

**EVALUATION OF EFFICIENCY  
OF USING RESOURCE POTENTIAL OF RURAL AREAS:  
METHODOLOGICAL APPROACH**

**Inna Tomashuk<sup>1</sup>**  
**Ivan Tomashuk<sup>2</sup>**

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**Abstract.** *The aim* of the article is to study the methodological tools for assessing the resource potential of the region. *The purpose* of determining the assessment and analysis of the use of resource potential of regions is to ensure economic growth. The principal methodological approach on the basis of the process approach to the management of the quality of economic growth is distinguished – the coordination of the region’s development potential with its results and the substantiation of the strategy for the future on this basis. Assessing the effectiveness of the use of resource potential of rural areas is determined by identifying external and internal threats of socio-economic and environmental orientation. There are two main approaches to assessing the regional economic potential of the region – reproductive and behavioral. Assessment of the resource potential of rural areas should be based on its components: natural, agricultural, human, financial and economic, infrastructural, investment, innovation, business, social, administrative, historical and cultural, marketing, information, recreational potential. *Methodology.* Assessment of the effectiveness of the use of potential includes: analysis of the action of economic entities of the territory on the use of its resources; comparative analysis of absolute indicators of the real and financial sectors of the territory; analysis of the potential of the territory by market relations. The tools for assessing the effectiveness of the use of resource potential of the territory include the analysis of indicators and indicators of the process of realization of resource potential.

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<sup>1</sup> PhD of Economics,  
Senior Lecturer of the Department of Economics and Entrepreneurship,  
Vinnytsia National Agrarian University, Ukraine

<sup>2</sup> Graduate Student  
of the Department of Agricultural Economics Production and International Integration,  
National Research Center, Institute of Agrarian Economics, Ukraine

*Practical implications.* The formation of the assessment of the efficiency of the use of the resource potential of rural areas requires a comprehensive approach, which is carried out using a certain algorithm, which provides for the following stages: analysis of the internal and external environment (preparatory stage); defining a system of indicators to assess effectiveness; calculation of group and integrated indicators of sustainable development of rural areas; analysis of the results of a comprehensive assessment of the effectiveness of sustainable development of rural areas; development and implementation of targeted territorial development programs. Under the assessment of resource potential is understood the definition of its value in value terms in terms of constituent elements: investment, natural resource and labor potential. A methodological approach based on the comparison of the potentially possible theoretical level of use of the region's potential with the available actual indicators has been developed, which allows estimating the reserves according to the analyzed components of the potential. Regarding the development of resource potential, a financial and economic mechanism has been developed to ensure the accumulation of investment resources in the regions through high-efficiency use of the state budget, local budget, borrowed funds and other credit allocations. *Value/originality.* The use of group and integrated indicators allows to identify not only the problems of rural development, but also the reasons for their occurrence, to carry out effective and purposeful solution of tasks to ensure the established strategic goal. Therefore, the methodological approach to assessing the effectiveness of sustainable development of rural areas makes it possible to analyze the current state of rural development. The proposed method of assessing the effectiveness of the use of resource potential for rural development is a necessary element of the analysis of rural development in order to develop and implement tactical, operational and strategic decisions at each stage of regional and national programs.

## 1. Introduction

Rural areas have a powerful natural, demographic, economic and historical-cultural potential, which, with fuller, more rational and efficient use, can ensure sustainable multisectoral development, full employment, high level and quality of life of the rural population. One of the important tasks of Ukraine's national policy is the transition to sustainable

development. The state can implement this task by rationally and efficiently using the resource potential of rural areas and creating the most favorable conditions for their preservation in the country as a whole.

Especially relevant is the study of the use of natural potential of the territory, taking into account the available socio-economic resources as an object of state regulation and management, analysis of the current state, formation and use of natural resources and labor potential of rural areas. After all, the development of rural areas is a process of stable and balanced development of the rural settlement network and agricultural production based on the implementation of a set of state and local economic, social and environmental measures aimed at preserving and enriching the human potential of the countryside.

In the context of globalization of the world economy, the development of market relations in the country for the scientific substantiation of social and economic reforms of particular importance are issues of managing the efficiency of resource potential of rural areas to develop strategic directions for its improvement.

Today, the definition of the category «efficient use of resource potential of rural areas» is of particular practical importance. Literally, «resource potential efficiency» means the effectiveness of the use of natural resource, human, agricultural production, investment, marketing, financial and economic, infrastructure, social, innovation, business, administrative and information potential. Ensuring a decent life of the rural population and a sufficient level of socio-economic development in rural areas is possible only with a high degree of efficiency in the use of resource potential.

For a more thorough study of the main theoretical and methodological and practical aspects of the efficiency of economic activity in rural areas, it is first appropriate to consider «efficiency» as an economic category and its essential content.

### **2. Methodical approaches to performance evaluation**

The development of territories and the rise of their development to the level of sustainability requires its own holistic concepts. They should be based on existing concepts that reflect the role and responsibilities of state and local authorities in achieving social welfare and social development, and correlate with the concepts of welfare state, social development, welfare and others.

The path to the development of regions and communities begins with the reform of local self-government, namely the assessment of opportunities for self-sufficiency and self-development to create conditions for full satisfaction of the needs of the population and increase its productive energy. At the same time, income from economic activity is seen not as an ultimate goal, but as a means of expanding people's choices in such fundamentally important areas as life, education and professional development, health promotion, economic and social employment, aimed at development and support human personality. Today, local governments have broad powers to manage local affairs.

The concept of «efficiency» has many meanings, although its essence lies in the dialectical unity of two interrelated principles – the maximum result (ie achievement of the goal) with a minimum of costs (living and materialized labor) required to obtain the result.

Currently, there is no single clear definition of efficiency in the economic literature, so there are different views on its criteria and indicators. There are more than 20 classifications of effectiveness in the scientific literature. The most common classification is according to which efficiency is in three types: economic, social, socio-economic. This classification of efficiency is the basis of all other divisions and is therefore general.

Economic efficiency is defined as «the effectiveness of economic activity in the implementation of economic programs and measures, characterized by the ratio of the economic effect (result) to the cost of resources that led to this result» [11].

Some scientists are proposing to calculate the efficiency of real production costs. In this case, the efficiency should be determined by the return on assets, equity and debt capital [4]. It is also proposed to determine the efficiency of advanced resources and the efficiency of resources consumed, as well as the turnover and profitability of funds or their sources [16]. In addition, the efficiency should be determined by the return on capital used, and in the case of borrowing should also take into account financial costs (interest). Profit to determine profitability should be taken that which remains at the disposal of the enterprise, ie net.

One of the main criteria for assessing the activities of the enterprise in a market economy is efficiency – to obtain a certain result at the lowest cost or a given amount of costs. The main indicators of the enterprise in

market conditions are financial stability and profit (profitability). Moreover, the latter means the return on equity and return on total capital invested in the enterprise [15].

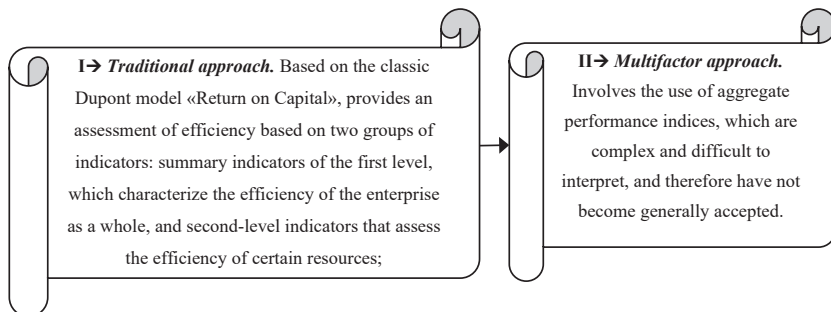
In the management literature on management theory [5, p. 8], efficiency is determined by three approaches – target (defines the effectiveness of the system as the ability of the subject to achieve certain goals through the rational actions of its components [11]. Rationalism is to choose the option of using resources that would achieve the goals at the lowest cost), systemic (passive approach, which involves focusing the company on its survival through adaptation to the external environment, focuses on the internal characteristics of the enterprise, making it more suitable for evaluating the activities of budgetary organizations) and selective (provides for a minimum level of satisfaction of all components of the organization, the motives and objectives of which differ [13]. It is important to identify strategic components, as well as determine the degree of their impact on the enterprise as a whole), each of which has its advantages and disadvantages. Therefore, it is possible to achieve positive results by combining these approaches.

Exploring the methodological issues of management efficiency, we can identify three main types of efficiency [6, p. 24–32]: consumer (ratio of goals to needs, ideals, norms); effective (the ratio of the achieved result to the planned goals); costly (ratio of costs to results achieved). These types of efficiency form the following chain: consumer efficiency determines the content of effective, and effective – cost.

In the scientific literature it is suggested to use several methodical approaches to performance evaluation (Figure 1).

Performance management involves the use of the so-called Balance Scorecard (BSC), which includes various financial and non-financial indicators that allow a comprehensive assessment of the value of the enterprise and its performance. Profitability indicators are used in this system as secondary, and the main one is economic added value (EVA) [8].

The problem of assessing the effectiveness of the resource potential of the territory has been studied by scientists for a long time. Obviously, when resources are involved in economic turnover, they and the efficiency of their use must be evaluated like any other product. Assessment of the effectiveness of the use of potential includes: analysis of the action of economic entities



**Figure 1. Methodical approaches to performance evaluation**

*Source: formed according to the results of the study*

of the territory on the use of its resources; comparative analysis of absolute indicators of the real and financial sectors of the territory; analysis of the potential of the territory by market relations [12, p. 20].

### **3. Tools for assessing the effectiveness of the resource potential of the territory**

The tools for assessing the effectiveness of the use of resource potential of the territory include the analysis of indicators and indicators of the process of realization of resource potential. Systematicity in the assessment of resource potential and the interaction of certain components with each other is also determined. In the table 1 shows the main features of systematization of types of resource components of the development potential of territories.

Table 1

#### **Systematization of types of resource components of territorial development potential**

	<b>A sign of systematization</b>	<b>Type of resources</b>
1	Origin	Human. Material and technological. Financial. Technical and technological. Institutional. Organizational.

## Chapter «Economic sciences»

(Continuation of Table 1)

	<b>A sign of systematization</b>	<b>Type of resources</b>
2	Form of existence	Tangible and intangible
3	Content	Raw materials. Production and technological. Knowledge. Intelligent. Innovative. Information. Social. Spiritual and cultural.
4	Time of existence and use	Current (existing at the time of evaluation). Strategic (which may be involved in the future). Backup (can be used at any time if necessary). Potential (which can be obtained by building).
5	Sources of emergence and formation	Natural. Created by society.
6	Systems of territorial economy of the region	Resources of the economic system. Social system resources. Ecological system resources. Human resources and their potential.
7	Object of development	Territory resources. Industry resources. Resources of activities. Enterprise resources. Resources of economic entities. Resources of institutions, institutes. Team resources. Household resources.
8	Direction of development	Resources for educational development. Resources for spiritual and cultural development. Resources for innovation. Resources of economic development. Social development resources. Environmental development resources. Management development resources. Power development resources.
9	Participation in development processes	Resources of production processes. Resources of service processes. Resources of auxiliary processes.

(End of Table 1)

	<b>A sign of systematization</b>	<b>Type of resources</b>
10	Impact on the level of development	Resources for direct positive impact. Resources for indirect positive influence. Resources of direct negative impact. Resources of indirect negative influence.
11	The level of administrative-territorial organization	State resources. Regional resources. Resources of territorial communities. Household resources.
12	Resources of the political system	Positive changes related to political and national trends in the country. International relations related to the change of government. Changing political elites, the emergence and implementation of new innovative reforms in the development of the country and regions.
13	Subject of influence	Resources of public authorities. Resources of regional authorities. Resources of local self-government. Civil society resources.

Source: [9]

Many factors influence the assessment of the efficiency of using the resource potential of the territory. The following main tasks of methods for assessing the effectiveness of the resource potential of the territory can be distinguished:

- to ensure the development of the region’s economy on the basis of the most efficient use of its resource potential;
- to form and evaluate the organizational and production infrastructure of the region, taking into account the requirements of information, financial and organizational technologies sufficient for the implementation of targeted regional projects and programs;
- make optimal use of regional budgets, taking into account the availability of resource potential that provides independent effective development;
- to increase the social level of the population of the region; to create effective tools for the implementation of regional programs based on attracting significant additional investment in regional programs and projects [13, p. 16].



Implementation of these tasks, first of all, involves:

- quantitative assessment of the resource potential of the region as a basis for qualitative analysis of economic processes and trends;
- alternative prediction of the future development of economic sectors as possible objects of using the resource potential of the region;
- assessment of possible changes in the structure of resource potential of the region and development of necessary measures to increase it.

The resource potential of rural areas is a complex system that is interconnected and interdependent. Therefore, it has the inherent features of any system. The first is integrity, which means that all elements of capacity serve a common goal facing the system. The second distinguishing feature of the resource potential of rural areas is complexity. It is manifested in the presence of several constituent elements, each of which is a set of separate parts, which include, in turn, several smaller parts of the potential [4]. The use in the process of planning and reproduction of such system features of resource potential as the interchangeability of its individual elements and a balanced optimal relationship between them opens the possibility of creating an economic system with maximum productivity. As a system of economic relations, the resource potential of rural areas has a sectoral and territorial cut.

According to many economists, the potential implies the need for quantitative interpretation of the hidden capabilities of the object under study. In this regard, domestic and foreign literature offers various methods for assessing the level of potential of the territory. At the same time, each study basically uses many different criteria.

There are two main approaches to assessing the regional economic potential of the region – reproductive and behavioral. Within the first region is considered as a relatively closed system, based on the formed indicators of productivity of factors of production [14]. Using the second approach, the analysis of the set of territories and the relationships that exist between them.

#### **4. Methods of complex assessment of economic potential of the territory**

The analysis of methods of complex estimation of economic potential of the territory has some basic approaches (table 2).

In modern economics, two areas of research of resource potential have been formed: «effective» and «resource».

Table 2

**The main approaches to the methods of comprehensive assessment of the economic potential of the territory**

	<b>Characteristics of methods</b>
<b>I</b>	The method of establishing the closeness of the links between the basic indicators;
<b>II</b>	Index summation method;
<b>III</b>	Method of interval scoring;
<b>IV</b>	The method of constructing an integrated indicator based on the ranking of territories for each of the basic evaluation indicators;
<b>V</b>	The method of non-interval factoring ranking of territories in conjunction with the method of scoring.

*Source: formed according to the results of the study*

Within the «effective» direction, resource potential is seen as the ability of the economic system to develop, process resources to meet social needs [12]. Estimation of the size of resource potential is reduced to an estimation of the maximum turnover which the economic link is capable to make at the given quantity, quality and structure of resources.

The resource direction considers the resource potential of rural areas as a set of resources of the economic link. Assessment of resource potential is reduced to determining the cost of available resources, and the level of use of resource potential of rural areas is determined by the ratio of the result to the amount of resources used [14].

The resource potential of rural areas can be realized in different ways in different conditions of place and time. In this regard, it should be noted that since the resource potential of rural areas can be realized only in specific conditions (historical, social, economic, legal, institutional), to consider it outside these conditions does not make sense, as these conditions largely depend on the characteristics its volume, location, efficiency of use.

The production complex of each rural area is part of the entire regional economy. Therefore, the resource potential of rural areas to some extent loses its autonomy and integrates with the potential of other areas [12]. In the process of assessing the economic potential of the territory, a distinction should be made between such concepts as the total amount of resources, the amount of resource potential and the indicator of realization of resource potential, which the territory currently has.

Thus, the resource potential of rural areas is a complex, multifaceted category. Its meaningful interpretation is possible only in the case of studying all its components from the standpoint of a single methodology, determining the criteria and indicators of their overall evaluation. Only then can an adequate description of the potential of a particular area be obtained.

The lack of a single methodology for assessing the level of efficiency of the resource potential of rural areas determines the feasibility of trying to develop it on the basis of generalizing certain provisions of its formation and development.

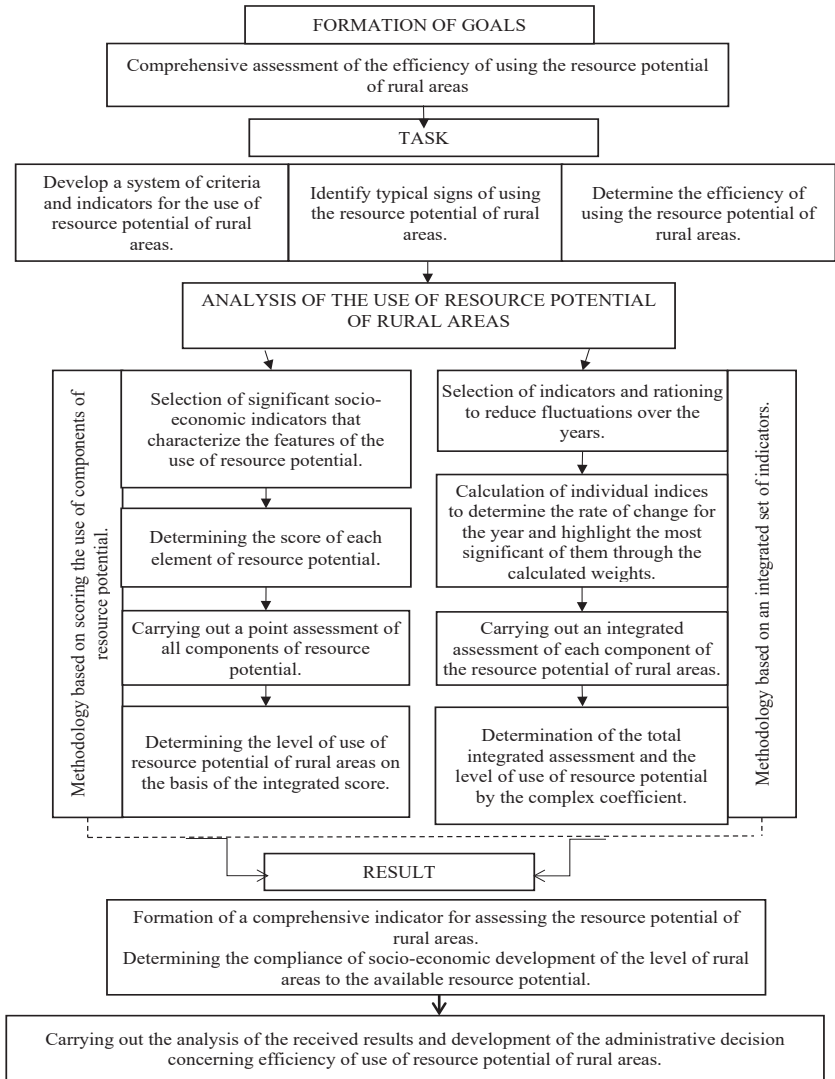
We have identified an algorithm for estimating the resource potential of rural areas, where the order of successively assessed characteristics contains (Figure 2):

- definition of the purposes and tasks concerning an estimation of efficiency of use of resource potential of rural territories;
- selection and analysis of indicators of resource potential of rural areas;
- formation of a system of indicators for assessing the resource potential of rural areas;
- assessment of the resource potential of rural areas by its components;
- formation of a comprehensive indicator for assessing the resource potential of rural areas;
- determining the compliance of socio-economic development of the region to the available resource potential;
- analysis of the obtained results and development of management decisions on the effectiveness of the use of total resource potential.

According to the specified algorithm, it is expedient to estimate efficiency of resource potential in two stages: the first – the analysis on the basis of a point estimation, the second – the analysis of resource potential on the basis of an integrated estimation.

Based on the existing interregional, interdistrict and district differences and identifying various factors that determine the development of the territory, a model of comprehensive assessment of the efficiency of resource potential of rural areas, including a method of typification and methodology for assessing the use of resource potential of rural areas [1], based on an integrated set of indicators that determine the level of efficiency of capacity use (local level).

The method of typing includes scoring and determining the integrated score for all components of the resource potential of rural areas, provides for



**Figure 2. Model of comprehensive assessment of the use of resource potential of rural areas**

Source: author's development

quantitative parameters to establish qualitative diversity of socio-economic development of rural areas and determine the nature of their differentiation, which is important for relevant regional policy. equalization, including at the local level [3; 8].

Analysis of the results obtained and ranking of rural areas according to the level of efficiency of their resource potential affects the development of management decisions to improve the efficiency of resource use.

Empirical macroeconomic assessment of the resource potential of the territory can not be obtained directly from the analysis of certain parameters of the region's economy. This is due to the fact that the Gross Regional Product is an integral result of the functioning of a large number of heterogeneous and incompatible natural and economic resources.

Therefore, a multifactor econometric model is used to obtain such an estimate:

$$P_m = \frac{\sum e_i R_i}{1 - d},$$

where  $P_m$  – resource potential of the region  $r$ ;

$e_i$  – own resource efficiency  $i$ ;

$R$  – availability of resources  $i$  in the region  $r$ ;

$d$  – the share of other factors.

Resource potential is a value that has a time component that allows you to estimate its annual capacity, including not only the actual capacity of the entire capacity of the resource complex, but its potential productivity by loading unused capacity and developing additional over time for public use production:

$$SRP_t = \sum (RP_{et} + RP_{net} + \Delta RP_t),$$

where  $SRP_t$  – total resource potential calculated over time  $t$ ;

$RP_{et}$  – resource potential, used capacity of the territory over time  $t$ ;

$RP_{net}$  – resource potential not used in the current time period  $t$  for the needs of social production;

$\Delta RP_t$  – additional new capacities of resource potential mastered during the period  $t$  and used in social production [2, p. 100].

The most important components in the resource potential are organizational and managerial, logistical, personnel, financial and territorial development potential [11].

In assessing the resource potential, it is emphasized that although the unit of measurement of both resource and production potential are identical, the internal content of these units is completely different: in the case of resource potential they reflect the cost side of the production process, its initial prerequisites, and in the case of production. potential – its result, its final moment.

### 5. Valuation of total resource potential

It is proposed to value the total resource potential through the estimated parameters of fixed assets, because today they have the most sophisticated official methods of revaluation. However, to reflect the real value of fixed assets, it is necessary to assess them taking into account the level of impact of production (technology) on the environment [1; 3].

Determining the resource potential of the region is described by the model:

$$E\Pi = I r k T + I n k N + T p k p + \Pi n k \Pi + E k k k,$$

where  $E\Pi$  – economic potential;

$I r$  – investment potential;

$I n$  – innovation potential;

$T p$  – labor potential;

$\Pi n$  – natural resource potential;

$E k$  – export potential;

$k T, k N, k p, k \Pi, k k$  – corresponding weighting factors of potentials [7].

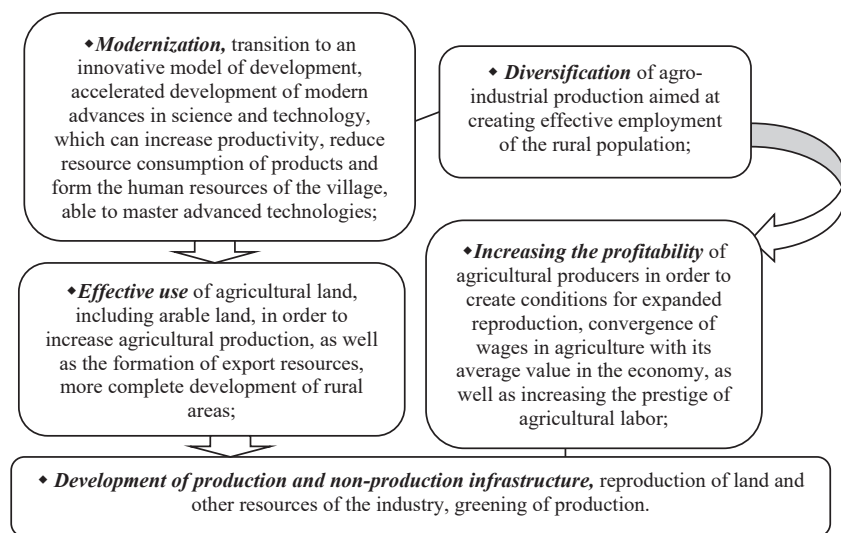
The realization of the potential of the territory occurs through its development: «Not a cost, not an exhaustion, but a qualitative transformation, the transition» from resource to resource «and gaining new opportunities» [9]. The indicator of realization of economic potential reflects the achieved level of its use and characterizes the actual return of resources of economic potential. In this regard, it is proposed to use a taxonomic indicator of the level of development (or use) of resource potential, which is a synthetic quantity («equivalent») of all features that characterize the units of the study population). The process of constructing a taxonomic indicator is based on the formation of a matrix of observations, the elements of which are the values of the considered features, which are expressed in specific units.

Assessment of the resource potential of rural areas should be based on its components: natural, agricultural, human, financial, economic,

infrastructure, investment, innovation, business, social, administrative, historical and cultural, marketing, information, recreational potential [7].

The results of the assessment of the level of use of the resource potential of rural areas allow us to judge both the effectiveness of the use of available resource potential and the prospects for changing its qualitative and quantitative state. In this context, there are key factors that will determine the effective use of the existing potential of rural areas (Figure 3).

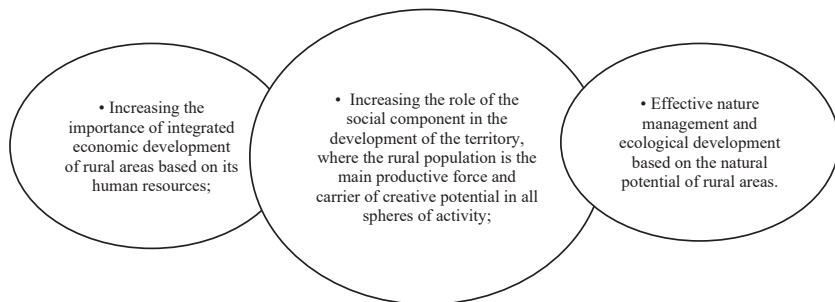
Improving the efficiency of the use of resource potential of rural areas, according to scientists, should be based on clear principles (Figure 4).



**Figure 3. The main factors of effective use of the existing potential of rural areas**

*Source: formed according to the results of the study*

The main subsystems of resource potential are multidimensional categories, they interact, and ultimately economic potential is a function of different potentials: resource and managerial factors. At the same time, the following issues need to be addressed: development of a scientific and methodological approach to the economic assessment of resource potential resources and substantiation of indicators that reflect the value of resource potential.



**Figure 4. Principles of improving the efficiency of resource use potential of rural areas**

*Source: formed according to the results of the study*

Under the assessment of resource potential is the definition of its value in terms of value in terms of constituent elements: investment, natural resource and labor potential [8]. The assessment of labor potential of the region according to the proposed method is based on economic assessment of labor potential, units of labor resources, differentiated by type of education, calculated by summing all costs directly affecting its formation, by years of their implementation. It is proposed to determine the cost of investment potential resources on the basis of the assessment of fixed and working capital of the region in the territorial context. Assessment of natural resource potential should be carried out for certain types of natural resources: forest, mineral and fauna resources were assessed on the basis of the method of gross productivity; water – «production» method; land – based on the value of production of crop and livestock products; recreational – based on the number of all rehabilitated in the sanatoriums for the year and the average cost of the most typical vouchers (courses).

To solve the problem of estimating individual local potentials, two methods are proposed: the method of production functions and the method of factors of production. The difficulty of using the first method lies in the need to develop a production function for a specific region. However, existing methods take into account only two factors: labor and capital. Based on this, it is proposed to use the methodology presented in the theory of factors of production (in the



creation of value involved factors of production – labor, land and capital). They are sources of income for society: wages, rents and profits.

A system of indicators proposed to assess the economic potential as a whole and its individual local potentials is proposed:

– indicator of the effectiveness of the use of a particular potential of the  $i$ -th type:

$$I_{EP_i} = R_i / EP_i$$

where  $R_i$  – annual income from the use of the  $i$ -th type of economic resource;

$EP_i$  – economic assessment of the potential of the  $i$ -th type (annual);

– assessment of the total resource potential of the region:

$$EP_r = \sum_{i=1}^n EP_i$$

where  $i = 1, 2, \dots, n$  – the number of individual potentials that are part of the total resource potential;

$EP_r$  – total economic potential of the region;

– an indicator of the efficiency of using the resource potential of the region:

$$IE_{EP} = GRP / EP_r$$

where GRP – gross regional product obtained in the given year;

$EP_r$  – annual value of the resource potential of the region.

When quantitatively comparing the gross regional product produced and its resource potential, three situations can occur.:

–  $IE_{EP} = 1$  – gross regional product is equal to the resources sold. This situation is quite rare;

–  $IE_{EP} < 1$  – this indicates inefficient use of the region's resource potential;

–  $IE_{EP} > 1$  – the economic potential of the region is used effectively [6].

A methodological approach based on the comparison of the potentially possible theoretical level of potential use of the region with the available actual indicators has been developed, which allows to estimate the reserves according to the analyzed components of the potential. Regarding the development of resource potential, a financial and economic mechanism has been developed to ensure the accumulation of investment resources in the regions through high-efficiency use of the state budget, local budget, borrowed funds and other credit allocations.

Regarding the construction of a hierarchical set of characteristics of the resource potential of the region, at zero level place the generalizing indicator  $Y$ , which characterizes the potential of the region as a whole and is a set of complex indicators located on the first ( $X_i$ ) and second levels ( $X_{ij}$ ).

It is noted that according to the law of synergy, the economic potential of the region is not measured by a simple sum of potentials in terms of resource sources; constituent subsystems are a set of potentials of enterprises in terms of each resource source. The total potential is determined by the formula:

$$Y = \lambda \sum_{i=1}^n \beta_i \sum_{j=1}^m X_{ij},$$

where  $Y$  – aggregate economic potential;

$X_{ij}$  – the potential of the  $j$ -th enterprise from the  $i$ -th source of resources;

$n$  – number of resource sources;

$m$  – number of enterprises in the region;

$\beta_n$  – 2nd order synergy coefficient;

$\lambda$  – 1st order synergy coefficient.

The methodological approach is based on the need to take into account the peculiarities of classifications from the standpoint of effective use of resource potential of the region in general and its components in particular.

It is proposed to calculate the qualitative level of resource potential of the region according to the formula:

$$EP = (\sum_{(i=1)}^n K_i X_{vi}) / (\sum_{(i=1)}^n v_i),$$

where  $K_i$  – coefficient that characterizes the changes in the qualitative level of resource potential of the region on the  $i$ -th indicator;

$v_i$  – significant coefficient of significance of the  $i$ -th change in the qualitative level of resource potential of the region in the current period;

$n$  – the number of indicators that assess the change in the quality level of resource potential of the region [4].

It is proposed to calculate weighting factors on the basis of expert assessment by ranking the indicators of resource potential of the region according to the level of significance: from 1 – very significant to 7 – insignificant.

The final stage of determining the total real potential of the region is the total value of component potentials and adjusting it taking into account the

synergy coefficient of the 1st order, which is calculated as the ratio of the difference between total resource potential and standard to standard [12].

Researchers [5; 9] proposed a methodology that provides a quantitative assessment of capacity, increases the validity of management decisions required for indicative planning. This method of assessing the resource potential of the region, based on the comparison of the analyzed and base periods of the economic situation, allows to quantify, first, the level of development of productive forces through the degree of resource use achieved by them; secondly, the priority areas of economic activity in relation to regions, industries, product groups when calculating capacity based on available resources. Such an analysis will solve the problem of priorities in the use of capacity.

### **6. Formation of enterprise potential**

The process of building the potential of the enterprise is one of the directions of its economic strategy and involves the creation and organization of a system of resources and competencies so that the result of their interaction was a success factor in achieving strategic, tactical and operational goals. The following basic methodological approaches are used (Table 3).

There is a list of principles of formation of economic potential of the enterprise:

- any changes in potential occur only through appropriate changes in the media;
- when forming the potential of the enterprise it is necessary to take into account not only qualitative but also quantitative characteristics of individual elements, which must be balanced for the functioning of the enterprise as a whole object;
- when forming the potential of the enterprise it is necessary to take into account the influence of the external environment on the components of the potential of the enterprise and the relationship of elements with the external environment;
- quantitative accumulation of enterprise potential contributes to the emergence of qualitatively new ways and opportunities for enterprise development;
- the development of the enterprise in the long run is the causal basis for the formation of its new potential, and the created potential of the enterprise is the causal basis for its further development.

**Methodological approaches to the description of the structure of economic potential**

№	Methodological approaches	The essence of the approach
1	<i>System approach</i>	First, the parameters of the product are formed: what to do, with what quality indicators, with what costs, for whom, in what timeframe, at what price. Then the input parameters are determined: what resources and information are needed to implement internal business processes. The need for resources and information is predicted after studying the requirements for organizational and technical potential of the enterprise (level of technology, technology, organization of production, labor and management) and environmental parameters (political, economic, technological, socio-demographic, cultural environment and infrastructure of the region). Feedback communication between suppliers (input), customers (output), external environment and the potential of the enterprise is necessary to adapt the potential as a system to change customer requirements for products, market parameters, the emergence of organizational and technical innovations.
2	<i>Functional approach</i>	It involves finding completely new, original technical solutions to meet existing or potential needs. The need in this case is considered as a set of functions that must be performed to meet it. After defining the functions (for example, marketing, research, supply, production, financing, etc.), several alternative options for capacity building for their implementation are identified and the one that ensures maximum aggregate cost efficiency is selected. The application of this approach, in contrast to the focus on «yesterday's» world standards, allows you to best meet new needs and provide a sustainable competitive advantage.
3	<i>Reproductive approach</i>	Focused on the constant renewal of production with lower resource consumption and higher quality compared to similar products in this market to meet customer needs. This means that the main element of this approach is the mandatory use of the base of comparison of the best similar products at the moment, adjusted before the start of development of new products.

(End of Table 3)

№	Methodological approaches	The essence of the approach
4	<i>Normative approach</i>	It is to establish for the most important elements of the potential standards of quality and resource intensity of products, workload of technical facilities, market parameters and efficiency of use of resource potential for the development and adoption of management decisions. It should be noted that the established standards must meet the requirements of validity, complexity, efficiency and viability.
5	<i>Integrated approach</i>	Provides for the need to take into account technical, environmental, economic, organizational, social, psychological and other aspects of the enterprise. If even one aspect is ignored, the problem will not be completely solved.
6	<i>Integration approach</i>	In the process of building the potential of the enterprise aims to study the strengthening of relationships, integration and strengthening of interaction between its individual elements.
7	<i>Dynamic approach</i>	Associated with the need to consider the potential in dialectical development, in establishing cause-and-effect relationships and subordination based on a retrospective analysis of the behavior of similar systems over a period of time.

Source: formed according to the results of the study

When forming the economic potential of the enterprise should take into account the properties of the economic system (Table 4).

According to the resource concept, the economic potential of the enterprise is considered as a system of resources that interact and determine the results achieved.

According to the resource concept in the structure of the potential of the enterprise the following main elements are distinguished [2; 4]:

- technical resources (production facilities and their features, equipment, materials);
- technological resources (technologies, available competitive ideas, scientific developments);
- human resources (qualification, demographic composition of employees, their desire for knowledge and improvement, intellectual capital);
- spatial resources;

**Properties of the economic system according to the existing classification**

№	Property of the economic system	Essential characteristics of the property
1	Integrity	A system is an integrity, the properties of which are revealed only by the interaction of its elements.
2	Polystructural	The system consists of a number of parts.
3	Complexity	The economic system is determined by the heterogeneity of components, different and hierarchical relationships between them.
4	Dynamics	The system has constantly changing parameters and is characterized by stochastic behavior.
5	Uniqueness	At any time, the system has its own resources and organizational capabilities.
6	Adaptability	Assumes adaptability of system parameters to constantly changing conditions.
7	Synergy	The purposefulness of the elements of the system enhances the efficiency of its operation.
8	Multiplicity	Geometric dependence of detection of positive and negative effects of functioning of elements of system.
9	Extreme	Elements of the economic system are marginal in nature, which determines its shape.
10	Antientropy	Ability to counter destructive trends.

*Source: formed according to the results of the study*

– information resources (quantity and quality of information, channels of its distribution, etc.);

– resources of the organizational structure of the management system;  
 – financial resources (availability and sufficiency of equity and debt capital, asset status, liquidity, availability of credit lines).

It should be noted that the resource approach does not give a complete description of the structure of the economic potential of the enterprise. In this case, only one aspect is considered – resources.

Economic category of economic potential determines the potential of productive forces and production relations. In his research, a methodological approach is put forward that reveals the dialectic of formation, potential of a new product and consumption.

Methodological principles of economic potential distinguish its elemental composition by the following types: production potential, labor potential, innovation potential, investment potential, the potential of basic industries and territories, the potential of administrative and production systems. Economic potential is formed under the conditions of its constant realization and future recovery at a higher level [4; 5].

Economic potential is, firstly, the total productive labor force of able-bodied members of society, and secondly, the property of the economy, industries, enterprises to carry out production and economic activities, produce products, services, meet social needs, ensure the development of production and consumption [1].

The formation of the economic potential of the enterprise is carried out in the maximum possible volume of production of material values and services in conditions that ensure their fuller use over time and productivity of a certain number of existing economic resources [10].

The formation of the economic potential of the enterprise is performed on the basis of personnel, production, innovation and organizational and managerial potential. It is the economic potential of the enterprise is the basis for making strategic decisions, determining the directions of its development, the formation of a program of action for the future, the basic criterion of management processes [11].

The constituent components of the enterprise's potential together create its balanced general and internal structure. Quantitative and qualitative relationships in the structure of enterprise potential show the relationship and balance of the following elements: production, organizational structure and management, marketing and finance, convincingly formulated in the graph-analytical model «Capacity Square», which provides theoretical aspects of business decisions [2].

The ratio in the structure of economic potential of objects should be represented by the following elements:

- potential of the enterprise;
- potential of the industry;
- potential of the region (territory);
- state potential;
- global (transnational);
- economic potential [5].

Continuous support of proportionality and development of potential components ensures maximum profitability of the enterprise and its highest value [1].

The essence of proportionality, which operates in the organization of the elements of the potential of the enterprise – is their quantitative and qualitative ratio, the relationship and balance of potential.

A systematic approach to the formation of enterprise potential is productive, as it allows to systematize its structure and determine the dynamics of development in the transformational conditions of the economy. The potential of the enterprise is a system of various opportunities of resources under the condition of their mobilization in development strategies.

The essence of the system approach to the formation of enterprise potential shows the process of building a system that defines a holistic set of components that have unity with the external environment and are a subsystem of the global system. These properties of the potential of the enterprise allow the formation of such postulates of the system approach, which should be taken into account when forming its system:

1. The purpose of the system of enterprise potential – is the state of the system, to which it goes under the condition of maintaining its structural organization.

2. The structure of the potential of the enterprise is a set of components of the system, which is defined and organized, combines local goals to best achieve the main goal.

3. The number of structural components of the system of enterprise potential and their relationships should be minimal, but sufficient to achieve the main goal.

4. «Entry» of the enterprise potential system is a component that enters the system, for example: raw materials, energy materials, fixed assets, personnel, information.

5. «Output» of the enterprise potential system is a component that produces the system, for example: products, goods, services.

6. The external environment determines the components of the macroenvironment and microenvironment of the system, with which there are direct and indirect links.

7. Feedback of the enterprise potential system is the requirements, proposals and other information defined in the system.



8. The development of the system of enterprise potential determines the improvement of the system on the basis of the use of competition mechanisms, economic laws and the implementation of market levers.

The system of enterprise potential is determined by the properties by which it can be distinguished from the potential of competitive enterprises that exist in a market environment.

The formation of the system of enterprise potential is based on the principles of a systematic approach that explains the economic incentives and constraints in a market economy.

The basic principles of a systematic approach to building the potential of the enterprise determine: a) integrity; b) structure; c) the relationship between structure and environment; d) the hierarchy of the system.

Given the above, we can formulate a definition of certain types of enterprise potential, namely:

Economic potential of the enterprise – a set of capabilities of the enterprise to identify, shape and satisfy consumers with products and services in the process of optimal interaction with the external environment, the rational use of economic resources [4; 5]. The model of formation of economic potential of the enterprise is presented in figure 5.

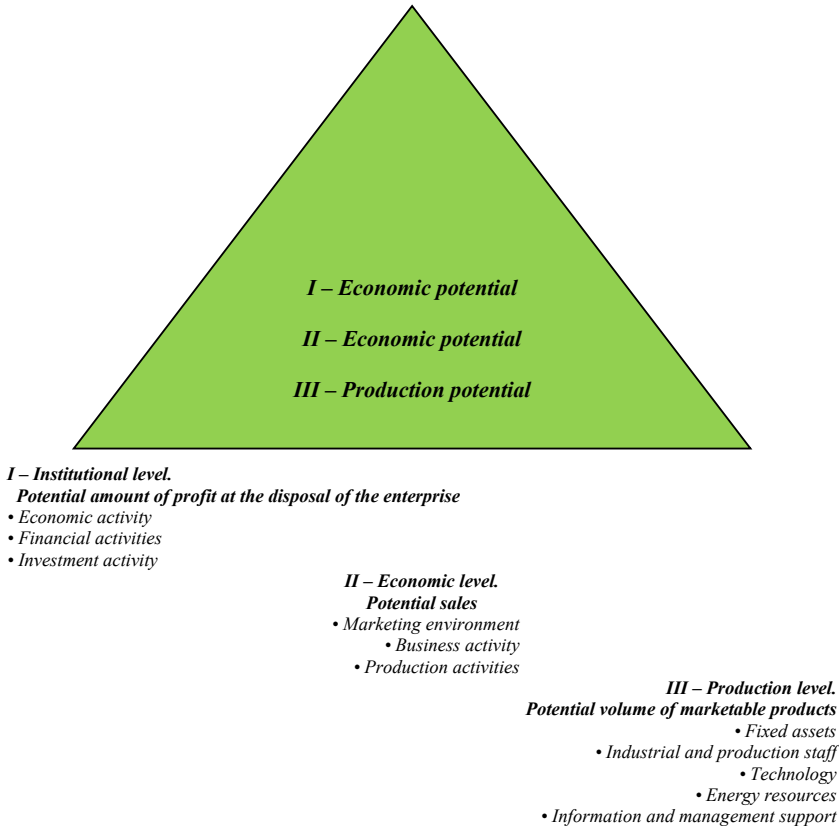
The existing potential of the enterprise is a property of the enterprise, which is manifested in the ability to achieve the goal of management without changing the size and structure of resources.

Realized potential of the enterprise – the existing potential that is directly used to achieve a certain goal at the time of evaluation. To realize the existing potential, it is necessary that the properties of the carrier meet the requirements of the market, as well as the current costs of its implementation.

Unrealized potential of the enterprise is a part of the existing potential of the enterprise, which at the time of assessment is not used due to internal or external factors, and whose existence is appropriate only as a temporary position or as a reserve.

The optimal potential is characterized by the optimal structure of resource components of the system in terms of adoption, documentation, control and coordination of management decisions in order to save resources and improve the investment attractiveness of the enterprise.

The potential of the enterprise is characterized by various characteristics (Figure 6):



**Figure 5. Model of formation of economic potential of the enterprise**

Source: formed according to the results of the study

– Comprehensive description of the resources needed for the functioning of production and acceleration of scientific and technological progress.

– Systematic characteristics of tangible and intangible factors that ensure the achievement of production, and the ability of the resources of the economic system to perform its tasks.

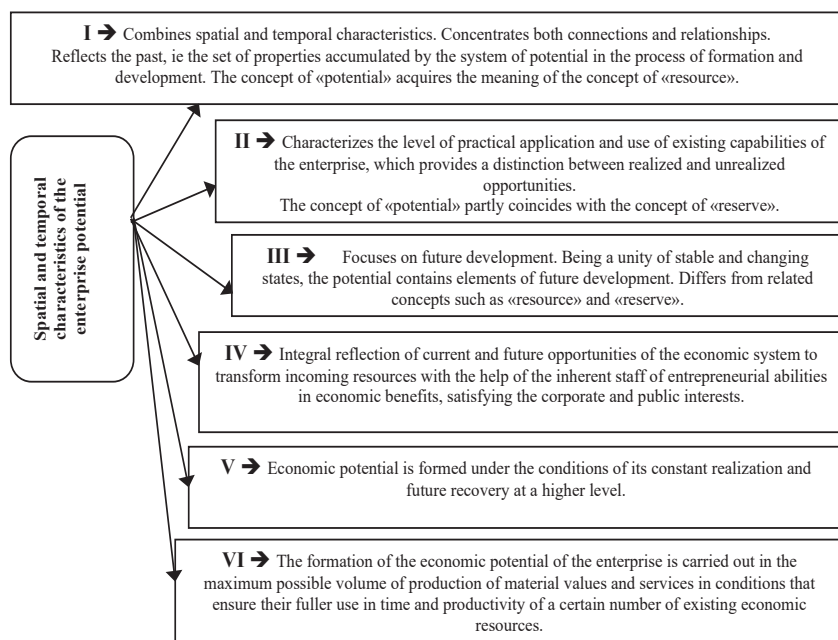
– According to the resource characteristics of the potential, the value of the entire property complex of the enterprise, intangible assets and business

activities is estimated, which determines the effectiveness of the potential. An active position in theory is taken by the resource concept of potential.

The dynamic characteristics of the organization of enterprise potential are formed by the laws of synergy, awareness-ordering, self-preservation, unity of analysis and synthesis.

Building a system of enterprise potential is a complex mechanism that combines incentives and constraints, hard technology, innovation, free creativity and regulatory requirements. Entrepreneurship is a unique intangible factor of production in the system of production potential of the enterprise.

The essence of entrepreneurship is the most effective combination and use of land resources, capital and labor to meet the needs of consumers with goods different from competitors in order to obtain entrepreneurial



**Figure 6. Characteristics of the potential of the enterprise**

*Source: formed according to the results of the study*

income. As world experience shows, entrepreneurship itself is a powerful «locomotive» that can significantly accelerate the reform of the domestic economy on a market basis, which will provide an opportunity to ensure proper growth of production and welfare.

### **7. Findings**

The transformation of socio-economic relations currently taking place in Ukraine necessitates the formation of a mechanism for the effective use of economic potential of the region, combining a system of levers and incentives that can ensure the effective use of investment, innovation, natural resources and labor potential. Modern socio-economic development of the regions of Ukraine largely depends on the degree of use of economic potential concentrated in this area. This is especially true in the crisis situation in which the country is now. It is by identifying and using one's own economic potential that it is possible to establish economic ties that will make it possible to overcome the economic downturn.

Thus, based on the fact that the purpose of determining the assessment and analysis of the use of resource potential of regions is to ensure economic growth, distinguish a principled methodological approach based on a process approach to quality management of economic growth – matching the region's development potential with its results.

In addition, assessing the resource potential of rural areas and the effectiveness of its use allows to group rural areas by the most important indicators, build forecasting models to determine the range of possible trajectories of their development, specify areas and tools of state support of rural areas with differentiated characteristics of resource potential investment attractiveness.

### **8. Conclusions**

The resource potential of rural areas of the country and its individual regions consists of the following most important elements: natural resource; demographic; tourist-recreational and industrial.

Rational use of resources is considered a priority of Ukraine's national interests. Assessment of the current state and resource potential of the development of «rural areas» provides an opportunity to make forecasts, strategies for regional and national development, to determine additional factors of influence to improve welfare, enhance well-being and improve living standards.

Improving the efficiency of resource management, ensuring its rational use is largely associated with qualitative changes in the composition of resources and improving the efficiency of their management. The task of improving the efficiency of resource management of rural areas is, first of all, to improve the use and management of resources of rural areas and to increase their integrity, which is manifested in their close relationship.

Diagnosis of resource potential depends on the definition of the criterion and the formation of the corresponding system of indicators. The criterion must characterize the essence of efficiency as an economic category and be common to all parts of social production. The criterion does not meet the needs of quantification and therefore cannot be quantified. It is a generalized formation of the ultimate goal.

One of the main methods used to identify the features of the economic potential of the regions of Ukraine is the mathematical and statistical method. It consists in mathematical calculations of such indicators as natural resource, production, labor, investment and export potential. On this basis, the overall integrated indicator of the economic potential of the region is calculated. To determine the composition and structure of the region's potential, a comprehensive analysis of its economic component was used, which allowed to take into account most of the conditions and factors influencing the formation and effective use of the region's potential.

Ensuring a high level of resource potential of the regions is possible only on the basis of the introduction of planning and forecasting mechanisms for its development. The main subsystems of resource potential are multidimensional categories, they interact, and ultimately economic potential is a function of different potentials: resource and managerial factors. Therefore, the methodological approach to assessing the effectiveness of sustainable development of rural areas makes it possible to analyze the current state of rural development. The use of group and integrated indicators allows to identify not only the problems of rural development, but also the reasons for their occurrence, to carry out effective and purposeful solution of tasks to ensure the established strategic goal.

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