Empirical Paper

Nazar Hlynskyy*, Yevhen Krykavskyy, Olha Hirna, Yuliia Savchenko

Transformation of the economic role of local self-government in low-urbanized territories in Ukraine: Initial conditions and social perception

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Abstract: Newly formed territorial communities acquire a real subjectivity in the processes of the management of territorial development: they become responsible for a significant share of day-to-day economic activities within their sphere of responsibility, especially in territories with a predominantly rural population. This article aimed to study the changing role of local self-government in ensuring the economic development of the low-urbanized territory, determining public opinion and expectations of residents from local governments in the new conditions. A public opinion poll of residents living in selected local communities was conducted. This article identified the objective factors of the level and pace of newly formed territorial communities' development in Ukraine. It has been proved that the decentralization of power changes the role of local government and the expectations of residents from it and their assessments of the situation at the local level.

Keywords: decentralization of power, local economic development, local self-government, low-urbanized territories, social perception
JEL classification codes: H83, O18, R11

1 Introduction

The transformation of socio-economic relations in Ukraine, which has been taking place in recent years, is the most noticeable at the local government level. It is important that the essence of these processes, with all their diversity, is related to the financial, economic, and social aspects of local self-government. This is reinforced by the difficulty of implementing a number of national sectoral reforms – budgetary, pension, educational, medical, etc. As a result, it changes the paradigm of relations in the "community-government-business" triangle with the focus on expanding the powers of local self-government.

The public administration model operating in Ukraine before the start of the administrative and territorial reform in 2015 had provided significant leverage on local economic development, to a large extent, for the central (state) authorities and their bodies on the local level. Among other things, it was reflected in the fact that rayon and oblast state administrations *de facto* acted as executive bodies of the relevant self-governing councils (in terms of delegated functions), being at the same time in the structure of executive bodies [Pron'ko and Kolesnik, 2016, pp. 96–100]. The lack of real subjectivity of governance at the local level was particularly noticeable in low-urbanized territories, which the authors define as

***Corresponding author: Nazar Hlynskyi,** Department of Marketing and Logistics, Lviv Polytechnic National University, Lviv, Ukraine. E-mail: nazar.y.hlynskyi@lpnu.ua

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administrative-territorial units of the basic level with a predominant (>50%) share of the rural population, united by common economic and social interests of development. They were included in the sample. Critically small own financial resources and significant limitations influence not only economic processes but also the local area of education, medicine, social sphere, engineering, and technical support – all the above mentioned factors formed the objective reality of the local government activities in the post-Soviet period. Along with the lack of self-government over the past 50 years, not only *de facto* but also *de jure*, it has contributed to the complete atrophy of all possible manifestations of a proactive position on the local economic development in local communities and their governance [Kregul and Bartymenko, 2016, pp. 17–26].

The transformation of the authority territorial organization to improve public administration efficiency is not unique in the European historical context. Moreover, such processes can be characterized as immanent for developing macroeconomic systems. The Ukrainian experience, in this case, makes it possible to observe an accelerated transition from the practice of state administration to a situation where local self-government becomes an active subject in managing economic and social processes and assumes a significant share of responsibility for the situation on the ground. That is, as a result, the role of state institutions in regulating economic processes ceases to be decisive and partially monopolistic. The dynamics of the transformation processes in imposing them on the inertia of mental models form a unique research subject. To achieve the above goals, some specific methods were applied, such as a survey and an in-depth interview (for a more detailed study of the subject).

For the accuracy in concluding, the essential constraints contained within the research framework and the controversial (from the scientific point of view) elements formed by the research have been analyzed separately. Thus, the conclusions themselves focus on pre-defined research objectives.

2 Literature review

The public administration system transformation, and various ways of influence on it, is constantly in the focus of scientists' attention and has become an object of research.

Thus, Caroline and Goldsmith [1998, pp. 101–117] and Palavicini-Corona [2021, pp. 98–114] note the growing importance of the local government in the economic development management process at the territory in the context of globalization, which, according to the authors, is a catalyst for changes of leverage on economic processes at the local level. In turn, Janssen and Van der Voort [2020] and Matei et al. [2017, pp. 480–503] emphasize the critical importance of ensuring the adaptability of managerial approaches used by the local government in today's highly turbulent environment.

In some research studies, authors focus on risks that are crystallized in the post-crisis period in the entire system of public administration. This applies to the growth of the populism weight [Nadiz and Chryssogelos, 2017, pp. 399–411; Ferwerda, 2019], as well as to the conflict of short-term political (caused by the cadential of elected positions) and strategic objectives of the territory development [Cuadrado-Ballesteros and García-Sánchez, 2018, pp. 835–858; Lisohor and Nesterenko, 2021], and to the lack of the methodological approach adaptation proposed as recommended management models by different institutions for developing countries [Dasanti and Esteve, 2017, pp. 231–245].

Separate markers of changes in the mechanisms of territory development are emphasized by Bandeira and Ferrara [2016, pp. 642–658], and Tandardini et al. [2017, pp. 480–503]. In particular, in the first of mentioned cases, the need to involve the various groups of stakeholders that are outside the formal system of public authorities into the territories economic development is justified. The stakeholders include industry associations, public associations, unions, etc. Tandardini et al. [2017] without focusing on the specific components of the institutional infrastructure note the importance of the local social capital in achieving economic success in territories.

A significant number of publications are devoted to the experience of local government formation and development in some countries. Each of the countries had their own history, but, to some extent, these served before as a benchmark for the design of similar processes in Ukraine or played the role of a

comparative basis for assessing their current state of development. Given the historical commonality of the development in the second half of the 20th century and the time-proportional bifurcation point for socio-economic processes that were activated at the turn of the 80s and 90s, the most relevant comparison is one with the countries of Eastern Europe. Historical commonality means the socialist nature of their economies with a high level of centralization of public administration and the lack of local self-government as an institution – an institution that began to develop in these countries against the background of large-scale socio-economic transformations in the region.

Thus, the experience of Poland, which can be considered as a reference in the issue of local government reform in Europe, is described in detail and comprehensively in the work of one of its ideologists, Regulski [2003]. Among others, the author points out that the decentralization processes of public power were not the only processes that radically changed the distribution of empowerment: they were considered as an integral part of "... general systemic changes. The property structure changed, so did the economic ones. At the same time, profound social and mental changes took place". At the same time, the top–down reform itself was aimed at an accelerated transformation of the one-party post-Communist state, placing stakes on the effectiveness of local officials as a new class that was just being created [Levitas, 2017, pp. 23–44]. One of its important results in the economic dimension, as noted in the work of Myck and Najsztub [2020], was a relatively even development of the country's territories with minor internal migrations. At the same time, despite the various strengths and weaknesses of living in a village or city, there is a lack of level of development between predominantly rural areas and urban agglomerations.

A slightly different course of decentralization of public power was observed in other countries of Eastern Europe: in particular in Lithuania [Nefas, 2014, pp. 35–51; Gawłowski et al., 2020, pp. 14], Slovenia [Babšek et al., 2020, pp. 595–622], the Czech Republic, Slovakia [Nemec et al., 2017, pp. 195–236; Pospíšil and Lebiedzik, 2017, pp. 31–43], Romania [Profiroiu et al., 2016, pp. 353–387], and Bulgaria [Stoilova, 2008]. The results of these processes are also different, in particular in the form of the administrative structure, its levels, and local government presence at each of them.

Despite the different approaches, the principle of subsidiarity was relevant and still remains relevant for all the analyzed cases. The principle provides the delegation of broad competencies to the administrative-territorial entities at the basic level; the competencies are supported by proper financial viability [Klividenko and Matsedonska, 2017, pp. 613–618; Muzyka-Stefanchuk et al., 2020, pp. 351–359].

With the described background, the experience of Ukraine in recent decades (since the beginning of the 1990s) significantly contrasts. Tkachuk confirms [Tkachuk, 2016] the theses indicated in the introductory part of the article: although it was for the first time in the post-Soviet space that the legal basis for the introduction and dynamic development of the local government system was formed in Ukraine [Laws of Ukraine, 1997, 2014]; in subsequent years, the situation obviously was developing toward centralization. In Ukraine, both in the period when the country was a part of the Soviet Union and now, the administrative-territorial structure is with a three-level division into a base level (11,250 territorial communities – a local administrative unit according to the European nomenclature of territorial units for statistics), a subregional level (136 districts), and a regional level (24 regions, the Autonomous Republic of Crimea, and cities with special status Kyiv and Sevastopol – NUTS2) [NTUS, 2021].

Although each of these levels contains elements of self-government, the degree of their subjectivity was limited until recently. Moreover, the executive power at the subregional (district) and regional (oblast) levels were only appointed and accountable to the government institutions. Furthermore, this situation remains unchanged, unlike the basic level (territorial community).

As for territorial communities, even with the adoption of the special Law on Local Self-Government in 1997, most of them (in small towns and villages) remained dysfunctional. They had critically low financial autonomy, insufficient for being independent and ensuring the current functioning and development of all social and communal infrastructure, and managed only a small part of the land resources. [Tkachuk, 2016]. With rare exceptions, local budgets were subsidized, as public finances were a top-down system of money distribution (most funds were accumulated in the state budget and distributed among local budgets based on government decisions). The situation with land resources was similar. Local authorities managed only lands within settlements, and the rest of land resources (over 90%) were managed by state authorities.

In such situations, local governments in their efforts to develop a community were not motivated to maximize the use of local potential (attracting investment, expanding the tax base, unshadowing the economy, etc.). Residents, especially in rural communities, were conscious of their local government's financial inability to solve current problems independently and implement the development projects [Decentralization, 2021]. The level of social activity was very low. In view of this, Karyi offered a concept named "anomie of communities" [Karyi, 2012, pp. 160–167], which *de facto* described their financial inability to ensure the full implementation of even current tasks.

This situation was inactive until the Maidan Revolution, which became a bifurcation point for many social and economic processes. Maidan Revolution took place in Ukraine in February 2014 at the end of the Euromaidan protests, when deadly clashes between protesters and the security forces in the Ukrainian capital Kyiv culminated in the ousting of elected President Viktor Yanukovych and the overthrow of the Ukrainian government. After the snap presidential and parliamentary elections, a parliamentary coalition was formed, which began to implement several reforms, including administrative-territorial reform.

The decentralization process in Ukraine in 2014 accelerated significantly: the legislative framework was modernized, and the formation of new wealthy territorial communities began [Zhalilo et al., 2018; Novakovsky et al., 2019, pp. 66–75; Tkachuk, 2020]. The quantitative result of the reform in 2020 was consolidation from 11,250 to 1,469 communities, which will take over the lion's share of the previous powers at the district and/or regional level.

Scientific sources and expert reports about Ukraine do not focus enough on the analysis of the local government's economic role transformation in new conditions. They primarily focus on specific tools of stimulating local development: land lease [Liakhovych et al., 2019, pp. 479–492; Zos-Kior et al., 2021, pp. 41–43], fiscal tools [Korbutiak et al., 2019, pp. 217–227; Siryk et al., 2021, pp. 781–790], stimulating entrepreneurship [Lozhachevska et al., 2020, pp. 315–323; Zablodska et al., 2021, pp. 46–56], and so on. Attempts to analyze the managerial impact on the development of territorial communities are fragmentary and superficial. Thus, comparative analysis often applies only to large cities [Budnikevich et al., 2021, pp. 103–112; Ustymenko et al., 2021] or focuses only on methodological/theoretical aspects [Ustymenko et al., 2019, pp. 44–50]. At the same time, when the research concerns small territorial communities [Zablodska and Rohozian, 2020, pp. 46–56], the conclusions are too general. This caused the relevance of the research: the results of which are presented in the article. Two specific goals were set, namely:

1. To explore the transformational processes of the public administration system in terms of the local economic development;
2. To determine how public opinion and expectations of households, being the main economic agents, form an additional motivation that encourages local governments to take proactive actions.

Based on this framework and the research objectives, hypotheses were identified as follows:

> H1: For low-urbanized territories in Ukraine, it is possible to single out a typical list of objective factors that have formed objectively different preconditions for their economic development
> H2: Changing the economic role of local governments in low-urbanized territories in Ukraine, the wide public response will help to raise the level of public consciousness of residents and change their attitude and expectations from local authorities.

3 Research methodology

Given the weak structure and weak formalization of processes in the local government environment (internal and external), collecting and analyzing information that would characterize the research subject in quantitative and qualitative dimensions were used.

In the first stage, the factors that determined the initial conditions for the development of the studied communities were identified. The method of semi-structured in-depth interviews using the algorithm proposed by Legard et al. [Legard et al., 2003] and described in detail in the paper by Brinkmann and Kvale [2014] was used for this purpose. Conversations were held with 26 persons. The respondents were leaders

of territorial communities. The preliminary questions were related to two thematic blocks: (1) factors (both negative and positive) that determine the pace of local economic development and (2) the level of public consciousness and social activity of the community's residents. The sample includes heads of local communities and persons responsible for local economic development. Mostly, they are deputy heads of local communities. In total, 31% of respondents have worked in public authorities for >10 years (including in local self-government) while 73% have worked for >5 years. Those working in local self-government for <5 years have previously been activists/leaders of public organizations that actively cooperate with public authorities.

Each interview lasted from 40 min to 60 min and was implemented during thematic visits related to developing strategic plans for the sustainable development of selected territories. The period when such visits were held was from September 2018 to August 2019.

Interviews were recorded, and then the analysis was carried out, which consisted of grouping the information received and encoding and interpreting this information to check the results for compliance with the previously formulated hypothesis. A group of six experts who had to make a consensus decision carried out the analysis.

In the second stage, a survey was conducted to identify the attitudes and expectations of residents from local authorities and their intentions regarding probable migration, taking into account various factors that make up the living conditions in the community. The general population in each studied territorial community consisted of all households. The survey was conducted from June 2018 to May 2019 by interviewing each household included in the sample (the questionnaire comprised closed questions).

The sample was stratified, random, and calculated using the formula:

$$n = \frac{t^2 S^2 N}{\Delta_x^2 N + t^2 S^2} \tag{1}$$

n is the sample size, N is the volume of general population, t is the normalized deviation, Δ^2_x is the margin of error, and S is the variance of a random variable [Kosar et al., 2019].

The acceptable margin of error is assumed to be 5%, while $t = 1.96$. Stratification of the sample in each studied community took place at two levels:

- at the first level: in proportion to the number of residents of the locality that is a part of the territorial community;
- at the second level: in proportion to the number of addresses (private houses, apartments in the multifamily houses) that are located on a specific street of the locality and in which at least one person is registered and lives.

Based on the selected survey results (answers to specific questions), a regression analysis was conducted to identify the likely dependence of the level of readiness for migration and public perception of individual factors that we believe may cause it. In some cases, it revealed the correlation coefficient using the Pearson correlation coefficient [Rodgers and Nicewander, 1998, pp. 59–66].

$$r = \frac{\Sigma\left(x_i - \overline{x}\right)\left(y_i - \overline{y}\right)}{n\sqrt{Q_x^2 Q_y^2}} \tag{2}$$

n is the sample size, Q_x^2 is the variance of x, Q_y^2 is the variance of y, $\overline{x}$ is the average value of x, and $\overline{y}$ is the average value of y.

4 Research results

By analyzing the results of in-depth interviews, a list of objective starting conditions has been identified. In this context, objectivity means that the level of territory economic development in most cases is not a consequence/indicator of the effective local government, especially in the transition from a centralized to

a decentralized management model of the economic processes. Rather, it is a derivative of a wide range of factors outside of its control, in particular, as follows:

1. Location advantage. The economic development of communities is largely determined by their proximity to important transport communications and hubs or large settlements/regional centers, the key economic sectors of which form a multiplier effect for developing related economic activities in the surrounding areas. This thesis can be illustrated by the situation in Halytsynivska and Muzykivska communities. The first community borders on Mykolayiv (the city with a population of >500,000 inhabitants, one of the important regional industrial centers), and the second community borders on Kherson (the city with a population of >300,000 inhabitants, one of the regional centers of economic activity because of its logistic and industrial potential);
2. Availability of natural resources: the directions of the local economic development are immanently connected with available raw materials in the community or in the immediate proximity, which are important for developing the extractive industry, agriculture, and tourism. This is how the situation in Malovyskivska, Mateyivetska, Myrivska, Prysyvaska, Novoaskaniiska, and several other communities can be characterized;
3. Results of Centrally Planned Economic in the former USSR: under conditions of the administrative command system of economic management that existed in the former USSR, the allocation of production facilities and the development of transport communications were carried out based on the decisions from a single center. In addition, such decisions were not always based on market expediency. At that time, realities were often considered many socio-political factors that did not have rational justification on the economic plane. Thus, enterprises that make up the economic basis are *de facto* the sources of their passive income. Examples are Zavodska and Halytsinivska territorial communities: the Chortkiv sugar factory and the Mykolayiv alumina plant. The high financial capacity of these local communities is not the result of proactive activities to attract direct investment into the local economy. Also, the local authorities do not influence the dynamics of their development.

The respondents' answers in terms of these factors indicate that their opinion is close to the agreed one (Table 1).

The growing significance of local governments, which takes place given the decentralization of powers of authority, seriously affects the subjectivity of public authorities in the management of territories' economic development. Moreover, these changes concern not only the organizational dimension. They also define new norms, rules, and behavior of all stakeholders (both internal and external).

As for the organizational dimension, the behavior of local self-government is essential. Executive bodies that functionally respond to promoting local economic development only began to be formed in the local government structure (especially in low-urbanized territories). However, this area of responsibility is not yet a priority for them. The most acute problems are currently related to the poor state of municipal engineering infrastructure, the need to improve energy management efficiency, solving critical social issues, etc.

However, today's realities make it necessary to change the priorities of attention in favor of issues related to potential investors' attraction and support for local economic entities at an accelerated pace. The usual administration of economic processes at the local level continues the logic of passive behavior that prevailed over the recent decades and makes the community excessively dependent upon various

Table 1. The results of the respondents' answers on the identification of determining the initial conditions for community development' factors

Factor	Number of answers, %
Location advantage	96
Availability of natural resources	81
Results of Centrally Planned Economy in the former USSR	100
Other (cost of energy, geopolitics, passivism of inhabitants)	31

Source: own research.

forms of state financial support (grants, categorical subventions from the state budget). On the other hand, the specified approach of providing sources to local budgets (given the gradual objectification of the intergovernmental transfers distribution process and hence the reduction of the human factor in decision-making) is not deterministic and constant in time.

As an alternative to the local governments' described passivity, the model of proactive management introduces changes in the system of norms, rules, and principles of economic entities' conduct. It allows early changes at the community level as a personified economic system: the local self-government initiates such changes that would ensure the sustainability of the economic development in time through continuous monitoring and future development trend prediction on its basis. The results of assessing local economic environment components by the residents in the investigated communities, shown in Table 2, speak in favor of this model appliance.

The values shown in the table are obtained by multiplying the assessments of the indicated components by the level of importance (from 0 to 1) and by their positive or negative value (from -2 ["very bad"] to +2 ["very good"]). Besides being aimed at better graphical data interpretation and considering that the obtained assessments were entirely negative (<0), their values are taken modulo.

As can be seen from the table, the alternative "Support provided to entrepreneurs by authorities" received the highest assessments among other components almost without any exception – the average value of the integral indicator for all communities is 0.44 with a high (however, the lowest among the estimated components) variation coefficient of 31.6%. Even with a fairly significant spread of values in the context of the investigated communities, it can be generally asserted that residents with a generally negative assessment of local government actions in the economic sphere expect it to take a more active position in support of local business to ensure its activities in competitive commodity markets. They are whom *de facto* form their labor and entrepreneurial potential and, at the same time, are beneficiaries of the local economic development.

The "Job Availability" indicator received low scores because:

1. First, the residents are less likely to expect that the local government will act as an active economic entity: will act as their co-founder, finance their activities, etc. This points to some shifts in the public mental model of a post-Soviet person, who, based on his life experience in conditions of full

Table 2. Respondents' answers to questions about the possible change of residence, the level of their community wealth, and opportunities to influence local self-government

Territorial community	Availability of jobs	Ability to start own business	Support of entrepreneurs by local authorities	Activities of business support organizations
Askania Nova	0.53	0.59	0.62	0.56
Halytsynivka	0.22	0.23	0.12	0.13
Prysyvaska	0.46	0.41	0.45	0.54
Zavodska	0.10	0.12	0.59	0.12
Kochubeivska	0.26	0.36	0.51	0.41
Mateivetska	0.53	0.59	0.62	0.56
Myrivska	0.24	0.31	0.42	0.38
Muzykivska	0.29	0.45	0.45	0.37
Nyzhnioverbizka	0.10	0.13	0.34	0.27
Peczenizhynska	0.23	0.24	0.42	0.39
Chaplynska	0.18	0.25	0.32	0.30
Malovyskivska	0.36	0.33	0.37	0.39
Novoukrainska	0.39	0.39	0.50	0.44
Average value	*0.30*	*0.34*	*0.44*	*0.37*

Source: own research.

centralization of economic life in the country, got used to expect that the conditional "authority" would act as his direct employer;

2. Second, the employment opportunities in the desired profile and on acceptable terms in various communities differ significantly – the variation coefficient in this case is the largest and equals 47.8%. Partly, the level of assessment correlates with the factor of geographical position: the location of the community settlements close to cities, the important centers of economic life in the region, border status, and physically easier opportunities to be employed abroad. However, this dependence only partly explains such a significant spread of values in the context of the investigated communities – a thorough explanation requires further research studies.

Assessments of the activities of local business supporting organizations and opportunities to start their own business indicate a change in the economic consciousness of the inhabitants of low-urbanized territories. Among them is an understanding that it is the process of taking an active position in supporting local businesses and stimulating local economic development (rather than state support) that has a decisive influence on the level of their well-being. At the same time, for both indicators, the coefficients of variation are significant: – 44% and 36%, respectively. This scatter of values shows the heterogeneity of attitudes in different communities. The reasons for this difference need a more detailed study.

An essential context in considering the processes of transformation at the local level is the evaluation of the residents' opinion of their level of perception of the economic system activity results, the feeling of personal subjectivity, and the probability of moving to a permanent place of living outside the community. Criteria such as "ability to influence local authorities", "possibility of migration", and "level of community wealth" were used for this assessment.

Results of the answers to these questions are presented in Table 3.

Most respondents could not classify their community as rich or poor (given extremes 1 as "poor" and 5 as "rich"). This is evidenced by the results of the answers shown in the table. These results are characterized by a high level of differentiation: the coefficient of variation is only 29%. Comparing this estimation with one of the sizes of own budget revenues per capita makes it possible to state that the indicators coincide only partially: the correlation coefficient is almost 0.6 for them.

Table 3. Respondents' assessment of employment opportunities, opportunities to start their own business, and level of support for local business

Territorial community	Probability of migration	Level of community wealth	Possibility of influence on local authorities
Askania Nova	3.21	2.30	3.44
Halytsynivka	4.01	3.44	3.01
Prysyvaska	3.60	2.64	3.18
Zavodska	3.05	2.66	3.41
Kochubeivska	3.70	2.56	3.26
Mateivetska	3.92	3.02	3.08
Myrivska	3.55	2.78	3.27
Muzykivska	2.63	2.63	2.82
Nyzhnioverbizka	3.88	2.70	3.26
Peczenizhynska	3.93	2.77	3.45
Chaplynska	3.41	2.88	3.29
Malovyskivska	3.38	2.66	3.65
Novoukrainska	3.24	2.64	3.23
Average value	*3.50*	*2.74*	*3.26*

Source: own research.

The ability of the population to influence local authorities in making important decisions was also assessed – the average value is 3.26 points (1 – "have no influence", 5 – "have a large influence"). The coefficient of variation is only 6.3%. This value indicates a small difference in estimates between the investigated communities. It is important to point out the clarifying conclusion drawn from in-depth interviews. Respondents in the new conditions not yet be able to distinguish between the local or state authorities competence areas. They often combine both under the term of "authorities". Hence, it follows that the object of evaluation is partially indistinct.

Willingness to change residence (one of the main indicators indirectly reflecting the success of the community development) is declared as is quite low. On average, this indicator equals 3.5 points (given extremes with 1 as " I would certainly change the place of residence" and 5 as "I do not want to change the place of residence"). Indicative is the result of the dependence analysis, where the specified parameter is set as a result and the subjective assessment of the level of community wealth as a factor. Level of dependence between them shows the existence of moderate positive dependence (the correlation coefficient is "+0.58"). The explanation of this issue requires further research studies. These results are a confirmation of the second hypothesis. At the same time, it is clear that the decision of the economic entity to choose its place of residence is influenced by some other important factors such as leisure opportunities, living conditions. etc..

5 Discussion

The research was conducted in a field that until recently was not the subject of scientific interest in Ukraine. Therefore, the comparison with publications in a similar subject area is limited.

Regarding the prospect of initiating a change in the system of public administration, Tolkovanov [2014, pp. 209–219] and Hyzhko [2020, pp. 22–29], in the conclusion of their comparative analysis of the experience of European countries, state that the most effective way to modernize the system of local government in Ukraine is "the development from within", which is aimed at strengthening the institutional capacity of local authorities to perform their main empowerments and introduction of new innovative management and human resources management tools. This approach seems to have certain limitations: the results of the final stage of the decentralization reform in Ukraine represent at least partial validity of the approach use, which the author calls "development from the top" – an approach when structural reforms (such as an administrative and territorial reform) are carried out on the initiative and current management of central authorities. As of January 10, 2020, only 42.9% of the total number of basic-level communities have undergone the process of reformatting into newly amalgamated territorial communities, which prompted to make a decision on forming the territories of a significant number of communities at the level of the Cabinet of Ministers of Ukraine. The research was conducted in a field that until recently was not the subject of scientific interest in Ukraine. Therefore, the comparison with publications in a similar subject area is limited. In substantiating this approach, the author refers to the practice of centralized economic management in the USSR, which directly or indirectly contributed to forming the modern economic base of the newly formed territorial communities.

Continuing the above logic, Tkachuk points to "different starting conditions that have territorial communities" [2016]. Siryk et al. [2021, pp. 781–790] and Pron'ko and Kolesnik [2016, pp. 96–100] hold a similar point of view. According to Tkachuk, this justifies the need for an effective mechanism to support peripheral rural areas.

A study conducted by the Kyiv International Institute of Sociology [2020] shows that about half of the population (44%) believe that local governments are generally ready to use the new empowerment granted to them for the benefit of a community, although only 10% of them are fully convinced of this. At the same time, every third Ukrainian has the opposite opinion. Similar indicators are also observed in the case of readiness of their local council – 44% believe that "their" local council is ready for this while 36% do not think so (last year – 29%).

At the same time, the respondents have conflicting opinions about the possible consequences of granting additional powers to local authorities: 31% expect the acceleration in development and 13%

expect corruption reduction. At the same time, 24% believe that this can contribute to the formation of a closed and actually uncontrolled local government and 21% expect an increase in corruption. In general, 38% expect one of the positive consequences, and 37% of the population expect one of the negative ones. On the whole, the above results are comparable in their conclusions to those obtained in the author's study. Despite the restrained optimism in assessing the trend toward expanding the powers of local authorities and a fairly high local patriotism of the residents, there are certain caveats that should be eliminated by rapid and proactive actions of local authorities, including actions in the economic sphere. Similar results were obtained in previous iterations of the study (in previous years).

In general, it should be noted that these results are largely correlated with the data obtained in the test of Hypothesis 2. Despite some concerns about the growth of local government power, public expectations from local authorities about their role in local development are growing.

6 Conclusions

The results of the study confirmed each of the hypotheses. It can be stated that the rapid changes that take place in the process of decentralization should not be interpreted as a clear precondition for the success of the local development in each individual case. They will play more the role of a catalyst for managerial capacity and human and social capital that a given territory possesses. Those low-urbanized territories in which an effective system of the local government is formed provide an opportunity to show the result of effective actions and decisions taken in the short term and midterm. Under such system, in the first, the human factor – from the chairman of the community to the team formed by him), additional powers and resources (even increased disproportionately with respect to extended powers. And vice versa. As a result, on a national scale, the effect of improving the efficiency of public management becomes tangible, even with limited sources of filling the local budget.

Obvious at the first stage of changes in the field of public administration, the socio-economic stratification of the territories can only partly be explained by the objective preconditions for their development analyzed in the article. In this case, the role of the local government is significant too. With limited power and limited financial resources, local authorities can show a tangible result, comparable both in time and to the background of other communities.

Increasing public activity and residents rising expectations from local authorities serve as an additional and significant factor that encourages the latter to maximize the efficiency of using limited development resources.

Unsolved in a frame of the research tasks that leave space for discussion and further research are related to the goals of balanced development in the low-urbanized territories. In the first instance, the research was focused on a limited list of local development activities, leaving the goals of social and environmental nature for further in-depth analysis. The obvious close interaction and potential conflict of these goals, within the framework of defining strategic development priorities, usually require sub-optimal decisions-making, the complexity of which is unique in the case of territorial communities in general and low-urbanized territories in particular.

Because of this, the directions of further research should cover the areas of social and environmental development of the low-urbanized territories and include approaches to the search for priorities agreed with economic goals.

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