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MACROECONOMIC DISPARITIES OF RESOURCE POTENTIAL IN THE REGIONS OF UKRAINE AND THEIR ADDRESSING

МАКРОЕКОНОМІЧНІ ДИСПРОПОРЦІЇ РЕСУРСНОГО ПОТЕНЦІАЛУ РЕГІОНІВ УКРАЇНИ ТА ШЛЯХИ ЇХ ВИПРАВЛЕННЯ

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Круглікова В.В., Бондаренко О.М. Макроекономічні диспропорції ресурсного потенціалу регіонів України та шляхи їх виправлення. Науково-методична стаття.

Стаття розглядає диспропорції ресурсного потенціалу регіонів. Основну увагу приділено макроекономічним факторам, які впливають на рівень регіонального розвитку. Недостатні фінансові можливості уряду впливають на нерівномірність розвитку регіонів, погіршуючи їх становище. Низка взаємопов'язаних проблем регіонального соціально-економічного розвитку, які виникають між продуктивними силами і застарілими формами організації економічного життя, між процесами централізації і децентралізації також поглиблюють диспропорції розвитку. Ступень соціальної диференціації в різних регіонах виявляється через динаміку і структуру зайнятості, рівень безробіття, рівень доходу і споживання. В статті пропонуються способи створення сприятливих умов територіального розвитку, сучасної інфраструктури, надання якісних послуг, підвищення рівня життя.

Ключові слова: ресурсний потенціал, диспропорції, регіональний розвиток, централізація, децентралізація, макроекономічні фактори

Kruglikova V.V., Bondarenko O.M. Macroeconomic Disparities of Resource Potential in the Regions of Ukraine and Their Addressing. Scientific and methodical article.

The paper covers resource potential disparity in different regions of Ukraine. The main attention is paid to macroeconomic factors affecting the level of territorial development. The government's limited financial capacity has resulted in uneven development of regions diminishing their benefits. The degree of social differentiation in different regions is reflected in the dynamics and structure of employment, the level of unemployment, the levels of income and consumption. The ways of creating favorable conditions for territorial development, gaining modern infrastructure, high living standards, and high-quality services are discussed in the paper.

Keywords: resource potential, disparity, regional development, centralization, decentralization, macroeconomic factors

The deepening of political and economic crisis in Ukraine, on the one hand, and transformation processes to closer European integration, on the other hand, are the new challenges difficult to face and predict for national subjects of economic relations. The uneven economic potential recovery of Ukrainian regions, especially, of some separate territories, is rather obvious. Regional disparities are largely the result of structural disparities in Ukraine's economy. They are clearly manifested over the use of economic potential and regional development.

A comprehensive assessment of the current indicators of social and economic development of the national economy results in the improvement of techniques applied for diagnosing economic inequality and regional disparities.

New methods and techniques allow making necessary management decisions aimed at developing tactical and strategic measures to equalize considerable regional differences. The improvement of security and stability together with the decrease of social and economic strains are to be achieved in the long run.

Analysis of recent researches and publications

Significant contribution to the study of economic development issues, economic growth, and methodical approaches to structural changes in the economy has been made by foreign scientists: J. Budville, F. Perroux, P. Portier, T. Swann, J. Zchumpeter. Profound academic research in the field of uneven development of national economies and misbalance manifestation has been done by Ukrainian scholars: L. Abalkin, V. Bazylevych, J. Boyko, V. Varnaliy, A. Galchynski, O. Dzoublyuk, J. Dyachenko, L. Klividenko, M. Savluk, O. Tishchenko, O. Hayetska, L. Tsaruk, V. Shlemko,

V. Yurchyshyn, and others. Fundamental principles and applied methods of territorial development and implementation of regional policy have been formulated in these works.

Unsolved aspects of the problem

A significant number of works on territorial differences in social and economic development of regions proves the importance of such researches and the necessity for further studies. However, the issues related to economic assessment of resource potential and substantiation of indicators reflecting the value of resource potential have not been sufficiently studied.

The purpose of the article is to detect macroeconomic factors that affect the peculiarities of territorial development in Ukraine, enhance regional disparity and improve the indicator framework of social and economic development of regions.

The main part

It can be definitely stated that all important changes taking place on both global or regional levels from the end of the XX century have been linked with regionalization processes. The importance of regional economic development for the country-wide complex and steady progress has been highlighted by many scholars.

Imbalance in regional development has resulted in economic differentiation. This phenomenon slows down economic development of the country, causing both economic and social crises.

Any economic concept, theory or model of regional development stipulates addressing imbalance of regional economic systems, and as a result, higher rates of economic growth. The growth is to be considered as a logical outcome of specific transformations and processes.

However, too many factors need to be taken into account. It is highly probable that some measures taken to improve the situation can become counterproductive. In other words, the level of regional imbalance is far from improving despite all the efforts.

The concept of regional development constitutes the foundation of modern scientific research in the field. Different theories of regional development have been elaborated just within the framework of this concept. Quite logically, research results and new approaches are reflected in certain models of regional development.

The concept of differentiated regional economic development was generally accepted in academic community in the middle of the XX century. The concept can be conditionally divided into two schools of thought: neoclassical school and cumulative one.

Theories and models of neoclassical school of thought are based on factors defining regional production potential. Depending on the model there are such factors of special development as interregional trade, transportation expenses, labor displacement, etc. Neoclassical school of thought considers regions as units of production. Their interdependence and balance are to be achieved through market forces. According to neoclassical

school uneven regional economic development, as any other element of market economy, can be attributed to two main factors: either temporary imbalances or poor managerial reports to external shocks. Consequently, it is necessary to undertake a series of measures to increase the pace of development in underdeveloped regions.

Among the concepts of cumulative school of thought the growth poles theory is most well-known. The theory was put forward by the French regional economist Francois Perroux. The theory deals with the phenomenon of economic development and structural change processes. The theory explains how modern process of economic growth deviates from the stationary conception of equilibrium growth. The growth spreads along various channels and with varying terminal effects to the whole economy.

According to the theory, economic growth does not appear everywhere and at once, it appears in points or development poles, with variable intensity. P. Potier has approved and advanced the existing theory. Having considered F. Perroux' ideas this economist has drawn the conclusion that the territories situated between the poles are awarded supplementary in terms of investments, infrastructure growth, etc. Such regions form peculiar spatial settings for regional economic growth [6, 7]. One more representative of cumulative school of thought J.R. Lausen following the idea of development poles has been able to identify characteristic features of the poles influenced by the impact of export volume on regional growth.

Due to his findings the complex of export-related enterprises can be considered as the growth pole instead of primary industries as it was early assumed. Export-related regional industries generate country-wide demand, and therefore, create impulses for regional development. The growth impulses have spread all over the regional economy through market linkages and other specific channels. Unfortunately, the exact mechanism has not been revealed.

The models of cumulative growth have been further elaborated, but all of them have some shortcomings. For our research the most fundamental is the concept claiming that regional development can and must be uneven. Regional differentiation is to be addressed only to a small extent by good decision-making of local public administration entities.

From our point of view, such approach considering the current level of regional imbalance to be completely normal gives not much opportunity to effectively develop the country-wide economy. Such approach decreases the efficiency of economic system as a whole. According to new studies of regional economy harmonious growth of regional economic systems promotes more sustainable development of the whole country.

The strategic goals of the state regional policy are the following: to create conditions for dynamic, balanced development of the regions of Ukraine in order to ensure social and economic unity of the country, to increase the competitiveness of regions, to intensify economic activity, to improve living

standards and ensure state-guaranteed social standards for every citizen regardless of residence.

The strategic perspective of development of both the country as a whole and its regions is to solve existing problems by using internal and external capabilities of regions and territories.

The current state of social, economic, and environmental situation in the regions of Ukraine is a consequence of economic crisis. Despite the strong economic potential, immense opportunities for stabilization and revival of economic activity, positive changes in Ukraine are slow and non-comprehensive. Unsustainable and incomplete use of economic potential is caused by a number of factors, primarily by scant attention to regional problems and disparities in regional productivity [1]. At the same time, the development and implementation of regional policy in Ukraine is complicated just by the significant differentiation of regions from the point of social and economic situation.

The prolonged crisis has manifested itself in the state's limited financial capacity. The lack of funding has exacerbated such pressures as the gap in the pace of regional development. Thus, benefits and business opportunities of regions have not been fully used. And beyond that, the crisis has affected the regions in different ways due to the existing disparities in the territorial structure of national economy influencing the rate of transition to market relations [2].

The level of regional social differentiation is reflected in the dynamics and structure of employment, unemployment rate, average level of income and real consumption. In order to prove the necessity of further research into social and economic development at the levels of oblast, city, the region of oblast the most burning issues are to be highlighted.

The key point is the controversy between productive forces and obsolete lifestyle of national economy. It is evidently manifested in imbalance between production and consumption patterns. The effects of the key controversy can be easily observed in antagonism between traditional model of economy and full-scale regional renewal, but unfortunately, in some cases the renewal would be more appropriate to refer to as "fake modernization".

No less fundamental is the controversy between the historically rooted, outdated location of productive forces and their formation in modern conditions, especially if the principles of the latest administrative reform are taken into account. Administrative and territorial arrangement inherited from the local republican administration of the Soviet Union does not meet modern standards resulting in considerable imbalances in administrating.

A new regional zoning project is necessary so that regional governments operate with all possible efficiency and do not duplicate any functions. Newly-coined communities and businesses need a proper new regionalization able to balance the processes of centralization and decentralization. Unfortunately, any credible concept of new regionalization has been absent. One more equally essential concern is the difference in regional development. In terms of

economy such difference is amply proved by fluctuations of gross regional product values and the clash between the recent trend of globalization of economic activities and cross-border cooperation [3].

All these issues have determined the necessity for restructuring and improving the economic complex of each region in terms of social and economic orientation of regional economy. The priorities of contemporary regional economics are to satisfy growing needs for detailed information on technical, economic, social, environmental opportunities of certain territories. The table shows the indicators characterizing the socio-economic development of regions of Ukraine.

The table covers the following macroeconomic indicators: gross domestic product (real and nominal, per capital), inflation index, unemployment rate, external and domestic government debt, external imbalance, foreign investments, etc.

It should be noted that the main subsystems of resource potential are multidimensional categories. The subsystems interact, and ultimately economic potential is a function of different potentials: resource and management factors.

The territorial structure of the production subsystem of the regions consists of territorial production complexes (TPCs), which are based on the following principles:

- integrated use of natural resource potential;
- efficiency of production;
- territorial unity of production;
- interconnection of objects in a certain area.

Evaluation of different branches that compile TPCs, their role and significance should be determined primarily by participation in the territorial division of labor force and the type of interaction (complex formation). Consequently, the difference between specific branches depends on a number of characteristics, the main ones being the following:

- level of development, scale and efficiency of production;
- correspondence of production to local conditions, in particular, natural ones;
- scale and efficient use of natural, material and labor resources;
- impact of production on the environment;
- interlinkages with other branches;
- complex-forming properties of the branch;
- participation of the branch and its production entities in the intercomplex reciprocation of raw materials, fuel, energy and final product [4].

The assessment of different TPC sectors according to the given characteristics makes it possible to divide them into two large groups: interregional and intraregional ones. Interregionally significant branches determine the specialization of complexes, their place in the system of division and integration of labor force over the country. They are crucial in the process of complex formation actively participating in interregional reciprocation. As for branches of intraregional importance they grow and evolve to meet the needs of TPCs. They ensure the development of

branch specialization and create conditions for the full use of all resources available in the complex.

TPCs form the production potential of the region, which is characterized by production capacities, maximum output of goods and services over a certain period under appropriate organizational, economic and technological conditions. The national strategy for regional development for the period up to 2020 is currently being implemented by the Cabinet of

Ministers of Ukraine. The strategy defines general goals and specific tasks, mechanisms and tools for their implementation, the system for monitoring and evaluating the effectiveness of deeds. The strategy has introduced the so-called integrated approach to the state regional policy. The strategy comprises three interrelated components: a sectoral approach (broken down by the branch), a territorial approach (spatial development) and a managerial one [5].

Table 1. The indicator system of socio-economic regional development of Ukraine

| Group | Indicators |
|-------------------------------------|--|
| Main economic characteristics | GRP per capita Investments in nominal capital per capita The fixed assets value of the regions |
| Production potential | Gross agricultural output production per capita Gross crop production Gross stockbreeding production The volume of industrial products (goods, services) sold, the proportion of regions The volume of industrial products (goods, services) sold per capita |
| Business environment | The number of Unified National Enterprise and Organization Registry subjects The number of employees in business entities The volume of products (goods, services) sold by business entities |
| International trade | Direct foreign investments (joint-stock) in the regions of Ukraine Direct foreign investments (joint-stock) per capita Total export of goods and services Total import of goods and services |
| Scientific and innovative potential | The number of organizations which perform scientific and technical work The volume of innovative products |
| Resource potential of the region | $EP = Ip_kT + InkN + Lp_kp + Nr_kp + Ek_kk$, Where EP – economic potential; Ip – investment potential; In – innovative potential; Lp – labour potential; Nr – natural resource potential; |

Source: authors' own elaboration

After considering most burning issues, it becomes possible to set the priorities for ensuring sustainable regional development:

- to provide sustainable funding for regional development programs and projects during the entire implementation period in order to achieve the expected effect from such projects and prevent unfinished construction projects;
- to make local authorities form the lists of projects and programs, submitted for funding from the SFRD (State Fund for Regional Development). The lists shall include only the projects aimed at creating jobs, expanding the number of innovative products in the total, increasing the competitiveness of regions, improving infrastructure, service delivery and living standards;
- to reduce the number of procedures and time for making decisions on financing projects from the SFRD by improving relevant legislation;
- to make accessible European instruments for financing regional development programs including cross-border cooperation and to improve the quality of project management in accordance with European approaches.

Thus, reforming process opens new opportunities for regional and local development. The effectiveness

of new regional policy implementation mostly depends on the local authorities: their level of responsibility, capacity to act decisively and actively participate in reforming. The task of providing sustainable development of rural areas requires very special attention. The successful outcome depends not only on national support, but primarily on the local authorities' capacity to provide regional development. The territorial organization of power currently operating within rural areas has proved to be ineffective. It goes without saying that further preservation of status quo will deepen the crisis resulting in the irreversible decline of many rural settlements.

Conclusions

In summary, it can be declared with certainty that regional interests shall be ensured in the best way under the following conditions: full responsibility for the targeted use of internal resources shall be assigned to representative bodies of local self-governance (councils) while discrimination against some regions and preferences towards others shall be eliminated.

Therefore, it is necessary to urgently form capable territorial communities to ensure social and economic development. Territorial communities must have maximum scope of powers, resources and increased

responsibility for their future. The rectitude of such a strategy is confirmed by positive results of multiple activities of those united territorial communities, which have assumed the main responsibility for regional development not expecting orders "from above". The newly created communities mainly have adequate facilities to serve as examples in establishing favorable conditions for territorial development, gaining modern infrastructure, high living standards, and high-quality services. To reach this goal, local authorities and territorial communities need to:

- focus on creating favorable investment climate and attracting investments;
- introduce mechanisms of public-private partnership to improve the quality of community services through the use of private capital without changing the form of property, to develop new forms of organization and development of economy (the so-called clusters), to create centers of innovation and technology (technology parks), encourage corporate social responsibility;
- diversify rural economy, boost production development and processing of agricultural products locally, on family-type farms, develop cooperative models of production, promote local

products to markets through networks of both farm and wholesale markets for agricultural products, develop small and medium non-agricultural enterprises;

- provide further development of electronic services and transfer administrative and communal services from paper into electronic format, provide 100% access to the Internet for institutions and rural population;
- carry out systematic educational, methodological and explanatory work on various aspects of rural development, in particular, on decentralization of power in Ukraine, new tools and mechanisms to ensure self-sufficiency of communities, incorporation of their efforts to solve local problems.

In conclusion, it should be noted that local authorities, village and city mayors in cooperation with local state administrations are obliged to get complete understanding of regional economy mechanisms. The ambitious goal is to be achieved through the adequate usage of unique local advantages and the creation of preferable conditions for self-organization and employment.

Abstract

Entry: The paper covers the problems of resource potential disparity in terms of different regions of Ukraine. The main attention is given to macroeconomic factors affecting the peculiarities of territorial development. The state's limited financial capacity in the context of deep economic crisis has resulted in uneven development of different regions diminishing benefits and opportunities of regions and influencing the pace of their progress. The crisis has affected the regions in different ways due to the existing geographical structure of the national economy and the speed of regions' transition to market relations. Despite the strong economic potential and immense opportunities for stabilization and recovery of economic activity, there are still not many essential positive changes in Ukraine. The degree of social differentiation in different regions is reflected in the dynamics and structure of employment, the level of unemployment, the levels of income and real consumption.

Discussion: The necessity of the research of social and economic development at the levels of oblast, city, the region of oblast is justified by a number of interrelated problems of regional social and economic development. These issues are considered in the context of imbalance between productive forces and obsolete lifestyle of national economic activity. The priorities of successful regional policy are creating favorable investment climate and attracting investments, establishing technology parks, developing cooperative models of production, transferring administrative and communal services from paper into electronic format, ensuring self-sufficiency of communities, incorporating their efforts to solve local problems.

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