

LEVERS OF REGIONAL INVESTMENT ACTIVITY REGULATION: DEFINITION, DIFFERENTIATION, POSSIBILITIES OF USE

© Kulinich T. V., 2014

The essence of levers of regulation and increased efficiency of investment activities in the region is determined in terms of regional economy, management, theory and practice of investment. Classification of levers of regional investment activities regulation is proposed. There are revealed two main methods of constructing and forming levers of regional investment activities: one focusing on structural changes in object-territorial distribution of investments in the regional economy and the other detecting dependences of socio-economic transformation dynamics in the region on the level of its investing. In addition there are highlighted possibilities of controlling the effectiveness of using the investment activities levers in the region.

Key words: levers, investment activities in the region, formation, regulation, activation, acceleration.

T. V. Кулініч

Національний університет “Львівська політехніка”,
кафедра менеджменту організацій

ВАЖЕЛІ РЕГУЛЮВАННЯ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ У РЕГІОНІ: ВИЗНАЧЕННЯ, ДИФЕРЕНЦІАЦІЯ, МОЖЛИВОСТІ ВИКОРИСТАННЯ

© Кулініч Т. В., 2014

Визначено сутність важелів регулювання та підвищення ефективності інвестиційної діяльності в регіоні з позицій регіональної економіки, менеджменту, теорії і практики інвестування. Запропоновано класифікацію важелів регулювання інвестиційної діяльності в регіоні. Виявлено два основних способи побудови і формування важелів інвестиційної діяльності у регіоні: з орієнтацією на структурні зміни у об'єктно-територіальному розподілі інвестицій в регіональній економіці та з виявленням залежностей динаміки соціально-економічних трансформацій у регіоні від рівня його інвестування. Додатково виділено можливості контролювання результативності використання важелів інвестиційної діяльності в регіоні.

Ключові слова: важелі, інвестиційна діяльність у регіоні, формування, регулювання, активізація, прискорення.

Statement of the problem

Investment mechanism is one of the determinants of economy. As world practice shows, there is a very high correlation between the structure and investments rates of increase, and between volume and trend growth of gross domestic product and of national income in the future. Thus, the shortage of investment resources in the national economy is one of the major problems hindering the development of the Ukrainian economy in conditions of overcome the global financial crisis. The solution to this urgent problem lies in the search for levers for regulation and increase efficiency of investment activity in region. This will allow to direct required sources of funding in all sectors of the economy and their subsequent effective structuring towards the revival of economic activity in the regions of Ukraine.

Analysis of recent research and publications

The problem of activation and effective startup of investment mechanism in the economy (at macro-, meso- and microlevels) remains valid for a long period. It was considered by the founders of the theory of Investment Management: J. M. Keynes, A. D. Hansen, P. A. Samuelson, I. Fisher, etc [1, 2]. Suggestions for possible ways to resolve it and provided modern researchers and practitioners: I. A. Blank [3], B. Radcliffe [4], V.I. Pertsukhov [5], N. I. Isaeva [6], M. V. Bandura [7]. Some aspects and specific of investment activity maintenance in the regions also occupy an important place in modern research. So, basic problems of regional investment activity increasing are outlined by A. Suhorukov [8]. An organizational-economic mechanism of the regional development resource management, is developed by I. V.Chelnokov, B. I. Gerasimov and V. V. Byikovskiy [9]. But the choice and regulation of regional investment activity levers, their definition, differentiation and better possibilities of use are still out of depth study.

The formulation of objectives

Primary goal presented in the article is the study of levers of investment activity in the region. In particular, there is considered definition of such levers, formation of conditions and of characteristics of their use, the optimal choice their types for different situations.

Presentation of main materials

General regulation of investment activity in the region, in particular provides its acceleration and the occurrence of various relevant levers. Approaches to defining the levers both of regulation and of improving efficiency of investment activity in the region, these approaches differ primarily based on the choice of the position for which this definition is made.

Today there are *three main positions* in the regional investment activity levers' definition of and in the establishment of its management capabilities: from the position of regional economics, management, theory and practice of investment.

A position of the regional economy comes out at its state and meso-economic level regulation. Thus, from the position of the *regional economy* the levers of regulation and of improving efficiency of investment activity in the region primarily include numerous investment stimulus and restriction measures which allow it to influence the activation of investment processes in the region (and in country as a whole), each in its own way, and to use fruits and consequences of these processes more successfully. Last influence the socio-economic development of a particular region, considering both its (region) the specificity and timeliness the adoption of relevant organizational and administrative decisions in it. From the position of the regional economy potency of investment instruments should be evaluated from two perspectives: the *economic effect* of attracted investments utilization (expressed in increase of gross regional product (GRP), of the regional enterprises total production and realization, of their total profits and others), as well as the *social effects* associated in reducing unemployment and improving the regional social welfare, lowering the region's enterprises pressure on the environment, etc.

From the position of *management*, under the levers of investment activity in the region, in our opinion, it should be understood the measures which can invoke an action of investment processes on the socio-economic condition of the region. Such action is performed in a certain predetermined direction and has a corresponding strength. It must stimulate regional economy development or accelerate this development, strengthen state of the region's economic complex due to the attracted and effectively used investments.

From the standpoint of the *theory and practice of investment* (we take into account only real investment and related processes at the regional level), the effect of investment activities levers on the socio-economic condition of the region is evaluated not only by attracting investment volume (rate of their volume increase for certain types of economic activity and for individual territorial areas of the region), but also by effect of attracted investments' use. Each lever of region investment activity, estimated from such position (position of the theory and practice of investment) should take into account the riskiness of certain regional investment processes (at the level of individual objects of investment, and the level of target investment programs and projects which cover a region or their set) in parallel with evaluation of return on invested capital (usually in the form of growth in revenue and profit entities of the region).

Therefore, even the definition of the essence of levers of regulation and of improving efficiency of investment activity in the region is a multi-faceted phenomenon, not to mention the features of their use in specific territorial-sectoral conditions of a particular region or country.

For better differentiation the opportunities for application of individual levers, reason of which is acceleration and efficient management of investment activities in the region, we have proposed an investment levers classification (table 1).

Table 1

Classification of regional investment activities' levers

Classification features	Possible levers
By purpose and destination of investment activities' (IAs') levers	Levers, which achieve the following purposes: - general goals (at regional level) (for example, the general investment maintenance of regional economy development); - support of transformations on selected territorial-sectoral regional units or on their associations; - investment support (incentives) to solve problems or positive change in the situation for the individual micro sites of the region (in particular those that have the priority importance for its development) - investment maintenance (promotion) to solve problems or to positive change in the situation for the individual microeconomic objects of the region (particularly for those that have the priority importance for regional development)
By stages of IA's levers bringing into use	Levers of activation process of attracting investments into the economy of the region. Levers of improvement the results of attracted investments' use
By direction of levers' action	Endogenous and exogenous levers (relatively to the available regional investments)
By principle of action of investment levers	Leverage of direct action (using investment as a factor of direct impact on the socio-economic situation at the region). Levers of indirect effect (in which investments have no direct effect on the regional economy, and require connection of additional organizational and economic levers and instruments)
By subjects, which use IA's levers	Macroeconomic IAs' levers, i.e. levers which are applied by subjects of the macroeconomic level and determined the status and results of economic governance in the region. Similarly: meso-economic levers (levers of subjects which regulate IA at the regional level) and microeconomic levers (IAs' regulation on the level of individual business entities at the region)
By impact objects of levers	IAs' levers which differ for territorial and industrial belonging of impact objects (eg.: IAs' levers of home trade in Lviv Region)
By the methods of construction and the formation of IAs' levers at the region	Structurally oriented levers of IA (directed on structural changes in object-territorial distribution of investment in the regional economy). Dynamically dependent levers of IA (aimed at identifying dependencies of regional socio-economic transformations' dynamics on regional level of investment (when level of acceleration of invested capital accumulation qualitatively and quantitatively determine the future trend of regional development))

This classification allows us to choose the most appropriate levers of investment activity for each situation, object, subject, i.e. those levers, which are crucial for the assessment of IA in the region, of its (IA) dynamics and for obtaining certain results of regional IA.

Construction of the developed classification of IAs' activation levers in the region is based on the use of the systematic approach to the implementation of this activity, which includes not only the allocation of the main components of such activities, but also takes into account the antecedents and consequences of effective IA in the region. In particular, the basis for allocation of separate classification features of IAs' activation levers in the region is formed on such position:

- establishment the purpose of such levers applying;
- stages of their bringing into use;
- direction of their action;
- allocation of basic principle of their action;
- selection of subjects, which use such levers, and their impact objects;
- specification methods for constructing and formation of investment levers at the region.

Let's consider in detail the nature of the formation and the degree of influence of individual isolated levers on the investment activity at the region.

The research of levers of investment activity in the region allows, firstly, to set *destination and final purpose of such instruments*, and secondly, to distribute IAs' levers by this classification feature (purpose and destination of levers) into three groups:

- levers designed to achieve general (regional) goals (for example, the total investment support of – regional economic development);
- support of transformations on selected territorial-sectoral regional units or on their associations;
- investment maintenance (promotion) to solve problems or to positive change in the situation for the individual microeconomic objects of the region (particularly for those that have the priority importance for regional development).

The differentiation of investment levers in the regional economy *by stages of their bringing into use* allows us to reveal two phases of investment activity: stage of activation of attracting investments into the economy of the region and the stage of using of attracted investments. Respectively, at the first phase of investment activity the most important is the introduction of the levers that contribute to strengthening the process of investment in the economy of the region, while at the second – the levers, that allow to improve the results of the use of attracted investments.

According to the results of the conducted research there was found that the model of investment behavior of region at the *first stage – activation of attracting investments in the economy of the region* is determined primarily by such IAs' levers as:

- increase of intensity of total saving formation at the regional economy;
- general improvement of the basic parameters of the investment climate by the State (in particular, macroeconomic regulation of inflation rate in the country);
- deepening segmentation, increasing competition and investment market infrastructure development.

The major IAs' levers for the regional economy *at the second stage – the use of attracted investments* are following:

- active involvement in the investment process of accumulated in the region investment resources and of household savings;
- intensification of technological process' rates at the key types of economic activity (TEA) of region;
- effective use of the investment theory of the cycle (cyclicity of economic dynamics).

Respectively, *at the first phase* of activation of attracting investments in the economy of the region *the intensity of the processes of formation of savings in the economy of the region* is defined, firstly – by the level and the rate of increase of main TEA total income and of the region population's own savings (formation of equity, accumulated as an investment resource) and secondly – by the structure and dynamics of attracting debt capital for investment in fixed assets in the region. Moreover, opportunities for enhancing future cash flows to the region due to this last process is directly dependent on the existing investment potential of the region's economy as a whole.

General improvement of the basic parameters of the investment climate by the State through legal and economic levers complements and strengthens mechanism of market self-regulation of investment activity in a particular region (in its key TEA in total) through such basic tools as:

- identification of priority areas and objects of investment in the region,
- budget and tax regulation of IA,
- forming of payable and depreciation policies in the IAs' sphere of region,

- control of forms and procedures for the participation of domestic and foreign investors in the regional investment process,
- particularly in the implementation of important regional investment projects and programs, as well as projects in form of inter-regional cooperation.

The use of macroeconomic lever of IA, which provides for the regulation of inflation rate is particularly important in such cases: 1) when buildup in inflation rates leads to decrease in investment activity in the region; 2) to reduce potential of investment resource base forming and at the same time – to increase the value of real capital assets.

Whereas the projected decline of the price level (deflationary process) helps activation the long-term investment and growth of investment demand in the region.

Investment activity in the region is closely linked to the level of investment market development.

In this case, the outer levers for acceleration of regional subjects' investment activity are: on the one hand – the demand for investment as an indicator of such activity, and on the other hand – the total supply of investment resources as a condition for the implementation of this activity.

On the first stage of regional investment activation, application of levers promoting investment market development (primarily, real investment market) includes in particular: *deepening segmentation, increasing competition and investment market infrastructure development.*

So, deepening segmentation of regional economy through the allocation there priority TEA and through the recommendation for them the adequate forms and sources of real investment, on the one hand – allows to differentiate the investment demand, and on the other – to support this demand by appropriate investment proposals, and therefore, to provide a direct impact on level of investment activity in the region as a whole.

Improving the conditions of competition at the regional investment market (at the market of real investment) provides:

1) activation at such market of investment proposals of attractive enterprises (subjects of privatization, which have relative freedom in choice of forms and sources of attracting investment) and of real projects (significant at the regional level);

2) improvement of conditions for capital investment attracting in these regions due to increased economic competition between probable investors as a result of the active startup of market self-regulation mechanism.

The consequence of all this should be some increase in volume and improve the quality of real investment involved.

We propose to assess the effects of influence the formation of extensive investment market' infrastructure into increase of the regional investment activity level (as a lever):

at the initial stage – by increasing of number of different companies and organizations, which is members of the regional investment market, and by increasing of number of their operations,

at subsequent stages – by growth of norm of investment profit in this market,

and *consequently* – by improving the efficiency of regional investment activity, which should result in increase in attracted capital investment in the regional economy.

Lever of active involvement in the investment process accumulated in the region investment resources and household savings plays a decisive role to ensure development of investment activation in the region at its *second stage* (of *attracted investments use*). We offer to carry out a study of this lever of IA's efficiency in terms of its impact on the socio-economic situation of region on the basis of relative indicators, which have specific semantic analogy, on the one hand – with the action of “investment multiplier” (according to the rule of John Keynes [1]), and on the other – with the effect of “investment accelerator” (according to Alvin Hansen [1]).

First of all, we introduce the *indicator of investment returns* [10] for evaluating the investment activity performance. This indicator, as well as the “investment multiplier” (by macroeconomic “rule of Keynes”), shows the correlation: any new increase in investment in the region automatically provides a gain of total revenues (businesses and population in the region), in which the share of savings grows faster than the share of consumption. So, all that creates the potential for future investment.

Thus, this indicator of investment returns allows us to quantify the ratio of gross value added (GVA) growth in the region and real investment growth in the regional economy. We introduced this indicator to assess the IA's effectiveness at the regional level, by analogy with the effect of "investment multiplier" (studied by J. Keynes at the macro level, the essence of which is to ensure the significant growth in national income by corresponding increase in real investment).

Introduced by us to the second *indicator of investment capacity* [10], this is the inverse of investment returns, and it indicates how many times can increase the volume of real investment in the region as a result of increase in regional GVA. By analogy with the "investment accelerator" (introduced by Alvin Hansen for studying related processes at the macro level), we proposed measure of investment capacity, which characterizes the other side of the influence factors of growth of both region's income and savings on investment activity in the region.

If investment returns (as well as "investment multiplier") relates this activity with the formation of future accumulation of capital (investment resources), depending on the total investments in the current moment, the investment capacity (as well as "investment accelerator") characterizes the degree of dependence of the possible investment activity in the region from formed regional income growth (its GVA). That is, in conditions, close to ideal, this will take place not only the interdependence, but also leverage of real investments increases has spiraling enhanced influence on the region income growth, as well as leverage of the revenue growth in the region has an effect on its investment activity enlargement.

Scientific and technical progress (STP) *intensification's lever in the key TEA of region* is defining lever in multiplication the results of active investment in the region. This lever involves the formation of a higher level of net investment income in the process of implementation of innovative projects, important for socio-economic development of the region. This lever's use is based on the rule of "marginal productivity of innovation" (introduced by I. Fisher [2] to assess the impact of STP at the macroeconomic level), when a result of any innovation's introduction is increase in investment income's norm and in interest rates, in simultaneous enhancement of investment activity of economic entities until the "saturation of investment".

While we have shown that at the meso level this lever (of *STP's intensification*) operates independently of the revenue growth in the region, i.e. this increases the investment activity in the region and generates investment demand for innovation, regardless of the increase or decrease in regional GVA. Its effect depends more on the competition in the market of innovation and investment projects in the region. However, in turn, in spite of the so-called "autonomy", this lever sets in motion "cumulative investment process", when such autonomous investment's increase in innovation not only generates but also accelerates additional revenue by investors and by enterprises in the region (in which these investments were given).

The regional business entities income growth increases in revenue in the region and activates the flow of additional investment in the regional economy. That is, after the optimistic scenario the result of the lever's action is constant investment growth in the region's economy, which is caused by point impulses of investments in selected innovative projects on certain key economic entities in the region.

Under condition of permanent monitoring of *cyclical economic dynamics* by state and local authorities, as well as their possession of managerial skills for timely and lawful use of instruments of *investment cycle theory*, the corresponding region of the country receives additional organization and economic levers of investment activation.

So, when the total regional investment demand increases at the stage of economic growth, this increasing in the volume of investment should be maintained by low interest rates in the financial investment' market (in particular – low cost of those investment instruments, which is impacted by the State). Respectively, this should affect the increase of investment activity in the region, i.e. the active formation of both income and savings. At the same time, in periods of economic growth, this is important to consider the effect of probable reduction of the accumulated capital's marginal efficiency in the investment process, when the slow growth of interest rate may inhibit the accumulation of both capital and savings.

In contrast, during an economic downturn desire to accumulation's increase (of capital and household savings), in simultaneous reducing the demand for further manufactured products (goods,

works, services) will contribute to disinvestment processes' manifestation in the regional economy (so-called phenomenon of "frugality paradox").

So, the investment activity of regional entities can be regulated by organizational and economic levers, which activates mechanisms of both investment multiplier and accelerator in accordance with the projected cyclical economic dynamics of the region.

Accordingly, *the direction of IA levers' action* can be regarded as endogenous and exogenous in relation to the investment existing in the region. Exogenous levers, which accelerate the investment activity in the region, define the external action to attract and use of investments in the region as a whole. Mostly they are responsible for a comprehensive (macroeconomic) formation of the investment climate in the country as a whole (for the investment image of the country in the world) and in its individual regions. Also effect of exogenous levers aimed at ensuring external conditions in the region (at the State level) for the effective use of investments: the selection of priority projects for the region and of direction of capital investment, the creation of financial-economic, political and legal basis for the implementation of such projects, etc. The formation of *endogenous IA's levers* depends on the level of investment attractiveness of individual enterprises, strategic for regional development, and of key TEA of this region, as well as on their readiness for the rational use of attracted investments.

Choosing the most appropriate levers to ensure optimal activation of investments in the region (taking into account the terms of such activation and its available resources), this is important to concretize the principle of action of these investment levers and to refine preconditions of some individual instruments' actions in unstable economy, since the last is typical for both the functioning of economy of Ukraine as a whole and for its individual regions.

Specifying the *principle of action of investment levers*, we have been allocated:

– levers of direct action, which use investment as a factor of direct impact on the socio-economic situation at the region;

– levers of indirect action, in which investments have no direct effect on the regional economy, but they require connection of additional organizational and economic levers and instruments.

Such conditional division the levers by the principle of action is based on the study of correlation and regression dependence between the increase in total investment in regional fixed assets and changing the values of selected indicators characterizing socio-economic condition of the region. If the connection between investment as a factor of influence, and between productive features (characterizing the changes in the socio-economic situation at the region), is determined as linear (can be represented as a linear trend, with sufficient density and essentiality of such connection), then such investment levers are classified by us as levers of direct action, using investment as a factor of a direct impact on socio-economic condition of the region [12]. Moreover, the direction of change of resultant variable under the influence of factor should be evaluated as a direct (stimulation) in the case, when it is necessary to build a permanent growth of indicators' value that determine the change in situation of the region in a positive direction.

With this classification, all other types of investment levers are *levers of indirect action* for which the use of investments to create a certain "push" for the sustainable development of regional economy is possible only if there are connected additional organizational and economic levers and instruments. A typical example of this kind of impact of levers of investment in fixed capital in formation of profitable financial results by set of region's TEA is given for West Ukraine in [11, p.51–55].

We propose to include in the *prerequisites of successful implementation of investment management at the regional level*, in spite of the possible IA's levers in unstable economy, such items:

1) formation of a coherent long-term investment policy in the region with clearly defined goals and objectives;

2) rational use of the available investment potential as foundation for construction of the region's economy and for realization of its social policy;

3) making systematic efforts to develop and to strength cooperation between the private, research and policy sectors at the regional level;

4) identification and target support for important areas of the region with innovative and technological potential, which could not develop quickly or independently;

5) reach as many potentially innovative enterprises by giving them State support (primarily investment);

- 6) operation of developed programs of commercialization of innovations, in particular technologies (which are developed in the region or borrowed);
- 7) reasonable attraction of foreign investments in transnational corporations;
- 8) availability of developed legislation in the field of intellectual property;
- 9) systematic study and implementation of international best practices.

Commissioning of the appropriate levers and creation of certain prerequisites, that will increase investment activity in the region, involves: allocation of the main subjects of management of the current state of investment activities, development of a regional investment strategy and use of its results, as well as highlighting the main objects of IA levers' influence.

This is why, after the mandatory directions for differentiation of levers of investment activity in the region, in particular, there should be held in the distribution of subjects of region's IA by economic level of their actions, and objects of IA – by the territorial and industrial supplies of lasts.

So, *by the subject of the application of IA's levers* there can be primarily allocated macroeconomic levers of IA or levers, which are used by subjects that relate to the macroeconomic level and determine the status and results of economic governance in the region. Similarly, it should ascertain the presence of *mesoeconomic levers* in the region, or levers of subjects of IA's control at the regional level, and of *microeconomic levers*, i.e. of levers of IA's control at the level of individual economic entities in the region.

Main levers of the State (as the main macroeconomic subject), which regulates the management of IA at the meso-level (level of regions), there are relevant laws and regulations. And their positive impact on the real investment activity could be effective at the regional level only due to the speed of decision-making and recording of region specific.

The main directions for the effective *mesoeconomic regulation of investing activities* (reflecting the levers of IA's regulation at the regional level) include the following:

- creation at regional level some special structures pursuing a policy in this field (of investment);
- formation in the region of special funds, formed at the tax deductions expenses and budget taxes and allocations;
- participation in the development, implementation, financing of targeted investment programs at the regional level;
- conducting of competitive selection of regional innovation and development projects for small businesses (for its investment from State or Regional budgets and for its financing on recovery basis);
- information support of investment activity in the region.

Levers of IA's control at the individual entities in the region (microeconomic levers) are mainly based on the effect of financial leverage effect. Moreover, the use of these levers allows to prove the expediency of additional investments for the development of such entities. To achieve the effect of the use of funds raised (primarily investment) there should be performed complex requirements: first, the attracted funds should help to accelerate the turnover of assets, as well as to increase in the annual income of the enterprise, and secondly, they must also ensure the net profit's growth (i.e. fee for attracted investments should be completely covered by the resulting rate of return per unit of capital), and thirdly, there should be kept the risk of attracting additional foreign investment capital within the acceptable limits. Namely, such capital injection should not result in exceeding the maximum level of financial stability (measured by acceptable ratio of own and borrowed capital).

Basis for informed choices of IA's leverage in the region, there is also a differentiation of these levers *by the methods of their construction and formation*. Among the many ways of constructing and forming of IA's levers in the region, there are two main ways, that we have identified, and that deserves a special attention. The first of these methods is focused on *structural changes* in the object-territorial distribution of investment in the regional economy, and the second – to establish of *correlations between dynamic series*, which reflect the socio-economic transformation in the region and change its level of investment (particularly for those cases, where acceleration of invested capital accumulation's level qualitatively and quantitatively determine the future trend of the region development).

Thus, the first of the ways of constructing levers of the investment activity in the region (*structurally oriented levers*), we propose to build on the basis of *assessment and prediction of structural changes* in the regional economy investing, i.e. based on choosing a set of investment priorities for further optimization of capital investment areas in the region.

Applying the principle of building the optimized structure of capital (by TEA) for example of areas of the Western region of Ukraine is shown in [10]. To construct such structure there are used averaged data on the total fixed capital investment in all economic activities in the region for a number of preceding periods. In order to optimize the structure of the existing distribution of such investments in the region by TEA there was used some corrective procedures, that take into account the results of the development of attracted investments by relevant TEA. These results are reflected by the values of three parameters: volume enacted assets to relevant TEA, amount of income received by the regional economic entities and distributed under the relevant TEA, and the sum of GVA, received by the region's economy over a certain period of its operation. Thus, the construction of such optimized structure of regional investment (by TEA) it is also a lever, which gives the integrated impact on the socio-economic condition of the region, and which allows us to receive some more informed approach to the cost and feasibility of future transformations at the meso-level.

The second way to increase the efficiency of formation of leverage investment in the region (*dynamically dependent levers*) involves the use of *correlation and regression models*, consequence of the construction of which is a clear allocation of the key factors that can bring positive changes in the socio-economic situation of the region. Justification of the choice of criteria and the main factors, that are recommended by us for constructing of such models, is shown in [12].

In turn, the use of functional dependencies between the change factor values of fixed capital investment in the region as a whole (as well as investment in its basic TEA) and between the investigative results of changes in the socio-economic condition of the region, identified and analyzed on the example of the Lviv Region, all this is the basis for creating of such leverage investment in the region, which are aimed at solving the region goals, overcoming some of its major problems, etc. (all this is discussed in detail in [10]).

Strengthening and enhancing the effectiveness of investment management in the region, formation and use of adequate leverage this activity, all these must necessarily be supplemented by controlling (and regulation) of formation impacts of such levers. In particular it deserves a special attention an adjust the degree of influence and direction of action of the IA's levers at the meso-level.

Such adjustment of degree of influence and of direction of action of IA's levers is possible only under condition of the provision of basic indicators to verify the effectiveness of the impact of these levers on the planned results of socio-economic development of the region. All them are pledged in the programs of a regional development, generated at the State and local levels of government. In role of such indicators there can be used the most important indicators of socio-economic development of the region, the level of which is directly or indirectly dependent on changes of the level of its investment. Mandatory for the formation of a complex of such indicators there is refinement of their quality content, setting the desired level or recommended limits of their values, as well as indication of direction of its change (stimulants or disincentives). The choice of these indicators permits us to limit the sphere of the study of socio-economic situation of the region, to determine the degree of instability in the environment and business activity in the region, as well as the objective of relevant regional development program, for the development and implementation of which these indicators were selected.

Conclusions

The essence of levers of regulation and increase of efficiency of investment activity in region were formulated from position of the regional economy, management, theory and practice of investment. The classification of instruments of regulation (activation) of investment activity in the region was given.

Purpose and ultimate goals of the application leverage investment were shown. The basic stages of commissioning levers investment (activation stage investment in the economy of the region and the step of using the attracted investments). Direction of the levers (endogenous and exogenous to the existing investment in the region) were fixed.

Fleshed principle of investment instruments and levers was highlighted: direct action (using investment as a factor of a direct impact on the socio-economic condition of the region) and the indirect effect (in which investments have no direct effect on the regional economy, and require us to connect additional organizational and economic levers and instruments). Prerequisites of action leverage investment in an unstable economy were specified.

The main subjects of the use of leverage and influence objects and held them (subjects and objects) were differentiated in the level of economic activities on the territorial and industrial supplies, etc.

There were revealed two main ways of constructing and shaping leverage investment in the region. The first of these methods had focused on the structural changes in the spatial distribution of object-investment in the regional economy, and the second had focused on the identification of dynamic dependencies socio-economic transformations in the region of its level of investment (when the acceleration level of invested capital accumulation qualitatively and quantitatively determine the future development trend region). The first of these methods could be used for constructing leverage the investment activity in the region (structurally oriented levers), it is based on the method proposed assessment and prediction of structural reforms in the areas of the economy of the Western region of Ukraine, i.e. by selecting a subset of priority investment areas for further optimization areas of investment in the region. The second way permit us to increase the efficiency of formation of leverage investment in the region (dynamically dependent levers) involves the use of correlation and regression models, which is a consequence of the construction of a clear allocation of the key factors that can bring positive changes in the socioeconomic status of the region.

There was also highlighted the possibility of control (and therefore control) the impact of using leverage in investing activities (in particular measures and direction of the arm). There were pledged the basic indicators to verify the effectiveness (efficacy) influence on leverage investment planned results of socio-economic development of the region, in particular, in such a regional development programs, which are formed at the State and local levels of government.

Prospects for future research

More detailed features of the implementation of process of monitoring the adequacy of investment processes in the Western Region will be displayed in future research. There will be compared the prognostic results of such management with the indicators, specified in the Strategy of socio-economic development of this area of Ukraine.

1. *Keynesian and Hansen-Samuelson Multipliers*. [Online]. Available: http://en.wikipedia.org/wiki/Multiplier_%28economics%29. [Accessed: Feb. 16, 2014]. 2. Fisher, Irving. *The Theory of Interest*, Philadelphia: Porcupine Press, 1977 // *Policonomics: Economics made simple*. [Online]. Available: <http://www.policonomics.com/irving-fisher/>. [Accessed: Feb. 16, 2014]. 3. Blank, I. A. *Osnovy Investitsionnogo Menedzhmenta [Fundamentals of Investment Management]*. Vol.11. Kiev, Elga, 2001. 536 p. 4. Radcliffe, Brent. *Can Keynesian Economics Reduce Boom-Bust Cycles?* // June 14, 2009. [Online]. – Available: Investopedia Site, <http://www.investopedia.com/articles/economics/08/keynesian-economics.asp>. [Accessed: Feb. 16, 2014]. 5. Pertsukhov V.I. *Parametry razvitija investitsionnyh processov [Criteria of Investment Processes Development]* / V.I. Pertsukhov [Online]. – Available: *Obschestvo: politika, ekonomika, pravo*. 2012, № 1. P.93–100, <http://cyberleninka.ru/article/n/parametry-razvitiya-investitsionnyh-protsessov>. – [Accessed: Jan. 10, 2014]. 7. Isaeva N. I. *Investitsionnyy Protsess v Ukraine na Sovremennom Etape [Investment Process in Ukraine at the Present Stage]* / N. I. Isaeva // *Biznes-Inform*, 2012. #8. P. 28–30. 8. Bandura, M. V. *Problemy ta perspektyvy investytsiynogo zrostannya ekonomiky Ukrayiny [Problems and Prospects of Investment Growth of the Ukrainian Economy]* / M.V. Bandura // *Biznes-Inform*, 2013. № 10. P. 50–54. 9. Suhorukov, A. *Problemy Pidvischennya Investytsiynoyi Aktyvnosti Regioniv [Problems of Increasing Investment Activity of Regions]* / A. Suhorukov // *Ekonomika*, 2005. № 8. P. 26. 10. Chelnokov, I. V. *Regionalnaya Ekonomika: Organizatsionno-Ekonomicheskyy Mehanizm Upravleniya Resursami Razvitiya Regiona [The Regional Economy: Organizational-Economic Mechanism of the Regional Development Resource Management]* / I. V. Chelnokov, B. I. Gerasimov, V. V. Byikovskiy; *Pod nauch. red. d-ra ekonom. nauk, prof. B. I. Gerasimova*. – Tambov: Izd-vo Tamb. gos. tehn. un-ta, 2002. 112 p. 11. Kulinich, T.V. *Structural and Dynamic Investment Transformations as a Leverage of Ukrainian Western Region Sustainable Development* / T.V. Kulinich // *Przedsiębiorstwo i Region – uwarunkowania wykorzystania funduszy unijnych w regionie i przedsiębiorstwie*. № 3/2011. Rzeszow: Wydawnictwo Uniwersytetu Rzeszowskiego, 2011. P.73-83. 12. *Investytsiynna Diyalnist u Zahidnomu Regioni Ukrayiny: stan, tendentsiyi, efektyvnist [Investment Activity in Western Ukraine: Status, Trends and Performance]* / [S.O. Ischuk, T.V.Kulinich, S. M. Tkach]; *NAN Ukrayiny. In-t regionalnih doslidzhen; [nauk. red. S.O. Ischuk]*. Lviv, 2012. 114 p. 13. Kulinich, T.V. *Otsinka Rezultativ Investitsiynoyi Diyalnosti na Lvischini za Dopomogoyu Korelyatsiyno-Regresivnih Modeley [Evaluation of investment activity in the Lviv region using correlation and regression models]* / T.V. Kulinich // *Visnik NU „Lvivska politehnika”*. “Problemy Ekonomiky ta Upravlinnya”. – № 725. – Lviv: Vyd-vo NU „Lvivska Politehnika”, 2012. – P.138–149.