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### Region as a subject for economic development

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#### Abstract

Globalization and internationalization development impact on economic development and formulation of strategic objectives in the region, causing the need for a comprehensive analysis of the diverse and sometimes contradictory essential characteristics and features of the region as a system, organization, subject of strategic management with subsequent integration into a coherent object. A comprehensive study of the region using a systematic approach based on dialectical contradiction takes into account as the basis of this complex, multidimensional systems and administering the effect on this process.

This article reviews the main socio-economic functions and objectives of the region and made an analysis of the region as an economic development.

**Key words:** analysis of the region's strategic goals, economic development.

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#### Introduction

Globalization and internationalization development have a significant impact on economic development and the formation of goals in the region. In parallel, the problems of regional development becoming largely applied nature because of their diversity, particularly in the context of the choice of objectives and strategies of regional development.

The problems of the region, managing the regional economy, the formation of regional strategic goals is dedicated labor V.M. Heyets, T.V. Golikova, A.G. Hranberha, G.V. Gutmann, A.A. Miroyedova, S.V. Fedin, M.I. Nether, G.V. Zhavoronkov, N.Y. Kalyuzhnovoyi and others.

#### Main part

Study the economic nature of subjectivity in the region requires a comprehensive analysis as its essential characteristics and functions as a system, organization, strategic business management with a view to their integration into a coherent object.

To solve this problem it is necessary to apply a single general scientific methodology for a systematic approach built on dialectical basis [Pryhozhny 2003], in order to adapt it to study the problems of the region.

The region as a complex concept can be explored in different areas: territorial and geographic, reproduction, functional, state-territorial and others.

In the context of the region as a subject of study among the definitions of “region” will be focus on the formulation, resulted in the works [Lexin 2000] and [Gutman 2002].

The first one describes the region: first, as outlined administrative space; secondly, as separate socio-economic complex, which implemented processes of reproduction livelihood of the population of the territory; Third, as part of the system of territorial and social division of labor. That region – a territorial formation, which has clearly defined administrative boundaries, which reproduced the social and economic processes provide living due place in the region in the system of territorial and social division of labor [Gutman 2002: 96].

This definition may be called arbitrary, since the main objective is the reproduction of living conditions of the population of the territory.

Accordingly, the objectives of regional development: this is not the traditional maximization of national effect, and meets the market demand of economic activity in the region based on the rational use of all local resources [Gutman 2002]. In our view, this definition has narrowed somewhat in nature. First, meet market demand of economic activity carried out not only by the resources of the area, but also other regions; and its products are used outside of the territory and satisfy market demand in other regions. Second, the objectives of regional development as a state-territorial formation include not only meet the market demand of economic activity or production needs of the territory, but also include processes provide living conditions [Gutman 2002: 96].

For the definition of “region” as a state-territorial formation, as well as its strategic objectives we proposed to use the methodology for functional analysis of subject-based mode of operation in the region over time, which suggests the allocation of functions of the region with the position of its actors (participants elements). Subjects region – are social objects that have goals aligned interests, interact with each other to fulfill their functions in the region

In carrying out the objectives, interests and needs of – carriers of these goals defined function area. The main subjects are:

- 1) state authorities, as holders of public goals, interests, and local governments;
- 2) population (carrier specific socio-economic needs);
- 3) the business community (as the carrier aims and interests of entrepreneurs, owners, business organizations, leaders, staff). And when it is understood as the business community and other community business organizations, including government and others. In forming regional objectives and should take into account the interests of other stakeholders.

Analyses of dynamic functions in the region mean consideration not only current but also future needs and business objectives in the region. Functioning of the region can be done in two basic modes: current and strategic.

Current mode operation – normal routine activities aimed at implementation of the traditional functions of internal goals needed to support life: preserve the stability, integrity, balance, profitability, etc., the so-called regime of “survival”. This mode is provided by the system operational (current) control or long-term planning.

Strategic mode of operation in the region associated with the formation of new goals focused on the external environment, as well as new characteristics and features, structure and functions necessary for significant (qualitative) changes in living conditions. This mode leads to the development of the region and provides strategic management system.

There are other approaches to establish modes of the system. They are two modes of operation object: private function (meaning the current mode or current control) and development (keeping in mind the strategic mode or strategic management). Thus, in [Gutman 2002] the context of the concept of “local management” introduced two terms: “operation management” and “management development”.

Regional management – a management of the economy of the region is based on corporate principles and takes into account the territorial division of labor. Management operation based on traditional bureaucratic methods of management of urban and regional services Housing, services, social security, tax collection, budget expenditures orders, scheduling production of public goods and services, etc. [Gutman 2002: 103]. Management development aimed at achieving the strategic objectives of regional economy adapt to changing environmental conditions, ensuring the realization of the comparative advantages of the region [Gutman 2002: 104].

To study these regimes proposed to use the basic tenets of strategic management, which can be summarized as follows.

1. Growth is not identical development. During growth refers to the increase in mass of similar items development – changing the elemental composition of the same system and methods of connection. The innovative potential of the organization is considered as the main strategic resource. The ability to learn faster than others novelty was necessary condition of competitiveness.
2. Innovation is the foundation of managerial organization. Manage the update means.
3. Leading is proactive (interactivity), which means not to follow the changes in the external environment, and prevent them. With growing uncertainty this problem is solved partly multivariate development strategies.

Regarding regional development means not only change the economic structure of the region, but also the emergence of new industries, new organizational forms, and relationships between them (eg clusters).

The development of the region is regarded as changes through innovation, growth and innovation potential of the strategic resources of the territory, increasing its competitiveness in favor of present and future generations. The development provided interactive behavior of all actors – carriers objectives of the region (population, business community and governments), focused on the environment and mode of strategic management.

Based on the above subject-functional approach socio-economic features of the region are two criteria: subjects – the carriers goals region and modes of operation in the region. The subjects – native population goals is, the business community and government. Functioning of the region is considered in two basic modes: current (survival) and strategic (development).

At the intersection of the considered criteria are formed the main features of the region. They can be viewed horizontally (row) by subjects – media and vertically (column) on the mode of operation.

For the population, the region as a place of residence shall perform the following functions.

1.1. Current mode.

1.1.1. To provide living conditions, housing, utilities and other services.

1.1.2. Provide a source of income (jobs).

1.1.3. Ensure social protection.

1.1.4. Ensure health.

1.1.5. To ensure environmental protection and conservation.

1.1.6. Ensure access to education, sport and culture.

1.1.7. To provide the necessary infrastructure

1.1.8. To ensure safety of life.

1.2. Strategic mode.

1.2.1. Ensure that the level and quality of life comparable to developed countries.

1.2.2. Provide strategic security.

1.2.3. Ensure the development of intelligence and personality.

1.2.4. To ensure confidence in the future.

1.2.5. To ensure the preservation and development of national and civilizational values.

1.2.6. To ensure the credibility of the state and others.

For the region as a business community residence (home base) should carry out the following functions.

2.1. Current mode.

2.1.1. Provide healthy (competition) business environment and business condi-

tions, business climate, availability of resources and factors of production, their competitiveness; infrastructure; lack of corruption and administrative barriers.

2.1.2. To ensure safety.

2.1.3. Ensure reduce risks.

2.1.4. Ensure stable and transparent institutions, stable rules of the “game”.

2.1.5. Ensure security of ownership.

2.2. Strategic mode.

2.2.1. Ensure capitalization business results.

2.2.2. To provide capital growth and efficiency.

2.2.3. Ensure development (diversification) business.

2.2.4. Mother favorable investment climate.

2.2.5. Implement strategic partnership with the government and trade unions.

2.2.6. Develop socialization of business.

For government area is the site of implementation of national and regional features. They must provide the following goals population, business community and state.

3.1. Current mode.

3.1.1. To ensure the security of the population, the business community and government.

3.1.2. Ensure playing conditions of the population, the business community, including institutions, infrastructure, environment, de-bureaucratization, monopolization and more.

3.1.3. Maintain internal territorial development.

3.1.4. Provide quality services and public goods.

3.2. Strategic mode.

3.2.1. Ensure the use, reproduction and renewal potential of the territory, taking into account the interests of present and future generations.

3.2.2. To increase the innovative capacity of the region.

3.2.3. To increase the competitiveness of the region, including all its components (business people, government, labor, etc.).

3.2.4. To encourage proactive behavior of all actors vehicles goals in the region.

3.2.5. Provide strategic partnership of government, business and the public.

3.2.6. Ensure defend the economic interests of the region within the country and internationally.

3.2.7. Provide update production facilities and technologies.

3.2.8. Develop and improve the quality of services provided and public goods.

The authorities should: 1) strengthen the coordinating function of creating public and private institutions, foundations of market infrastructure; 2) prevent the criminalization and weaken the economy; 3) stimulate inflationary growth, industrial investments, investments in human capital, health, education, protec-

tion of the environment; 4) convert the rent of natural resources in government revenues and public investment; 5) promote competition, create competitive enterprises; 6) to create a new social contract that includes the social security system, easing economic inequality; 7) facilitate the restructuring of the industry active industrial policy; 8) to key projects using a targeted approach [Heyets, Kyzym, Klebanova and Chernyak 2006; Dolishniy 2006; Zvarych 2009].

Based on analysis of the functions and objectives of the region in the context of national development features can offer the following definition of “region”. Region – a state-territorial formation that has administrative boundaries (and sometimes national borders for border areas) and the government, which provided: the quality and standard of living of people (population); and conditions of business development; use, reproduction and renewal of territorial potential (economic, social, natural resources, science and technology, innovation, cultural and other potential) for the benefit of present and future generations under a single national space.

## Conclusions

Based on Contemporary Issues formulating strategic goals of complex systems established need for a thorough analysis of how the objectives macro-level, national and objectives of economic subsystems (regions) that form this complex national system, and given the current volatile and uncertain conditions of macroeconomic objectives should focus on prediction, prevention, proactive behavior, that it should be the strategic objectives.

The development of the region should provide a certain period of time improvements in all major interactions: 1) between the population and business (production) between social and economic interests, consumption and accumulation; 2) between the individual parts (settlements) region between the capital region and other (surrounding) its settlements; 3) between regional and national interests that inevitably lay the groundwork for contradictions. Hence, for the study of the region should use a systematic approach to dialectical basis.

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