

**KAPITEL 7 / CHAPTER 7⁷**
MANAGING THE DEVELOPMENT OF SMALL TOWNS IN UKRAINE**DOI: 10.30890/2709-2313.2025-40-03-006****Introduction.**

The current period of development of Ukrainian society is conditioned, firstly, by military operations, socio-economic difficulties, and the introduction of the decentralisation reform, which is aimed at strengthening democratic governance; secondly, by new global challenges related to the growing geopolitical competition for spheres of influence in the modern world. The reform of decentralisation of power in Ukraine has led to the need to create a governance system that would best meet the country's current development challenges. The current stage of development of local self-government makes it more important to modernise approaches to the proper satisfaction by local governments of the needs of members of territorial entities for accessible and high-quality public services, especially in times of war. This issue is conditioned not only by the focus of the modern state on the consumer of services, a new vision of the role of local self-government in it, but also by the new global challenges that have emerged with the development of the information society and determine a new format of interaction between the government and society.

Ensuring the availability and quality of municipal services by local governments, municipal institutions and organisations is one of the essential tasks of local government reform and should be implemented not only through the use of organisational, legal, financial and economic measures, but also accompanied by the formation of an adequate management system. Small towns can contribute to solving the most important socio-economic problems of the country, which would simultaneously contribute to strengthening statehood and developing the principles of local self-government. Currently, small towns in Ukraine are in a situation of survival, which is caused not only by their purely internal problems, but also by the processes taking place at the regional and global levels, as well as by military operations. This

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situation creates a need to find new ways for small towns to adapt to modern realities, which would allow them to create better living conditions for their residents, attract investment and skilled workers, and modernise urban infrastructure. The new challenges facing small towns in Ukraine today highlight the problem of their adaptation and development to the current socio-economic conditions.

In the face of complex and contradictory processes, small towns are gradually integrating into the global socio-economic space and are forced to compete more and more to attract investment and improve the quality of life of their population. All of this raises the issue of creating an effective system for managing the development of small towns in Ukraine, which could restore the economic potential of small towns, create conditions for their independent development and improve the quality of life of their population. The urgency of the problem and the lack of its comprehensive scientific study form the basis for the study of the specifics of managing the development of small towns in the face of new challenges.

7.1. Theoretical and methodological foundations of small town management

The issues of studying the specifics of cities as a special territorial settlement community occupy an important place in the field of management and administration. The theoretical foundations of urban studies were laid in the works of G. Simmel and M. Weber [1,2]. Thus, G. Simmel identified and described a number of features of urban culture, noting that life in large cities is characterised by excessive pragmatism and frugality.

An in-depth analysis of the city in the context of the formation of cultural, political and economic institutions of society was carried out by M. Weber, who was the first to consider the city as a space of communication. A distinctive feature of this space, in his opinion, is the decrease in the depth and closeness of interpersonal contacts.

Later, the study of the city was continued by representatives of the Chicago school R. E. Park and E. Burgess [3]. The researchers considered the city as a complex social structure consisting of different groups. The specificity of the city lies in the presence



of endless changes, the struggle of the new with the old, the competition of views and lifestyles.

The city as a special territorial-settlement community is considered within the framework of the urban approach, which is represented by such foreign scholars as L. Wirth, M. Abecombi and A. Yard. L. Wirth introduced the concept of urban lifestyle, highlighting such features as the prevalence of anonymous, business and superficial contacts in interpersonal communication, the decline in the importance of family and neighbourhood ties, and the growth of social mobility [4]. N. Abecombi and A. Yard highlighted such key characteristics of urban life as scale, high population density, heterogeneity of social groups, anonymity, distance and formality of social relations, and a decrease in the influence of traditions on human behaviour.

Based on the institutional approach, scholars study the city, first of all, as a social institution, which is a set of rules, attitudes, stereotypes, customs that are implemented in human activity within a geographically limited cultural space.

The problems of small towns in the post-Soviet period are studied by O. Zinchenko, V. Ivanov, J. Laamarti and others. The researchers note that during the post-Soviet transformation period, small towns experienced the negative impact of urban and demographic processes associated with the socio-economic disadvantage of a number of Ukrainian regions.

In recent years, there have been publications devoted to strategies for reviving the socio-economic potential of small towns in Ukraine. The works of O.

V. Boyko-Boychuk, Y. V. Vermenych, T. Vozniak, L. O. Radionova and others are devoted to this problem. According to the researchers, the socio-economic development of small towns is a fully manageable process, the purpose of which should be to achieve the quality of life of citizens. The researchers focus on analysing the quality of life of the population of small towns in Ukraine, diagnosing the state and tools for the development of the urban environment.

Despite a considerable number of scientific works addressing the problems of small towns in Ukraine, social knowledge lacks a systematic approach to the study of effective strategies for managing small town development that are adequate to modern



challenges, which are caused by both the internal problems of the Ukrainian state and current trends in global development.

In line with the urban approach, English researchers N. Abecombi and A. Yarde identified such key characteristics of "urban life" as scale, high population density, heterogeneity of social groups, anonymity, distance and formality of social relations, and a decrease in the influence of traditions on human behaviour. In this interpretation of the city, there are mainly quantitative characteristics, although they allow us to identify the main differences between the city and the village [5]. American scholar J. Forrester addressed the problems of the city in terms of structuring urban space.

The city is also considered within the framework of the institutional approach, emphasising that the city is, first of all, a social institution, which is a set of certain rules and traditions implemented in human activity within a certain territorial community from the standpoint of a synergistic approach that allows us to look at the city as an organic self-developing system. The city as a type of local community can exist only in a constant exchange of production products with the village and other local entities. The main criteria for differentiating a city from a village are its openness, social heterogeneity, systemic nature, high population concentration, and a certain way of life. The main reason for the self-development of a city, from the authors' point of view, is its fundamental openness, exchange of resources, and interaction with other macro- and micro-systems.

In general, it can be noted that scientists have accumulated considerable material on the study of the city as a complex territorial and settlement system. However, despite this, the problems of small towns in Ukraine are just beginning to become a subject of research for various fields of knowledge.

The analysis of scientific literature on small town studies allows us to distinguish quantitative, qualitative and integrative approaches.

From the perspective of the quantitative approach, a small city is traditionally considered to be a type of settlement community with a population of up to 50 thousand people. However, this typology is, firstly, rather formal, as it takes into account only quantitative indicators; secondly, outdated, as it considers small cities mainly as



industrial centres, which is not always true at present. Although recently, in the domestic scientific literature, a larger size (up to 100 thousand people) is also taken into account when defining a small city.

In our opinion, the use of quantitative approaches is based primarily on the idea of a small town as a territorial settlement community with a stable social structure, labour resources and production base.

The qualitative approach to the definition of a small town focuses mainly on the economic, political and cultural differences between small towns and other types of territorial settlements. From this perspective, a small town is viewed through the prism of various indicators: economic, demographic, infrastructure, socio-cultural, etc. The qualitative approach to the study of small towns is more conceptual than the quantitative one, as it allows to identify general patterns of small towns' formation as well as their specifics.

The main features of a small town are primarily the long-term significant concentration of people, their homes, and relationships in a relatively small area; statistical and dynamic growth of the settlement and its area; the settlement having the status of a city; marking of administrative and territorial boundaries; the presence of administrative bodies; social and professional status differentiation of the population; formation of an urban lifestyle and urban culture. Additional characteristics of a city that reflect the specifics of a particular type of city include mainly the following: the presence of various types of economic activity, the architectural appearance of urban space, city symbols (coat of arms, flag), urban legends, as well as the presence of specific urban problems.

In our opinion, the integrative approach is the most effective. The integrative approach to the study of small towns allows taking into account both quantitative and qualitative indicators of this type of territorial settlement community, paying attention mainly to the functions performed by small towns in accordance with their specifics.

In our opinion, the most important factor that has influenced and continues to influence the state and development of Ukrainian small towns is the process of urbanisation, which reflects the dynamics of human settlement and is due to the major



social transformations that have taken place in the country over the past 100 years.

There are two main periods in modern urbanisation in Ukraine: Soviet and post-Soviet, each of which has influenced the current state of small towns.

According to the researchers, Soviet urbanisation was based on industrialisation, which involved the expansion and replication of industrial production, the transfer of labour resources from agriculture to industry and other urban sectors, and the transfer of the population from rural to urban areas where production was concentrated.

The key feature of Soviet urbanisation, according to researchers, was that the state played a dominant role in this process. Most cities were created exclusively from above, primarily as military fortifications that served the interests of the state and ensured the function of state administration of the territory.

Currently, the most common in the scientific literature is the functional typology of small towns. In this case, the classification of small towns is based on the performance of a particular function that the town was supposed to perform in the process of modernisation of the Soviet state.

Within this typology, researchers distinguish the following types of small towns: Satellite cities (satellite towns), which serve as the periphery of large industrial centres; rural district centres, which perform mainly administrative functions; monotowns (single-industry towns), which were formed on the basis of one production enterprise; cities as research centres; cities as recreational centres (museum cities, cities for festivals and competitions); cities as memorial entities, which include historical reserves and religious centres.

In the post-Soviet period, small towns have been negatively affected by urban and demographic processes associated with the socio-economic disadvantage of a number of Ukrainian regions. A number of researchers have identified a core set of problems that are most relevant to each small town. First of all, these are:

- limited economic and human resources;
- the predominance of one industry (a problem typical of for single-industry towns in Ukraine);
- technological backwardness of most industrial enterprises;



- shortage of jobs and rising unemployment;
- an extremely unfavourable demographic situation caused by the decline in population due to the migration of working-age people and young people to larger centres and abroad, as well as the excess of the natural mortality threshold, and the backwardness of healthcare and social protection institutions;
- low level of development of the social and cultural sphere and infrastructure.

It should be noted that the crisis trends in most Ukrainian small towns have transformed their typology. Currently, the typology based on the socio-economic situation in the city is quite common in the scientific literature. In this regard, the scientific discourse includes such predicates as "problematic", "depressed", "crisis", "backward", "optimizing" and "stable" cities (Table 1).

Table 1 - Typology of cities based on the socio-economic situation in the city

Typology of cities	Characteristics
problematic	Cities characterized by low levels of industrial production, low volumes of housing and infrastructure construction. This type includes cities that are unable to solve their problems on their own.
depressive	Depressed cities are those that are in a deep socio-economic crisis, which is manifested in a decline in production, unemployment, and low living standards. In order to overcome the depression, such a city, according to scientists, needs significant investment in the processes of revitalisation and diversification of production.
crisis	Crisis-type cities include a number of cities in which the depression has become protracted and is accompanied by further deterioration of the socio-economic situation, as well as cities with impaired environmental conditions for living or located in the zone of armed conflicts
backward	The main indicators of a backward city are low production and income levels, underdeveloped social and industrial infrastructure, etc.
optimising	Optimising cities include cities that have overcome crisis difficulties in the course of modernisation and are striving to "optimise" economic, demographic and environmental indicators of urban life. The criterion for identifying stable cities is the sustainability of socio-economic indicators
stable	The criterion for identifying stable cities is the sustainability of socio-economic indicators: high average wages; low mortality rates and the highest level of demographic balance (mainly due to migration inflows); low unemployment; high retail turnover per capita; high production of material goods (industrial output), etc.

Source: compiled by the authors according to [12,13,18,19].



In our opinion, this typology is quite conceptual for studying the current state of small towns in Ukraine, as it allows for a deeper understanding of their main socio-economic problems.

The reforms did not create sufficient conditions for small towns to develop either in terms of forming their own economic basis, in particular, the development of municipal property; or in terms of stimulating their internal resources, namely, supporting the development of small businesses.

In this regard, in recent years, a sufficient number of publications have been published on strategies for reviving the socio-economic potential of small towns in Ukraine. According to the researchers, the socio-economic development of small towns is a fully manageable process that can bring a city to a qualitatively new level of development. The researchers agree that the viability of the economic sphere of a small town is conditioned by the activity of investment activity, the low level of which has serious internal reasons:

- lack of legal stability in the implementation of long-term investment projects;
- lack of information transparency, which does not allow obtaining complete and reliable data on the borrower's financial position and investment performance;
- the presence of a high degree of economic risks.

Of course, the presence of such obstacles does not contribute to the successful modernisation of small towns.

Despite a sufficient number of studies on the problems of small towns in Ukraine, social knowledge lacks a systematic approach to the study of effective strategies for managing small town development that are adequate to modern challenges related to both the internal problems of the state and current trends in global development.

7.2. Model for studying small towns in Ukraine

The analysis of theoretical and methodological approaches to the problems of small towns in Ukraine has shown that cities are complex self-organising systems that are part of the systems of a more global level - region, state. Moreover, in modern



conditions, small town development strategies should take into account global development trends characterised by the post-industrial model of social development. These circumstances cannot but affect the models of management of small towns' development, which include management methods that are adequate to modern requirements.

Therefore, it is timely to study the models of management of small towns' development, which would make it possible to successfully implement effective strategies for their development, allowing to objectively assess the potential of the city and build a set of tasks aimed at achieving the desired result.

Analysing the city as a complex socio-territorial system allows us to distinguish the following levels:

- the economic level is a single space of cooperation of the intra-city market of goods, services and labour resources, which is formed in certain conditions on a specific territory;
- the political level is realised in the processes of self-government and distribution of power;
- the socio-cultural level is represented by the processes of forming common features of the urban lifestyle associated with the specifics of a particular city and its history.

All of this allows us to formulate a comprehensive definition of a city as an administrative and economic territorial entity with a formed infrastructure and socio-cultural appearance. The functioning of a city is ensured mainly by non-agricultural activities.

To study the city as a special territorial and settlement community, the neo-institutional approach (D. North G. Simon) is acceptable [6, 7], which opens up the possibility of studying the city as a set of formal (legal norms) and informal institutions (moral norms) that affect the specifics of the urban environment. In our opinion, an important point in the study of the small town development management system is a comprehensive assessment of the economic, political and socio-cultural conditions in which this type of settlement community is formed and exists. The understanding that



in recent years, small towns in Ukraine have been experiencing dramatic social transformations, often associated with traumatic consequences for local societies, determines the vector of this study.

Therefore, this study will rely on the transformational approach, which allows us to study small towns in the context of economic, political, socio-cultural changes in social development. While in the context of the classical model of scientific research, social transformations have traditionally been viewed as contributing to progress, the negative social phenomena of the twentieth and twenty-first centuries prompt a rethinking of the social optimism of progressives. Awareness of the negative consequences of social transformations has led to the emergence of the concept of 'social anomie' and the concept of 'social trauma'. The authors of the theory of 'social anomie' are E. Durkheim and R. C. Merton. From their point of view, anomie is a situation of devaluation of the system of values in society in the context of social change, accompanied by a crisis of its institutions [8, 9].

The concept of 'social trauma' was developed in the works of J. S. Alexander and P. Stompky. Modern social transformations, according to the authors, are associated with such negative and dysfunctional consequences for society as socio-economic and political instability, as a result of which society plunges into a state of crisis. P. Shtompka identifies 3 types of collective traumatic symptoms that indicate a crisis in society: biological (increased mortality and decreased birth rate, degradation of the population); social (family breakdown, political anarchy, disruption of economic exchange); cultural (destruction of values, norms, traditions, beliefs, etc.). These approaches are the most conceptual for studying the model of small town management in the context of social transformations.

In our opinion, it is the challenges associated with traumatic transformation processes that determine the search for an optimal model of small town management capable of finding resources and ensuring its sustainable development. In today's environment, the development of a small town depends primarily on how effective the 'answers' to the 'challenges' associated with both the post-Soviet transformations of Ukrainian society and global changes in world development will be.



For this reason, along with the transformational approach, we rely on A. J. Toynbee's concept of 'challenge-response' [11]. Considering the problems of the genesis of civilisations, A. J. Toynbee believed that the genesis of civilisations occurs as a result of finding adequate responses to the challenges posed to society by either nature or the external human environment. Thus, social or environmental situations pose a problem ('challenge') to society. In other words, he believes that an adequate response not only helps to solve the problem, but also gives a new impetus to the development of society: if the necessary answer is not found, then society comes to decline.

In our opinion, this methodological approach provides the key to understanding the essence of the city as a complex social organism, determined by both external and internal factors and capable of different development options. Within the framework of this approach, the response to a challenge can be either city development or stagnation.

Thus, a small city as a type of social community that has the ability to self-development faces a number of problems in the course of its functioning, and each of them is a challenge, since the absence of challenges means the absence of incentives for growth and development, if the 'challenge' is a problem faced by the city, then the 'answer' is a potential solution to this problem, which determines its further development.

In this regard, in the study of small towns from the perspective of 'challenges' and 'responses', it is important to take into account the factors that influence the self-development of small towns. The most detailed factor approach was developed by the American scientist M. Porter, who deeply studied the role of factors in the competition of regions, states and individual territories, including urban ones. The researcher identified several groups of factors that had a key impact on the development of society [12]:

1) the human factor, which includes a combination of various elements of the social structure of the settlement, including gender characteristics of the population, education, professional sphere, level of physical and mental health of people, life



expectancy, etc;

2) natural and climatic factor: geographical location, climatic zone, quantity and quality of land, availability of water bodies, minerals, forest resources;

3) economic factor: structure of the economic sphere, investment climate, business infrastructure, transport communications, communication and information system, quality of municipal services, development of entrepreneurship, etc;

4) intellectual factor: the system of scientific infrastructure, including various research institutions.

According to M. Porter, the presence of these factors affects the level of development of any territorial system [12]. Currently, researchers identify the managerial factor as a separate factor influencing the development of urban space. In relation to the management of social processes, the term 'social management' is most often used. The latter is interpreted by researchers as a conscious influence of people on the social system and its individual links based on the knowledge of objective laws and trends in the development of society to ensure optimal functioning and regulation of the system in the context of reconciling the present and the future.

It is believed that management as a social technology emerged as a result of the need to coordinate joint activities to achieve common goals. The diversity and complexity of social problems, the need to organise collective activities, contributed to the institutionalisation of management activities and the emergence of a professional stratum of managers.

Thus, social management as a type of human activity arises from the objective need to organise joint activities of people. As social life becomes more complex, social management becomes, according to some researchers, a form of self-government.

The main feature of social governance is its rational nature. That is, social governance is rational governance, which is understood mainly as governance focused on obtaining maximum effect with minimum resource expenditure in specific circumstances. In general, social governance is a meaningful pragmatic influence on people and objects, which is carried out in order to regulate their actions and achieve the desired result.



Social management as a technological process, including planning, forecasting, organisation, coordination, analysis, control, is designed to solve the following tasks: selection of strategies and tactics; definition of goals and objectives; design and planning; examination of resources to achieve the goal; preparation and adoption of management decisions; work with personnel (selection, training, placement, etc.); organisation of personnel activities, motivation for quality of work, etc.; control of implementation, organisation of feedback, process tracking, making adjustments

In our opinion, the specificity of the small town management model is determined by the level from which the 'challenge' came. Since the city is part of the system of regional, national and global processes and is subject to their influence, we can distinguish 3 different levels of 'challenges' that directly or indirectly affect the development strategies of small cities: micro, meso and macro levels.

The micro-level is the level of local territories and regions, which is determined by the presence or absence of resources (natural, industrial and economic, labour, infrastructure, etc.) for the development of urban society. Micro-level challenges can be related to economic, political, and demographic problems of both the smallest city and the region it is part of. A region is a kind of territorial economic system that is subject to the influence of various factors that can ensure both economic growth and living standards, as well as a decline in key regional socio-economic indicators. The inclusion of small towns in the regional system makes them dependent on the state of the regional economic system.

Researchers identify the following as the main problems of small towns in modern Ukraine [13]: limited economic resources, low availability of qualified personnel, lack of investment, unemployment, migration, etc.

Experts draw attention to the difficult economic situation of many single-industry towns in Ukraine. The concept of a mono-profile city, or monotown, has not yet been clearly defined in the scientific literature. The term 'factory town' is close to the concept of 'monotown', which reflects the close relationship between the settlement and the enterprise. Moreover, the latter has a major impact on all spheres of city life. Some authors believe that mono-profile cities include cities in which more than 25%



of the population is employed by one enterprise or group of enterprises in one industry [13, p. 276]. The emergence of such cities was a consequence of Soviet industrialisation, which later, during the transition to a market economy, led them to a deep crisis.

Despite the fact that micro-level challenges are often caused by a combination of reasons, scholars believe that the main reasons for the depressive state of most small towns are related to their sectoral structure and specialisation of production located in them.

Awareness of the internal 'challenges' inherent in the life of small towns gives rise to the search for 'answers' to them. Municipal governments are the key actors burdened with the responsibility of finding answers to micro-level challenges.

The beginning of the study of municipal governance problems dates back to the works of foreign sociologists: M. Weber, S. Strom Thacker, G. Abecomba N. and Yard, R. S. Wood and others [1,14,15,16]. According to M. Weber, municipal self-government was formed in medieval urban settlements and is based on their political, judicial and economic autonomy. In essence, municipal governance differed from the monocentric model of governance, as it redistributed power between the economically active and wealthy part of the urban population. The involvement of the local wealthy population in city management allowed to significantly reduce the financial costs of the state for its provision. This, according to M. Weber, motivated the state to support and develop the system of local self-government. Thus, the effectiveness of municipal governance was ensured by the wide participation of corporations in solving the most important urban problems, which simultaneously limited state intervention and guaranteed the optimisation of urban management mechanisms.

Later, the problems of municipal governance were studied by American sociologists S. Strom Thacker, G. John, and C. Mordeno, who generally adhered to many of Weber's ideas on the specifics of local governance. In turn, they also believed that municipal institutions are an effective tool for limiting abuse of power by public administration officials. Thus, the authors argue that management practices carried out at the municipal level of government create the basis for the development of civil



society and a democratic model of governance.

Municipal governance as an optimal mechanism for the democratisation of society is also studied by the American sociologist R. S. Wood, who proposes to consider it as a subsystem of public administration that can have a significant impact on the state power. The analysis of the functioning of municipal governance in the United States allows the sociologist to conclude that municipal governance is an important element of the system of political democracy in modern society.

Despite the various aspects of the study, the authors generally consider municipal governance as an essential element of the public administration system, which takes the form of local self-government, performing the functions of public authorities closest to the population and ensuring the protection of the interests of citizens based on cohabitation in a certain territory, taking into account historical and other local traditions. L. O. Radionova believes that the system of municipal governance is currently one of the tools for the formation of civil society [17]. In her opinion, municipal governments are ‘on the one hand, an institution of civil society, and on the other – an institution of public administration, this institution is a socially organised mechanism for the implementation of the powers of local self-government in the process of municipal administration. This institutional duality allows to meet the needs of the local community in the effective management of common affairs and serve as a channel of ‘feedback’ between the state and civil society’ [17]. The scientific literature most often distinguishes three main political and economic systems.

1. Systems with liberal economies are characterised by minimal state intervention in economic processes.

2. Systems with a centrally planned economy are characterised by the maximum level of state influence on the processes of urban formation and development.

3. Systems with a socially oriented economy are characterised by a flexible combination of elements of market and planned approaches, the state provides serious social support to the population and individual territories. In our view, the current socio-economic system in Ukrainian society can only be described as a transitional model, which is on its way to becoming a market-based and then a socially oriented



one. At the moment, the Ukrainian socio-economic model contains elements of all three of the above systems.

The meso-level is a level of objectively determined economic, political and social problems specific to the state, which represents a single territorial organisation of political power throughout the country. State power extends to the entire population within a specific territory, which entails the administrative and territorial division of the state. In addition, the state is also a factor in urban development.

It is important to note that in the Soviet period, urbanisation processes were initiated exclusively by the state. According to domestic researchers, urbanisation in the USSR developed exclusively on the wave of industrialisation, which was initiated by the Soviet state.

The industrialisation of Soviet society was carried out mainly through the mobilisation of human, material and spiritual resources. Soviet urbanisation was not a process of organic growth of cities out of the needs of the territories, but was rigidly initiated by the state, regulated and directed by the process of productive forces allocation. Thus, the subject of urban planning in the Soviet period was the state, which carried out industrial modernisation of society in a totalitarian form of social order. As a result, cities often turned out to be only settlements near the industrial zones being created, which did not allow them to be full-fledged territorial systems either in terms of their functions or territorial structure. The administrative-command system of governance contributed to the fact that Soviet cities 'developed on the basis of managerial decisions based on the national economic complex of the country as a whole, also subordinated to ideological attitudes'.

Soviet urbanisation was a pseudo-urbanisation that lacked a mechanism for the effective functioning of the industrial sector; the state leadership believed that the mass archaic element could be used to form a new society, relying on administrative power, terror, ideological influence, and the inclusion of people in the rhythms of production organisation, which was mainly reduced to technology. This subject could only shape pseudo-industrialisation, its technical aspect.

Thus, the specifics of Soviet urbanisation partly created the preconditions for the



emergence of a whole range of problems in small towns that have become fully apparent in the post-Soviet period.

It is important to note that the meso-level challenges were caused not only by the peculiarities of Soviet urbanisation, but also by the specifics of the post-Soviet transformations of the Ukrainian state itself, which led the country to a deep socio-economic crisis. The transition to market relations seriously damaged the production and economic basis of a large number of small towns, leaving them without their own economic base, with taxes that could not be collected, with housing transferred to them by impoverished enterprises, with socially vulnerable citizens and rapidly deteriorating municipal infrastructure. In general, the reforms of the post-Soviet period, accompanied by the transformation of the country's economic mechanisms, had negative consequences for Ukrainian small towns. Most small towns were unable to solve the complex of problems they faced on their own. A decline in living standards, rising unemployment, and a crisis in housing and communal services are all attributes of a small town today.

Macro-level challenges are linked to global economic, political and social trends in world development. Modern cities are involved in complex social processes, which in scientific discourse are called 'globalisation'. The term 'globalisation' is used to refer to the growing interdependence of the world – economic, political, social and cultural.

A systematic analysis of globalisation and its impact on the status of the nation-state in the modern world was carried out by British scholars D. Held, D. Goldblatt, E. McGrew, and D. Perraton [18]. In their opinion, globalisation has significantly changed the idea of independence and caused changes in the public policy of many countries. In turn, a number of authors note that new global governance institutions reduce the status of the nation state and the importance of its national interests in favour of regional or global governance structures.

It should be noted that the functioning of small towns in Ukraine is carried out in the context of their increasingly deeper involvement in the global space, which cannot but affect their development. Globalisation is transforming not only the socio-



economic sphere of society, but also values, social institutions, and models of social and economic behaviour. Global transformations have a significant impact on socio-economic processes in cities, on the style and lifestyle of the urban population, which creates new challenges for small towns in Ukraine. One of the challenges is the large-scale migration of labour resources to megacities, which in the context of globalisation are centres of concentration of financial and investment resources, making them attractive to both professionals and low-skilled workers.

The combination of 'challenges' at all levels raises the problem of finding an effective model for managing the development of small towns that can find adequate 'answers' to them. In this regard, the importance of improving the mechanisms for managing the modern development of Ukrainian small towns is growing.

An analysis of the scientific literature on small towns in Ukraine shows that these settlement communities are the subject of research in various sciences: economics, demography, history, and sociology. The author concludes that scientific publications on this issue cover its individual aspects and pay attention mainly to issues related to the socio-economic problems of small towns, or their typology on various grounds, or problems of municipal governance. To date, there is no systematic, holistic approach to the study of effective strategies for managing small town development that are adequate to modern challenges. This opens up the possibility of studying the specifics of managing the development of small towns in Ukraine in the context of global challenges.

Our research model is based on the neo-institutional, transformational, factor, and urbanisation approaches, which allow us to study the specifics of small town development management in the context of modern institutional transformations and global processes.

Considering a small city as a special type of territorial and settlement community that has the ability to self-develop, we believe that in the course of its functioning, the city faces a number of challenges, which is a problem on which its future depends. Since small towns in Ukraine are included in a complex system of national and global processes that have a serious impact on their development, we can distinguish three



levels of 'challenges' that directly or indirectly affect small town development strategies: micro, meso, and macro levels. The micro-level is the level of local territories and regions, which is determined by the presence or absence of resources (natural, industrial and economic, labour, infrastructure, etc.) for the development of urban society. Micro-level challenges are associated with economic, political, and demographic problems of both the small town itself and the region in which it is located. The meso-level represents the level of economic, political and social problems specific to the state, which is a single territorial organisation of political power throughout the country. Macro-level challenges are associated with global economic, political and social trends in world development. Modern cities are involved in ambiguous integrative social processes, which are referred to in scientific discourse as 'globalisation'.

The specificity of the small town management model is determined by the level from which the 'challenge' comes. In the face of new challenges associated with the transformation of Ukrainian society and global changes, it is necessary to form an effective model of small town development management that will ensure their stable functioning.

7.3. Peculiarities of small town development management

In the scientific literature, urbanisation is most often identified with the process of urban growth and the number of urban residents. Thus, the 1926 census (the Ukrainian SSR within the boundaries of 1926) shows that the urban population is 18.5% and the rural population is 81.5%. In almost a hundred years, the situation has changed dramatically, and as of 1 January 2018, the urban population is 70% and the rural population is 30%. We should start with the legal concept of a city. In Ukraine, a city is a settlement with more than 10,000 inhabitants, and the majority of the population must be employed in non- agricultural sectors. There are 460 cities in Ukraine. The largest number of cities in industrial regions is in Donetsk, Dnipro and Luhansk oblasts (28, 13 and 14 cities respectively).



Soviet urbanisation led to an increase in the urban population, a change in its composition, and the development of many small and medium-sized cities. Soviet urbanisation was the implementation of a strategy of catch-up modernisation. Researchers identify two main models of modernisation: westernisation and catch-up modernisation. Urbanisation is a part of social modernisation, and industrialisation is a part of economic modernisation, which is accompanied by the processes of creating an industrial culture of the appropriate level, within the framework of cultural modernisation. Researchers see the essence of the processes of catching up modernisation in industrialisation and the creation of an industrial culture that has greatly improved the amenities of human life and the conditions of human existence. The main goal of Soviet modernisation was to catch up with and overtake the technical development of Western countries, mobilising all the country's main resources. The researchers note that the core of the Soviet catch-up model of modernisation in the economy was the forced industrialisation of the country.

It is believed that any processes related to the technological development of society are inevitably accompanied by the formation of a new technological culture. Accordingly, industrialisation processes should be associated with the formation of industrial culture. Moreover, an integral part of industrialisation was the production of the masses as a special unstructured and heterogeneous community. However, the specificity of Soviet industrialisation was that the creation of an appropriate industrial culture and the improvement of people's lives was postponed for a long time and was not taken into account during the period of modernisation, as the benchmarks of industrial change were Western industry and its military equipment. In other words, forced industrialisation did not entail the creation of an appropriate industrial culture.

In the Soviet period, urbanisation was predominantly quantitative, manifested exclusively in the quantitative growth of urban settlements, urban consolidation, and an increase in the urban population. The qualitative side of urbanisation was developing extremely slowly and lagged behind the growth rate. Thus, one of the characteristic features of Soviet urbanisation was the emergence of Soviet industrial cities with large city-forming enterprises, massive migration of people to these



territories, but with an extremely slow spread of the urban lifestyle.

In addition, another feature of Soviet urbanisation was its mobilisation nature. The main features of the mobilisation type of society development are as follows:

- a) rapid response in a situation of threat or survival;
- b) maximum concentration of resources on solving priority tasks that ensure the rapid achievement of the goal (at any cost);
- c) short timeframe for achieving results;
- d) highly centralised management systems.

Thus, Soviet industrialisation was extremely forced and mobilising. The society was set difficult goals, which was due to the desire to catch up and overtake Western countries in economic development. Ignoring the real conditions and resources to ensure the balanced development of various spheres of social life led to a breakdown of economic regulators that determine the behaviour of producers and consumers. To prevent this from happening, a mobilisation-type economic system should be complemented by a powerful compensation system, which is a set of means and resources that, when included in economic life at the right time, prevent the blocking of channels of economic resource circulation. The docking and connection of the compensation system to the economy is carried out by the administrative-command system with the help of coercive methods.

This led to the fact that the process of urbanisation in the USSR was not the result of natural, organic social development, but was initiated exclusively by the state, which carried out the process of urban development within the framework of the command economy. It was the state that acted as the subject of urbanisation, in the course of which cities emerged and developed on the basis of managerial decisions aimed at forming an economic complex subordinated to ideological attitudes.

Thus, the policy of catch-up modernisation, the administrative command system and ideology had a decisive influence on their formation and the specifics of a small Soviet city.

The initial period of Soviet urbanisation was characterised by high growth rates of cities and urban population; the formation of urbanisation as a consequence of



modernisation transformations; rural roots of urbanisation, the emergence of many urban-type settlements; environmental degradation of urbanisation and poor quality of the urban environment. As a result, the quantitative and qualitative indicators of Soviet urbanisation did not correspond to each other. The process of emergence of new small towns in the USSR was driven exclusively by production needs, namely the construction of factories, mines, mines, etc. Therefore, initially, small towns began to serve as temporary settlements, which had to transform into a real city or stagnate. Thus, the development of the city was closely linked to the development of production.

Researchers have identified the following features characteristic of the urbanisation process in Soviet Ukraine:

1) an incomplete type of urbanisation, characterised by forced, catch-up, mobilisation, and planned activities. It is these features that distinguish the processes of national urbanisation from the Western one, "in Western Europe, the rapid quantitative growth of cities in the XIX-XX centuries was preceded by centuries of their qualitative rise, they were one of the main axes of the formation of a new type of society, which cannot be said about Soviet cities" [19, p. 95].

In this regard, a number of scholars call the Soviet model of urbanisation "false urbanisation" [19], a feature of which is excessive migration of the rural population to cities, which led to imbalances in the territorial and economic development of the country's regions Excessive rural-urban migration in some areas was exacerbated by ill-considered administrative transformations of rural areas into urban ones [20];

2) the rural basis of Soviet urbanisation, which led to the "peasantisation" of cities. Some researchers refer to Soviet urbanisation as "urbanisation in the peasant way" [21]. That is, the image of the city was largely determined by people from rural areas. In this regard, researchers highlight the marginal nature of the urban population: "A city dweller was often semi-urban in his consciousness and mentality, living by rural ideas and sometimes by labour, outside the urban culture" [21];

3) a feature of the Soviet urbanisation model was the rural nature of many Ukrainian cities. During the period of modernisation, many urban-type settlements appeared, with their population mainly engaged in industrial production. Thus, these



settlements were identified as urban in terms of their functions, but closer to the rural population in terms of their lifestyle. In order to artificially inflate the indicators of Soviet urbanisation, many urban-type settlements were unjustifiably granted city status;

4) poor quality of the urban environment. The concept of "urban environment" includes the city's infrastructure, living standards and quality of life. Social infrastructure is a set of various industries and enterprises that ensure the normal functioning of the population's life. An indicator of the availability of urban infrastructure is the functioning of certain urban sectors – housing and communal services, consumer services, trade and catering, transport and communications in terms of public services, education, healthcare and social security.

However, in the context of accelerated industrialisation, the state sought to minimise the costs of living in the city. As a result, small towns had low standards of living. The main purpose of the Soviet city was to accommodate productive forces and workers' places of residence, so the urban structure model was extremely simplified. Most often, a city was a production zone with an apartment block attached to it.

The savings, as the researchers note, were evident in everything: "the whole country was built up with standard residential buildings made of cheap panels and silicate bricks with very low quality construction. By doing the minimum necessary, the state sought to shift as much of the costs and burdens of urban life as possible onto the shoulders of the population itself" [22]. Thus, the main condition for the implementation of urban development plans in conditions of limited resources was the low cost of construction of urban infrastructure. A feature of the urban development policy was austerity on people and the areas necessary for their life: household, housing, cultural, etc.

Thus, in the context of catching-up modernisation and mobilisation type of development, it was impossible to create a new urban infrastructure corresponding to the industrial development of the city;

5) Another characteristic feature of Soviet urbanisation is environmental problems. It should be noted that the emergence and development of cities has always



been accompanied by a number of environmental problems. Since most cities were built near industrial enterprises, the operation of the latter was inevitably accompanied by toxic emissions into the atmosphere, water pollution and accumulation of industrial waste near the places of residence of the city's population. In addition, new cities did not yet have a sufficient amount of green space. Thus, urbanisation processes created environmental problems. The above mentioned features of Soviet urbanisation already latently contained the germs of further crises that engulfed small towns in Ukraine in the post-Soviet period. The urbanisation processes imposed from above, their inconsistent nature, and the contradictions between quantitative and qualitative changes in urban development could not contribute to the formation of an efficiently functioning city. The researchers point out that "the rapid growth and concentration of the urban population in selected areas of the vast territory of the country significantly outpaced the processes of adaptation of yesterday's rural residents to the urban way of life, their assimilation of urban culture and a new system of values. Urban growth was not sufficiently supported by both economic opportunities and social priorities of the state" [21].

According to scientists, the problems in the development of small towns were initially exacerbated by the dominance of the ideology of "man in production" and, as a result, "city in the factory" [22, p. 101-102]. As a result of the implementation of this kind of ideology, the following types of small towns have emerged in Ukraine:

- small towns with industrial purposes related to extractive or manufacturing industries. A number of small towns have been and are directly involved in the development of natural resources: coal, ore, etc. A significant number of small towns developed on the basis of manufacturing enterprises;

- small towns with a recreational profile, where the vast majority of population of these towns work in the field of recreation, health resort services, and tourism;

- small towns with transport functions, which have rolling stock repair facilities or maintain road infrastructure;

- small towns with the function of a rayon centre. According to statistics, in the Soviet period, up to 65% of small towns were rayon centres performing administrative



functions. In such towns, the main activities were related to servicing the rural population. The smaller the rayon centre, the more administrative and other organisational and economic staff it had, providing management of both the small town and the surrounding rural areas.

The researchers note that the emergence and development of small towns in the course of Soviet industrialisation was carried out mainly in two main directions:

- 1) the functional formation of a city with industry or other activities;
- 2) the formation and functioning of the city in large agglomerations.

The expansion of the suburban zone around large cities took place in the course of two simultaneous processes: on the one hand, they were filled with people who wanted to work in large cities and use their economic and cultural potential; on the other hand, there was an outflow of urban population to the suburbs, both for permanent and temporary residence.

Big cities were the most attractive for migrants. In the Soviet period, the inflow of population to them was limited by administrative institutions (residence registration), which led to the accumulation of population and its employment mainly outside the city.

It is important to note that small towns in Ukraine during the Soviet period lagged far behind large cities in their development. In our opinion, the complex of modern problems of Ukrainian small towns is due to the specifics of the national urbanisation process, which was focused exclusively on political orders. As a result, the construction of urban space was determined by considerations of political benefit rather than market expediency.

The researchers note that Soviet industrialisation was not the result of the progressive development of the urban environment, but rather was exclusively forced and imposed. While European cities were formed as a result of the organic development of society and were the result of the development of market relations and entrepreneurial spirit, Soviet cities were formed in the context of a command economy. This led to the fact that "the population of our cities consisted almost entirely of hired workers and employees who operated within the framework of the command economy.



The result of decades of such development was an acute shortage of entrepreneurship and innovative spirit.

In addition, under the conditions of a rigid command and control system of governance, Soviet cities did not develop urban self-government institutions, which are an integral factor in the development of urban life in Western countries. The absence of self-government institutions led to the alienation of citizens from the urban environment, indifference to it: urbanisation in the USSR failed to develop the psychological and socio-cultural prerequisites of a market economy, which have always been considered almost automatic consequences of the urban lifestyle - self-government skills, initiative, careful attitude to property (not only one's own, but also municipal), responsibility for the order in one's home, neighbourhood, etc. [23].

The reforms launched in the country in the late 1980s were an attempt to modernise the command-and-control system, which had outlived its usefulness and proved ineffective in managing the socio-economic sphere of society. At the beginning of the post-Soviet period, researchers note, "there were hopes that the breakdown of the command and control system of management, the elimination of departmental partitions, the increased role of local self-government, the development of entrepreneurship and other phenomena and processes associated with democratic transformations would give cities and their systems more freedom and new impulses" [24, p. 36].

However, the socio-economic transformations were accompanied by severe political, economic and psychological upheavals, the collapse of the USSR, which led to the destruction of economic ties that had been established over many decades. Another catastrophe was a socio-psychological one that resulted from the mismatch between the population's expectations related to the transition to the market and democracy and the real state of affairs in the economy in the early 1990s - a drop in production and high inflation.

The rapid transition from a planned to a market economy, with its predominance of spontaneous, unmanaged processes, has caused the country serious trauma: it has led to a sharp decline in production and the closure of many enterprises, which has put



many small towns on the brink of survival. The economic crisis destroyed the old economic model, and a new model was formed in the context of the emergence of new forms of ownership, privatisation of urban industrial enterprises and restructuring of production. The restructuring of production was carried out in order to survive in market conditions and was accompanied by high economic and social tensions.

The deep socio-economic crisis has affected almost all Ukrainian cities. However, small towns were in the most difficult situation, as most of them were burdened by many problems that had developed in the Soviet period: in terms of a number of economic indicators, as well as the availability and condition of social infrastructure facilities, small towns were seriously lagging behind Ukraine's large cities.

The first years of reforms seriously deteriorated the situation in the real sector of the economy - manufacturing, which has traditionally been the main budget-forming sector. In this regard, the most difficult situation was faced by mono-functional small towns dominated by extractive industries, primarily coal and mining. As a result of the decline or cessation of mineral resources extraction, the number of jobs is significantly reduced, with virtually no new ones created. Moreover, it often leads to the closure of enterprises.

Along with single-industry towns, other categories of small towns also faced serious problems in the post-Soviet transformation: district centres, where crises were associated with the decline of agriculture; resort towns, where problems were caused by the reduced ability of a large part of the population to relax at resorts, and serious competition with foreign resorts.

Thus, in the context of post-Soviet transformations, small towns have found themselves in an extremely difficult socio-economic situation. In this situation, enterprises are unable to maintain their infrastructure. The lack of income makes it impossible to maintain even a minimum standard of living, and the situation with the economically active population, which used to receive social support from the enterprise, is significantly deteriorating. The most economically unstable were the mono-functional cities, which formed a cluster of problematic cities whose economic and social disadvantage became acute during the period of reforming Ukrainian



society.

Satellite towns located within the largest agglomerations were in a slightly better position, as they received a number of advantages; the decline in production in these towns led to a sharp decline in employment, but not to mass unemployment. The economic sphere of these cities was reoriented towards servicing megacities. Employment in large cities provided the population with fairly high earnings, which allowed small businesses to develop faster in small satellite towns. Thus, small towns located in the areas of influence of large cities were more adaptable to the new market conditions. According to the researchers, their successful adaptation was mainly due to "the developed infrastructure, historical traditions, the development of labour pendulum migration to cities – centres of agglomerations, etc." [24, c. 38].

In addition to the positive aspects of such development of small towns in agglomerations, there are serious defects in terms of their prospects. First of all, it is a rather pronounced tendency towards centralisation, which means that, firstly, the city centre takes over a significant part of the innovative resources obtained, among other things, with the help of small satellite cities; secondly, a large city also draws away funds intended for the social development of suburbs; thirdly, the predefined purely industrial development of a small city, on the one hand, suppresses its ecology, and on the other hand, serves as the basis for purely highly specialised development, restraining the possibility of finding another vector of city development.

It is worth noting that the post-Soviet transformations have seen a tremendous increase in socio-economic inequality in cities. The market economy has widened the gap between the living standards of small and larger cities. The development of market relations has led to big capital choosing megacities, as investors do not want to start from scratch but go where there is a developed infrastructure.

Based on the socio-economic indicators of small towns, researchers identify:

- 1) depressed cities are cities that are experiencing a decline in production primarily in key industries and require large investments, renewal and diversification of production;
- 2) Crisis cities – cities with high unemployment, population decline, and



environmental problems.

In Soviet Ukraine, there was no problem of employment and unemployment of the population. Experts estimate that up to 25% of jobs are overstaffed due to low levels of technology in production and artificially created jobs in the non- production sector. This is what has made the problem of employment in small towns one of the main issues at present.

In general, I would like to note that the reforms carried out in the country since the 1990s have had an extremely negative impact on the state of small towns. The industrial decline has affected exclusively the manufacturing industries that are characteristic of small towns. As a result, the population of small towns has faced a situation of sharp deterioration in living conditions. Even if the living conditions in small towns in Ukraine were not comfortable and well-maintained, they still guaranteed a certain level and way of life, which had to be abandoned within 2-3 years.

Thus, the industrial and administrative model of small towns in Ukraine has undergone serious changes in the course of post-Soviet transformations in all spheres of public life. The crisis has affected almost all industries in the country, while in large cities the decline in industrial production has been compensated by the growth of the service sector, which has partially solved the problem of employment. However, for small towns, this replacement has become unaffordable due to low incomes and, consequently, a lack of demand for these services. Unfortunately, the socio-economic reforms that have been underway for several decades have not created favourable conditions for small towns either to form their own material base – the development of municipal property, municipal enterprises and municipal economy in general – or to create a favourable environment for the development of small and medium-sized enterprises in small towns, or to protect the interests of the population of small towns. In this regard, the issue of transforming the model of management of urban development and its orientation towards overcoming the crisis phenomena that inevitably accompany the transition of society from one state to another is acute.

Today, one of the most important tasks is the development of small towns in Ukraine, which account for approximately 75% of the country's total number of cities.



The development of market relations in Ukraine in the 1990s led to a sharp change in the values and norms that define the system of urban management. Such a transformation of socio-economic institutions inevitably entailed the need to move from the administrative and planned system of management that existed in the USSR to a new management system capable of ensuring sustainable socio-economic development of small towns in a market environment. In the Soviet period, the small town management system was an organic part of the administrative-command model of public administration of the country as a whole [22]. The main features of the administrative-command system of management are:

- directive planning, which used mainly direct methods of regulating the economic sphere (orders, directives, etc.). It should be noted that the strategic goal of directive planning was to create an industrial base for the economy in a short time. Very quickly, the planning process covered all aspects of urban life, including social, demographic, cultural, and urban planning aspects, but not those that were of independent and higher priority, but only as a means of ensuring the main goal – an industrial breakthrough at any cost. Thus, master plans were the main tool in urban planning, not always supported by socio-economic justifications;

- absolutisation of quantitative economic indicators, which dominated in the context of accelerated industrialisation and served as indicators of successful modernisation. Performance was determined solely by the fulfilment of planned targets, which were dominated by quantitative (gross) indicators. This did not generate economic interest in the effective functioning of the economic sphere;

- mobilisation type of business organisation. Mobilisation management is used primarily in critical situations when a quick response and concentration of resources are required to solve a problem. This type of management is characterised by a clear definition of goals, which serves as the basis for motivation to concentrate the necessary resources.

The goals may include eliminating the development gap, overcoming external threats, and so on. The way to achieve these goals is to maximise efforts, accompanied by the over-exploitation of raw materials, financial, organisational and human



resources.

Soviet ideology contributed to the implementation of mobilisation management [25]. Thus, the mobilisation nature of management in the absence of economic incentives always relies on ideology as a way to integrate people to achieve strategic goals. However, in fairness, it should be noted that the inefficiency of the management and functioning of the Soviet economy was compensated by a number of advantages in the social sphere: the existence of high social guarantees; equal distribution of income; absence of cyclical economic crises, etc. We can agree with the opinion of scholars that, despite the centralised nature of resource allocation in the administrative-command system of governance, "responsibility for the management of social benefits and social sphere management was assigned to several entities: enterprises, state social security agencies, trade unions, and local authorities. Each of these actors played a role in providing social benefits to the urban population and relied on different sources of funding. Enterprises used their own funds, social security agencies used extra budgetary funds (social insurance), trade unions used membership fees, and local authorities used budgetary funds" [26]. Thus, the Soviet enterprise performed not only economic but also social functions. This was especially evident in the mono-functional cities of Ukraine with one city-forming enterprise.

In the scientific literature, a socialist small town is considered mainly as a settlement with a mono-functional structure, strictly controlled population density in residential areas and typical social infrastructure.

Soviet urban planning was based on the following legally enshrined norms and principles: state ownership of land; allocation of land for use based on technical standards; strict standards and state control; state funding for construction and infrastructure; and state funding for social, cultural and domestic facilities.

It is important to note that Ukrainian small towns were managed by at least three entities: city executive committees, regional authorities, and enterprises subordinated to higher ministries and departments. This made long-term planning for the socio-economic development of cities extremely difficult. City councils and executive committees, represented by planning and budget commissions, not only failed to carry



out the bulk of the work in this most complex and responsible area of planning activity, but were actually deprived of the opportunity to do so. The key issues of the city's perspective development (the volume and directions of investment, proportions and pace of development) were either resolved by the regional level of government and administration or determined by the planning acts of ministries developed from the departmental standpoint for their subordinate enterprises.

In general, it can be concluded that the Soviet system of urban development management was highly centralised. It is believed that the advantage of this management system is the ability to quickly solve tasks and successfully mobilise efforts and resources to achieve them. In such a rigid management system, the main actor is the state, which determines the priority directions of society's development and exercises non-economic coercion of human resources for their implementation.

This model of governance led to the fact that in the Soviet period, the specialisation of small towns was created largely without taking into account real economic and human resources, and the savings on social development often left small towns with virtually no social infrastructure and housing and communal amenities.

In the early 1990s, there were hopes that the dismantling of the command and control model of management, the development of local self-government, and the intensification of entrepreneurial activity would give new impetus to the social and economic development of small towns and open up new prospects. In this regard, the issue of the need to apply effective management technologies in various spheres of life in small towns, which faced quite complex problems in the post Soviet period, has become acute.

The transition to market relations was accompanied by changes in the city management system. While the former directive system of small town management deprived municipal governance institutions of the ability to influence the activities of organisations located in the town, in the current environment, municipal authorities are responsible for the problems of town development. Small towns are the most appropriate experiential space for the development of municipal governance institutions and the further formation of a system of municipal democracy in the



country. Unfortunately, today the state of many small towns in Ukraine can be described as critical. The complex of socio-economic problems inherent in small towns is characterised by low living standards, growing social tensions, and dependence on other levels of government. The absence of a state strategy for adapting small towns to new market conditions, rapid privatisation, the withdrawal of the state from the economy and the reduction of state procurement have led to serious changes in the living conditions of small towns.

Thus, the reforms of the post-Soviet period have had negative consequences for small towns in Ukraine. In 1991. The Government of Ukraine defined the main tasks of restoring and developing the socio-economic sphere of small towns in Ukraine, which were enshrined in the federal programme. However, the subsequent collapse of the USSR and the resulting serious economic and political problems did not allow for the practical implementation of this programme.

The new challenges facing the country, associated with the transition to new economic and political institutions and the formation of an information society, inevitably require the democratisation of the administrative and political system. Local self-government should become an essential link in the development of civil society in our country. The institute of municipal governance is used to interact between public authorities and the population.

Thus, the public administration system is optimised, allowing citizens to participate in the adoption and implementation of management decisions. In such a system of governance, "power practices are carried out at the grassroots, municipal level through collective participation, which creates preconditions for the further development of democracy and civil society".

However, despite the declared powers of local self-government bodies, a combination of cultural, historical and modern reasons hinders the successful social development at the local level. The reason for the cultural and historical nature is, firstly, the statist and paternalistic model of Ukrainian statehood, which is characterised by the sacralisation of state power, authoritarianism, alienation of people from the management of social processes, and a special understanding of such values as freedom



and law [27]. Secondly, the interruption of the traditions of local self-government, which in the pre-Soviet period were developed through the institution of zemstvo. In the Soviet period, the traditions of zemstvo (local civil communities) were interrupted, and effective local self-government institutions were never established. Various forms of local councils that emerged at the local level, city committees, etc. were not inherently local self-government bodies, as they were tightly integrated into the party system.

Thus, the system of governance at the local level was regulated exclusively by command and control methods; in the post-Soviet period, new institutional problems related to the replacement of the former, Soviet institutions of urban governance with new institutions of local self-government in 1993-1995 led to the marginalisation of the governance system, which was expressed in the preservation of many traditions of the Soviet system of government, but at the same time in the need to use market instruments in the development of urban economic

Thus, in the context of economic instability and legal uncertainty, shadow structures play a significant role in the system of governance of territorial communities. According to scientists, "the shadowing that permeates modern Ukrainian society is an extremely dangerous phenomenon that hinders the development of normal democratic institutions and the involvement of citizens in the governance of the country. This is primarily because hidden groups at the state, regional and local levels are concerned exclusively with their own interests, not with the real needs of the population" [26]. Indeed, the significant influence of shadow structures on the specifics of municipal governance is due to both the situation of social instability and disorganisation of society and the traditions of patron-client relations that have historically developed in the governance system. Clientelism is parasitic on people's distrust of official institutions and forms of social integration. The existence of this kind of relationship is due to the ineffectiveness of the new institutions that have emerged in the country as a result of reforms.

Unfortunately, in most small towns of Ukraine, the reforms have destroyed not only the material and administrative sphere, but also the spiritual and cultural



environment. The former Soviet system of social relations and Soviet ideology has been replaced by value orientations that are completely new to the Ukrainian mentality, reflecting, above all, the principles of liberal ideology with its focus on the market, competition, profit, mass consumption, and the like. For small towns, with their slow patriarchal model of life, these factors were more traumatic than for large cities or even for rural settlements, which suffered less due to their localisation and underdeveloped communication systems.

It is important to note that today there is still a discrepancy between the interests of the centre, the region and the interests of the population of small towns in terms of intergovernmental relations and the organisation of power. As a result, in those cities where the interests of the region and the centre prevail over the interests of the population of small urban settlements, the necessary economic and social environment capable of ensuring sustainable development of the territory is not usually created.

When considering the specifics of the model of urban management in the transition period, it is important to take into account its extreme instability and heterogeneity. It was in the period from 1991 to 2003, according to researchers, that society "...underwent revolutionary changes associated with the emergence of the institution of private property, the transfer of former state-owned enterprises and organisations to private owners, the system of labour relations was completely restructured, and the need for managers to perform the entire range of business and management functions" [28]. At the initial stage of the transformation, despite institutional changes in Ukrainian society, the old administrative-command model of management was preserved, as managers had no experience of working in market conditions. Since the municipal management system also functioned in an unstable institutional environment, it was characterised by an ad hoc response to emerging problems and a forced lack of attention to long-term strategic planning. In the face of socio-economic and political chaos, as well as a host of problems that emerged as a result of Soviet modernisation, small town management was focused solely on the problem of survival "here and now". Later, the experience of municipal authorities in market conditions led to a revision of the management principles established in the



Soviet period, as they helped to solve the immediate problems of small towns only in the short term.

In general, it can be noted that in the post-Soviet period, serious transformations in the system of small town management have gradually taken place. Among the new principles that can optimise the municipal management system are the following:

1) decentralisation and democratisation, which implies the expansion of the powers of municipal governance. Local self-government, interacting with state structures, should remain autonomous and independent of state power, while representing public authority;

2) clear coordination and integration of activities of different levels of government (state, regional and municipal). Strict definition of management functions at different levels, identification of their specifics and areas of interaction with each other will improve the quality of life of the population of small towns;

3) flexibility and rationalisation of the organisation of local authorities. The principle formulated by Alfred Chandler can be applied to the organisational structures of local authorities: "Strategy determines structure" [29], i. e. the structure of the organisation should ensure the implementation of its strategy. As the strategy changes over time, organisational structures must also change;

4) professionalism of municipal managers. In today's conditions, the human factor is the basis for the effectiveness of local self-government. The majority of local government and administration leaders were formed as managers in the Soviet period, and this prevents them from mastering new methods of work, which does not contribute to the effective management of the functioning and development of cities as organically integrated socio-economic systems;

5) strategic management of the urban economy. The use of strategic planning provides an opportunity to unite the local community, to achieve a certain level of unity within the urban community on the priority areas of city development. This undoubtedly contributes to improving the management of the development of small towns in Ukraine.

Thus, it can be concluded that the challenges facing today's country require the



implementation of new principles in governance, bringing the municipal administration system closer to the people and increasing citizen participation in decision-making. The decentralisation of power and the development of self-government institutions can become an effective tool for increasing civic engagement, de-bureaucratising the administrative system, and engaging the general public in solving problems of strategic importance to them in the field of municipal management.

An analysis of Soviet urbanisation, which led to the formation of most small towns in Ukraine, suggests that the management of the development of Soviet small towns was based on the following principles: directive planning; quantitative indicators of economic development; mobilisation-based management; and the ideology of "man at work". Funds for social development were allocated mainly on a residual basis, which often left small towns with virtually no social infrastructure and housing and communal amenities. This practice did not contribute to the social and cultural development of small towns in Ukraine. Therefore, the complex of contemporary problems of small towns is due to the specifics of the Soviet urbanisation process.

Post-Soviet transformations, accompanied by the development of a market economy and the formation of new institutions of state and municipal governance, have had a negative impact on the socio-economic situation of small towns, most of which were unable to solve the complex of problems that arose on their own. The common problems of small towns in Ukraine include unemployment; low living standards; mass migration; deterioration of infrastructure and housing and communal services; unprofitable production; and a shortage of skilled labour, including management personnel.

7.4. Analysis of the decentralisation of power on the state and prospects of small towns in Ukraine

In recent decades, globalisation has been considered the main vector of global development, aimed at forming a qualitatively new model of the world space. The



emergence of new high technologies and the formation of a single information space have a serious impact on the development of regions and national states. The works of the authors (W. Beck, P. L. Berry, W. H. Beck, P. L. Berger, D. Held, D. Goldblatt, E. McGrew, M. Porter, A. G. Dugin, and others) [30, 31, 17, 11]. All scholars note that the current stage of world development is a period of intensified growth of its integrity, formation of global systems that overcome the boundaries of individual states. As W. Beck notes, globalisation is destroying the basic principles on which societies and states were organised and lived as a territorial unity, separated from each other. As a result, "new power and competitive relations, conflicts and intersections are formed between national-state unity and factors, on the one hand, and transnational factors, identities, social spaces, situations and processes, on the other" [30].

The characteristic features of the socio-economic development of modern society in the context of globalisation processes include: informatisation of modern production; formation of new forms of cooperative relations; globalisation of development processes.

Humanity has entered an era when the information component of social processes is beginning to prevail in all spheres of life. The scale of informatisation of life is becoming both a factor and an indicator of the level of development of a state, region, or city. Thus, progress in the field of information and communication technologies opens up new opportunities for the development of countries and regions.

In addition to the information component, globalisation includes the globalisation of markets (capital, labour, goods and services) and the globalisation of management forms of the economy aimed at consolidating the organizational structures of the economy up to the creation of global supercorporations.

One of the most mobile factors in the growing integrity of the global economy is modern transnational corporations, whose rapid growth has been called one of the most significant trends in business and the economy of the late twentieth century. The spread of transnational companies is based on the activation of entrepreneurial capital, which has gradually overcome its dependence on the national state.

The specifics of the activities of transnational corporations, covering countries,



regions and sectors of the world economy, cannot but have an impact on business activity in different countries and cities. In today's environment, the sphere of international business activity is forced to obey key trends in global economic development:

- the growing openness of national economies and the liberalisation of trade relations lead to the prevalence of international norms over national norms regulating the spheres of economy, finance, trade and having their own cultural and civilisation specifics;
- the forms of integration of developing countries and countries with economies in transition are determined not only by their domestic national interests, but also by the interests and strategies of the country.

The activities of transnational corporations are based on the principle of trade liberalisation, aimed at eliminating barriers to trade and limiting protectionist policies, which generally contributes to the expansion of areas for global trade. However, despite the prospects for development that emerge in the context of globalisation, the current stage of social development shows that the world is not becoming more peaceful and secure. Scientific forecasts for the society of the future state that the level of risks and threats will only increase.

The growth and scale of the integration of national economies into a single global economic system is one of the challenges to Ukraine's national security. Modern scientific knowledge has developed different approaches to understanding national security. This situation is due to the existence of different methodological paradigms in the study of national security. The main research paradigms are the "activity paradigm", "values paradigm" and "interests paradigm".

Within the framework of the "activity paradigm", national security is seen as the result of the activities of state structures aimed at identifying, preventing, mitigating, neutralising security risks and threats to the individual, society and state.

Within the framework of the "values paradigm", national security is seen as a state of protection of national values from various kinds of threats. There are different types of values: family, ethical, religious, national, legal, political, etc. Thus, national values



are embodied in the norms and principles of the structure of the nation state as a political institution, the main criteria of which are:

- the ability to construct the territorial space of the state, i.e. to form an idea of state borders and sovereignty; to standardise the cultural and political space of society;
- to carry out protectionism in the field of national economic institutions;
- to form and protect national identity as a form of civil and cultural localisation of both the individual and society in the world.

In the twenty-first century, the global community is increasingly actively changing the paradigm of social development. The main meaning of the new paradigm is the realisation that a person and his or her life safety should serve as a measure of all social changes. In January 2016, our country adopted the Security Concept, a document that defines external threats and challenges. However, the internal challenges that make up the essence of the National Security Strategy adopted in 2007, then called "Ukraine in a Changing World", have not been resolved to a large extent – not only the economic crisis and its well-known consequences, but also more fundamental methodological issues of the country's security. Unfortunately, even today, values do not occupy the first positions in the concepts of social development of the country's spatial organisation, especially such a defining element as the city.

When studying national security within the "paradigm of interests", the interpretation of the concept of "national interest" is of particular importance. In the scientific literature, national interests are understood as a set of "causally determined needs and inalienable values of a historically formed social community united by socio-cultural ties and organised into a state, the satisfaction and protection of which are objectively necessary for the future existence and development of the latter and can be fully achieved only through the conscious joint efforts of its representatives" [22].

National interests, taking on the character of a deep national necessity and orienting the country towards achieving a certain internal state and foreign policy position, are the determining motive of public administration.

Among the foreign researchers studying the problem of economic globalisation in the context of the security of national states, we should mention E. Leward, M.



Albrow, K. Omae, J. Gray, S. Strange and others [32, 33, 34, 35]. According to these authors, modern globalisation is a new era, a distinctive feature of which is the dependence of states on the order prevailing in the world market. Thus, economic globalisation gives rise to a new form of social organisation, in which global governance institutions claim more and more power in the world community, gradually reducing the role of nation states as independent economic and political entities. Scholars point out that the current model of globalisation meets the interests of only Western countries, which use it to strengthen their control over the world economy.

It is the attempts to build a liberal economic model in Ukraine, as well as the ways and mechanisms of its integration into global economic processes, that have led to the emergence of entire sectors of the national economy that are critically dependent on the global economy. The emerging global economic system leads to competition for resources, markets, and strategic transport communications, which undoubtedly raises the issue of Ukraine's economic security. Globalisation is accompanied by the emergence of new supranational institutions for managing the global economy, which makes nation states dependent on new global or regional structures, and the decline of original economic systems that are unable to compete with technologically innovative industries that are now moving from developed to developing countries.

This trend affects not only the periphery of the global economy, but also Western Europe, from where production is being moved to other regions with cheaper labour. At the same time, priorities are given not to those industries and productions that are necessary for the sustainable development of the national economy and the improvement of living standards, but to those that are most profitable for the elites of global business.

The growth of criminal forms of economic activity, ranging from various labour law violations, illegal or semi-legal financial transactions, money laundering, and criminal businesses such as drug trafficking, prostitution, etc.

As a result, the global spread of the liberal model, focused on profit and maximum profit, rationalism, leads to the elimination of the socio-cultural uniqueness of other civilisations. The implementation of this model leads to the disregard of cultural and



civilisational traditions and values, mentality, historical heritage, and to the aggravation of social and environmental problems in developing countries. This is confirmed by the fact that in the 1990s, the introduction of the European model of market relations in Ukraine led the country to a social, economic and deep spiritual crisis, the consequences of which continue to this day. This leads to the fact that the state, which is developing according to the neoliberal model, is subject to strict monetary requirements to balance the budget and ensure the stability of money circulation. Thus, by imposing unequal "free market" conditions on developing countries, conditions are created for the expansion of TNCs into their territory and the foundations are laid for a long-term strategy of redistribution of natural resources in favour of developed countries. All this drives developing countries into financial and economic bondage, which can be compared to neo-colonisation, and contributes to the weakening of national states and their sovereignty.

The modern understanding of sovereignty, according to experts, is now reduced to the fulfilment of certain obligations under international law and entails the accountability of states to the international community.

The State Strategy of Economic Security of Ukraine states that the country's economic security involves identifying and neutralising internal and external threats to the economy; ensuring social and political stability, sustainable and dynamic economic development; and creating an efficient and competitive structure of the state's economic system [36].

Today, the main threats to Ukraine's economic security include a significant dependence on imports of energy, technology and many types of consumer goods. In this regard, it should be noted that the optimal vector of the country's development should be the defence of its national interests in the globalising world [36].

The above-mentioned threats to Ukraine's security directly affect the functioning and development prospects of small towns, which in the context of globalisation have found themselves in a much worse position than cities and megacities, where large trade and financial capital has become concentrated. This has led to a deepening of social inequality between the populations of small towns and megacities, as well as to



an aggravation of centre-province relations. These relations have always been difficult, but at present, as researchers note, economic, political and cultural contradictions of a systemic nature are growing between Kyiv and the rest of Ukraine.

Globalisation is intensifying migration processes, which involve the movement of people from less favourable places to more favourable ones. This primarily concerns crisis-type cities, where the depression has become protracted and is accompanied by a further deterioration of the socio-economic situation. Crisis cities include cities with a difficult environmental situation, as well as cities in the area of armed conflicts.

The results of sociological surveys indicate that migration from small towns of Ukraine to megacities or abroad is widespread. internal movements are the most common form of change of residence of Ukrainian citizens. According to state statistics, statistically recorded internal movements are approximately 10 times larger than registered cases of external migration. More than half of all movements are within regions and only about a third are between regions of the country.

Urban-rural migration dominates the internal redistribution of the population. For obvious reasons, the industrial centres of eastern Ukraine have lost their attractiveness. Instead, there was a large outflow of people from there. However, in 2014, not only the war-torn regions lost population due to migration, but also Zhytomyr, Zaporizhzhia, Zakarpattia, Kirovohrad, Rivne, Sumy, Chernihiv, and Kherson regions.

Migration sentiments are prevalent mainly among young people. Based on a comparative analysis of data over the past five years, sociologists state that it is mainly young people under 30, successful entrepreneurs and highly professional active age professionals (up to 45) who want to leave their hometown. The main reason that makes people think about changing their place of residence is the high level of unemployment. According to, this social problem is of concern to all categories of citizens, but it is more relevant for people of working age between 18 and 50 years old. In general, this indicates a deepening of social inequality between small towns and megacities in the context of globalisation.

In addition, globalisation processes have led to the emergence of new functions for large cities. Currently, megacities are becoming centres for solving strategic



problems: they are centres that develop geopolitical decisions; they are centres of concentration of financial capital and control of financial transactions; they are places of production and application of innovations. The enormous socio-economic gap between the capital and other cities of Ukraine is contributing to the growing antagonism between them. Today's deepening of this split is due to the concentration of financial and investment resources in the capital, which not only accelerates the modernisation of consumer behaviour, but also draws the most competitive human resources from across the country to the capital like a vacuum cleaner.

The current situation is not conducive to the diversification and modernisation of the Soviet model of factory towns. One option for the development of satellite cities could be for the solvent population of megacities to purchase modern low-rise housing, which would contribute to the development of urban suburbs. However, the wealthy prefer to create their own private settlements outside the city, a kind of ghetto located far from the urban outskirts. This does not create a modernising effect for the periphery of the metropolis. Thus, the processes of globalisation, which create conditions for the free movement of capital and information, contribute to the deepening of socio-economic inequality between regions of the country and between different types of cities. The socio-economic situation of a region is reflected in the condition of urban and rural settlements within its boundaries. The regional economy is a subsystem of the country's socio-economic complex and has many features that are inherent in the latter. However, regional problems are not a mirror image of national ones. In global practice, the following types of regions are defined (Table 2).

The structure of the region's economy is characterised by the composition and ratio of the main spheres, industries and types of economic activity. In Ukraine, at the national level, the "Classification of Economic Activities" [38] was introduced in accordance with the classification of economic activities adopted by the Statistical Commission of the European Union. According to this classification, economic activity is a process of actions that make it possible to obtain a corresponding set of products or services. The type of economic activity is established in such a way as to combine resources to produce certain products and provide services.

**Table 2 - Classification of regions in the world practice**

Types of regions	Characteristics of the features
Depressed	Demonstrated relatively high rates of economic and social development in the past
Stagnant	They are characterised by rather low or "zero" development rates
Pioneer	Regions of new development
Micro-regions or primary economic regions	Features of which are lost during crushing
First-order economic regions or higher-order general regions	They form schemes of regional macro-division of the state
Programme (planned)	They are subject to targeted development programmes. their contours do not coincide with the regions of the unified grid
Unique (problem and project)	They are associated with the implementation of large new buildings (project regions) or are characterised by a very low level of development (problematic regions).

Source: compiled by the authors based on [37,38, 39].

The social development of a region is assessed using indicators that characterise the standard of living of the population, its income and expenditures. These are, first of all, indicators of the subsistence minimum, average per capita income and average wages. In the case of significant property stratification and regional differences, it is necessary to use a system of relative (rather than absolute) indicators, namely the ratio of average per capita income to the subsistence minimum, and the ratio of income to expenditure. Data on changes in the proportion of the population with incomes below the subsistence level (poverty level), on the concentration of incomes in different population groups, and on the ratio of incomes of the poorest and richest segments of the population are very important [38].

Among the well-known indicators in this group, there are some that require a specific definition. These are the decile coefficient of differentiation of monetary incomes (expenditures) of the population and the poverty rate. The decile coefficient is equal to the ratio of the share of income (expenditures) of the highest decile group to the share of the lowest decile group, where the lowest decile group is the 10% poorest households and the highest decile group is the 10% richest. Poverty rate is the proportion of families (households) in which the level of consumption (income) per



person is below the defined poverty line. Currently, the poverty line is set as a proportion of the subsistence minimum per person per month.

The second group includes indicators that reflect the level of provision of the population with basic social goods in the areas of housing, healthcare, everyday life, education (availability of housing, doctors, hospital beds, etc.), as well as crime rates. The crime rate (crime rate) is calculated as the number of registered crimes per 100 thousand people.

In addition to the above-mentioned groups, the system of social indicators should include a group of demographic indicators: natural population growth, birth and death rates, and migration growth.

The fourth group of indicators characterises the state of labour resources (employment rate, unemployment, number of vacancies, demographic burden) [38].

Indicators of the financial sector of the region, including the budget process. The level of financial independence of a region is characterised by a system of absolute and relative indicators of the composition and structure of local budgets, as well as the social performance of the budget. The determination of revenues and expenditures in absolute and relative terms does not allow comparing budgets of different territories due to the differences between them in the formation of revenues and in the composition and volume of expenditures caused by the diversity of nature, climatic conditions, different ecological conditions of the territories, peculiarities of the location of administrative centres, saturation of communication routes, specialisation of regions, and the state of social and household infrastructure [38].

Thus, the revenues and expenditures of local budgets are determined in relation to the number of people living in the respective territory.

The potential capabilities of a region to attract financial resources are characterised by such indicators as tax potential and tax capacity. The tax potential of a local territorial unit is the amount of revenues that the local budget can receive from the application of tax legislation to the activities of business entities and individuals, as well as from deductions to the state budget. Tax burden is the ratio between the amount of actual tax revenues and tax potential. Tax capacity is the amount of revenues



that can potentially be generated in the territory from taxation of the relevant objects.

Environmental indicators. The environmental situation in the regions can be studied by analysing indicators that characterise the pollution of water bodies by wastewater, emissions of harmful substances into the atmosphere, the presence of industrial toxic waste, the cost of overhauling fixed assets for environmental protection, and current environmental protection costs [38].

Various aspects of the socio-economic development of a region are analysed in order to establish an objective diagnosis, which is used to rank the regions by their level of development and to develop a strategy and tactics for further regional development. It is advisable to distinguish four types of regions: leading, highly developed, developed and problematic (Table 3).

Table 3 - Classification of Ukraine's regions by socio-economic indicators

Types of regions	Classification features
And type – leaders	Sufficiently developed material production and service sector. Significant inflow of investments, including foreign ones, developed market structures, and a fairly developed social sphere. Economic growth rates are higher than the national average
Type II highly developed	Industrial regions with developed material production, especially manufacturing. They generate a significant share of Ukraine's GDP. They have high human and financial potential
Type III – developed	Regions with developed material production, both industrial and agricultural. The development of regions is characterised by a set of indicators whose value is equal to the national average or $> \pm 10\%$.
Type I – problematic	<i>The regions are 10% or more below the national average in terms of a set of indicators. Material production has not been sufficiently developed. Subsidised budget structure. Insufficient financial potential, including investment potential. Some social indicators are threatening to the security of the state. Potentially depressive.</i>

Source: compiled by the authors based on [37, 38].

A characteristic feature of the development of Ukraine's regions is the deepening of existing interregional disparities in terms of socio-economic development, which can be eliminated only if sustainable regional development is ensured.

The analysis shows that there is a rather deep asymmetry in the socio- economic development of Ukraine's regions. The problems of the regions are reflected in the



poverty levels of the cities included in their territorial space. In this regard, it is important to emphasise that a small town is a structural element of a region.

Therefore, the development and well-being of a region directly depends on the level of development of its small cities. This is the basis for revitalising the role of small towns in regional development. When analysing the problem of poverty, sociologists cite the following data obtained from surveys of Ukrainians in 2017 59.6% of the poor live in cities, 40.4% in rural areas. Moreover, the largest part of the urban population in this category (28.7% of the total poor population) lives in small towns with a population of up to 50 thousand people [37]. The dynamics of the composition of the extremely poor population (with incomes 2 or more times lower than the subsistence level), presented at , indicate that in 2017, among the extremely poor urban residents, the largest proportions were those living in small (population of 50,000 to 100,000 and under 50,000) and medium-sized (population of 100,000 to 250,000) cities. The researchers draw attention to the fact that the indicators of the poverty risk index for settlements with different populations indicate that this risk increases as the number of residents decreases and the type of settlement changes (from rural to urban).

Today, small towns are once again facing the challenge of surviving the current crisis. In such a situation, the search for new "growth points" for small towns becomes an important issue. According to researchers, this problem is particularly relevant for small towns whose economies have a limited range of industries, limited resource potential and, as a rule, significant demographic and social problems.

The geopolitical and geo-economic processes of the modern world have once again exacerbated the situation in almost all Ukrainian cities. However, the most difficult situation was faced by small towns, which were already burdened by the problems of the previous period of the country's development and were seriously lagging behind large cities in terms of economic and infrastructure.

According to sociological surveys, in cities with a population of less than 20,000 people, the state of infrastructure in these cities is assessed by the population as extremely negative. More than half of the respondents in small towns (52%) rated the condition of their city as poor. For comparison, only 22% of residents of villages and



towns gave a similar assessment of the general appearance of their village or town. Here, we can talk about the potential of agglomeration in the context of ATC creation.

Today, the gap between modernised megacities that are successfully integrated into global economic and cultural processes and the vast periphery is widening, and social inequality is increasing, as is the standard of living. This seriously exacerbates the problem of the country's regional security.

Another problem in Ukraine's small towns is the extremely low level of social engagement among citizens, which is why there is an urgent need to intensify interaction between the population and local authorities. Studies show that citizens tend to wait for local authorities to make vital decisions. Rather, Ukrainians are "municipal consumers" who tend to seek help from local administrations only in cases of violation of their consumer rights (usually in the housing and utilities sector).

In the context of growing global competition and the economic crisis, small cities are gaining strategic importance, as they are meso-level economic actors and as such are able to ensure sustainable economic development. Any critical state of a local community, region or society as a whole is a potential risk to its social order. Moreover, the critical state of society is most often caused by the modern processes of modernisation, urbanisation, and globalisation, "which are nonlinear, intermittent (and even reciprocal) in nature". As a result of these processes, the environment and life support of cities are becoming extremely unstable.

It should be noted that new threats caused by the negative effects of globalisation processes will either exacerbate the problems of small towns in Ukraine or give a new impetus to their development through the creation of domestic production capable of replacing previously imported goods. Regional and municipal governance structures may become the main actors in the development of innovation activities, as they are able to assess the possibilities of innovative development, link it to specific social and economic problems of the territory, mobilise financial and intellectual resources, create a favourable climate for entrepreneurship, etc.

Ukraine's involvement in the world processes of global integration and geopolitical competition cannot but affect the life of small towns in the country and



their development prospects. The processes of globalisation are forcing small towns to develop civilised market relations, to focus on European quality standards in the field of social services, to use new information and innovative technologies that can change the functional orientation of small towns, to increase requirements for environmental safety, etc.

"The economy of Ukraine begins with the economy of small towns," said P. Kozyrev, Chairman of the Association of Small Towns of Ukraine, opening the discussion: "State support resources for the development of small towns and amalgamated communities". According to the head of the Association of Small Cities, "the resources of small towns in Ukraine are enormous. However, their realisation is possible only if small towns are reconstituted as integral economic complexes that develop on the basis of small town resources, using the peculiarities and connections of the surrounding territory, settlement systems, and the specifics of the region" [37, 39] .

Post-Soviet transformations and new global challenges have exacerbated social contradictions between small and large cities, deepening social inequality in the living standards of the country's population. Unfortunately, the change in the institutional environment of Ukrainian society in the course of reforms has not created sufficient conditions for the development of small towns, in particular, municipal property institutions have not been established, and favourable conditions have not been created for the development of small businesses that could revitalise the socio-economic sphere of the city.

In the context of new global challenges faced by the country today, the search for internal development resources that would facilitate the country's transition to promising forms of production that would be able to provide the country with the necessary products, regardless of imports and prices for natural resources on the world market, is underway. Thus, in the context of global competition, the main functions of the state are to ensure the security and competitiveness of the country and to steadily improve the standard of living and quality of life of the population.

For this reason, the need to revitalise the socio-economic potential of small towns



in Ukraine is an urgent issue. Effective development of small towns will help to correct the existing social inequality between different types of territorial settlements, preserve the integrity of the state and build public trust in political institutions. According to researchers, the city itself is the primary centre where the foundations for the success of the entire nation are established, through its social environment, economy and population actively involved in this process.

Optimising the socio-economic environment of small towns in Ukraine depends on different levels of government in the country.

The state level should facilitate the establishment of an effective system of rules and regulations that would define the basic principles of effective interaction between the centre, region and local level of government, to which the small town belongs. First and foremost, the centre should monitor the status and prospects of small towns' development. Another important aspect of the role of the state in the development of small towns is to provide direct state support to certain types of small towns. This refers to the need to develop programmes at the state level of government, primarily to support small border towns. In the absence of real state support, such cities will not be able to cope with the functions assigned to them, which are determined by their territorial location and geopolitical factors. The main challenges faced by small border towns are unregulated migration, smuggling, and the infiltration of radical groups, which is especially relevant in the context of military operations.

In addition to supporting these types of small towns, the state should also be concerned with the development of small towns as agricultural centres that can ensure the country's food security. It is necessary for the state to participate and invest in historical small towns, whose importance is related not only to their recreational and tourist function, but also to the preservation of historical monuments and traditions. It should be noted that the strengthening of integration processes in the economic, political and cultural life of peoples, countries and regions is simultaneously accompanied by their desire to protect their unique territorial space from the invasion of other cultural worlds. At present, the historic small towns of Ukraine, unlike megacities, are part of the identity of the country, where the cultural traditions of the



country are still preserved. For example, the "Feast of Bread, Field and Soul" is the name of a celebration for agricultural workers in the village of Smyrnivka.

In response to the need to improve the socio-economic situation of small towns, the Law of Ukraine on the Approval of the National Programme for the Development of Small Towns was developed [38]. The main goal of this programme is to stop the population decline and improve the quality of life. The programme identifies priority areas and tasks (Table 4).

Table 4 - Priority areas and tasks of the small towns development programme

Are as	Objectives.
In the social sphere	Providing quality education to the residents of these cities; attracting and retaining professionals and young families; modernising the housing and utilities sector, etc.
In the economic sphere	Increase production volumes at industrial and agricultural enterprises; create investment sites and locate new large and medium-sized modern production facilities.
In the management field	Creation of innovation management systems of the territory at local administrations, including a set of programme-targeted tools with increased budgetary efficiency; mastering mechanisms for continuous replenishment of the innovation potential of enterprises and territories; formation of management systems for effective innovation development at enterprises, etc.
In the field of resources	Training and attracting qualified personnel; attracting investors and using modern effective financial instruments, such as bond loans, result-based budget financing; enhancing automation of information and communication resources.

Source: compiled by the authors based on data from [39].

The programme includes the implementation of the following measures: creation of general education and healthcare facilities; creation of an innovation cluster; stimulation of investment demand; and reduction of unemployment. In addition to specific measures aimed at the development of small towns, rules should be established for the formation of administrative structures, including local self-government and the related establishment of inter-budgetary relations between all economic and administrative levels.

Currently, the budget principles remain unbalanced, which leads to uncertainty in financial matters and causes problems in the relations between the "centre" and the



regions, and between the regions and municipalities. Over the past two years, Ukrainian regions have been receiving and spending money in a new way: the budget decentralisation reform is underway: UAH 10.5 billion of local budget funds have been placed on deposits in banks, which suggests that money should be working, not lying on deposits in certain banks.

History shows that excess money in the regions (local budget surpluses) is a common phenomenon in Ukraine. Between 2001 and 2015, local budgets in Ukraine showed a surplus 11 times, while the consolidated and state budgets showed a surplus once each – in 2002. In 2008-2010, when the economic crisis hit, local budgets went into deficit. After that, they exceeded their revenue targets year after year. In 2015, there was a leap: compared to 2014, the surplus of local budgets increased 2.3 times – from UAH 6 billion to UAH 14.3 billion. The reason for this is decentralisation. The intentions were good: to give local budgets of different levels more powers, to create incentives for economic development of the territories. At the same time, it was planned to "unload" the state budget from the need to finance a number of regional programmes and increase the efficiency of public funds. In December 2014, along with the budget for the next year, the Verkhovna Rada adopted a law on the reform of intergovernmental fiscal relations. It dramatically changed the financial flows between the state and local budgets in favour of the latter. The budgets of different levels then received an additional resource thanks to the following sources.

1. Changes in the rules for paying income tax. They established uniform standards for personal income tax deductions for the budgets of each level: 25% of the tax collected on the territory goes to the state budget, 15% to regional budgets, and 60% to the budgets of cities of regional and district significance and amalgamated communities.

2. Payment of administrative fees to local budgets.

3. The introduction of a 5 per cent retail sales tax.

4. Change the proportion of environmental tax deductions: 20% - to the state budget, 80% – to the budgets of other levels.

5. Real estate tax reform (broadening the tax base).



6. Allocation of 10% of the income tax to regional budgets, which previously went entirely to the state budget.

In addition, local budgets received additional bonuses: the right to choose banks to store and service their own funds at their discretion, and to approve their own budgets independently, without reference to the state budget.

The decentralisation reform was marked by a fierce confrontation in the state-regions-deputies triangle. Each side tried to defend its interests. The regional level of government plays no less significant role in the development of small towns than the state level. It is important to note that small towns perform a number of important functions in the socio-economic system of the region. Firstly, many small towns contribute to solving the problems of socio-economic development of rural settlements. Secondly, small towns are also used to manage a large area of the region as a whole. The successful development of small towns can ensure the sustainable development of the entire region in the face of macroeconomic instability. Therefore, regional programmes should be created to support and develop small towns in the region. These programmes should cover ways of developing the city in the short and long term.

Programme management is one of the forms of organisation of management activities used to improve the efficiency of functioning and development of complex social objects. The city is a complex social object, which is a territorial and settlement system that includes various elements: infrastructure, industry, social sphere, etc. Therefore, sustainable regional development should be based on the economic potential of urban and rural settlements. Monitoring of the economic potential of small towns should include an assessment of the state and resources of small towns that are the administrative centres of municipal districts, as well as an assessment of the economic potential of other municipalities.

Central and regional programmes aimed at modernising the socio-economic structure of small towns should help to solve the problem of the country's successful integration into the global space, in which new territories will become increasingly valuable. Therefore, the role of small cities in this process will be irreplaceable.

It should be noted that city management is currently undergoing changes due to



economic transformations and challenges caused by war conditions and population migration. In such a situation, the quality of municipal governance is of particular importance, as the city is an integral organism, an open, complex and specific system that is subject to the influence of equally complex elements from within, which operate within its framework and sometimes undermine this integrity (for example, the actions of the administration of enterprises, interference of higher structures in the affairs of the city). All this affects the mechanism of city management.

The key tools of modern municipal management are two interrelated management blocks: management of current activities of urban subsystems and strategic management. Current operations are managed using a structural and functional approach. The objects of functional management are water, gas, heat, electricity supply, garbage collection, condition and operation of the housing stock, roads, and city improvement.

Strategic management is based on an innovative and heuristic approach that is focused not on maintaining the functioning of various urban subsystems, but on their development. Development-oriented management includes the creation of new and development of old industries, development of urban infrastructure, solving the problem of employment, and improving the level of amenities.

Without underestimating the importance of managing the current activities of urban subsystems, we emphasise the need for strategic management, as the nature of internal and external challenges determines the need to form municipal governance that would meet the needs of modern society.

Strategic management of the socio-economic development of a small town is a process of modelling its future based on the local resources available today. According to the researchers, strategic management includes: coordination of group interests within the community; monitoring of real resources, constraints and enabling factors; setting realistic tasks and goals; and creating programmes and action plans.

In this regard, strategic development should be based on an assessment of the quality of human life in all aspects, the degree of its compliance with modern world standards.



However, in order to ensure the living standards of the population, it is necessary to develop and implement municipal targeted programmes for the development of small towns, in addition to central and regional development programmes, which are designed to solve a number of socio-economic problems based on available resources.

Conclusions.

Thus, it can be concluded that the challenges facing the country today require the implementation of new principles in governance, bringing the municipal administration system closer to the people and increasing citizen participation in decision-making. Decentralisation of power and the development of self-government institutions can become an effective tool for increasing civic engagement, de-bureaucratising the administrative system, and engaging the general population in solving strategically important problems in the field of urban management.

An analysis of Soviet urbanisation, which led to the formation of most small towns in Ukraine, suggests that the management of the development of Soviet small towns was based on the following principles: directive planning; quantitative indicators of economic development; mobilisation-based management; and the ideology of 'people at work'. Funds for social development were allocated mainly on a residual basis, which often left small towns with virtually no social infrastructure and housing and communal amenities. This practice did not contribute to the social and cultural development of small towns in Ukraine. Therefore, the complex of contemporary problems of small towns is due to the specifics of the Soviet urbanisation process.

Post-Soviet transformations, accompanied by the development of a market economy and the formation of new institutions of state and municipal governance, have had a negative impact on the socio-economic situation of small towns, most of which were unable to solve the complex of problems they faced on their own. The common problems of small towns in Ukraine include unemployment; low living standards; mass migration; deterioration of infrastructure and housing and communal services; unprofitable production; and a shortage of qualified labour, including management personnel.



Since small towns in Ukraine are included in a complex system of national and global processes that have a serious impact on their development, three levels of 'challenges' can be identified that directly or indirectly affect small town development strategies: micro, meso, and macro levels. The specificity of the small town management model is determined by the level from which the 'challenge' comes.

It should be noted that small towns are of great importance for the socio-economic development of the country, as they are the main indicators of the effective territorial location of various industries and the integrated social development of the regions of Ukraine.

Thus, the key to successful small town management is to create a balanced decision-making environment. The design tools that city management involves are not only planning documents, but also programmes, recommendations, work with residents and establishing links between stakeholders. Ukraine is undergoing a modernisation process to improve its territorial authorities, which should be based on the democratic principles enshrined in the European Charter of Local Self-Government, the main of which is the principle of participation.