

**Sharova Svitlana**

*Candidate of Economic Sciences,  
Associate Professor, Chair of  
Finance, Banking and Insurance  
Zaporizhzhya National Technical  
University  
(Zaporizhzhya, Ukraine)*

**THEORETICAL  
APPROACHES TO  
DETERMINING  
REGIONS IN THE  
INTERNATIONAL  
ECONOMY**

The term "region" (derived from the Latin "region" - territory, locality, region, district) is used in various fields of knowledge in order to distinguish territorial units on certain grounds. In economic science, the category "region" has become the subject of research relatively recently, only in the second half of the twentieth century began to develop concepts of regional economics. Researchers use this concept when it comes to defining a specific territory for a qualitative and effective solution to national or interregional problems. The boundaries of areas of placement of certain industries do not always coincide with the boundaries of administrative-territorial boundaries [7, p. 10].

At the beginning of the XXI century. Regionalism highlights the benefits of international cooperation of regional systems in a global and dummy space [2]. An important role in the formation of theoretical concepts of studying regionalism and regionalization was played by the local and foreign scientists [4, 5-8, 11, 19, 20, 23, 24].

Strengthening international competition in the context of the growth of globalization processes, rethinking the role of the state in the regulatory mechanism, liberalization of international relations, the transition from interstate cooperation to a qualitatively new supranational level contributed to the revision of ways to optimize the participation of countries (regions) in the processes of regionalization, and from there and actualize the further development of the theory-methodological approaches to determining the place and role of regions in the international economy.

The concept of "region" can be interpreted as a certain territory with its natural and geographical characteristics and, based on them, a specific direction of the development of productive forces. The main emphasis of economic analysis focuses on establishing characteristics of the region that determine its capabilities and certain advantages.

The category "region" is neither definite in the domestic literature

nor in foreign literature, and therefore there is no definition of the subject of regional science. There are allegations that there are about a hundred interpretations of the concepts of "region" and "district" [18, p. 10].

The term "region" appeared somewhat later than the "district", due to the new direction of economic science - the regional economy. Currently, the term "region" is used both as a synonym for the term "district" and for the definition of certain territories that by their features do not correspond to the adopted system of territorial division.

In modern economic literature the definition of the essence of the region is connected, first of all, with the allocation of economic and geographical features of the territory (territorial or geographical approach), which characterize the possibility of organizing a relatively complete complex in the structure of the national economy. Based on the basic principles of the placement of productive forces, most authors define the region as a form of territorial organization of production, formed on the basis of the territorial division of labor and has the appropriate organizational separation, integrity, economic and demographic self-sufficiency, etc.

Such a territorial system has its own character of the functions performed, whose priority is determined by the natural-climatic, economic, historical-cultural and other features of the territory, which has (or creates) an infrastructure for the fulfillment of these functions. The Conference of European Regions defines the region as a territorial unit, which has its own electoral authority and is subordinate to the central authorities [15, p.42]. The regions are determined by a single policy of state regionalism and have their own system of state bodies, which are the relevant subsystems of the state structure of power and the management of the country [1, c.34; 17, p. 10].

Each region has the corresponding economic integrity, which characterizes a set of interconnected and interconnected components of production (mainly material) that has developed within a compact area [9, c.23], respectively, each region has its own "complexing properties" that are defined spatio-territorial concentration of branches of the national economy [14, p.12]. Complexity of the region is manifested in the fact that it acts as a single entity, which consists of three components - natural, material (created by man) and social [12].

In the international economy, the region is understood as a group of countries with a common geographic location, similar natural conditions, similar specialization and the level of development of

production and non-productive spheres [18, p.3]. In addition, in the international economy, the region is also considered from the point of view of the aggregate of countries in a certain region of the world (Balkan region, Middle East region, Asia-Pacific region, etc.) [16, c.27].

Considering the modern theoretical approaches to the definition of the essence of the regions should be noted another characteristic feature, which takes into account the peculiarities of the functioning of the modern world economy as a single space.

The development of international economic integration in a practical plane is realized in a complex of concrete forms of cooperation between countries of the world. Since all of them differ in scope and levels of socio-economic level, all these forms of interaction will differ, have the appropriate institutional framework, and, accordingly, differently feel the impact of globalization - the leading trend of world economic development.

The most developed form of internationalization of economic life is economic integration, which is a process of convergence and the gradual unification of national economic systems, which is reflected in the manifestations of globalization and regionalism.

Each level of integration rapprochement directly affects the effectiveness of territorial administration both in the countries that have created the integration block and in their individual regions [3].

In this case, globalization acts as a manifestation of a new quality of internationalization "at the stage of the maximum possible development of its breadth, and integration - the highest degree of its development deep" [19, c. 17]. And therefore, in the scale of the world economy under the regions should also consider the totality of several countries as an integration association.

The character of the contemporary development of the world economy in analyzing the essence of the region allows, in addition to determining the territorial (or geographical) approach, an integration approach based on the existence of stable economic ties, a high level of complementarity [18, p. 5-6].

The modern world economy has a complex hierarchical structure characterized by a multi-level taxonomic model in which it is possible spatially to distinguish local regional formations, micro-regions, mezuregions, macro regions (or national regional formations), megaregions, metaregions, etc. (Table 1.4).

Table 1.4

**Spatial structure of the world economy**

Region level	Example of application	
	geographical approach	integration approach
Metaregion	North America, Africa, Europe, Asia	American market, European market, Asia-Pacific market
Megregion	Central America, Western Europe, Southeastern Europe	NAFTA, ASEAN, EU, MERCOSUR
Macroregion	Balkan countries, Baltic countries, national countries	Balkan countries, national countries
Mesoregion	Economic regions in the structure of the national economy (Donbas in Ukraine, Alsace and Lorraine in France)	Regional territorial production complexes, free economic zones, Euroregions
Microregion	Territorial part in the structure of the economic region (Silicon Valley in the USA)	Micro-regional associations
Local regional education	Cities, rural areas	Clusters, combines, etc.

Local regional education is based on the peculiarities of the business culture inherent in certain regions, labor organization, historical conditions of development of regions, and others. It is the geographical agglomeration of companies (firms) that operate in one or several related industries that creates a regional cluster, whose positive effects are the effects of scale, expansion and synergy. Local regional education acts as the grassroots level of the region, which together with others can form a set of regions of higher order, and therefore the level of development of the national and world economy depends on them.

Micro-regions are formed within the meso and macro regions and are based on the system of contractual relations that arise as a result of the development of joint productive activities, the creation of foreign affiliates, the formation of inter-territorial territorial production complexes, etc. Mesoregions are based on a set of specific relationships and related relationships that arise between adjacent territories within a single country (or small regions of the adjoining countries), the

existence of which is conditioned by the integrity, constant nature of the production-cooperative ties, etc.

Macro-regions cover a number of relationships, a set of relations that arise in the structure of the national economy (or between a separate group of countries), which requires a common macroeconomic policy and is based on the formation of a coherent economic complex of the country with its structure and management bodies. Megaregions arise in the system of the world economy on the basis of deepening economic ties, the development of the integration of the countries of a particular region, resulting in the emergence of regional associations.

The spread of integration processes between countries (integrational associations) of a certain continent has led to the formation of metaregions in the system of modern world economy.

In the context of deepening the processes of globalization and regionalization, the role of regions is intensifying, and they themselves become important participants of competitive relations not only at the national and international level, but also at global levels. Capacity to provide a high level of productivity in comparison with other regions of the national and world economy, to create new resources of regional development and to ensure the welfare of the population (reflected by a comprehensive system of indicators that reflect the state and dynamics of the region's development), determine the international competitiveness of the region.

In the system of many indicators (indicators), which allow assessing the level of international competitiveness of the region, it is expedient to use a large array of already developed methods that are offered by various international organizations that monitor various aspects of the functioning of the world economy.

Among the most common are the following:

- indicators of market monitoring;
- statistical database COMTRADE;
- indicators that examine changes in the development of a single internal market of the European Union, the state of the regions of this integration association, and their level of competitiveness;
- the OECD's International Trade Indicators Database; The World Bank offers a number of indicators on the environment, the development of demographic processes, economic status, etc .;
- the ESCAP Statistics Division offers an operational database with key annual indicators, in particular economic, demographic indices;
- Freedom House and Heritage Foundation use comprehensive

indexes to rank countries in terms of economic freedom, corruption and bribery. The World Economic Forum annually calculates Global Competitiveness Report Global Competitiveness and Business Indicators; UNCTAD offers trade indices and development index.

The basic approach to the definition of the competitiveness of regions can be formulated based on the concept of competitiveness of the national economy, proposed by M. Porter [13]. In accordance with this concept, in order to determine international competitiveness, it is necessary to apply an integrated approach to assessing the comparative advantages of nations based on the dynamic ratio of demand conditions, related and related industries, and institutional conditions. On the world market, first of all, manufacturers, and not the state, compete. Competition on the domestic market makes it necessary to look for external markets, provided that the product is sufficiently competitive.

To succeed in the global market, it is necessary: firstly, the firm's competitive strategy is rightly chosen, and secondly, the competitive advantages of the country. The conditions of competition, both on the national and on the world market, are constantly changing. Success in the foreign market depends on the right choice of competitive strategy. Competition involves constant changes in the industry, which significantly affects the social and macroeconomic parameters of the country of base, and, on the other hand, the state plays an important role in shaping the competitiveness of the regions.

According to M.Porter, the development of the competitiveness of the region (as well as the national economy as a whole) takes place at appropriate stages, which determine its development at certain periods of time, depending on the four main incentives directly affecting competitiveness in the international division of labor system, and namely: factors of production, investment, innovation and well-being. The first three stages provide economic growth, the latter is a decline.

The competitive advantage of the region is ensured: in the first stage - due to factors of production, favorable conditions of production (that is, provided by one determinant), in the second stage - on the basis of active investment in the education system, technological development (provided by three determinants), in the third stage - new types of products, production processes and other innovations (provided by all determinants); in the fourth stage - due to the already created welfare (based on all the determinants that however not used in full).

Regionalization is a kind of continuation of globalization and stumbles as one of its external forms [10, p. 17]. Formation of regional

economic complexes in the world economy should be considered as an important component of globalization development, and hence, we can talk about the creation in the future perspective of global specialized regions at the expense of [5, c. 129-130]:

- the growth of transnational space, the expansion of the activities of international organizations; formation of the shadow process of transnationalization and globalization;

- separating the regions of the world, forming the global infrastructure for the production of high-tech goods; consolidation of resource and raw material specialization in separate regions of the world.

A positive incentive for integration is the efforts of countries to create a wider market formed by a group of countries with a common geographic location, similar natural and climatic conditions, the corresponding level of development takes place at appropriate stages, which determine its development at certain periods of time, depending on the four the main incentives that have a direct impact on competitiveness in the international division of labor, namely: factors of production, investment, innovation and welfare.

The first three stages provide economic growth, the latter is a decline. The competitive advantage of the region is ensured: in the first stage - due to factors of production, favorable conditions of production (that is, provided by one determinant), in the second stage - on the basis of active investment in the education system, technological development (provided by three determinants), in the third stage - new types of products, production processes and other innovations (provided by all determinants); in the fourth stage - due to the already created welfare (based on all the determinants that however not used in full).

Regionalization is a kind of continuation of globalization and stumbles as one of its external forms [10, p. 17]. The formation of regional economic complexes in the world economy should be considered as an important component of globalization development, and hence, we can talk about the creation in the future of global specialized regions at the expense of [5, c.129-130]: the growth of transnational space, the expansion of activities of international organizations; formation of the shadow process of transnationalization and globalization; separating the regions of the world, forming the global infrastructure for the production of high-tech goods; consolidation of resource and raw material specialization in separate regions of the world.

Summarizing the above, we note that the concept of "region" can be interpreted from different points of view, and also taking into account the historical past: that is, on the one hand, it is a part of a large geographical, cultural and political community, on the other - the commonality of economic and structural features is determined. A key element is the territorial integrity, territorial unit or territorial association characterized by a set of inherent features: the structure of the economy, developed internal relations, population concentration, certain social, economic, institutional infrastructure, local authorities of the territorial administration, etc. Consequently, the extended interpretation of the category "region" is conditioned not only by the author's understanding of this definition, but also by the fact that it may have geographical, economic, ecological, administrative-territorial, historical and ethnographic, sociological nature, which greatly extends the methodological framework for the study of its essence.

From the above it can be concluded that the region is not only a subsystem of the national economy, but also a relatively independent part of it with a closed cycle of reproduction, the special forms of manifestation of the stage of reproduction and the specific development processes.

Summing up, it can be noted that integration processes contribute to the development of economic regionalism. Achievement of a high level of complementarity, achievement of stable economic ties, create qualitatively new conditions for the allocation of regions in the form of integrational entities in the structure of the modern world economy. The member countries of the integration association create special conditions for free trade, transfer of resources. A negative consequence of integration may be discrimination against countries that are not members of an integration education. Therefore, if regionalism does not worsen the conditions for trade with other states, it can be considered a positive factor in the development of the world economy. In general, integration processes open access to many economic resources, technologies, expand the markets, protect against the external competition of the members of the integration association, joint efforts more easily solve social problems.

### **References:**

1. *Alaev E.V. Socio-economic geography. Concept-terminology dictionary / E.V. Alayev - M.: Thought, 1983. - 350 p.*
2. *Gladiy I. New regionalism and neo-liberalism of specific markets / I.*



- Gladich // Problems and prospects of cooperation between the countries of South-Eastern Europe within the framework of the Black Sea Economic Cooperation and GUAM. Sat scientific tr - Taganrog-Donetsk: DonNU, 2005. - P. 99-104.*
3. *Dolesny M. Globalization and its regional dimensions / M. Dolishniy, U. Sadov, L. Semov // Regional economics. - No. 3. - 2002. - P. 7-24.*
  4. *Europe of change. Concepts and strategies of integration processes / [L. Glukharev, M. Doroshenko, Yu. Shishkov and others]; under edit L. Glukharev - M.: Kraft, 2006. - 352 p.*
  5. *Litsareva E.Yu. Economic integration in the European continent and in the Asia-Pacific region in the second half of the 20th century / E.Yu. Litsarev - Tomsk: Publishing House of Tomsk, 2004, 300 p.*
  6. *Lukyanenko D.G. Economic integration and global problems of the present / D.G. Lukyanenko - K.: KNEU, 2005. - 204 p.*
  7. *Mikula N. Interterritorial and cross-border cooperation / N. Mikul. - Lviv: IRD of the National Academy of Sciences of Ukraine, 2004 - 395 p.*
  8. *Pakhomov Yu.M. National Economies in a Global Competitive Environment / Yu.M. Pakhomov, D.G. Lukyanenko, B.V. Gubsky - K.: Ukraine, 1997. - 238 p.*
  9. *Popovkin VN Regional-holistic approach in economy / VN Popovkin - K.: Science. opinion, 1993. - 210 p.*
  10. *Porter M. International Competition / M. Porter; [per. from english ; ed. V. Shchetinina] - M.: International relations, 1993. - 896 p.*
  11. *Productive forces of economic regions of Ukraine / B. Danylyshyn, L. Chernyuk, O. Gorska, M. Fashevsky and others. - K.: Nichlava, 2000. - 520 pp.*
  12. *Rubtsov V. Instrumental Provision of Regional Policy / V. Rubtsov // Institutes and Instruments of Territorial Development. On the way to European principles; ed. S. Maksimenko. - K.: Center for the East-West Institute, Millennium, 2001. - 244 pp.*
  13. *Simonenko V.K. Regions of Ukraine. Developmental issues. - K.: Science. thought, 1997. - 263 p.*
  14. *Topchiev O.G. Theoretical Foundations of the Regional Economy / O.G. Topchiev - K.: UADU, 1997. - 140 p.*
  15. *Management of international competitiveness in the conditions of globalization of economic development: Monograph: 2 tons / D. Lukianenko, A. Poruchnik, L. Antoniuk, and others. - K.: KNEU, 2006. - T. 2. - 592 p.*
  16. *Albertin G. Regionalism or Multilateralism? A Political Economy Choice / G. Albertin. - Washington : International Monetary Fund. 2008. - 26 p.*