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**FORMATION COMPONENTS OF SOCIO-ECONOMIC  
POTENTIAL OF THE REGION**

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*In the article the content category "socio-economic system of the region" through coherent, equilibrated integrity objects of economic and social purposes in the territory, which includes including resource component and designed for the production of environmentally friendly products and services are provided. A typical signs of socio-economic potential of the region through the hierarchy, complexity, emergence, dynamism, commitment, synerhichnist, uniqueness and openness components. The economic potential of the region as the maximum capacity of the region to achieve its strategic goals through the use of existing resources, manufacturing, natural – resource, research, information and social sub region.*

**Keywords:** *region, system development, economic potential resources.*

**Introduction.** The processes of transformation taking place in the economy of Ukraine lay the groundwork for growing role of resources in the economic and production activities of enterprises and provide the appropriate value to the resource potential in their socio-economic development. Namely a region serves within a country as a management object that combines territorial and sector production elements, characterized by a certain level of resource potential and this can be used to improve the socio – economic development level. In this context, the specific feature of the region is its performance of not only economic but also social functions. Herein lays the fundamental difference between the different layers of a regional reproduction process aimed at producing material welfare of the society, at the environmentally friendly space, at the production of ecologically pure products, etc. All the above mentioned requires some tangible, intangible and financial resources that should be provided by the economic actors of the region. So, the region serves as a category for the territorial organization of the productive forces in the economic and

geographic key, and as a social – economic relations category for the reproduction.

**Analysis of recent researches and publications.** Develop theoretical aspects of “socio-economic system of the region” devoted to the works of numerous domestic and foreign scientists, among which emphasize Azryliyana A. [1], L. Bertalanffy [2], and Grygoruk [9], I. Kirilenko [4], M.Tymchuk [8], A.Shyshkin [2], A. Hall [7] R. Feyzhina [6]. Bates T. [10], Shishkin A.F. [11], Schnieper R.I [12] and others.

**Previously unsettled problem constituent.** Not enough research is the separation of the components of social-economic system of the region and the content of the category as a whole.

**Main purpose of the article.** The article is to determine the nature, content features and theoretical aspects of socio-economic system of the region

**Results and discussions.** To start with, the category "socio-economic system of the region" should be described by the term "system". One of the founders of the general theory of L. Bertalanffy defined the system as a set of elements that interact with each other [3, p.211]. One should distinguish the ontological and epistemological aspects of this category. In the ontological aspect a "system" is presented as a set of elements and their interconnections that exist objectively, independently from the will and consciousness of people. In the epistemological aspect the term "system" and other related concepts are used as a tool to learn the nature of complex material systems. I. Kant saw the system as a unity of various knowledge united by the same idea. Logical knowledge process as a process that develops and is an organic system; integrity, which includes a number of stages and moments described by G. Hegel as a system. According to A. Hall and R. Feyzhina a system is a set of objects including the relationships between objects and their attributes. However, this definition contains an unwarranted substitution of "element" and "object" concepts because it is not equal to the "system" category [3, p.209]. In addition, a brief definition should include the outcome of this interaction. An expanded definition of the system is based on a short one and yet provides a more complex system in which, in addition to elements, there may be links between certain complexes of elements forming a subsystem. By combining the various elements of the system, the subsystem supports the holistic program implementation within the system development. In economic and other complex material systems not only an element (as the simplest structural formation) is defined within their subsystems. Another important aspect of the expanded scientific study of the "system" category is that the elements and now even subsystems are in relationships and connections not only with each other but also with the environment. This provision is mostly relevant to systems that are self-organized and to requirements of a synergistic approach. Remembering these requirements an expanded definition of the system can be formulated as following: the system – a complex of subsystems, components and elements and their characteristic features, the interaction between them and the

environment determines absolutely new integrative wholeness [3, p. 261]. According to A.N. Azryliyan a system is defined as a set of elements that form a certain integrity and unity thanks to their balance and connection [1, p. 614].

According to the author, the system is a complex of subsystems, components and their properties, the interaction between which causes the appearance of a qualitatively new value. A system component will be understood as a simple indivisible part of the system. The subsystem is a part of the system, which consists of other components. We believe that the division of the system into separate elements, components and subsystems is ambiguous and depends on the research purpose. There is a certain relationship between the system components that reflects the ratio between them, based on interdependence and interdependence.

Entities within the region carry out their activities not in an isolated manner and therefore they all are in a certain communication and interaction, defining specific economic processes taking place in the region. At the same time the economic activity in the region is influenced by social processes that generally form a regional socio – economic system.

In our opinion, the regional socio-economic system is a linked and equilibrated integrity of objects of economic and social purpose on the relevant territory, which includes also a resource component and is designed for the production of environmentally friendly products and services (Table 1).

The main features of the regional socio-economic system are:

1. Hierarchy means a certain subordination of systems and subsystems in the region. This feature allows you to dismember the socio-economic system of the region at a certain level, when lower-level systems are part of the upper one. According to this scheme there may be defined the socio-economic systems of villages, towns, cities of different submission.

2. A functional interdependence of economic relations and certain bonds. In the relevant system these connections occur in the processes of production, distribution, exchange, consumption, as well as these are traditions and norms of behaviour that indirectly influence the socio – economic processes [2, p. 95].

3. A holistic unity of components reflects the essence of the system itself, reveals the degree of components integration within the system, and means autonomy in economic area.

4. Complexity means a change of the system structure, relationships and behaviour of an entity under the external factors influence, leading to changes in the system as a whole. It should be noted that any enterprise is exposed to external conditions influence that characterize all the state macroeconomic system.

Namely those economic cycles, crises determine the general background of the company, while the regulation of external economic conditions is only a matter of the state, an ability to access individual enterprises to the level of effective management

is largely determined by appropriate "rules of the game" at the state level or at the regional level. However, the state is openly declaring the impossibility of agricultural areas economic support and therefore agricultural producers have to choose alternative development options that will enable them to stabilize their condition and provide appropriate conditions for a balanced operation in the first phase; and the creation of an effective mechanism for adaptation to changing economic conditions.

**Table 1. Characteristic Features of the Socio – Economic System**

№	Name of the Feature	Economic Sense
1	Hierarchy	means a certain subordination of systems and subsystems in the region
2	Functional interdependence of economic relations and certain bonds	these bonds occur in the processes of production, distribution, exchange, consumption, and also these are the traditions and norms of behaviour that influence the socio – economic processes indirectly
3	Components integral unity	reflects the essence of the system itself, reveals the degree of integration of components in the system
4	Complexity	means a change of system structure, relationships and behaviour of an entity influenced by external factors, leading to changes in the system as a whole.
5	Emergence	means the presence of specific features of the system that are not derived from the elements features and that arise in the course of their interaction as a result of cooperative effects
6	Dynamism	change by the system of its characteristics: parameters, structure over time by external and internal factors influence
7	The lack of clear boundaries within the system	means the same component or economic entity can simultaneously participate in the various processes of the economy and can be both a component of many of its subsystems
8	Probability of a system development	means that its development is influenced by a number of factors and conditions which sometimes is not possible to predict
9	The lack of a detailed description and forecasting of the system	which means that the phenomena that occur in the system, are stochastic in nature and analyzed using statistical methods study
10.	Commitment	means that any regional socio – economic system has its own goals and determine priorities for development.
11.	Synergy	the theory of "self-organization" in the systems of different nature.
12.	Uniqueness	means that each region and, consequently, its system are unique to its resources and organizational capabilities.
13.	Openness	means that each system is not isolated, but is in a constant relationship and interaction with the environment.

Source: [3, p. 95], [6]

In our opinion, the cause of cycles is a contradiction between the growth and availability of resources. The choice of the investment priorities leads to imbalances between elements of macroeconomic systems. When the gap is close to the critical

level, the state redistributes invested resources. However, it should be noted that the elements of the macroeconomic system are developed in cycles not only due to a variety of investments, but to different periods of their development.

The current recessionary state of Ukraine's economy is the result of a whole range of economic cycles. Formational and transformational cycles have the greatest impact on the state economy over the last decade [6].

It is evident that the transition from one type of production and economic relations to the other requires spending time and money, as well as certain items that were hidden for decades. In the early 60th the growth rates reduce appears to effect drastic violations proportions of social production. The main parts of the resources were spent on the production of the production means and on the development of the military-industrial complex, and on the production of consumer goods a small number of national income was used. As a consequence of that there was the so-called gap between the ever increasing incomes and their product coverage. This meant that real incomes were increasing slowly and their distribution was continuously violated. The result of this process was the weakening of economic incentives in relation to the number of employees and the quality of invested work.

Agriculture as a part of a single system of social division of labour is also exposed to crises that are inherent in the national economy as a whole. It should be noted that special agrarian crisis exist in the agricultural sector. A.F. Shyshkin identified a number of their features: they cover only agriculture, no cyclical nature, and take a longer time than the industry [11].

Their main features, in his opinion, are: stocks growth of the major types of products that are not sold; drop of their prices, the decline in production; producers differentiation; rural resettlement; rising of an unemployment and falling of wages size.

Considering the main causes of current agricultural crisis I. Kyrlyenko [5] identifies the following: the existence of private ownership of land and reducing state support of agricultural producers. The objectives of the state support for the agricultural sector in crisis include: restoring the prices parity by setting the minimum ones for major agricultural products; decrease in energy prices; existence of an effective system of financing and insurance of agricultural producers and creating conditions for the development of credit cooperation, development of a clear mechanism for allocation of budget funds, grants, compensation for animal husbandry, veterinary science, seed production. The development of the agricultural sector is largely dependent on the region. A justification for such development strategies of individual businesses is therefore important for manufacturers, which would allow using its own reserves to restructure its resource potential and adapt production systems to changing economic conditions that would enable their more effective and balanced functioning.

5. Emergence as a manifestation of the highest integrity and complexity – means

the presence of specific features of the system that are not derived from the properties inherent in its elements and arising in the course of their interaction as a result of cooperative effects [9].

6. The dynamics – change of characteristics by their system: parameters, structure over time under the influence of external and internal factors.

7. The lack of clear boundaries in the system, which means the same component or economic entity can simultaneously participate in various processes of the economy and can be a component of many of its subsystems at the same time [9].

8. Probability of system development means that its development is influenced by a number of factors and conditions which sometimes is not possible to predict. Therefore, the development system is the probability category.

9. The lack of a detailed description and forecasting of the system – which means that the phenomena that occur in the system, are stochastic in nature and analysed using statistical methods study [12].

10. Commitment – means that any regional socio-economic systems has its own goals and determine priorities for development.

11. Synergy – means the theory of "self-organization" in the systems of different nature. It deals with the phenomena and processes that result in the system and there are properties which neither component has as a whole.

12. Uniqueness – means that each region and, consequently, its system are unique to her resources and organizational capabilities.

13. Openness – means that each system is not isolated, but is in a constant relationship and interaction with the environment.

So, given the above, characteristic features of contemporary social and economic development of the region are: limited resources used by the company and the region as a whole; globalization of contemporary social life; complexity of the problem and the need for unity in the study of economic, social, technical, technological, managerial, informational, marketing and other aspects; increase of the number of connections between objects and entities; dynamic development; intellectualization of modern socio – economic systems of regions, namely strengthening the role of information, gender politics, modern management, education, new technology, nanotechnology and more.

In conclusion, to characterize the socio-economic system it is necessary to separate the components that perform the decomposition of its structure, to determine the elements, components, subsystems, inputs, outputs, and identify relationships between them and the environment.

First of all, it should be noted that the basis of a socio-economic system of the region are its productive forces – forces that drive the transformation of natural substances according to the needs of society, creating tangible and intangible assets and determine the growth of labour productivity [10, p.192]. This set of material and human

resources, the relationship between them, are in the process of providing economic production of environmentally friendly products to meet the needs of the society.

We do agree with the opinion of M.F. Tymchuk about the division of a socio-economic system into region subsystems [8, p. 10]: a socio-economic system of the region can be divided into the following subsystems (Fig. 1.):

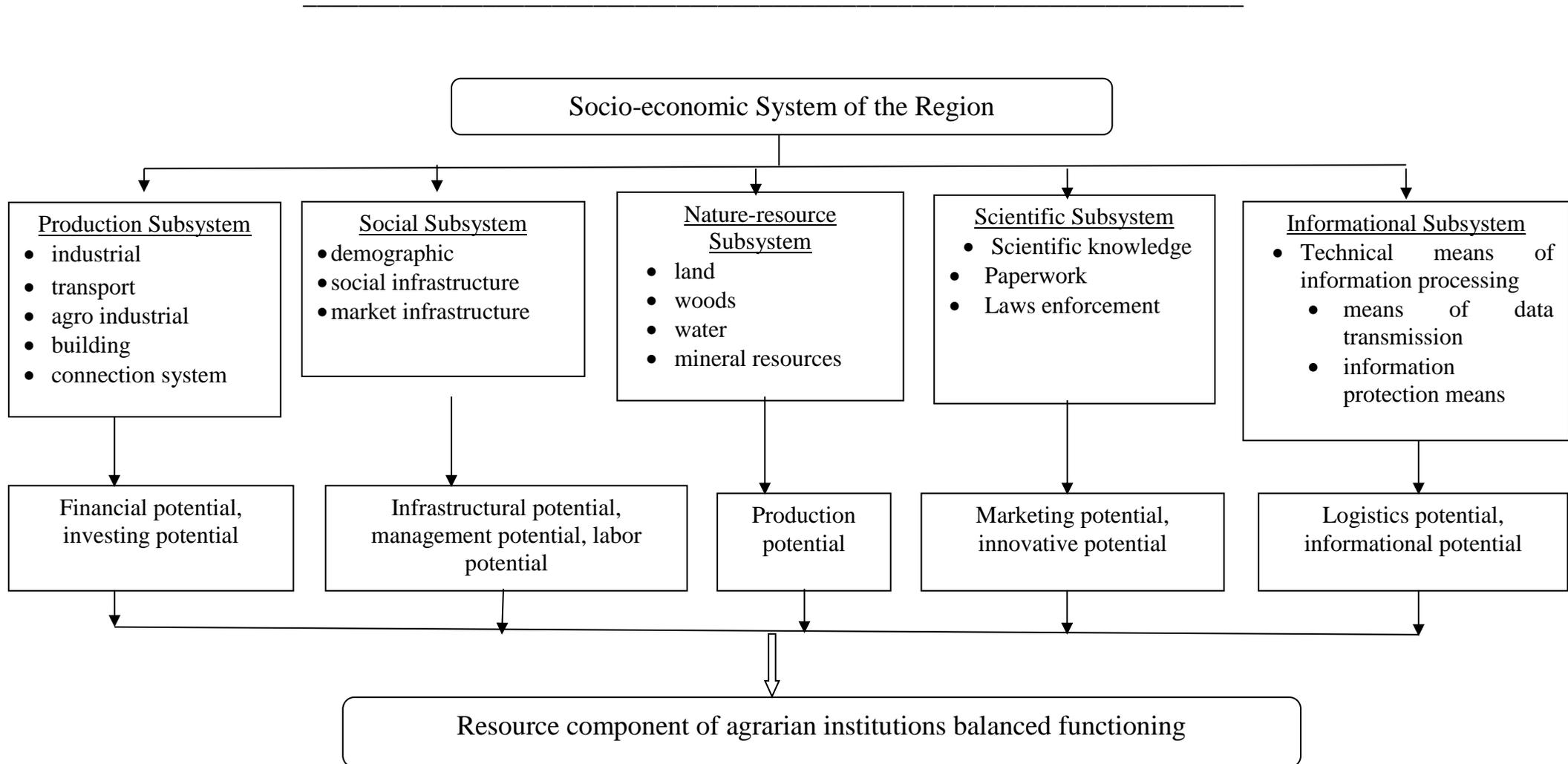
1. The production subsystem – a complete set of production facilities, which include: industry, transport complex, agriculture, building complex communication system and so on. It should be noted that the regional production subsystem is often called an industrial complex in the economic literature, which includes companies and formations within the region, interconnected between each other by the financial, organizational and technological constraints.

Also this subsystem includes enterprises and institutions which provide their work accordingly, namely: financial institutions, trade and dealerships, etc. The purpose of the regional production subsystem is the production of environmentally friendly products, providing services to meet the needs of the people of the community.

2. A social subsystem – is a holistic set of social facilities, namely: a demographic subsystem, social infrastructure, market infrastructure, gender component. It provides the conditions for life in the region. A social subsystem covers various forms of communication and relationships between different areas and structures that provide social – reproductive process in the region.

A social subsystem also provides demographic and reproduction needs of the region population in social and consumer services, with this aim economic agent are established who belong to the social infrastructure enterprises in the region. These companies are: objects of health care, education, culture, social protection facilities, public services, law enforcement and regional management sphere. The feature of social infrastructure objects functioning is that they have a function of final consumer product redistribution and their functioning depends on the socio – demographic composition of the population.

3. A natural resource subsystem includes factors of natural or natural-anthropogenic origin with properties of self-support and self-correcting without constant influence of a man, which directly or indirectly affect the individual or formation through the energy state, structure and dynamics of the atmosphere and hydrosphere; composition and structure of the land, soil and subsoil; appearance and biological composition of ecosystems (vegetation, fauna and microbial environment) and their landscapes; population density and the interplay of the people themselves as a biological factor. Natural-resource subsystem is a combination of natural resources (land, forest, water, minerals, etc.). They are used to create the means of production and consumption. This subsystem is a natural complex in which there is a close relationship and hierarchical subordination of all the components that compose it. Changes in one of them cause corresponding changes in another one, and vice versa.



**Fig. 1. Structural and logic scheme of resource component forming and of its components in the socio-economic system of the region** Source: designed by the author

4. A science subsystem – a holistic set of objects of scientific purpose, used for more effective and efficient management of a subsystem, and a system as a whole. It includes: scientific knowledge and discovery, records management and compliance to laws and regulations. It also includes scientific personnel and the results of their research activities. In our opinion, the separation of science into a separate subsystem converts it into a productive force of society. Science affects the objects of labor, means of labor, forms and methods of production, education and information. After all, the science itself provides development and theoretical systematization of knowledge about the reality that is then used to improve the production efficiency of the tangible and intangible benefits.

5. An informational subsystem – a holistic set of objects for informational purposes only, including: technical means of information processing and relevant data transfer, information protection means. Under the influence of these relations and means regional industrial complexes are formed and developed, as well as regional social and scientific subsystems. The informational subsystem should create such an information space that is required for the functioning of all other subsystems of the regional socio – economic system. It provides the exchange of information and the relationship between all other subsystems of the region, which contributes to the operational response to a change.

Territorial and industrial relations are the basis of industrial information and communication links (between producers of certain areas). The emergence and development of territorial – industrial relations is based on territorial division of labour and such its forms as specialization, cooperation and integration of production. Regional industrial relations in the economic process are carried out in the area of exchange and are implemented using the following objects of production and market infrastructure: consulting, information analysis and audit firms. Each of these subsystems is a set of interrelated elements, which include:

- input and output subsystems;
- goals and objectives of the operation and development of the subsystem;
- principles, methods and tools of operation and development of subsystems;
- management subsystem, which includes the most important element – a management process (development, justification, implementation of management decisions for sustainable development of the region);
- resources necessary for the operation and development of subsystems.

At the entrance to the regional management subsystem the issues, requiring management decisions, are focused, and at the exit – mostly only management decisions. Depending on the level of socio-economic development of the region the main purpose of managing socio-economic system of the region may be formulated. The process of regional management is felt in regulator effect (regional authorities, including local governments) to control objects on special channels of information.

The socio – economic system of the region is the basis of its economic potential. In its turn, the economic potential of the region – is a total capacity of economic resources available within the region to ensure maximum possible amount of production of material goods and services that meet the needs of society at this stage of its development [5, p.5].

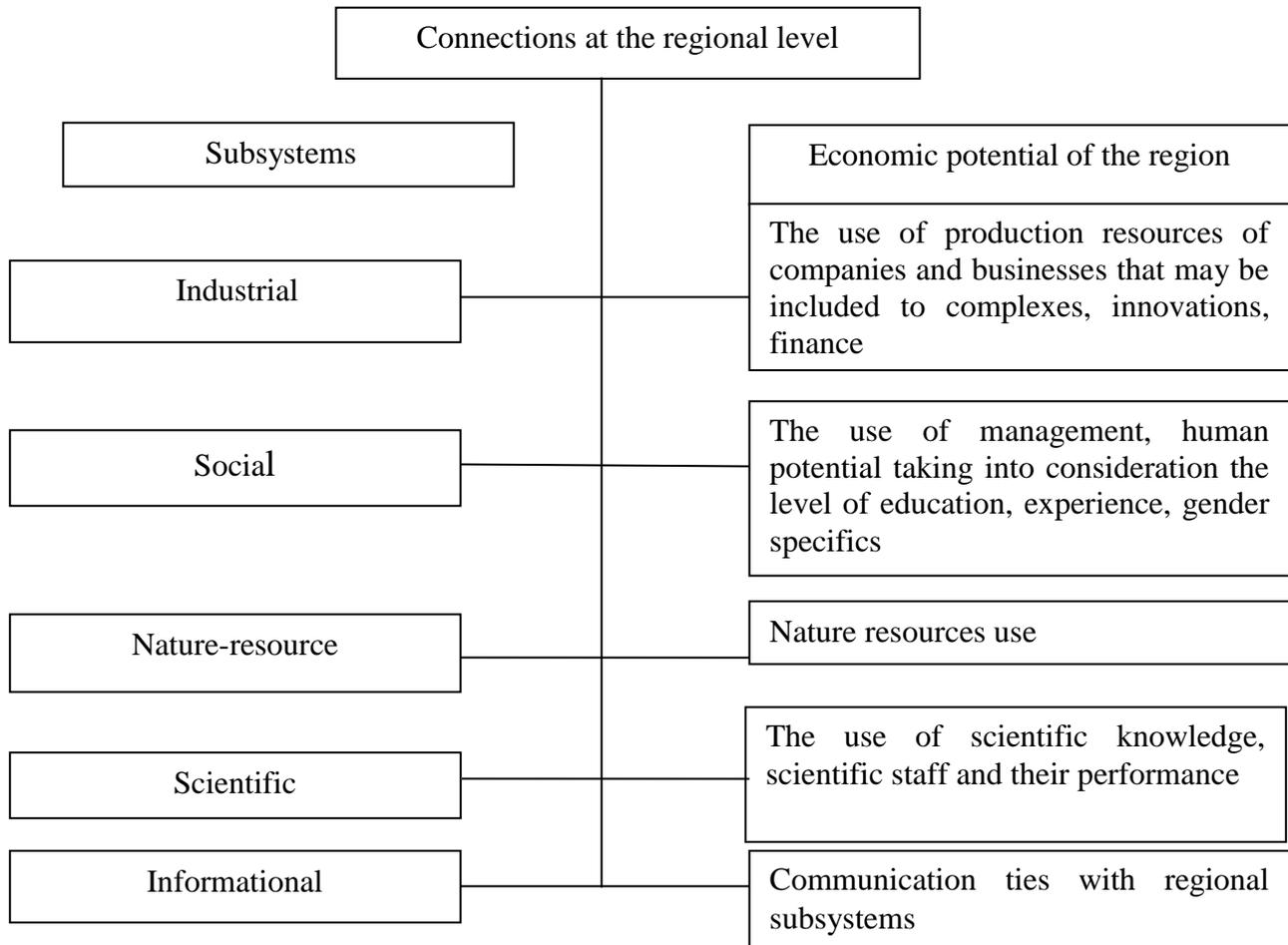
From a standpoint of the resource approach the economic potential of the region is a combination of human, material, informational, financial, industrial, land, marketing and other resources involved or may be involved in the process of economic reproduction in the region. The magnitude of the economic potential of the region is determined by number and quality of economic resources that are available, and may be involved in social production, and the conditions ensure their efficient use.

To our mind, the economic potential of the region can be defined as the maximum capacity of the region to achieve its strategic objectives through the use of available resources of the production, natural – resources, research, information and social subsystem of the region.

Thus, to some extent, having grouped components of the economic potential of the region within its structure, there can be distinguished: the natural potential of the region, the material – technical potential of the region, the financial potential of the region, investment and intellectual potential of the region, information and infrastructure potential of the region.

That's why, the resource potential of the region that covers industrial and natural resources, financial and management skills, marketing and infrastructure potential, occupies a prominent place in the structure of its economic potential and therefore covers all subsystems socio-economic system of the region (Fig. 2).

**Conclusions and further researches directions.** In particular, through the materialization of formed new knowledge, development and innovation use – with a production subsystem, through the region's population demographics and education – with a social subsystem, through science – the scientific subsystem, informational and communicational links provide interaction of all subsystems of the regional socio-economic system. While the basis of social and economic functioning of the region are resources and resource potential of the region. The production system serves as a resource use subsystem, a scientific one – as a generating knowledge subsystem, an informational one – a subsystem for knowledge dissemination and a human subsystem – the bearer of knowledge.



**Fig. 2. Ties of the socio-economic system subsystem with the main components of the economic potential of the region** Source: Formed by the author

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**ФОРМУВАННЯ КОМПОНЕНТІВ РОЗВИТКУ  
СОЦІАЛЬНО-ЕКОНОМІЧНОГО ПОТЕНЦІАЛУ РЕГІОНУ**

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*В статті визначено зміст категорії «соціально-економічна система регіону» через взаємопов'язану, зрівноважену цілісність об'єктів економічного і соціального призначення на відповідній території, яка включає в тому числі й ресурсний компонент і призначена для виробництва екологічно чистої продукції та надання відповідних послуг. Запропоновано характерні ознаки соціально-економічного потенціалу регіону через ієрархічність, складність, емерджентність, динамічність, цілеспрямованість, синергічність, унікальність та відкритість компонентів.*

*Досліджено економічний потенціал регіону як максимально можливої здатності регіону забезпечити досягнення своїх стратегічних цілей на основі використання наявних ресурсів виробничої, природно – ресурсної, наукової, інформаційної та соціальної підсистем регіону.*

**Ключові слова:** *регіон, система, розвиток, економічний потенціал, ресурси.*

**ФОРМИРОВАНИЕ КОМПОНЕНТОВ РАЗВИТИЯ  
СОЦИАЛЬНО-ЭКОНОМИЧЕСКОГО ПОТЕНЦИАЛА РЕГИОНА**

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*В статье определено содержание категории «социально-экономическая система региона» через взаимосвязанную, уравновешенную целостность объектов экономического и социального назначения на соответствующей территории, которая включает в том числе и ресурсный компонент и предназначена для производства экологически чистой продукции и предоставления соответствующих услуг. Предложено выделять признаки характерные для социально-экономического потенциала региона через иерархичность, сложность, эмерджентность, динамичность, целеустремленность, синергичность, уникальность и открытость компонентов.*

*Исследован экономический потенциал региона как максимально возможную способность региона обеспечить достижение своих стратегических целей на основе использования имеющихся ресурсов производственной, естественно – ресурсной, научной, информационной и социальной подсистем региона.*

**Ключевые слова:** *регион, система, развитие, экономический потенциал, ресурсы.*