурентні переваги, конкурентоспроможність, структура, оцінка, моніторинг, регіональне управління.

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**Ключевые слова:** регион, конкурентный потенциал, конкурентные преимущества, конкурентоспособность, структура, оценка, мониторинг, региональное управление.