

# Strategic Diagnostics of Transcarpathia Potential: Matrix and its Elements<sup>1</sup>

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## Abstract

*The purpose of this study is to determine the strategic position of the organizational and economic potential of the Transcarpathian region, which gives opportunity to describe the main directions of the strategic development of the region and building the competitive advantages.*

*The research methods are: expert assessments, causal induction method, scientific abstraction method, matrix as a diagnostic method.*

*As the main evaluation mechanism, a matrix divided into four quadrants was used, which made it possible to see the position of the infant, the zone of the balloon, the quadrant of the locomotive and the position of the leader. A survey of experts indicated the location of the organizational and economic potential of Transcarpathia in the locomotive zone, that's mean with an economic potential above the average, but organizational potential below the average. In our Ways of strengthening the development potential of the region are proposed.*

## Key words:

*potential, strategic analysis, matrix.*

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## Introduction

Current trends that have formed in Ukraine and its regions make it necessary to draw the attention of researchers and practitioners to the possibilities of sustainable development of territories, the prevention of crisis phenomena, the rational use of resources, and the increase in the effectiveness of economic activity, which is embodied in the process of strategic transformations of the regional economy.

One of the options that contribute to solving these problems in the process of long-term qualitative evolution of the regional economy is the formation and use of potential, which acts not only as an impulse for the development of the economic system of a certain territory, but also as a launching pad for the implementation of strategic management decisions.

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The basis of the strategic development of the regional economy is its potential, which consists of tangible and intangible components that reflect the abilities and capabilities of the economic system to achieve its goals. It is the potential that determines the basic conditions for the development of the region, and its effective management ensures the creation of decisive competitive advantages. The potential performs a wide range of functions; among which we consider the following to be the main ones.

First, the potential is a certain charge of development energy, so its strength and adequate management of it ensure the advanced development of the regional economy; that is, the main function of potential is to provide a basis for socio-economic growth. The function of the potential is not only to activate its obvious components, but also to identify latent opportunities, the involvement of which gives additional impetus to the development of the economic system.

Secondly, the potential performs an information function that provides the ability to manage using data on the past state of the system, its current state and prospects for future development.

Third, it is impossible not to note the stimulating function of the potential, which is as follows. Potential, representing not only a cybernetic but also a synergetic system, aimed at self-development and self-organization. In conditions of competition, the presence of the economic synergetic system, certain of its capabilities stimulates the carrier to their implementation and further dissemination.

In this regard, the study of the essence of potential and the possibilities of its manifestation during the strategic development of the regional economy contributes to the solution of specific tasks of regional management.

Organizational and economic potential is a source and driving forces of strategic development of the regional economy, which determine the momentum and at the same time form the vector of creating competitive advantages, which is the basis of strategic management of the territorial economic system. Acting as an integrated force of development, combining organizational factors with economic opportunities, the potential ensures the sustainability of regional economic growth, as well as creates opportunities to prolong the effects of existing competitive factors. At the same time, the effectiveness of the formation and use in the long run of organizational and economic potential depends on the state of strategic management of the region and its functional content.

Organizational and economic potential is a key condition for the strategic competitiveness of the region, which provides for the development of the economic system on the basis of development and implementation of innovations, strengthening human potential and cultural values, which can become the institutional framework for future radical change. This necessitates constant strategic analysis, which has two objectives:

- first, diagnosis of strategic opportunities for regional development,
- secondly - the formation of strategic guidelines for the functioning of the region.

In other words, one of the important components of long-term administration of regional development is strategic analysis, which allows to identify the position of the region in today's competitive world, outline ways of its development and provide regional and national management information that allows relevant and adequate strategic decisions.

A distinctive feature of strategic diagnostics is that it includes not only analysis, but also exposure, diagnosis, a description of the reasons that led to negative results, and also determines ways out of the negative situation of the region and its economic system.

Diagnosis involves a procedure that requires a comparative analysis, which is achieved by compiling a matrix. The quadrants of the matrix reflect the options for the state of organizational and economic potential, and their comparison allows us to identify potential weaknesses. This, in turn, serves to illuminate the causes of the negative state, which allows you to identify menra on their elimination. Thus, the diagnosis is aimed at positioning the object of study in the coordinate system, determining the area of the object, options (paths), moving to the leadership area and radical strategic advantages.

## 1 Methodology

The purpose of this study is to determine the strategic position of the organizational and economic potential of the Transcarpathian region, which gives opportunity to describe the main directions of the strategic development of the region and building competitive advantages.

To achieve the goal, the following tasks were solved:

1. To illuminate modern approaches to the diagnosis of the development potential of the regional economy.
2. Based on the coordinate system, a matrix is constructed whose quadrants reflect a comprehensive assessment of the level of organizational and economic development potentials.
3. A survey of experts who determined the level of economic and organizational development potential.
4. Based on expert evaluation, the position of the organizational and economic potential of the region in the diagnostic matrix is established.

Diagnostics begins with a justification of the methodological basis of the study. Extremely important in strategic analysis is the choice of methods that allow rational and efficient formation of the analytical base, determine diagnostic procedures and provide information for strategic decision making. In the process of field research, a survey of experts was conducted, in the role of which candidates and doctors of economics working at the Faculty of Economics of Uzhhorod National University were involved, and their research interests and practical results were focused on regional or national economies. The total amount of researchers is 50 people. With a given statistical accuracy of 95%, the electorate was 44 people. The statistical error is +/- 5%.

By gender, the general population consists of: 34% men and 66% women. By age, the general population is divided according to the requirements of the World Health Organization: 18-44 years - young age; 45-60 years - average age; 61-75 years - old age; 76-90 years - old age; and after 90 - long-lived. The general population of researchers of the regional economy of Transcarpathia is formed by age in proportion: up to 45 years - 50%, average age -39%, old age -11%.

The survey of experts is based on two principles: competence; pluralism of opinion.

In the process of diagnosis, it is recommended to take into account the elements of causal induction due to the following. Causal analysis in strategic management performs a wide range of functions.

First, in the process of this type of analysis is the study of the internal potential of the economic system, which is the source of its endogenous development. It is endogenous factors that act, the activation of which provides radical specific benefits. Endogenous factors, as a rule, are unique, inherent in this economic system and cannot be applied accordingly by other systems. Endogenous factors are the reasons that stimulate organizational, technological and production transformation of the economic system, which creates the necessary conditions for further development of the system. Both organizational and economic potentials are the result of a wide range of causes that have an internal origin and decisively affect the level of development.

Second, cause-and-effect analysis covers the external environment of the economic system in its variability, uncertainty and danger. On the other hand, certain factors of the external environment may be such that provide opportunities and provide the economic system with certain benefits due to its market positioning.

Third, cause-and-effect analysis serves as a method that allows you to identify alternatives to the future state of economic systems relative to competitors and within future economic, market or innovation processes.

Thus, when assessing the level of a particular phenomenon, it is advisable to determine not only the components of the assessment, but also the reasons that led to this: the causes (factors) are an element of potential. In the course of the research, the respondents were recommended to take into account how economic and organizational potentials contribute to the strategic development of the region and, accordingly, to the acquisition of systemic competitive advantages.

By systemic competitive advantages we mean those that provide a path of advanced economic development on the basis of coordinated continuous interaction of all regional components of organizational and economic potential. This confirms the importance of potential as a condition and factor in the development of the regional economy.

The formation and implementation of competitive regional advantages necessitates capacity management based on the created and adopted development strategy of the region, which is the core of strategic regional management.

In the process of diagnosing this phenomenon, it is advisable to consider that the following are highlighted as important features of the functioning of the organizational and economic potential of the region's strategic development:

1. Dynamism and adaptability. Socio-economic potential does not develop in isolation from the processes occurring in the region, country and the world, but in the conditions of those rules that exist in the external environment. Therefore, adaptability to changes in the outside world provides a reduction of obstacles to the development of organizational and economic potential.
2. Systematic. Organizational and economic potential consists of a set of elements that are interconnected and the development of each affects the other compo-

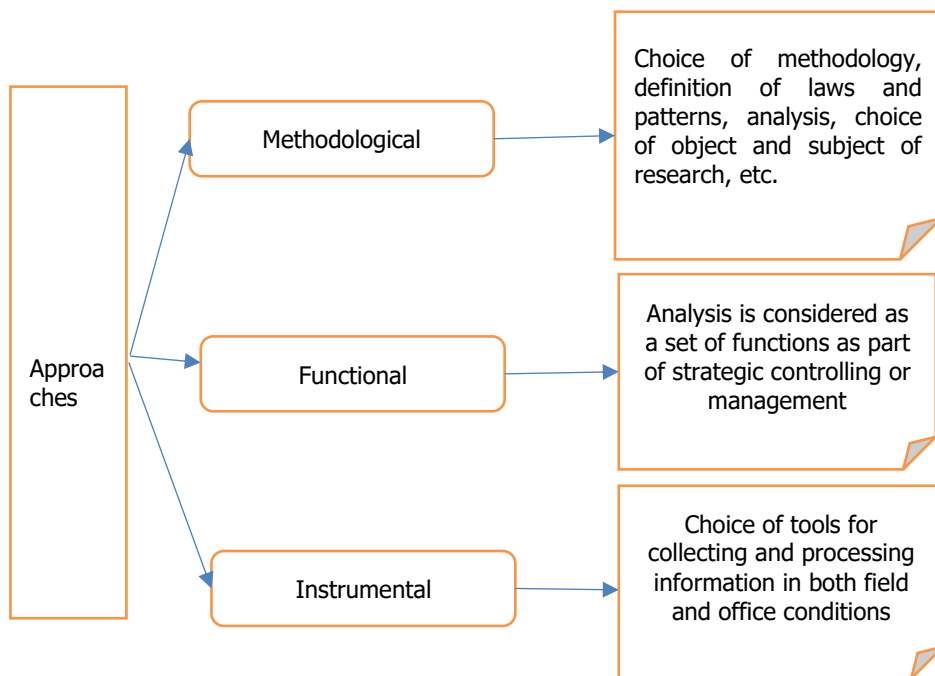
- nents and the potential as a whole. Therefore, systematic approach as a principle for the development of organizational and economic potential involves a combination of cybernetic and synergetic approaches to management.
3. The elimination principle follows from the above and declares the need to cut off ineffective elements of the system of organizational and economic potential that create obstructions on the way to development.

The organizational and economic potential of strategic development includes active and passive elements that play a role in the strategic transformations of the territorial economic system.

## 2 Results and discussion

In modern research, all approaches to strategic analysis can be combined into three groups, which are covered in scientific publications: methodological, functional and instrumental, as shown in Fig.1.

**Fig.1.** Modern approaches to the strategic analysis of regional economic development and its potential (compiled by the authors)



An example of the first approach is the following perspective on strategic diagnostics: from the stand point of laws and patterns of development consider strategic analysis Andreev V. And Kovaleva I, believing that "the logic of strategic analysis of the region's economy is to accumulate empirical material on the basis of which to identify the relevant patterns"[4]. It is impossible to disagree with these scientists that "in developing theoretical and methodological aspects of strategic analysis of the results of

regional economic transformations should be based on the laws of social development, which determine changes in the content of processes of interaction of productive forces and production relations in the region." [4], but at the same time the authors do not prove how the methodological basis can be applied when choosing a practical research method.

The second group of scientists focuses on the essence of strategic analysis as a set of actions in the process of strategic management of the economic system, i.e. declare the legitimacy of the functional approach. Thus, I. Raikovska argues that "strategic analysis as a function of management helps to ensure such interaction... with the environment, which allows us to maintain its potential at the level necessary to achieve the goals... and allows to survive in the long run" [12]. The next set of ideas that exist within the functional approach is to look at strategic analysis as part of a controlling function that combines planning and evaluation. According to O. Lebid, planning includes a study of the state of the economic system, as well as its subject is "all internal and external factors that provide favorable conditions for normal functioning and development." [7]. Similarly, A. Halachmi considers strategic planning as "a series of actions" that include research, data review, decision-making and evaluation, and the study of the consequences and adequacy of what decisions have been made in the past [15]. As part of controlling, strategic analysis is presented by O. Fedorovich, who believes that "in a market economy, each region should develop its own strategy to strengthen its position, overcome barriers to competition. The strategy is a generalized model of actions necessary to achieve the goals. An integrated system of strategic controlling is needed to support the implementation of the strategy." [13]. Analysis of modern literature confirms that the functional approach to analysis as part of controlling is a priority of scientific thought, but its apologists ignore the relationship between specific methods of analysis, information base and the adoption of strategic plans.

The instrumental approach is distinguished, within which the emphasis is placed on methods and ways, tools for studying the services provided by the regional system and competing regions"; the level of development of the region, its strengths, prospects or shortcomings; factors that determine the strategic position of the region, etc. Among the main tools it is possible to distinguish the correlation method with trend extrapolation, simulation, Space-analysis and others. The most common today is SWOT-analysis, the use of which is actively used in regional management; this method is recommended for economic systems of a territorial nature, such as a city or region. For example, T.A. Filipova, D.A. Kurbatsky believe that "a comprehensive assessment of factors influencing development - is a very important area of action of the municipality, which allows you to objectively assess the conditions, environment and potential of the city and district" [14]. The SWOT-analysis analyzes the strengths and weaknesses of the triumvirate of culture, tourism and economy of Transcarpathia Zavadiak R. and his colleagues, which in turn allows to form strategic decisions for the development of the region in the future: "Regional development in the post-industrial economy, which is the future, is gaining growth under the influence of strengthening culture, tourism and the economy both as separate directions and as a result of synergy from their interaction and mutual support" [2].

Recently, matrix tools of strategic analysis have been actively used. Highlighting modern methods of strategic analysis at the micro level, Stein O. rightly believes that "at first glance, matrix methods are simple, but this simplicity is misleading, as they

require complete and reliable information about markets, strengths and weaknesses of the firm and its main competitors" [16]. In addition, matrix methods place high demands on the experts involved in the diagnosis, their theoretical training and practical experience.

The matrix method of strategic analysis is a combination of two sides, directions, forces, actions in a crossed form, which allows to create combinations of interaction of two different phenomena of economic life, which allow to position the region with a system of given coordinates. Two perpendicular axes on a plane with a common origin and the same scale unit form a Cartesian rectangular coordinate system on the plane [6]. Mathematicians argue that "solving a mathematical or physical problem by the method of coordinates, you can use different coordinate systems, choosing the one in which the problem is solved easier or more convenient in this particular case. Coordinate systems in geometry are quantities that determine the position of a point on a plane and in space. In the plane, the position of a point is most often determined by the distances from two straight lines (coordinate axes) that intersect at one point (the origin) at a right angle; one of the coordinates is called the ordinate, and the other - the abscissa" [11].

Diagnosis of organizational and economic potential, which is proposed in this study, is carried out using a matrix: vertically displays the assessment of organizational capacity by experts (axis B) and has a scale from 0 (lack of potential) to 10 (high potential); the level of economic potential (axis X) of the regional economy is determined horizontally by a similar method.

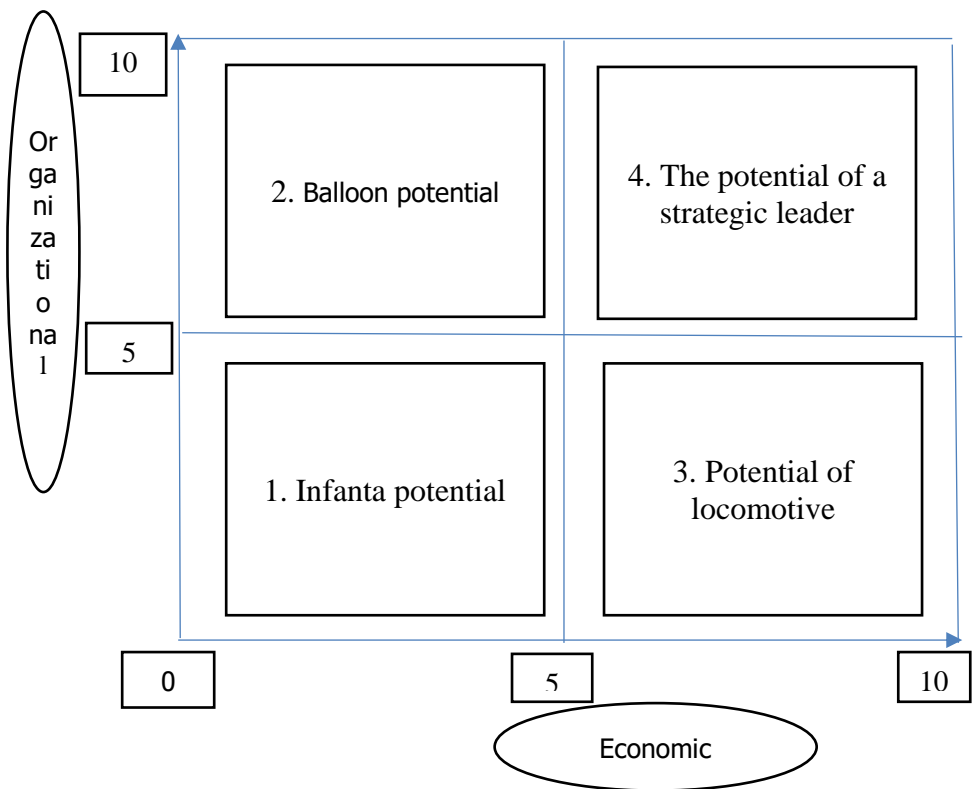
As a result of the intersection of a certain value of economic and organizational potential, four quadrants are formed, which is presented in Fig. 2.

#### Zone 1. Infant potential.

It is characterized by a low level of both organizational and economic potential of the regions. Requires large investments and government support. As a rule, this type of organizational and economic potential is characteristic of depressed areas and indicates not only the actual lack of strategic opportunities for the formation of competitive advantages, but also the lack of managerial competencies in the leadership of the region. In such circumstances, the logic of action involves the need for external intervention, ie public administration, aimed at performing the following tasks:

- a) formation of a system of strategic management in the region;
- b) providing a personnel management system of appropriate qualification;
- c) introduction of risk management methods, due to the fact that the location of the region in this area indicates the high dangers of its competitive operation. Risks, as a rule, cause a conflict of interest, which in turn reduces the level of trust in the region, which in this study we consider as an institutional and organizational basis and economic factor to increase the efficiency of economic activity in the region.

**Fig.2.** Matrix of organizational and economic potential of the region (compiled by the authors)



The risks are as follows: lack of inflow or outflow of investment, weakness of innovation activity, outflow of human capital, hopelessness of young people, which leads to a high degree of emigration. Solving these three tasks is the basis for strengthening the economic and organizational potential of the region.

**Zone 2. Balloon potential.**

Organizational opportunities are quite high, but there is no economic basis for strategic development. A region with this type can start to develop very actively, but due to low economic potential there are great risks in the development process. Rapid temporary growth is likely to turn into the same rapid decline.

The dangers of this type of capacity are also that the emphasis only on organizational capabilities causes the depletion of organizational capacity, which without proper support of the economic base loses its resources. The main tasks are to focus on building a development model based on knowledge, innovation and organizational capabilities. An example of such an approach is the Silicon Valley region, which was driven by weak economic potential and great organizational capacity at Stanford University.



### Zone 3. Locomotive potential.

The potential that falls in its diagnosis in the third segment acquires the essence of the train: the economy is the locomotive of the movement, but the effectiveness of economic actions is not effective due to lack of support from organizational resources

Economic potential plays the role of a train due to the fact that the organizational aspects are not given the necessary attention, despite the fact that in conditions of high competition between regions "organizational potential becomes the most important source of economic growth and welfare. It also increases the region's contribution to the country's economic potential. This is due to the peculiarities of the functions performed by organizational capacity: management of economic and social resources of the region, the identification and use of organizational reserves at relatively low capital costs" [5].

A region with potential in this coordinate quadrant receives risks of reduced efficiency and increased irrationality of the use of economic resources; loss of time, which is an important factor in strategic actions, ensuring the creation of competitive advantages; lag of innovative development of the region, etc. With a low level of organizational capacity in the region, small business is inefficient, the importance of which for strategic competitive advantages is emphasized by Miklova V. and his associates, who prove by "correlation model the impact of small business on the regional economy." [8]. The lack of organizational support also hampers the gazelle business, which is the basis of innovation, the importance of which for the development of the region and the country as a whole is emphasized by Slovak researchers: "Gazelles, as an important subgroup of HGE, make up only approximately 0.5%-1% of all newly established companies with 10 or more employees and with a growth higher than 20%" [3]. Thus, ignoring modern forms and methods of organizing regional economic life leads to a lag in competition with other regions.

Important areas for strengthening organizational capacity are:

- a) formation of innovation infrastructure, development of innovative entrepreneurship;
- b) engineering of the trust system as an institutional, organizational and economic resource to improve the quality of the regional economy.

### Zone 4. Leader.

High organizational potential and high economic potential create a zone of strategic opportunities to seize competitive advantages and implement modern methods and levers of strategic development of the region.

The potential that falls into this segment creates a platform for strategic management, which uses both economic resources and a modern organizational set of tools of the regional economy. The region's inclusion in this zone testifies to the strategic position of the development leader.

The application of the proposed method provides an opportunity not only to examine the existing organizational and economic potential of the region, but also to justify the ways of its future development.

Based on the defined sample of respondents, gender and age structure of the general population, the representativeness of the sample is presented in table 1.

**Tab.1.** Indicators of the general and electoral population of experts in the field of regional economy of Uzhhorod National University

Totality	Number persons	Gender structure		Share by age		
		Male., %	Female., %	Up to 44 years,%	45-60 years,%	61-75 years,%
General	50	34	66	50	39	11
Electoral	44	34	66	50	39	11

The questionnaire contained the following question:

Please evaluate the organizational and economic potential of the Zakarpattia region according to the ten-point school (10 - the highest grade, 0 - no).

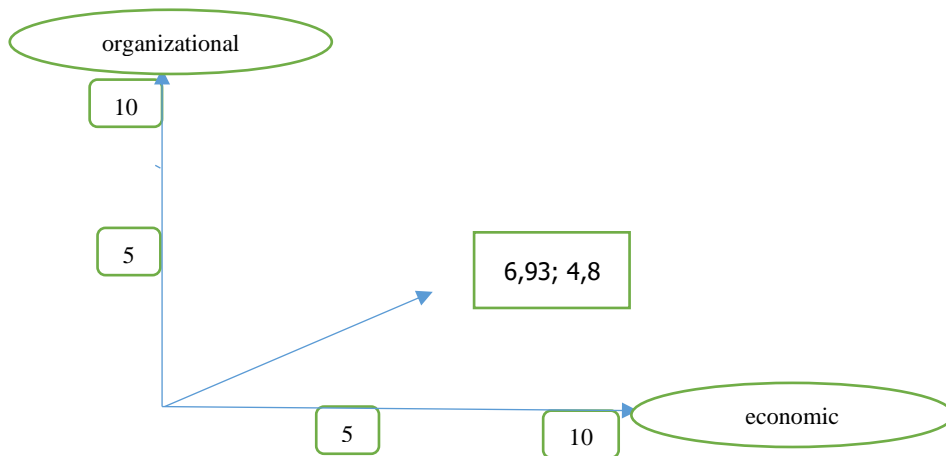
Organizational potential in this study consists of two parts: a) institutional - is a set of all organizational forms of economic activity and its management; b) process - organizational potential - as the ability to attract and activate economic potential to achieve a strategic regional goal.

Economic potential - a system of productive forces of the region, involved or having the prospect of being involved in economic activities.

The average assessment of organizational potential is 4.8, economic - 6.9. Based on this, the organizational and economic potential of the Transcarpathian region falls into the third quadrant - an area with high economic potential and, accordingly, low organizational potential.

The results of the survey are presented by the matrix shown in Fig.3.

**Fig. 3.** Positioning of the assessment of organizational and economic potential in the coordinate system (compiled by the authors)



The study shows that in Transcarpathia, the organizational potential received an average score of 4.8, which is below average. The reasons for this phenomenon are the following:

First, insufficient attention is paid to the strategic management of regional economic development. Although the strategy was adopted, it was not widely covered in the media, the population of the region was not informed about the strategic goals and ways to implement them.

Second, the lack of systematic action to build the organizational capacity of the regional economy. Thus, there are almost no consulting points in the region that can promote the formation of enterprises and organizations focused on creating business, including innovation, which would be financed by the state. An example of such organizational support is SMALL BUSINESS ADMINISTRATION in the USA. As noted on the website, "established in 1953, the U.S. Small Business Administration (SBA) continues to help small business owners and entrepreneurs realize the American dream. The SBA is the only federal agency at the cabinet level that is fully dedicated to small business and provides consulting, capital and contract expertise, as the country's only resource and voice for small business" [1].

Third, there is no focus of regional authorities on the formation of clusters that will integrate resources and create additional competitive advantages for participants in marketing, human resources, finance, management and other areas of activity.

Fourth, there is no innovative infrastructure. In addition, in the field of innovation Miklovda V. considers the following reasons for organizational backwardness: "1) the country has not created an effectively functioning national innovation system, an integral element of which will be regional systems; 2) there is no proper funding, which is a necessary condition for the implementation of innovation activity; 3) there are no levers of motivation of enterprises to implement innovative technologies or products in practice. 4) the lack of a risk management system at the level of the state, the region, and within most enterprises" [9].

Fifth, the issue of building regional trust has not received attention in the region, neither at the level of government, nor at the level of business, nor regional society, nor science.

In addition, it should be noted that the assessment of organizational capacity is a rather complex procedure due to the ambiguity of understanding the nature and complexity of this type of capacity.

In terms of economic potential, this type is rated much higher: the average score is 6.93 on a ten-point scale. The reasons for the rather high rating are as follows:

First, the region is located on the border with European countries, which provides additional economic opportunities not only in the manufacturing sector (established enterprises with foreign investment, working for Western consumers), but also in logistics, in the field of international trade.

Secondly, the availability of rich natural resources ensures the economic development of forestry, agriculture, tourism, recreation, etc.

Third, the region is actively moving labor to EU countries, the return of which brings financial investment in the economic potential of the region, as well as increases staffing

of economic development, contributes to the formation of regional competitive advantages.

Among the 44 people surveyed, 29 women rated the economic development potential higher than men on average. Thus, the average score given by women is 7.34, while men scored 6.8. The reason for this difference is that women are more active in using economic opportunities.

If we consider the answers of respondents grouped by age, the highest score was given to people belonging to young people - under the age of 44 - 7.27. The most skeptical about the assessment of the level of economic potential were respondents aged 61 and older, who rated this type of potential at 6.2. The reason for the relatively low score compared to other groups is that respondents of this age remember the economic development of the region in Soviet times and do not believe that the level of economic potential today is sufficient and possible.

It should be noted that in contrast to the organizational capacity, the maximum assessment of the economic opportunities of the region in 10 points was given by four people, ie about 1%. Five respondents gave a score of 9 points. The minimum level of this type of source of development of the region (3 points) was set by one person. This indicates a fairly high density of high estimates of the economic potential of the regional economy.

To assess the level of potential, it is advisable to use the method of variation. "Variation is the differences in the individual values of a feature in the units of the studied population. The study of variation is of great practical importance and is a necessary link in economic analysis. The need to study variation is due to the fact that the average, being equivalent, performs its main task with varying degrees of accuracy: the smaller the difference between the individual values of the feature to be averaged, the more homogeneous the set, and therefore more accurate and reliable average, and vice versa. Therefore, the degree of variation can be judged on the limits of variation of the trait, the homogeneity of the population on this trait, the typicality of the average, the relationship of factors that determine the variation" [10].

With the help of statistical calculations, it is proposed to assess compliance with the principles of the survey:

1. The qualification of experts is assessed on the basis of the dispersion indicator. The standard deviation can be considered as the degree of uncertainty of estimates, so the less scattering, the higher the level of qualification of experts.

The variance is calculated by the formula:

$$\sigma = \sqrt{\frac{\sum(x_i - x_a)^2}{n}} \quad (1)$$

$x_i$  – the mark of each expert,

$X_a$  - average mark

The processed indicators of expert estimates lead to the following calculations.

The sum of the squared deviations in organizational capacity was 105,16.

The number of experts 44.

The standard deviation of organizational capacity estimates:

$$\sigma = \sqrt{\frac{105,16}{44}} = 2,4 \quad (2)$$

The standard deviation of estimates of economic potential:

The sum of the squared deviations in organizational capacity was 151,52.

The number of experts 44.

$$\sigma = \sqrt{\frac{151,52}{44}} = 3,4 \quad (3)$$

The standard deviation means the range of scattering of the values of the respondents' answers relative to his mathematical expectation. According to the calculations, the range of scattering of responses to organizational capacity and the variance of estimates of economic potential prove a fairly high density, unity of opinion and estimates of capacity by experts and the reliability of the assessment.

2. Pluralism of opinion is assessed on the basis of the scope of variation and the coefficient of variation. The greater the value of these mathematical tools, the greater the level of pluralism.

The scope of variations is the deviation between the maximum and minimum ( $R$ ) values of potential estimates

$$R = X_{max} - X_{min} \quad (4)$$

$X_{max}$  – maximum rating,

$X_{min}$  - minimum score.

Scope of variation in organizational capacity ( $R_1$ ):

$$R_1 = 7$$

Scope of variation in economic potential ( $R_2$ )

$$R_2 = 7$$

The coefficient of variation is calculated by the formula:

$$v = \frac{\sigma}{\bar{x}} 100 \quad (5)$$

Mathematical statistics prove that if the coefficient of variation is more than 33%, it means the heterogeneity of the population, which in our case - the heterogeneity of opinions regarding the level of potential. In our case, this allows us to concentrate within the matrix a variety of expert assessments.

As noted in fig. 2., the average assessment of organizational capacity is 4.8.

The average level of economic potential noted by experiments is 6.9.

Coefficient of variation of organizational capacity assessment ( $v_o$ ):

$$v_o = \frac{2,4}{4,8} 100 = 0,5$$

Coefficient of variation of economic potential assessment ( $v_e$ ):

$$v_e = \frac{3,4}{6,9} 100 = 0,49$$

Calculations show that the opinions of experts are mixed and the principle of pluralism has been observed.

Strengthening the strategic focus of organizational and economic potential in the development of the Transcarpathian region and gaining competitive advantages is based on the introduction of innovative mechanisms, among which the leading role is played by innovative entrepreneurship and innovative regional cluster. Innovative entrepreneurship participates in the formation of the value chain in the field of innovation, provides a synthesis of science and practical economic activity, and the cluster allows you to focus on creating competitive advantages.

It was recommended to intensify work on the use of electronic communications in the management of the region. On the one hand, this is a huge reserve of saving time and other resources; however, it is important to take into account, as communications experts say, that distance communication reduces the level of understanding, and this increases management risks.

It should be noted that the organizational factors that make up the corresponding share of development potential are riskier than economic ones.

This is explained by the following:

Firstly, organizational factors are mainly subjective, and depend largely on the decisions of specific people. In this case, we recommended to introduce more actively innovative crowdsourcing, fundraising platforms, which are not an individual, but a collective mechanism; Being organizational collective mechanisms with appropriate transparency significantly strengthen the organizational basis for the development of the region.

Secondly, organizational factors depend on the quality of the region's human capital, on the investment of innovation. In this case, we observe the presence of mutual influence: human capital, being an economic resource, determines the level of organization, and the organization affects the development of human capital.

Thirdly, organizational potential implies continuous reengineering of regional authorities and regional business, both their frame and content, and most importantly, the transformation of organizational forms of interaction between business and regional authorities.

An important factor in strengthening the organizational and economic potential of strategic development of Transcarpathia is a set of cultural and institutional measures, including a system of trust, the construction of which is based on the principles of competence, methodological adequacy, feedback, transparency, and practical implementation - the imperatives of integrity and integrity.

The trust system includes a management subsystem, the effective operation of which involves the management of transformations; application of a brand of trust; ARIS modeling; deviance management.

An important way of strengthening the organizational component of the development potential is the involvement in the practice of regional management the methods of abstract modeling of strategic development options, and, accordingly, its potential.

Modeling allows in abstract-concrete form to outline the main components of organizational and economic potential of strategic development, to determine the rational links between them and to identify the most effective mechanisms of activation. The model describes the interaction of components, which include strategic elements, processes, factors, mechanisms and levers.

## Conclusions

Strategic analysis of organizational and economic potential was conducted by the matrix method, which contains four zones: the potential of the infantry (low organizational and economic potential); balloon potential (organizational potential is higher, but economic - below average); train potential (high economic potential and low organizational); high organizational potential and high economic potential create a zone of strategic leader.

The principles of choice of respondents are defined by competence and pluralism of opinions. Adherence to the principle of high qualification of experts is determined by the indicator of variance of assessments of organizational and economic potentials. Pluralism of opinions is assessed on the basis of the scope of variation and the coefficient of variation of estimates of organizational and economic potentials of strategic development of the Transcarpathian region.

The study shows that in Transcarpathia the organizational potential received an average score of 4.8. In terms of economic potential, this type is rated much higher: the average score is 6.93 on a ten-point scale. So, the position of potential is zone 3 -Train potential.

The reasons of this situation is:

- insufficient attention is paid to the strategic management of regional economic development. In spite of adopted regional strategy, population of the region, business people were not informed about the strategic goals, plans and ways to implement them. In the current situation, the lack of complete and reliable information hinders the achievement of strategic goals;
- the lack of systematic action to build the organizational capacity of the regional economy;
- there is no focus of regional authorities on the formation of clusters;
- the attention is not paid enough to the innovative development of the region, there is no infrastructure for the creation of new ideas and their transformation into innovation.
- the building of regional trust as cultural and institutional factor of development has not received attention in the region.

In terms of economic potential, this type is rated much higher: the average score is 6.93 on a ten-point scale. We have reached an analysis of the strategic diagnosis of the potential of Transcarpathia, we find that the reasons for the rather high rating are as follows:

1. The region is located on the border with European countries, which provides additional economic opportunities.
2. Rich natural resources ensures the economic development of forestry, agriculture, tourism, recreation, etc.
3. The region has a highly mobile workforce. Working at the enterprises of the European Union allows to bring to Transcarpathia modern technologies, both production, and administrative. This provides an additional resource for Transcarpathian enterprises to use the experience of Western countries.

Our analysis and comparison of the expert opinions we find that made it possible to formulate recommendations on strengthening the economic and organizational development potential. Among the main areas noted:

- a) Firstly, in conditions of digitalization of society, which the coronavirus has pushed to, it is advisable to switch to electronic forms of communication at the regional level management level, which saves decision-making time and execution time. This leads to an increase in the efficiency of administration on the basis of improving the organization of direct communication and feedback.



- b) Secondly, to intensify innovative activity in the region, for which to create conditions for enterprises, especially startups. In the region, there is a lack of consulting centers, centers for supporting innovative activity, and mechanisms for transferring ideas to innovations. In fact, in the region there is no regional insolation system.

We also recommend intensifying work on creating clusters that integrate organizational and economic resources, which significantly increases the efficiency of their use, and therefore create the conditions for obtaining strategic competitiveness. That is we mean that diagnostics of organizational and economic potential suggests that an important direction in the formation of regional strategic competitive advantages is cultural and institutional actions aimed at creating an atmosphere of support for innovation and trust in the region. Confidence in this context acts as an organizational-economic factor that helps to reduce transaction costs and at the same time improves the quality of communication between business, regional authorities and the population.

In conclusion, we would like to state our knowledge from the research, the outputs of which are the subject of this paper, that innovative culture and culture of trust are resources to increase the competitiveness of the regional economy and tools to manage the process of achieving regional development goals.

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