

**INVESTMENT-ORIENTED MODEL FOR THE DEVELOPMENT  
OF TERRITORIAL SYSTEMS**

**Annotation**

*Objects and subjects of a state's regional administration are defined. Regional administration as a kind of managerial activity of planning and regulation of social and economic processes in the region is investigated. The formation of a system of management of regional development is explored.*

**Keywords:** government, investment-oriented model, regional management, socio-economic process of formation.

**Анотація**

*Визначено об'єкти та суб'єкти регіонального управління. Досліджено регіональне управління як вид управлінської діяльності по плануванню та регулюванню соціально-економічних процесів на території регіонів. Проаналізовано формування системи управління регіональним розвитком.*

**Ключові слова:** державне управління, інвестиційно-орієнтована модель, регіональне управління, соціально-економічний процес.

**Аннотация**

*Определены объекты и субъекты регионального управления. Исследовано региональное управление как вид управленческой деятельности по планированию и регулированию социально-экономических процессов на территории регионов. Проанализировано формирование системы управления региональным развитием.*

**Ключевые слова:** государственное управление инвестиционно-ориентированная модель, региональное управление, социально-экономический процесс.

**Introduction**

The development and engagement of investment-oriented model of regional development helps to overcome existing imbalances, creates conditions for economic interest of enterprises and territories in increasement of their investment, provides the optimal structure of commodity production (services) for the most efficient use of total investment potential of the region, creates a favorable investment climate, forms the criterion approaches towards the impact of investment on sustainable development of the region and background components of the system changes in state governance as a set of priorities for the functioning of the regional economic system in the market.

**Analysis of recent research**

To the new theoretical and applied problems of investment great contribution made such famous domestic scholars, as: O. I. Amosha, Y. M. Bazal, P. Y. Belenky, I. A. Blank, P. P. Borschevsky, M. P. Butko, O. V. Gavrilyuk, V. M. Heyets, V. I. Golikova, B. M. Danylyshyn, M. I. Dolishnij, S. I. Dorohuntsov, B. A. Karpinsky,

V. I. Kutsenko, A. S. Lysetskyi, A. A. Peresada, M. A. Hvesyk, L. G. Chernjuk, V. I. Chizhova, M. G. Chumachenko and foreign scientists: V. S. Balabanov, B. Burns, B. I. Birman, J. M. Kens, V. V. Kovalev, K. McConnell, G. Markowitz, P. Massa, M. Miller, F. Modigliani, B. Sharp and others.

**Statement of research objectives**

- to identify objects and subjects of regional management;
- to explore the regional administration as a form of management for planning and regulation of social and economic processes in the regions.

**Results**

Equality and unambiguous relationship must exist among members of the development: nature-man-economics. For the economy of the region this means a comprehensive implementation of measures of economic, organizational, technological, scientific, social management and of other character, which will provide an effective functioning of all parts of the economy in accordance with environmental demands, the gradual integration of economies to a higher level.

The balanced spatial sustainable development is the state of relations within social production, when the optimal balance between economic growth, stabilizing and improving the quality of the environment, growing material and spiritual needs of people living in a particular area is achieved.

In our view scenario for sustainable development in Ukraine will be carried out through the balanced development of all spheres of economy and regional management on the basis of prudent accumulation and use of primarily investment resources in order to solve complex economic, social and environmental problems. Balanced development is an optimal combination of regulatory tools to influence the state of the economy, deliberate creation and implementation of the principles of regional policy, to achieve a constant balance between available resources and needs in the territorial context. Availability of resources limited in time, space, quality and quantity, particularly investment ones, may deter general economic growth and leave the problem that can worsen the whole economic situation in the region unresolved.

The existence of these problems defines a role of sustainable development of productive forces in the agro economic sector and the need for implementation of a package of measures for both close and long-term perspective, taking into account the processes occurring in the global and domestic economy, the development of instruments and mechanisms of regional development.

The need to develop a mechanism for managing investment processes of regional development is reinforced by the process of construction of a socially-oriented economic model in Ukraine, which is influenced by the feature and character of transformation processes which cause structural changes in the economy.

Regional management activity is determined by the need to improve the quality of life through comprehensive development of the economic system, the harmonization of relations with the environment.

Regional space in Ukraine requires legal regulation, as here local, regional, interregional, sectoral and national interests are crossed. This requires a flexible harmonization of regional management.

In the transitional period, when liberalization processes arise, but the directive style is completely dismantled, in the regional management processes

of legal, economic, organizational, social and environmental character need to be harmonized.

Economic supply is enabling regional authorities to fully involve investment resources for the use of natural resources, human, industrial and infrastructural potentials [3].

Institutional aspects of regional governance are manifested through changes in the structure of regional and state agencies. Practice shows that the current organizational transformations don't enhance the effectiveness of regional government.

Legal development of regional governance is possible only with improving the legal framework for all existing types of administration.

The main objective of the management of the agro economic complex of the region is to ensure smooth functioning of all parts and stages of the economic process, all participants of production, all resource components through the interaction of objects and subjects of regional management.

Regional management system includes seven blocks, namely [4, p. 53]:

- self-regulatory objects, which are affected only by the state of market conditions;
- objects that are regulated independently, but require support from the local authorities (small business);
- objects that affect the regional development, but are controlled by corporate structures (branches of joint stock companies);
- objects, activities of which are fully managed by the national government agencies (SOEs);
- objects on which regional government has an indirect influence (common enterprises with foreign capital);
- objects which are founded on regional resources and are functioning according to lease.

Experience of economic management in a liberalized environment determined its scheme, which consists of four parts: transnational, national, regional and local, each of which has its purpose, tasks and functions.

The system of regional development of agro economy is based on the following postulates [2]

1. compliance of regional economic performance to the efficiency in functioning of the agro economic complex;
2. the existence of the links between sectors of the regional system and its infrastructure;
3. an impact of the liquidity of economic entities on the final results of the activity of the territories;

4. management of vertical and horizontal relationships based on long-term standards and controls;

5. providing regional resources for the perspective and current programs of economic and social development;

6. balance of local budgets by setting differential standards of subsidies taking into account the state of the economy and the level of social development;

7. connecting the regional system of centralized administrative decisions and local initiatives in the regional reproductive processes.

Effectiveness of a system of regional management is determined by the following conditions:

The presence of an objective system of analysis of the regional development's processes is in one place on a clearly defined methodological basis of available information.

In the system of analysis should be put those priorities which the regional authorities have a real impact and for the realization of which they have the appropriate resources. The dominant feature in the approach of the analysis of regional development and performance of management is the compliance of the standards of lifestyle of the population and its individual segments and groups to the national or local standards, the presence of regional fiscal and other economic incentives for accelerated growth, the formation of opportunities to build human capacity of the region and its transformation into human capital, infrastructural maintenance of inter-regional relations, availability of appropriate natural resource and environmental capacity [5].

New approaches towards the management of regional development require the existence of statistical information and the system of social research, the introduction of modern information technology.

Transmission into the model of open economy caused the appearance of conflicts between national, sectoral, regional and local interests. Modern realities require the creation of such a management system that would allow using the economic potential of the regions at its maximum. It requires:

- giving the regions more autonomy in shaping the regional segments of the national economy;
- formation of new structures of economic systems;
- redefinition of the relations in the format regional authorities-business – society;

- changes in the functions of subjects of regional governance in support of market activity and the increase of an effective demand;

- engagement of legal motivational mechanism for solving social and environmental problems of the region on the basis of solidarity financing.

The current system of regional development should be directed to:

- solving social problems in order to improve the quality and standard of living of the population;

- forming organizational and economic conditions for the realization of an investment and innovation capacity by all entities of the region;

- making structural changes in the economic sector with a focus on market needs and the organization of production of those products or services that are in demand and can enhance the financial autonomy;

- organizing market research and assessment of market conjuncture as the basis for the development and implementation of current strategic development;

- implementing the system of regional monitoring while using the modern information base for system analysis and control of economic, social and environmental situation in the region.

It should be noted that the current system of regional governance in Ukraine is very similar to the one during the period of directive economy, as the initiated changes didn't carry the complex character, and the regional asymmetry is practically deepening.

The legal framework governing the management activities remains imperfect. It is also not easy to eliminate differences between tasks, powers and responsibilities of local authorities.

The experience of European countries, including the past of the post-socialist space, indicates that the strategy of territorial development needs primarily the creation of the legal framework for the implementation of an effective policy of the center, and the subject of management has to become a territorial organization of regional economic systems based on active innovative and investment activity [1, p. 96].

In regards to this fact not least would be a creation of an effective system of governance which is ought to ensure the sustainable development of the territorial systems through the implementation of investment-oriented model and strengthening innovation activity.

This control center can be represented by a single central executive authority under the Law

of Ukraine «About the basics of regional policy». At the regional level consistency of interests of administrative units in the complex system of regional development is achieved. In the present conditions the governing body at this level is the Regional State Administration. Regional Council is a representative body does not have clearly defined responsibilities in the field of socio-economic development and for managing these it doesn't processes an executive committee. Effective regional governance is not achieved as a result of the presence of delegated powers both in local state administrations and in local bodies of self-governance.

However, the further the administrative reform will move the more the role and importance of self-government at local level will increase.

The system of management should ensure the implementation of state, inter-regional, regional, local community events and have self-sufficiency of local budgets, and the management functions are to be carried out by the regional council and its executive committee. Local governance is the ability of the local community of the city, town, village, to operate the vital functions of management on its territory.

For the management of the processes of investment development of the region there is a necessity to have operating bodies. It is however not foreseen to have such specialized structural units in the structure of local authorities. Their functions are usually performed by the main departments of the economics. At the district level there are even no such experts in public administration which might be available. Thus in the city, district and regional councils permanent commission of councils take care of the investment development problems.

In our view, this system of governance is flawed and not effective, and therefore one of the reasons for the asymmetry of regional development.

We believe that the task of preparing proposals, developing programs, individual projects, business plans and coordinating the investment activity could be laid at regional, district (inter-district) and urban agencies for regional development agencies established by municipal, district and regional councils as a pure utility factories or involving businesses innovation and investment types (consulting, engineering companies, innovation centers, investment funds, etc.).

We are more inclined to mixed schemes of co-funding, because here it is possible to equip the agency with highly skilled specialists and to lay a mechanism of motivations of their work, financial independence and responsibility of legal persons.

Given the fact that these are local councils who are the co-founders of agencies, it will be logic to consider primarily the legal side of things, and also the future transfer of powers with their owners of their territory.

### Conclusions

Thus, newly created structures under the guidance of the offices of the economy of regional state administrations and with the assistance of potential regional universities could in the short term monitor the investment intentions of all existing businesses, assess the possibility of investment into the natural resources of the region, provide specific assistance in the justification of policy innovations, develop business proposals and business plans.

Regional development agencies could forcefully carry out the information support of the investment potential of the region to other west-forums on national and international levels, work with investors, especially for projects that are replicated in nature, or make it possible to realize the interests of forming clusters.

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