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**BALANCED TERRITORIAL ECONOMIC  
DEVELOPMENT IN THE CONDITIONS OF  
PROVIDING STABILITY OF HUMAN RESOURCES  
MANAGEMENT**

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**Introduction.** Reforming the territorial organization of power on the principles of decentralization is one of the key areas of systemic social transformation in Ukraine. The development of a country is impossible without the development of its regions and depends on how effective and efficient is the management of human resources at the regional and local levels, which act as an economic resource and ensure its social integrity and capacity to implement reforms at the regional level.

**Aim and tasks.** The purpose of this article is to study the impact of decentralization reforms in Ukraine, in particular its impact on management efficiency and ensuring the stability of human resources development for the balanced development of territorial socio-economic systems.

**Results.** The paper considers theoretical and practical issues of decentralization as a process that is currently taking place in Ukraine. Emphasis is placed on the fact that decentralization should become a development factor for social, cultural, economic, financial, environmental and other systems, and through these systems a development factor for citizens. At the regional level, it is within the territorial socio-economic systems that human potential is concentrated and human resources are reproduced, which are a source of competitive advantage.

**Conclusions.** The lack of rational zoning of territories and a balanced administrative-territorial structure is due to the lack of effective regional management, which should be based on the use of improved organizational and economic mechanisms for the development of administrative-territorial units. In conditions when human resources were considered not as a factor of production, but as an important resource for achieving the goals of the organization, uniting the interests of representatives of united territorial communities becomes the main principle of reproduction of human resources and balanced development of territories. To achieve the self-sufficiency of local self-government, a number of objective and subjective dangers of the development of undesirable political consequences are currently hindered. The decisive factor in overcoming the negative processes in the economy and social life of the country is the formation of personnel policy in a decentralized government, as the ability of government to manage effectively depends on the professional level of its managers.

**Keywords:** decentralization of power, local self-government bodies, citizens, provision of conditions, development of human resources, united territorial community.

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## ЗБАЛАНСОВАНИЙ РОЗВИТОК ТЕРИТОРІЙ В УМОВАХ ЗАБЕЗПЕЧЕННЯ СТАБІЛЬНОСТІ УПРАВЛІННЯ ЛЮДСЬКИМИ РЕСУРСАМИ

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**Вступ.** Реформування територіальної організації влади на принципах децентралізації є одним із ключових напрямків системних соціальних перетворень в Україні. Розвиток країни неможливий без розвитку її регіонів і залежить від того, наскільки ефективним та дієвим є управління людськими ресурсами на регіональному та місцевому рівнях, які виступають як економічний ресурс та забезпечують її соціальну цілісність і спроможність до реалізації реформ на регіональному рівні.

**Мета і завдання.** Метою статті є дослідження впливу від впровадження реформ децентралізації в Україні, зокрема її вплив на ефективність управління та забезпечення стабільності розвитком людських ресурсів для збалансованого розвитку територіальних соціально-економічних систем.

**Результати.** У роботі розглянуто теоретичні та практичні питання щодо децентралізації як процесу, що наразі відбувається на території України. Акцентовано на тому, що децентралізація має стати розвиваючим фактором для соціальних, культурних, економічних, фінансових, екологічних та інших систем, а через ці системи і розвиваючим фактором громадян. На регіональному рівні саме в межах територіальних соціально- економічних систем зосереджений людський потенціал та відбувається відтворення людських ресурсів, які виступають джерелом конкурентної переваги а вирішення соціально-економічних завдань, перш за все, полягає на представників місцевої влади, які своєю діяльністю забезпечує життєздатність території.

**Висновки.** Відсутність раціонального районування територій та збалансованого адміністративно-територіального устрою пов'язане з відсутністю ефективного регіонального управління, яке повинно базуватися на використанні вдосконалених організаційно-економічних механізмів розвитку адміністративно-територіальних одиниць. В умовах коли людські ресурси розглядалися не як фактор виробництва, а як важливий ресурс для досягнення цілей організації, об'єднання інтересів представників ОТГ стає основним принципом відтворення людські ресурси і збалансованого розвитку територій. Для досягнення самодостатності місцевого самоврядування наразі перешкоджає цілий ряд об'єктивних і суб'єктивних небезпек розвитку небажаних політичних наслідків. Вирішальним фактором подолання негативних процесів в економіці і в соціальному житті країни стає питання формування кадрової політики в умовах децентралізації влади, так як здатність влади ефективно управляти прямо залежить від професійного рівня її управлінців.

**Ключові слова:** децентралізація влади, органи місцевого самоврядування, громадяни, забезпечення умов, розвиток людських ресурсів.

**Introduction.** Balanced development of territorial socio-economic systems involves the application of a decentralization approach in order for local governments to implement reforms and other social and economic improvements for citizens and the development of human resources and socio-economic territorial units.

Human resource management aims to effectively manage employees, also known as human resources or human capital. Human resource development aims to help people acquire the competencies needed to perform their responsibilities effectively and to enable organizations to build their knowledge and talents.

The development of human resources as an activity and process plays a crucial role, revealing the hidden potential for balanced development of territorial socio-economic systems, and improves human resources skills, technical knowledge to develop them and prepare them for independent problem solving.

The development of human resources improves the efficiency of employees through proper training and develops openness, trust, cooperation between employees to identify organizational needs and shows the way to achieve this.

In modern conditions, the balanced development of territorial socio-economic systems is possible in terms of ensuring the stability of human resources management.

**Analysis recent research and publications.** M. Zveryakov, A. Kovalev and N. Smetanina [1] researched of theoretical and practical issues of balanced development, decentralization of power, development of local self-government. However, despite a number of scientific investigations, this issue is quite relevant and needs research.

The main issues of practical implementation of the concept of balanced development at the state, regional and municipal levels were dealt with by V. Gayets [2], Z. Gerasymchuk [3]. At the same time, in the conditions of decentralization, which aims to provide favorable living conditions for people, require in-depth study of the theoretical and methodological foundations of planning the balanced development of territorial socio-economic systems of the organizational plan.

New strategies for personnel management were developed by I. Ansoff [4], who formulated the principles of management based on two approaches: management based on anticipated changes and management based on flexible immediate changes. The main conditions for the formation and improvement of methods of human resources development were considered by scientists and practitioners M. Mescon, M. Albert and F. Hedouri [5]. The problem of human resource management in the period of economic transformation has been the subject of attention of Ukrainian and foreign scientists in the last decade and a half, when new frontiers of the object of study appeared.

**Aim and tasks.** The purpose of the article is to study the impact of decentralization reforms in Ukraine, in particular its impact on the effectiveness of human resource development management for the balanced development of territorial socio-economic systems.

**Results.** The main goal of decentralization is to ensure high quality administrative and management services for the entire community, to reduce and get rid of corruption. The lack of quality staff (specialists) who will be able to independently and in an extraordinary way, with new ideas to lead the unification of communities, can lead to unsuccessful reforms.

Currently, the issue of introducing an effective system of vocational training, retraining and advanced training in local governments in Ukraine is unresolved. Thus, human resource management is an integral part of decentralization.

Human resources reflect not only the basis of the entire economic system, as people act as an economic resource, but also ensure its social integrity and capacity to implement reforms at the regional level.

Personnel management is to ensure the development of an effective system of public administration to ensure the welfare of the entire population. The human resources management process performs important operational and managerial functions provided by the human resources management service, as well as all other levels of management in the organization.

Support for modern and effective personnel management functions at the local government level is also associated with a

change in the mentality of elected officials and employees regarding public administration, its implementation, and the services they provide to citizens. The concept of balanced development as a coordinated combination of three components of development is widely known: economic, social and environmental. Achieving a balance between the three components must ensure the possibility of a transition to a development of society in which neither natural nor human resources are depleted [1].

According to the results of the United Nations Summit in 2015, the goals of sustainable development 2016-2030 (Fig. 1) [6] have been identified at the global level, compliance with which in Ukraine will contribute to further reform of local self-government and territorial organization, which, in turn, should provide a favorable environment for human resources development.

Human resource development includes several aspects of providing and empowering human resources in the organization and the region. While previously human resource development was seen as managing people in organizations with a focus on payroll, training, and other functions designed to keep employees satisfied, current management thinking focuses on empowering and empowering opportunities to become employees who are able to realize their expectations and realize their potential.

This shift in the approach to human resources is due to the notion that human resources are a source of competitive advantage, not just employees performing their duties. The fact is that the current paradigm of human resources development considers employees as creators of values and assets based on the resource approach that has emerged in the field of strategic human resource management [7].

Sustainable development goals 2016-2030:
Goal 1. To end poverty in all its forms and everywhere.
Goal 2. Overcoming hunger, achieving food security, improving nutrition and promoting sustainable agricultural development.
Goal 3. Ensure a healthy lifestyle and promote well-being for all in all age groups.
Goal 4. Ensure a comprehensive and equitable quality of education and promote lifelong learning opportunities for all.
Goal 5. Ensuring gender equality, empowerment of all women and girls.
Goal 6. Ensuring accessibility and balanced use of water resources and sanitation for all.
Goal 7. Ensure access to low-cost, reliable, balanced and modern energy sources for all.
Goal 8. Promote progressive, inclusive and balanced economic growth, full and productive employment and decent work for all.
Goal 9. Create a sustainable infrastructure, promote comprehensive and balanced industrialization and innovation.
Goal 10. Reduce inequality within and between countries.
Goal 11. Ensuring openness, security, sustainability, and environmental sustainability of cities and towns.
Goal 12. Ensuring the transition to rational models of consumption and production.
Goal 13. Take urgent action to combat climate change and the effects of climate change
Goal 14. Conservation and sustainable use of oceans, seas and marine resources for sustainable development.
Goal 15. Protect and restore terrestrial ecosystems and promote their sustainable use, sustainable forest management, combating desertification, halting and reversing land degradation and halting biodiversity loss.
Goal 16. Promote a peaceful and open society for sustainable development, ensure access to justice for all and create effective accountable and inclusive institutions at all levels.
Goal 17. Strengthen the means to implement and intensify work in the framework of the Global Partnership for Sustainable Development.

**Fig. 1 Sustainable Development Goals 2016-2030**

Source: reprinted from [6]

At the regional level, it is within the territorial socio-economic systems that human potential is concentrated and human resources are reproduced. In communities, the solution of the most important socio-economic

problems, first of all, lies in the representatives of local authorities, whose activities ensure the viability of the territory. According to official data, as of September 2020, 1469 communities have been created (Fig. 2).



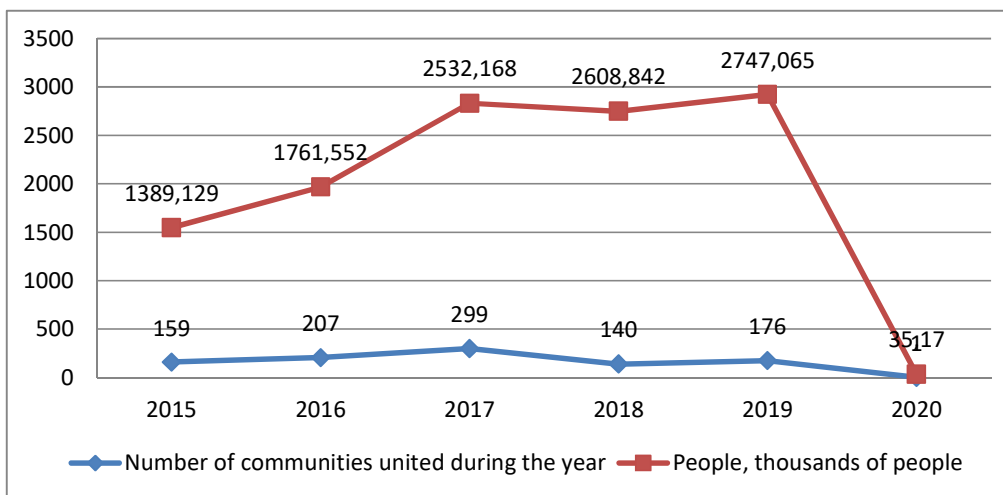
**Fig. 2. The number of united territorial communities in Ukraine (September 2020)**

*Source: reprinted from [8]*

The emergence of united territorial communities is one of the processes of decentralization launched in 2014. The study of decentralization processes in Ukraine and the creation of organizational and economic governance mechanisms in the newly created united territorial communities are carried out in different directions. During the years of local self-government in Ukraine, the main problems of its development are the lack of sufficient funding and uncertainty in the provision of power. In general, almost all researchers and practitioners agree that the effective implementation of national reforms at the local level requires appropriate organizational, methodological and technical support. Such support should be provided both for: general issues of effective management and development planning of newly created united territorial communities, and for specific issues,

in particular, the use of community resources. In my opinion, the implementation of the approaches identified in previous studies of strategic coordination of regional cluster development [9] and institutional support for sustainable regional development [10] can promote effective interaction between regional authorities and enterprises. But these results should be applied and implemented taking into account the impact of decentralization on the sustainable development of newly created united territorial communities in the regions of Ukraine.

During 2016 and 2017, the largest number of territorial communities was created with a population of 1761.55 and 2532.17 thousand people, respectively. However, during 2020, only one territorial community was created with a population of 35.17 thousand people (Fig. 3).



**Fig. 3. Number of communities and populations stretching from 2015 to 2020**  
 Source: reprinted from [8]

Support for sustainable development of regions in the context of decentralization is implemented on the basis of the formation of additional funds from rent and environmental tax in the relevant integrated territorial communities and the regional budget [11; 12; 13]. However, the chosen version of the system of public administration in Ukraine on the basis of granting broad powers to local governments on territorial development requires the development of scientifically sound organizational and economic mechanisms and applied management tools in united territorial communities. Effective legal relations in the field of ownership, use and disposal of local resources should create an economic basis for the development of united territorial communities.

Reforming the territorial organization of power on the principles of decentralization is one of the key areas of systemic social transformation in Ukraine. The development of a country is impossible without the development of its regions and depends on how quickly and efficiently the processes of creating united communities take place, how effective and efficient governance is at the regional and local levels. Understanding the importance and urgency of these problems, at the present stage of regional development raises the question of the need to improve the theory and practice of organizational and economic support for the development of united territorial communities.

New institutional transformations of regional and territorial authorities are due to changes in the political system of society, the implementation of administrative-territorial, regional reforms and require the introduction of improved mechanisms of regional governance, defining methods and areas of interregional cooperation and constructive partnership between the center and territories [14].

The process of decentralization in Ukraine began only in 2014, and today it is still insufficiently studied and requires systematic development and synthesis of the main directions of this process, developed by the world community. The first attempts to move away from centralization in Ukraine were made in the early 1990s. At that time, deregulation of the economy was actively carried out, in particular in the field of regulation of small and medium-sized businesses. This was also due to the fact that the governments of all developed countries consider this trend a priority.

Deregulation involves the disclosure of entrepreneurial potential in the country, strengthens competition among employers in the labor market and more. However, deregulation is more about freedom of business and free economic relations. Instead, the issue of improving institutional support for regional development and administrative-territorial organization was almost not considered.

The model of regional governance in Ukraine, which was formed during the Soviet era and inherited independence, was based on the dominance of government bodies in addressing issues of local self-government and territorial development.

The lack of rational zoning of territories and a balanced administrative-territorial structure is due to the lack of effective regional management, which should be based on the use of improved organizational and economic mechanisms for the development of administrative-territorial units [15-16].

The formation of a new model of territorial governance should promote the development of human resources, so that in the framework of decentralization it will be successful to compare the capabilities of people before and after the centralization process. After all, the decentralization process has a great responsibility for the provision of services from the newly reformed sectors of the country, that are health, education, economy and finance, and other sectors that will be reformed in the near future.

The experience of European countries shows that significant progress in the administrative-territorial system and local government reform has been achieved only where the government's reform innovations have taken into account the interests of local communities [12]. Among the countries that can share successful experiences in decentralization processes are Sweden, France, Finland, Poland, etc. [13]. Part of this experience can be used for Ukraine. Almost all countries have used this process to some extent. However, it is very important to take into account the interests of local people, as there is a risk that citizens will lose confidence in the reform process and the political forces that have proclaimed these reforms.

In order for Ukraine to meet the European Union's requirements for local self-government, it is important to use the positive experience, as well as advice from the countries of the "new" Europe, which have recently taken this path and whose initial conditions for reform were similar to Ukraine's. Today, the support of the European Union to Ukraine is carried out simultaneously

in several areas, but all these areas are more or less related to decentralization.

Sweden supports Ukraine in the state budget and administrative services, Estonia supports the implementation of e-government, Germany promotes energy efficiency, France promotes public administration, Spain is engaged in heat supply projects, Poland promotes the improvement of administrative-territorial system, etc. [14, 15]. Another type of assistance to Ukraine in the implementation of strategic development programs is grant support from international funds and governments of different countries. There is already a successful experience of international organizations aimed at promoting the sustainable development of various problem areas in Ukraine [16]. Thus, many countries around the world, and in particular the European Union's, contribute to the democratic reform of decentralization and the development of local self-government in Ukraine.

In Ukraine, the decentralization process is divided into 2 stages [8]: the first stage – 2014 – 2019\$ the second stage – 2020-2021.

As part of decentralization in Ukraine, a new administrative-territorial system was approved, within which 1,469 communities were created and instead of 490, 136 new enlarged districts were formed [8]. From 2021, all communities will receive more revenue to their own budgets. Communities will be able to decide for themselves how to use the money to solve local problems.

Now that local governments are in greater demand than ever before, local government departments are under pressure to produce more qualified candidates and lead high-performance development initiatives - while ensuring the highest quality of all human resources management.

As local governments continue to feel the pressure of limited resources, necessitating the highest quality of performers in any role, the future of local government human resources will be one in which labor-intensive recruitment and document management is automated to allow resource managers to focus on substantial the role of quality talent development.

Ensuring the stability of human resource management as a source of competitive advantage is studied mainly in terms of private enterprises, and not enough research is focused on public administration, especially for local governments [17-20].

Local governments that develop practical selection and selection, training, performance appraisal and compensation, taking into account the needs of specific areas, the potential of employees and their results, will be able to improve the development of areas [21-22].

**Conclusions.** The process of decentralization in the second stage and despite the COVID-19 pandemic, it does not stop, carrying out important reforms that are so urgently needed by the state. Human resource development is, in fact, the most important task of decentralization, as the population begins to receive more opportunities.

It is difficult to analyze the effectiveness of decentralization now, as the results will be at least in a few years.

Thus, the result of the reform of decentralization of power in Ukraine should be the formation of a new democratic model of governance, focused on strengthening the role of territorial communities.

The issues of the study are promising, especially after the end of the decentralization process, as it will be necessary to analyze the changes before and after the reforms, including decentralization.

In conditions when human resources were considered not as a factor of production, but as a vital resource for achieving the goals of the organization, combining the interests of united territorial communities. representatives becomes the main principle of reproduction of human resources and balanced development of territories.

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