

INSTITUTIONAL SUPPORT OF DEVELOPMENT AND REALIZATION OF THE REGIONAL DEVELOPMENT STRATEGY

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1. Introduction

At this stage of development and implementation of development strategies in the region need appropriate institutional support of the process at all levels. An estimation of the institutional mechanism's effectiveness for the implementation of regional strategies and transformations in the region determines how this mechanism actually providing the social and economic development of the region.

The problems of the regional economy are not new. They appeared at different stages of economic development in many countries. But for the most part they are confined to the tasks of more effective proportions of material production. There was given the scientific and technological progress and impact of the energy crisis that has gripped most of the developed world in the mid-70.

Recently, the processes of globalization are significant drivers of the structural transformation of the economies in the world today.

The significance and complexity of the restructuring of regional economies except the above factors also determined the peculiarities of the transition phase for Ukraine.

Institutional changes taking place in the country on a background of deep transformations in the state system and the socio-political structure of society, caused by the transition from administrative-planned to a market economy and building an independent state.

2. Analysis of the latest research

Institutional aspects of regional economies found a significant place in the work of economists' market school: V. Kosedovskyy, P. Krugman, K. Oppenlender, M. Porter, J. Tyrol, Joseph Schumpeter, etc. At the regional level, the problem of economic transformation investigated: A. Amosha, M. Dolishniy, N. Dorogov, S. Zlupko, J. Krisanov, Yu. Perevalov, V. Pila, E. Podsolonko, V. Silvestrov, A. Slepokurov etc.

Despite the rather substantial scientific and practical endeavor in this area, the problems of transformation can not be considered settled. Especially a lot of questions arise when the object of transformation are the regions themselves.

This is due to region-specific: the scope of the development of productive forces, the availability of natural resources, geographical location, role and place in the economic system of the state, etc.

In each case, the necessary scientific systematic assessment aggregate regional conditions and factors that affect the formation of the regional economy, identification of patterns of quantitative and qualitative interaction, the goals and features of the socio-economic development of the region.

Modern theories of implementing transformations (model transformations H. Chenery, external dependency theory, the theory of the dual of the theory of linear stages of growth, Rostow,

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development theory A. Lewis model "triple helix", etc.) encountered in the former Soviet Union with a strong institutional inertia (with the advent of complex local institutional projects such as alternative, promoted at the regional level). These projects are being implemented in different regions, have common basic approaches that can characterize them as a form of a certain type of institutional project-based search for the best options for the interpretation, correction and legalization in the new system for the regulation of public-partnership type, based on the traditions of the Soviet economy. The goal in this case is the recovery in new forms of control over the resources of the territory of the consolidated regional power elite.

The purpose of this article is the analysis and evaluation of both the current problems of institutional change, ensuring the implementation of regional strategies and the formation of long-term policy of Ukrainian regions.

3. Presentation of the basic material

Macroeconomic analysis does not understand the factors of regional development. Known today macroeconomic models show that traditional factors – labor and capital – describe regional development by only 30%, the rest, that is, 70% – are undefined factors. The latter allows understanding the new economic geography of the Nobel laureate P. Krugman. According to his theory in spatial development are highlighted the competitive advantages of the "first" and "second nature." Based on the Krugman terminology, today Ukraine is in the painful transition from the benefits of the "first nature", chief of which is the factor of natural resources, the benefits of a "second nature," implying the agglomeration effect, human capital and institutions. If the theory P. Krugman institutions are considered as factors of development, according to a World Bank study, they can also act as a brake on development or barriers.

The main factors of spatial development, according to the methodology of the World Bank, are divided into three groups:

- density – agglomeration effect;
- distance – economical distance (transport, transactional costs);
- division – barriers, institutional first of all.

Today Ukrainian regions need to understand what factors really stimulate their spatial development, and which, in particular, institutional, are an obstacle. In this case, the shortcomings of Russian regional studies should include the fact that, with enough development of theoretical constructs very weak empirical analysis.

At present, the region has two types of institutions: Governmental institutions of regional policy and regional institutions. However, they are not effective enough. First, in dealing with the triple task of maintaining the balance of the alignment and enabling policies, the choice of spatial development priorities and coordinate the interests of part and whole, that is, the region and the state [1, p.15–70].

Today, Ukraine is distributed to 30% of total revenues.

The first center collects funds from the regions, and then distributes them in the form of targeted social transfers, dictating in this region, to which they can be spent. The stimulatory effect of such policies is small.

When choosing the spatial development priorities remain poorly formulated regional priorities. Provide the best value investments in regions and territories with significant competitive advantages. The latter in Ukraine, as before, are mainly raw materials, not the quality of human capital, institutions, and agglomeration, as is common in modern regionalism.

The country as a whole and its subjects – regions objectively have divergent interests. In such a conflict of interest is immanent and requires special institutional permits. In Ukraine dominated manual control, which makes policy coordination of interests unstable and opaque.

Institutions can be divided into several types:

- the institution of capital status;
- the institution of special economic zones;
- institute internal offshore zones:
- special institutions of so-called "regional creativity."

The first manifestations of the institute "regional folk art" 90 years – is the internal offshore, the economic effect of which was not.

They failed to convert, but after having the territory of a special relationship with big business, in fact, the same domestic offshore, but the benefits were given, not all, but only need a company. When their owners are "gone" after the sale of assets, the state budget had to replenish the regional budgets [2].

The creation of a special institutional environment – is backup, which knocks out the very first deterioration empirically proved. Any man-made institutional advantages increase the risk of development. In the current environment the basic tasks of the Ukrainian regions is to attract investors, and to attract them, are special conditions for a particular company. In such a situation it is impossible to achieve sustainable improvements in institutional systems, their transparency.

Ukraine has still not really growing competition for human resources that becomes more and more expensive. And while the competition is not there, there will be an inadequate institutional environment. However, the country formed the scale of institutional practices, which already can be decomposed into a "best-worst".

There are leading regions, as well as lagging. Improving the institutional environment of the region – it is most often the result of an active role of its leader. And the worst regions exhibit the classic effect of the "rut." Improving the institutional system is possible only where the possibility of institutional improvement combined with other factors of competitive advantage.

The result of competition and institutional projects of the Centre region was the formation of persistent gap between the normative picture of the institutional organization of the economy and the real models of institutional arrangements of regions of Ukraine. This raises the question about the reasons why alternative institutional projects, despite the fact that they moved to the lower level of the power hierarchy, were successful? Sustainable regional localization and segmentation of the institutional environment is a consequence not inconsistent state or its errors, and objective characteristics of the object of reform.

The domination of universal "rules" of the market type in developed countries reflects the agreement reached in these high "density" of the economic space providing infrastructure and the accumulated stock of social capital, a nationwide "radius of trust", which is expressed at a high enough level of impersonal and institutional trust. In Ukraine the situation is qualitatively different. It is the structure of social capital is the most important factor in defining the direction of institutional development. This is due to the fact that economic institutions, including market can only function as a "social embeddedness." This means that real entities always operate in a specific network of economic and social ties, bonded channels for information, general rules for its interpretation and patterns of behavior. The participants of the network, having common value orientations generated through cultural mechanisms - through religion, traditions, historical traditions, and practices of joint solutions to problems of survival and adaptation to the new

economic conditions, perceive the same information available to them and more accurately interpret the actions of other members of the network. The generalization of these phenomena, as we know, is the concept of "social capital", coined to describe the impact of socio-cultural factors on economic cooperation [3, p.37].

Social venture capital regions can be of two types (fig. 1).

The first type of social capital embodied in open business networks. The generality of the objective functions of actors such networks is determined by their orientation to represent the collective interests of business in collaboration with the government, conservation and the accumulation of social capital as excluding public good. The main signs of open business networks are horizontal, uniform, low barriers to entry and exit price. Sign horizontality with successive tiers sets organizational structure networking. Horizontal includes features such as direct access to all the actors in the central actor, the inability to block decisions of other actors, mutual control of the central actor and other members of networking.

Uniformity – fundamental characteristic of "narrow" networks because it enshrines the exclusive nature of the private property right. Major components of the selected feature are: non-participation of the authorities in making business decisions and in the appropriation of the results of business decisions, with the exception of the statutory framework of restrictions and tax payments, as well as the non-participation of the authorities in the implementation of business solutions.

Open nature of network corresponds to relatively low barriers to entry and exit. In this case, the main role is played by the entry barriers that act as a filter, which provides an exception to the network of those actors who do not follow the accepted norms of networking.

They include: "club", and personalized administrative barriers. In the first place on the importance of business in open networks are "club" barriers, which require the recognition of goodwill on the part of the professional community, the second – the administrative, having thus the same for all (non-selective) character. Personalized same barriers are not essential.

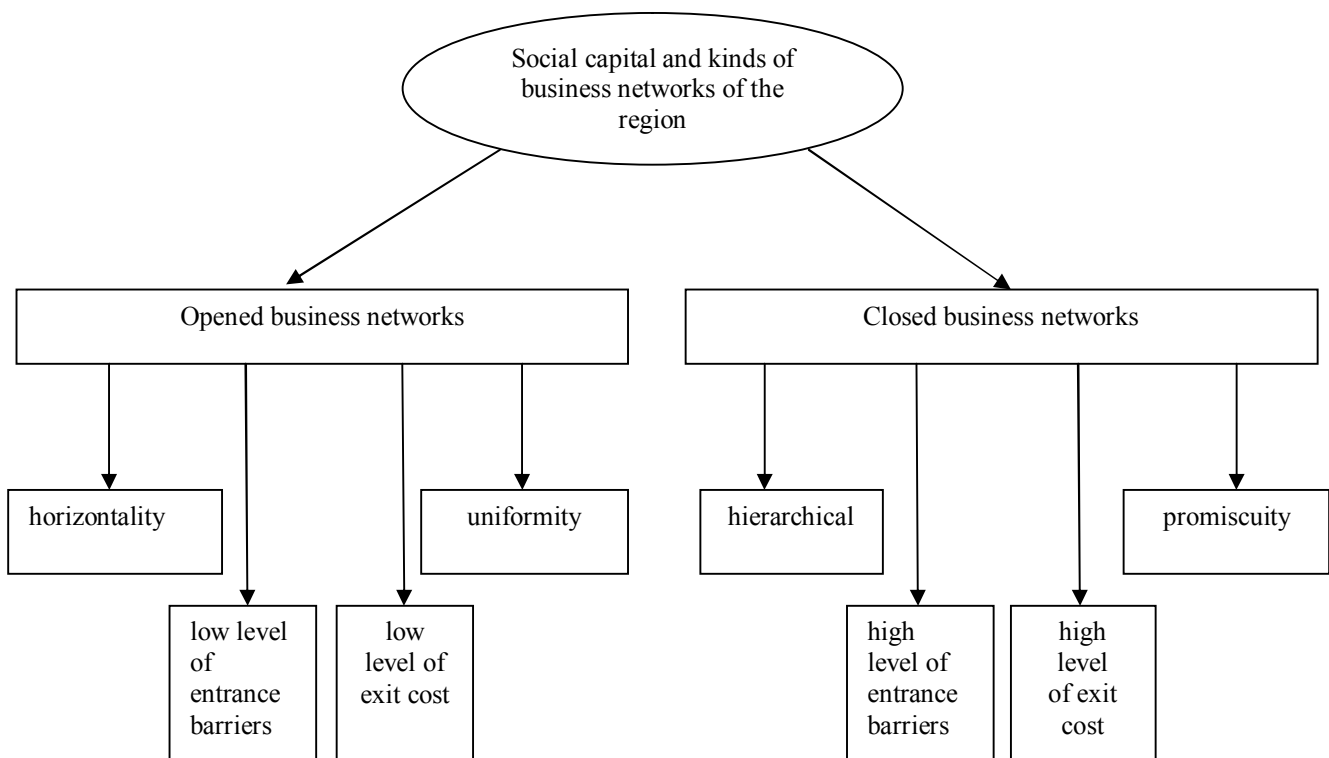


Fig. 1. Structure of the social capital of the region

In the case of open networks, the overall loss is relatively low output prices, and they are mostly complementary barriers to entry. In first place is the status of loss associated with the loss of public goodwill, the second – the personality associated with decreased self-esteem and self-development opportunities, and only the third – the property.

All these features are integrated to the fact that as a central actor in the open network serves the collective body representing the interests of its rank and file. In this case, the "constitutional" level, the body is an agent of the actors that form a network as "a broad group of interests," and to "postconstitutional" grassroots actors act as agents that implement commonly agreed goals.

As for the second type of social capital, studies show that in the regions dominated by now closed social networks, including business and government representatives. The generality of the objective functions of these networks of actors determined focus on seizing control of territory and resources regional markets, the joint defense strategy against competition from other mixed networks and groups of entrepreneurs. The main signs of closed social network of government and business are: hierarchy, heterogeneity, high barriers to entry and high exit price [3, p.39].

Sign de facto hierarchy of ranks last among the others because it mainly characterizes the shape of the network. To assess the internal structure and hierarchy of varieties to select three additional features: the number of levels of hierarchy to the main actor, the ability to block decisions of the lower in the hierarchy of party networking, control by the central actor for all members of a closed "social club." The first sign describes the general structure of a social network, the second - the principle of the relationship between the levels, and the third defines a mechanism to ensure the integrity of the hierarchy.

Promiscuity – a fundamental feature of such networks. The seizure of control over the resources of the region is impossible without the use of administrative resources, which requires the inclusion of the authorities to the network, not just CEOs, but the officials of different levels. Essentially, this means that the formal private property rights at the level of the real property becomes a "mixed" nature. Therefore essential parts of this type of network are: the part of the authorities in making business decisions and in the appropriation of the results of business decisions implemented through practice areas through additional financing business. The third feature is supplementing the two major – part of the authorities in the implementation of business solutions.

Entrance barriers play a role of a "filter" on access "club goods", which accumulates within the networks. In contrast to the imminent loss of output, at this level, a person remains a certain freedom of choice, but only as the freedom to choose between one or another closed social network. At the same time, especially at the regional level, the number of alternatives is extremely limited.

Entrance barriers can be personalized, "club", and administrative. With personified relationship is primarily concerned with the inclusion of rights in terms of "their people." In second place are the "club" barriers. As part of a closed mesh network as a "total team" stand out "professional clubs." Therefore, to enter the regional market, such as a new insurance company, its representatives should be recognized by the existing community of local insurers. Formal administrative barriers are mostly "instrumental" in nature. Their size varies depending on the inclusion in the network connection and place in the hierarchy.

Exit barriers are central to the system of "selective incentives" to ensure the production and accumulation of such "club goods", as the social capital of the second type. Exit costs include status, property and personal losses. First in importance is the loss of the status of the network. As an exception to the network makes it virtually impossible to carry on business for this activity is a property losses. Since in this environment is wealth - the basis of self-respect, it leads to a loss of personal losses associated with decreased self-esteem and opportunities for self-fulfillment as a person [3, p.45].

A considerable part of the forms of social capital has the quality of public goods. On the property is his notes J. Coleman: "... types of social structures that contribute to the development and improvement of social norms and sanctions do not bring benefits, especially a person or group of people whose efforts were needed when they are created, but to benefit all those who are part of such a structure ". By its nature, the first type of social capital serves as a public good. As a public good it produces large positive externalities [3, p.50].

However, in our opinion, it does not meet the criteria of a pure public good. According to its characteristics can be attributed to the group of excluded public goods whose consumption indiscriminately, but the cost of the removal of additional consumers not-prohibitly high.

An exception is provided intercontrol actors in multilateral networking. At the same time, as the number of consumers of the good out of it increases. Networking is so in this case the "open" character: the participants could potentially be all business entities operating in the territory of that country or region.

Social capital is the second type is in the form of local group norms and rules, as confidence personified in the form of personal relationships entity. According to its characteristics it is closest to the concept of "binding" and is a reserve of social contacts, by allowing the local interaction to ensure the sustainability of economic agents to enhance their competitiveness through exclusive access to certain kinds of economic resources.

Communication and relationships available to economic agents, allow them to "fit" into the existing institutional environment by obtaining privileges given by the membership of a particular social group. It facilitates the implementation of private interests in the mode of preference, the private exchange of services and requires the entity a special effort to create a network of individual bonds or entering into any relatively closed group. In its economic nature, it acts as a club good, which is known to be characterized by the fact that the property not excludability in consumption is only available for members of the club that is a group of people associated for joint production and consumption. And in this case it is a "private club" – a coalition whose members can be excluded from the benefit of the consumers who are not involved in its delivery.

Both types of social capital coexist, complementing each other and having the property of interchangeability [4, p.83–86; 5; 6, p.109–129.]. In countries that have a long way to market development, social capital, the second type is complementary. It increases the flexibility of the economic system, adjusts the results of its operation due to the development of informal networks of interpersonal relations.

In less developed countries, it replaces the social capital of the first type, still does not have the level of development. In this case, the network of informal interpersonal relationships makes it possible, in principle, the normal functioning of the economy as a shortage of formal and informal norms of impersonal market interaction.

Dominance in the structure of the social capital of the region of the second type of social capital has important implications for the economy [7].

First, the mixed network of entrepreneurs and government representatives replaces some corrupt deals that generate a high price "exit" from the network for entrepreneurs. The fact is that in place of a single corrupt transaction, which allows solving the problems of entrepreneurs, took systematic social exchange in the network.

Moreover, if a single bribe could give any entrepreneur, and resources to bribe determines the result of the activities, the systematic social exchange network provides opportunities and blocks the path regardless of the amount of economic resources from the business. It is based on the current structure of social capital the individual entrepreneur.

Second, at a time when such a network is formed, stop working mechanisms of bargaining with the government, based on the exchange of resources for business development of the area and counter granting privileges, access to resources and information. Opportunities for such exchanges are mostly members of the mixed social network with a central actor in the mayor, governor, etc.

4. Conclusions

Thus, in contrast to government, business to a wide group of interests in Ukraine's regions do not exist. It is a conglomeration of individual entrepreneurs and narrows on the composition of teams lining up personalized communication with the authorities. This suggests that in the modern Ukrainian economy business has not invests enough to create their own networks of social interactions.

Investing in specific contacts with the authorities, he is doomed to lose in the competition with strong social networks of state structures and networks of government and business. Changing the structure of the social capital of entrepreneurs in the region associated with the development of such important components of the social capital of the first type as non-interference power in business decision-making, in the assignment of their results, as well as the growing role of reputation in the professional community.

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Summary

The article considers the institutions of regional development. Comparative characteristics of the types of structures of social capital in the region are identified. It is concluded that at the regional level in the modern national economy dominated the second type of social capital, which is represented by a mixed social network of business and government. The detailing estimation of the main components of the basic social capital priorities of the first and second type is completed.

Key words: region; development strategy; social capital;

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