



Business Risk

in Changing Dynamics

of Global Village

edited by:
ANDRZEJ NOWAK
ZOFIA WILIMOWSKA

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APPLIED SCIENCES IN NYSA

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Andrzej Nowak, Zofia Wilimowska

Business Risk in Changing Dynamics of Global Village

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CHANCES FOR UKRAINIAN MICROREGIONS TO ENTER THE GLOBAL VILLAGE: PROBLEMS, CHALLENGES, AND RISKS OF ADVANCE

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Abstract

The development of local administrative-territorial units of Ukraine always comes under the influence of various risks – political, investment, informational, environmental etc. In turn, integrated effect of the factors is the result of globalization risks. Thus, the mission of the microregions is to prevent negative effects of globalization influence as well as to outline priorities concerning the implementation of modern regional and local policies.

Objective of the paper is the determination of scientific approaches to positioning and considering of Ukrainian microregions as certain functional unions which can potentially implement their entering the Global Village as well as studies concerning possibilities to coordinate national, regional, and local interests meeting the requirements of European standards and becoming a factor for integration of Ukrainian microregions into global economic area.

Keywords: microregion, risk, development, globalization risk

INTRODUCTION

Certain aspects of regional development formation as well as its optimization problematic have always been of current interest for lawyers, politicians, economists, historian, and sociologists. Among other things, promising approach to the reforming of a system of strategic planning of regional development based upon social stakeholder agreement "local authorities – business – society" has been worked out by M. Porter and M. Kramer, well-known foreign scientists. M. Olson proves the expediency of

adequate decentralization and fiscal federalism. Practices of Central European countries as for the formation of regional development are studied by P. Szegvári. Problems of administrative and territorial arrangement reformation in Ukraine are reflected in papers of such domestic scientists as V. Bordeniuk, V. Kravchenko, S. Teleshun, P. Tkachuk and many others. Alternatives to form self-sufficient territorial societies were considered in papers by M. Derkach, Ya. Zhovnirchik, Yu. Kryvorotko and others. Developing the world practice of decentralization of budget is considered in papers by S. Borynets, M. Hnatiuk, A. Nechai, B. Seidel, V. Shvets, and O. Shevchenko. However, in view of considerable political and legal changes which took place in our state during the last five years, system reforming of local territorial units in Ukraine becomes a sphere of specific strategic importance both at national level, regional level, and local level requiring further profound comprehensive and integrated scientific research and substantiation.

Methodology of the studies relies upon fundamental principles of a theory of regional and local economic development and management, research by world scientists and works by domestic researchers concerning the development problems of local administrative-territorial units in Ukraine. The paper involves scientific and specific research methods, logical method, methods of system analysis and comparative analysis, statistic method etc.

Results of the studies are formation of vision in terms of current development of Ukrainian microregions as the basic functional unions of local territorial units which effective progress is the important prerequisite for the integration of Ukraine into European Community; introduction of priorities to develop and implement both regional and local policies of microregions complying with up-to-date requirements which may become the driving force in terms of future transformational changes; identification of problems, challenges, and obstacles with microregions face moving to progressive changes.

Value of the obtained results is that the considered approaches concerning formation of conditions for Ukrainian microregions to enter the Global Village have achieved the level of methodic and practical recommendations; thus, they may be applied in the context of supporting the progress of local self-government at its initial level to increase chances of independent entering the globalized economic area.

In a general sense, category "region" is used to demarcate a territory of a country according to various signs, e.g. geographical, administrative-territorial, ethnical etc. From the viewpoint of territorial approach, following levels of idea of "region" are available: mega-, meso-, meta-, macro-, micro-, and

miniregions. In general, boundaries of such notion as “region” depend on the selection of those criteria involved in its description (geographical criterion, economic criterion, social criterion, and historical and cultural criterion).

Having no sufficient spontaneous potential for development, local units in Ukraine gravitate toward more powerful centre while forming a microregion. As a functional unit, microregion offers greater opportunities for each of its participants through the achievement of either cumulative effect or synergic one resulting from common accumulation of all types of resources.

In the context of transition to market, studies concerning the problems of economic development of territories should rely upon management theory where specialization, cooperation and integration of different territorial structures are important components to increase the efficiency of their functioning in light of laws of market economy and its categories since economic territorial integration has to be followed by diversification of basic types of activities of territorial systems as part of market demand. In the context of such a dual-purpose interpretation, territorial economic integration will obtain the most tangible economic and social results. In this regard, integration of different objects and various types of activities should be considered as an objective entity of social reproduction.

Currently, united territorial communities (UTC) are becoming one of the most important accelerators for the development of rural territories as well as the sources for the sustainable social, ecological, and economic raise of microregions. Thus, since 2015 almost 200 UTCs have been voluntarily set up in Ukraine; for the first time they got considerable authority in the field of management of administrative-territorial units.

As a result of the administrative-territorial reform, Ukraine forecasts to develop territorial-business system in practice consisting of microregions will become spatial structure for the functioning of the UTCs. Adoption of the Law of Ukraine “On the voluntary association of territorial communities” [1] foresees implementation of an approach to form settlements and territorial associations which should be able to provide social and administrative services adequately and improve economic and social efficiency of decentralization respectively. Transfer of the centre of gravity from central authorities accumulated the whole financial, resource, and affirmative potential to the level of local self administration functioning will make it possible to form effective autonomous power which owing to energy of local community and granting of financial resources will help it fulfill own functions moving closer to the Global Village entering. United territorial community has an opportunity to obtain such a budget which will meet its demands. According to the current legislation since 2016 united

territorial community has got 60 % of personal income tax (in compliance with part 1 of article 64 of Budgetary Code of Ukraine), 25 % of environmental tax, 5 % of excise tax from realization of excisable goods, 100 % of single tax, 100 % of tax for profits of enterprises and financial municipal institutions, 100 % of net worth tax (real estate, land, transport facilities). Moreover, a number of local taxes and payments will not be transferred to the central budget as they will be remained at the local level [2]. The Law of Ukraine "On the voluntary association of territorial communities" foresees raising of financial support in the form of subvention to form infrastructure according to the Plan of Economic and Social Development of United Territorial Community (part 1 of article 10 of the Law of Ukraine "On the voluntary association of territorial communities"). The changes will help territorial community have financial capability for independent functioning of its microregion. However, the territorial community will have to be responsible for the planning of its future, budgeting, economic development, attracting investment, fruitful activities of business entities, management of land resources, giving nods to construction, accepting of buildings into service, the development of local infrastructure in particular regarding maintenance and construction of roads, water-, heat-, and gas supply, water removal as well as improvement of the territory, communal services, public security, fire protection, public transport management at the territory of the community etc. [3].

Taking into consideration European decentralization practices one should understand that such reforms and changes will favour the development of democracy, economic and social growth as certain territories, organs of public self-government and community in the context of strategic planning and progress.

Figure 1 shows key challenges following the processes of economic decentralization and formation of viable territorial communities in the current context.

In addition to the mentioned challenges, formation of viable communities faces certain problems, in particular: efficient implementation of voluntary principle while their forming; complete consideration of rights and interests of the community; guaranteeing of the participation of all the local communities in the processes of elaborating the plan to develop united territorial community; providing the cooperation in the issues of implementation of infrastructural projects and programs; consensus agreement and coordination of disputable problems as well as drafting corresponding agreements on parity basis; determining sources to form economic resources to implement the undertaken powers; integration of rights and interests of local communities in territorial centers [4].

Key challenges following the processes of economic decentralization and formation of viable territorial communities in the current context

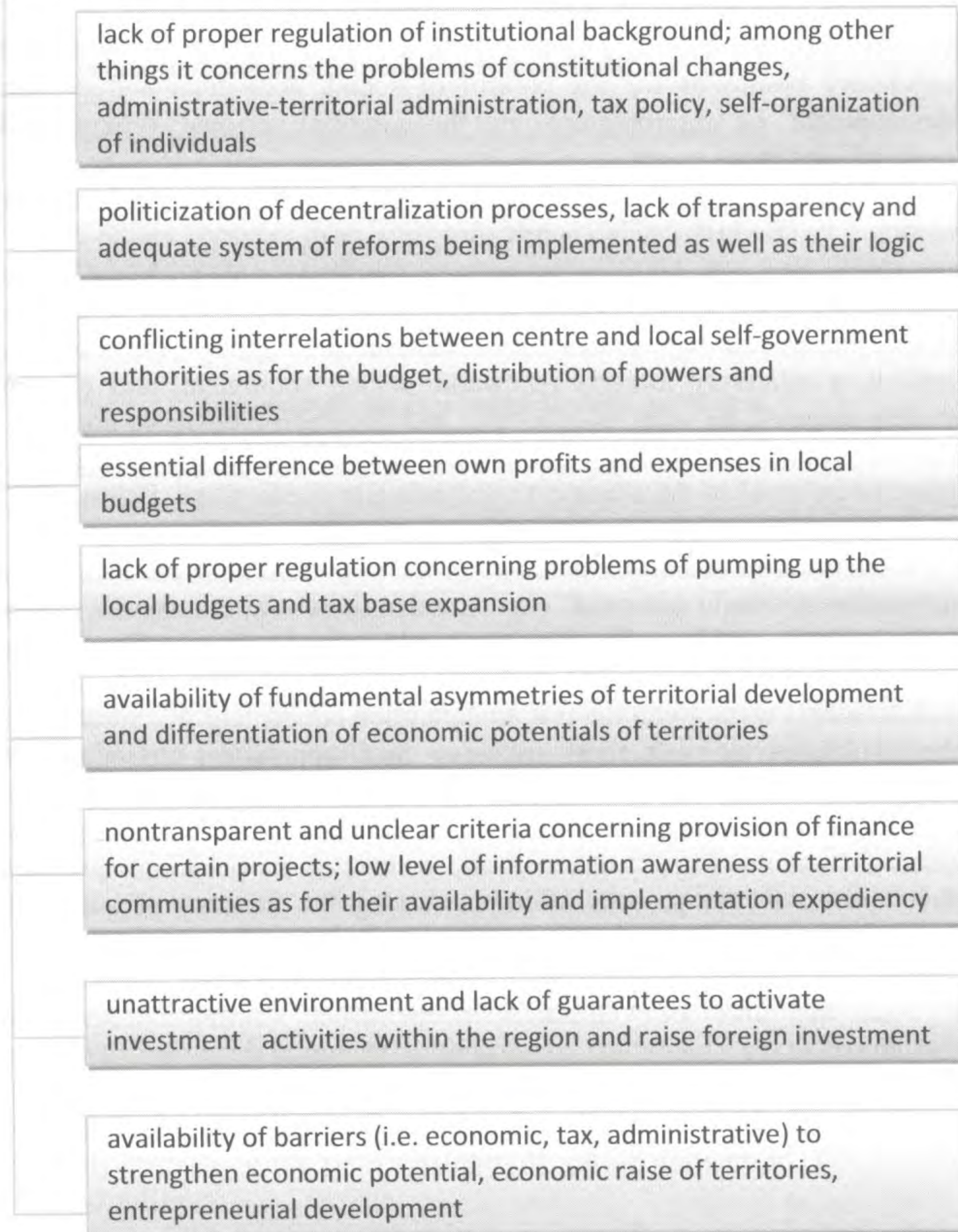


Figure 1. Key challenges following the processes of economic decentralization and formation of viable territorial communities in the current context of the development of Ukraine

Therefore, the problems of special topicality are the ones concerning scientific substantiation of the positioning and considering of UTC as well as microregions formed on their basis as basic lower territorial units of Ukraine; argumentation of the importance of regionalization and social, ecological and economic policy and corresponding regulatory effects by entities; vectorization of functional distribution of the powers of the regulatory bodies as for the control of social, ecological and economic development of microregions in the context national (countrywide), regional, and local levels.

While relying on the abovementioned, Baikivtsi united territorial community (Baikivtsi UTC hereinafter) has been selected as the object of the study. Baikivtsi UTC is the separate territorial unit with well-defined boundaries of the lower regional level (but higher than village level) being primary economic region; in terms of further disintegration the features are lost. It is relatively integral renewable social, ecological, and economic system showing up with its economic and geographic position, complex of natural, material, labour, and financial resources characterized by insufficient level of development. According to the features, Baikivtsi UTC can be studied as relatively problematic microregion.

In the context of cooperation of local government bodies with the university scientific potential, expert and research laboratory on financial and economic problems has been founded under the Corporation "Science Park "Innovation – investment cluster of Ternopil region".

The scientists were given the task to determine conceptual framework as for the principles of selecting priorities and approaches to sustainable development and supporting dynamic balance between the studied microregion (as integral constituent part of meso- and macroregion) and external medium (Fig. 2) that will allow ensuring its progressive complex development in the process of implementing the Strategy of sustainable development "Ukraine – 2020" taking into account the vectors outlined in the document: development, safety, responsibility, and honor [5].

In the time of Ukrainian independence, Ternopil region was considered to be one of the most depressive regions; on the other hand, experts emphasized its high investment potential. Statistics of decentralization processes demonstrates that Ternopil region is the leader in terms of UTC formation during 2015-2016.

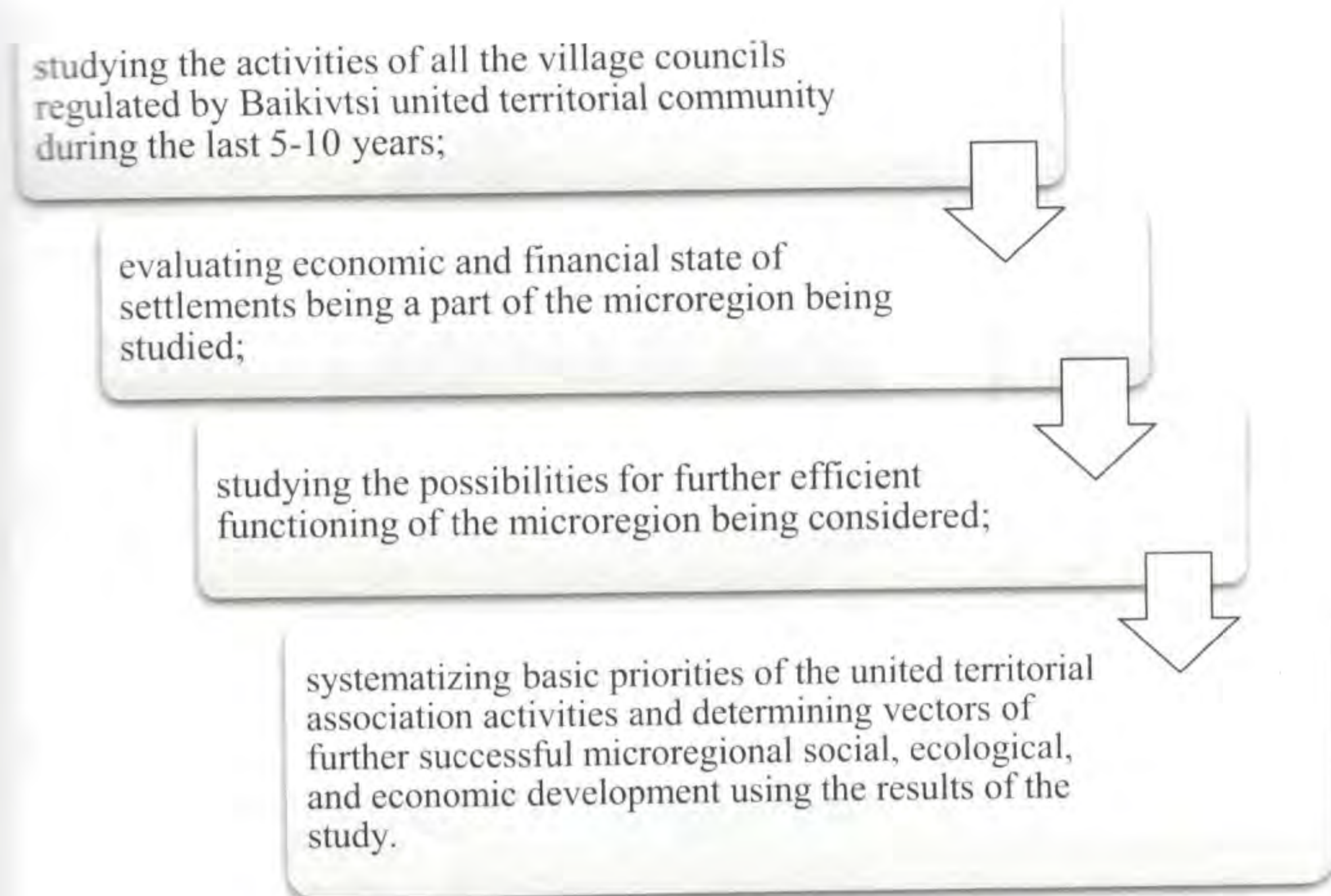


Figure 2. Tasks for scientists of expert-research laboratory on financial and economic problems Corporation "Science Park "Innovation - investment cluster of Ternopil region"

During 2015, 26 UTCs were formed in Ternopil region – the indicator is the highest in Ukraine contrary to such economically developed regions as Kyiv, Kherson, Mykolayiv, and Sumy ones where only 1 UTC per region was formed. In 2016 Ternopil region keeps holding leading positions upon availability of 36 UTCs; the fact emphasizes the importance and topicality of local government reforms basing on the principles of power decentralization in Ukraine [6].

Baikivtsi united territorial community founded in October 2015 is considered now as one of the most successful communities in Ternopil region. Baikivtsi UTC occupies advantageous geographical position as it is located not far from regional center of Ternopil and transient centers of Western Ukraine. Distance to the airport from the center of Baikivtsi village is 6.4 km; distance to the railway station is 12 km. The united community involves 7 villages.

Center of the territorial community is located on the right bank of the Gnizdechna River at the distance of 5 km from Ternopil. Settlements being involved into UTC are located at the distance of 6-18 km to the community center (Fig. 3).

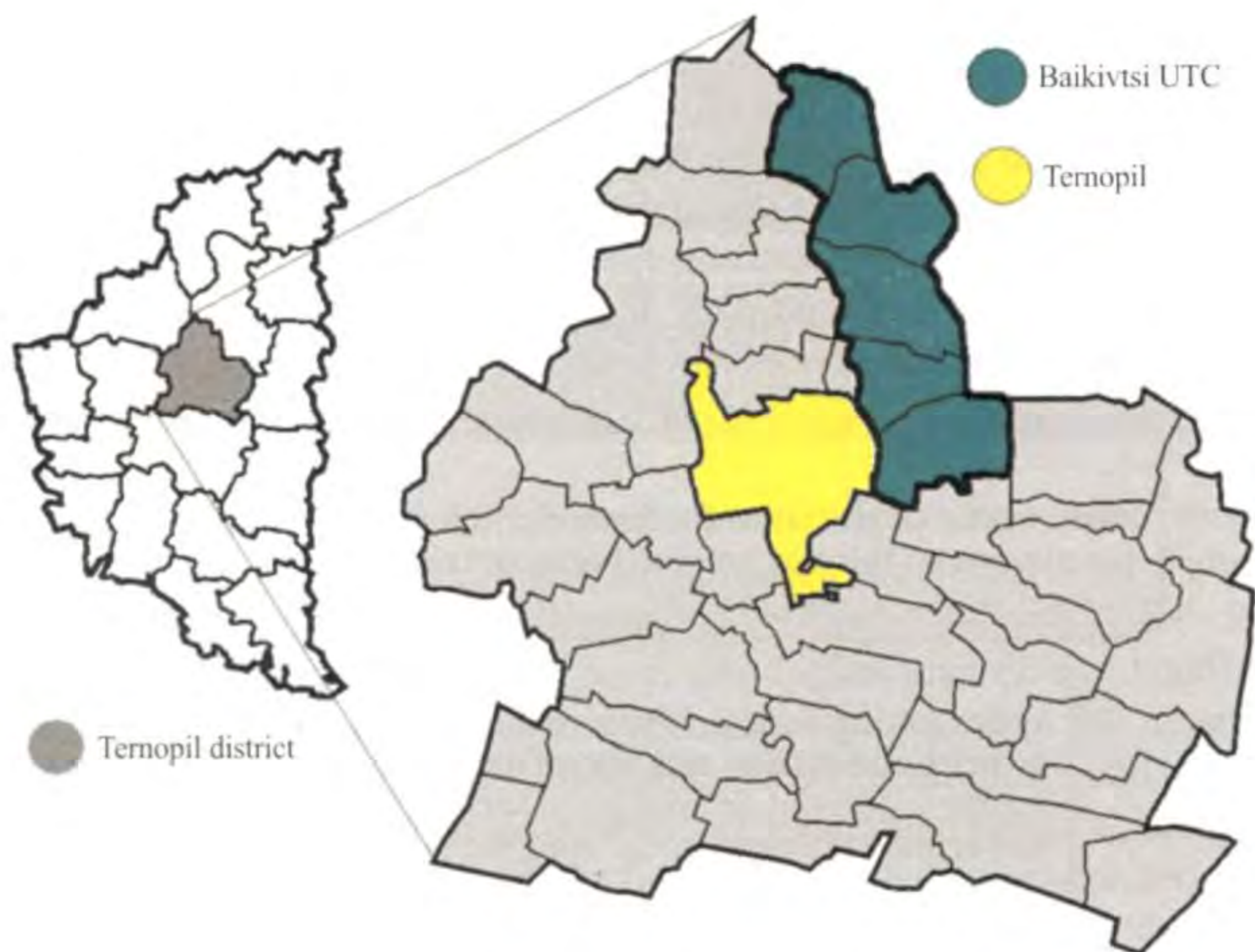


Figure 3. Position of Baikivtsi UTC within the administrative division of Ternopil region and Ternopil district

General population is 4735 people; of them:
 Village of Baikivtsi – 1765 people
 Village of Shliakhtyntsi – 650 people
 Village of Gayi Grechynski – 465 people
 Village of Lozova – 524 people
 Village of Kurnyky – 300 people
 Village of Stegnykivtsi – 485 people
 Village of Dubivtsi – 546 people.

Current state of Baikivtsi united territorial community is characterized by certain level of disbalances, asymmetry, and disproportion in development. The available features are stipulated by the set of factors (Fig. 4).

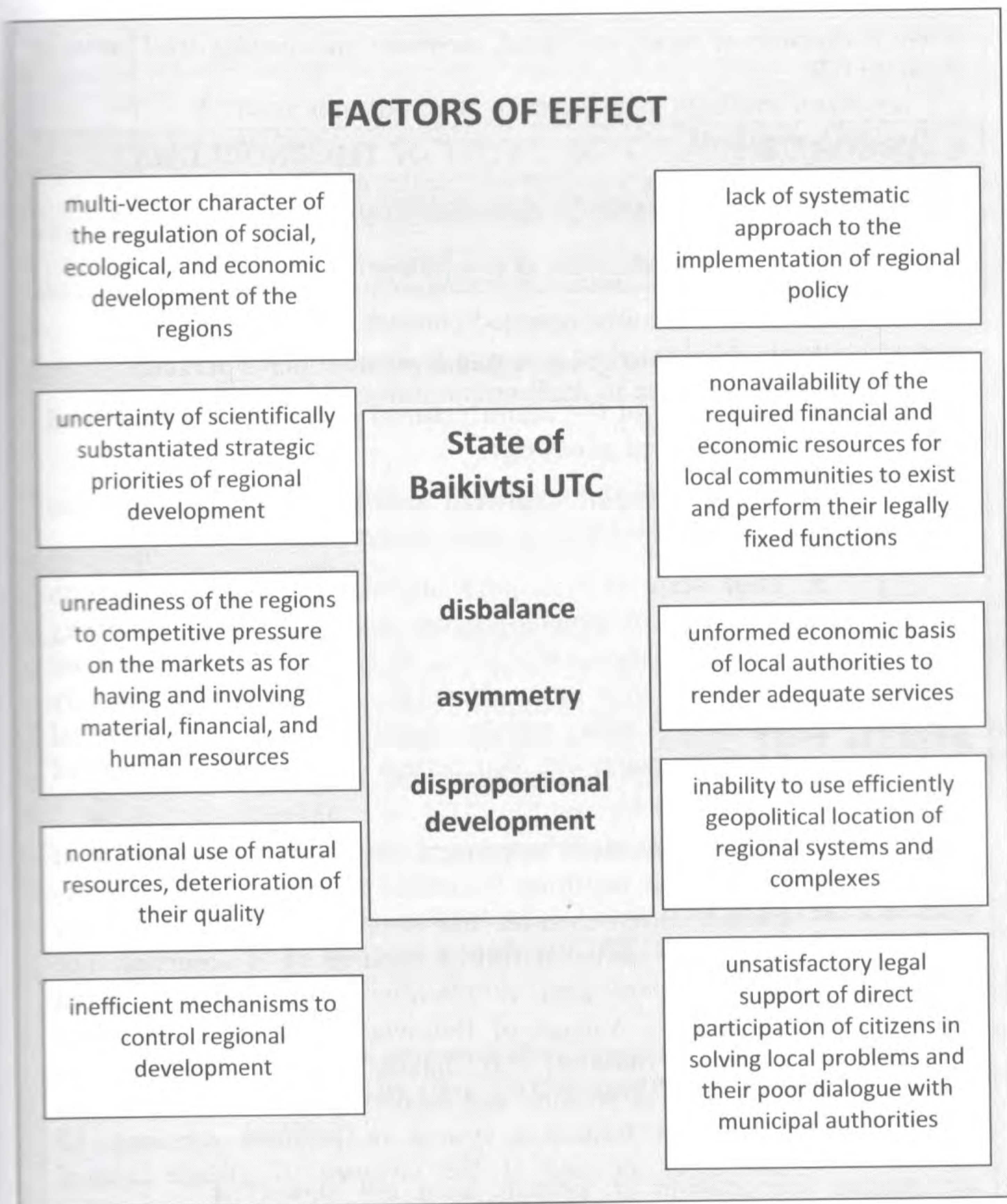


Figure 4. Factors determining current state of Baikivtsi UTC

Table 1 represents basic factors which do not allow increasing the efficiency level of Baikivtsi UTC functioning to achieve sustainable development.

Table 1. Problems of social, ecological, economic (sustainable) development of Baikivtsi UTC

CATEGORIES	INDICATORS OF THE PROBLEMS
ECONOMIC DIMENSION	
I. Indicators of competitiveness:	
1. Basic needs	<ul style="list-style-type: none"> <li data-bbox="552 832 1652 879">2. Low level of gross regional product per a person; <li data-bbox="552 911 1801 1021">3. Low level of the manufactured industrial products and agricultural products; <li data-bbox="552 1053 1801 1164">4. Poor intangible sphere, namely: activities of service sector and power generation enterprises; <li data-bbox="552 1195 1801 1591">5. Poor state of transport infrastructure, namely: length and state of general-purpose highways, lack of railway communication. Only about 40 % of communal roads are asphalted, their lighting level is 64 %, pavements partially equipped with proper facilities; lack of internal communication between certain villages being a part of Baikivtsi UTC. <li data-bbox="552 1623 1801 2524">6. Lack of efficient approach to the implementation of production facilities. Structural disbalance between state-owned, entrepreneurial, and communal sector of economy within the united territorial community is observed. The disbalance is also reflected in nonuniform territorial distribution. Village of Baikivtsi is the most developed center of Baikivtsi UTC having the most advantageous geographical position and bordering the town of Ternopil which has formed a system of business relations. 15 enterprises operate at the territory of village council including those with foreign investment (“SE BORDNETTSE-Ukraina” Ltd) as well as 8 agrarian companies and farms making up 62% of total number of enterprises in Baikivtsi UTC. The rest of settlements being a part of Baikivtsi UTC are characterized by low level of economic activity of business entities; <li data-bbox="552 2556 1636 2603">7. Underdeveloped international trade cooperation.

1. **Poor development of small and medium business.** The problem is typical not only for Baikivtsi UTC. It is common for the state on the whole being stipulated by a number of factors among which are: highly dynamic legislation controlling small and medium business; unstable national currency preventing from the progress of small and medium business with the use of credit resources and low level of incomes by households resulting in their complete consumption (lack of savings); expensive energy carriers and lack of required infrastructural objects factoring into low level of business initiative and its undifferentiated manifestations while the need in sufficient living standards factors into high level of human capital migration etc.

Almost 55% of structure of budget income of Baikivtsi UTC belongs to a personal income tax at the expense of business entities engaged in entrepreneurship and operating mainly in the village of Baikivtsi. Level of social, ecological, and economic development of other villages forming the UTC differs greatly which will involve balanced development of the whole community in future;

2. **Consumer market of UTC is not analyzed.** Currently small business in Baikivtsi UTC is limited by the activities in the field of trade and public catering;
3. **System of economic development management is almost unavailable** (the UTC structure has no specialist in economy);
4. Despite the great number of architectural monuments, **touristic potential is implemented rather poorly** and it is not integrated into the community economy.

II. Indicators of innovative and human resources:	
1. Labour market	<p>1. Low efficiency and underdeveloped possibilities of labour market of the UTC. More than 4650 people are employed at the enterprises operating at the territory of Baikivtsi UTC but not all of them are the community residents as the number of employable population and their qualifications do not allow ensuring the demand for labour resources.</p> <p>Problems of the community qualification are studied and analyzed poorly. It is difficult to understand what residents of certain community villages are aimed at.</p> <p>Comparatively low monthly salary. Alternative sources of population income, especially in terms of the youth being ready to work actively for the community development, are rather limited. The majority of people work in Ternopil implementing own potential;</p> <p>2. Disbalance in revenue-expenditure proportion (per a person);</p> <p>3. Insufficient number of jobs has been created.</p>
2. Innovative and investment possibilities	<p>1. Internal current expenditures connected with scientific and scientific-technical activities in the UTC are not available. That is the reason why the infrastructure of enterprises cannot be developed (the same concerns new product types); progressive technological processes are not implemented;</p> <p>2. Investment possibilities of the UTC. Infrastructure for business support is not available; cooperation with investors is insufficient. There is no certain working group or a person engaged in the sphere;</p> <p>3. Specific investment certificates for land plots proposed for investors are not ready.</p>

SOCIAL AND INSTITUTIONAL DIMENSION

I. Society basing upon the knowledge:

1. Intellectual assets of the UTC

- 1. Low level of computer literacy in the context of the UTC population.** It is required to improve computer literacy of the community residents;
- 2. Limited access of citizens and business enteritis to information resources.** Gradual increase of the role of information and knowledge in human life during modern stage of social development results in the availability of global information space, everyday share of information and use of information technology. Lack of high-speed Internet and high-quality mobile communication at the territory of Baikivtsi make it impossible to progress the community, implement its potential and aspirations in full; moreover, **will restrict the implementation of electronic government system;**
- 3. Small number per class and lack of modern software in the educational process.**

2. Quality of the community resident progress

- 1. There is an inequality as for the distribution of social and material benefits among residents of the UTC.** Village of Baikivtsi is the most developed center of Baikivtsi UTC. Level of social, ecological, and economic development of other villages being a part of the UTC differs greatly which will involve the achievement of balanced development of the whole community in future;
- 2. Low level of freedom from unemployment.**

II. Development of human potential:	
1. Development of health and physical education	<ol style="list-style-type: none"> 1. There is no such a body which would keep statistics concerning the health of the community residents (it is especially important to have statistic data as for the number of HIV infected people and those suffering from tuberculosis); 2. Insufficient budgeting of physical culture and sports in the UTC; 3. There are no facilities of physical culture and sports at the UTC territory. That affects both health and physical education of the UTC residents.
2. Level and quality of education	<ol style="list-style-type: none"> 1. Lack of adequate practice to manage a network of educational institutions at the territory of Baikivtsi UTC. Before the united territorial communities were formed, educational departments of district state administrations dealt with the control of educational network in rural regions of Ukraine. Functions of executive bodies of rural and settlement councils in the field of education were minimal. They include fulfillment of indirect targets to provide schools (e.g. organization of transport for pupils). For the first time in the new history of national administration in Ukraine, formation of united territorial communities provided such conditions when all managerial and financial authorities are concentrated in the single body of local self-government. Hence, there is the real possibility to control the network of educational institutions efficiently.
3. Development of labour market	<ol style="list-style-type: none"> 1. In general, there is a low level of economic development, except the village of Baikivtsi. It is required to develop infrastructure of small and medium business in the settlements being a part of Baikivtsi UTC. Thus, economic activity of the community is activated; 2. Great labour outflow to the regional center (Ternopil), other cities and abroad.

4. Economic component of human development	<ol style="list-style-type: none"> 1. Great share of the population with monthly average income being less than living minimum wage. That is the common problem of society stratification in our country. However, social and economic differentiation of population of UTC should be analyzed to perform comparative assessment of welfare of certain groups among UTC population paying specific attention to unprotected social groups; 2. Expensive housing and public utility services for UTC population.
III. Institutional development:	
1. Political awareness	<ol style="list-style-type: none"> 1. Low level of civic engagement as for the membership in non-governmental organizations and political ones; 2. Negative attitude to political situation in the state and the negative and low level of activity during previous elections; 3. Low level of confidence to mass media; 4. Insufficient intermunicipal cooperation (disbalanced communication between villages being a part of Baikivtsi UTC, lack of common projects; there is no common vision of the territory development).
2. Effect of religious institutions	<ol style="list-style-type: none"> 1. 7 churches function at the territory of Baikivtsi UTC. Ratio of Greek-Catholic and Orthodox churches. Problem of coexistence of different religious communities.

<p style="text-align: center;">3. Efficiency of the UTC management</p>	<ol style="list-style-type: none"> 1. Trust to the community authorities. Complex economic and political situation in the country, corruptness of the authorities, military actions, disillusion as for better future – all the factors are the obstacles on the way to developing the required grounds for manifestation of civil activity concerning own community. No integral vision as well as insufficient information support restricts and affects the activity of Baikivtsi UTC citizens and trust to the UTC authorities. 2. Small share of the UTC population engaged in the sphere of municipal management of the UTC.
<p>IV. Living standards:</p>	
<p style="text-align: center;">1. Leisure time and culture of people</p>	<ol style="list-style-type: none"> 1. Outdated leisure time infrastructure. 2 cultural centres, 4 village clubs, 1 central library, 5 branch libraries function at the territory of Baikivtsi UTC; however, there state and provision are unsatisfactory. Currently they cannot play a role of cultural and educational centers for the community. That is why there are certain problems of small differentiation of cultural wealth and services and as a result poor quality of cultural education of the UTC young generation. 2. Lack of qualitative marketing of cultural product and management in the sphere of activities by cultural centers, village clubs, and libraries. There are no measures aimed at the study of the UTC population demands as for cultural services they would like to get; 3. Small number of mass cultural events which would unite and join the UTC residents.
<p style="text-align: center;">2. Population of the UTC</p>	<ol style="list-style-type: none"> 1. Level of the UTC population increase. Total number of Baikivtsi UTC does not involve the population living at the territory of dacha co-operatives in the villages of Lozova, Kurnyky and others being within the UTC. People live in the mentioned co-operatives constantly (i.e. they have the right for land, residential space, registration).

<p style="text-align: center;">3. Health of the UTC residents</p>	<ol style="list-style-type: none"> 1. Small share of children whose age is 2 years old are vaccinated against: diphtheria, pertussis, poliomyelitis, measles, and tuberculosis. It is required to monitor the level of medical services and provision of children with high-quality vaccines. 2. Poor provision of the population with doctors and Emergency Call services. The only municipal institution “Ambulatory of general practice – family practice” has functioned at the territory of Baikivtsi UTC since February 2016.
<p style="text-align: center;">4. Infrastructure state</p>	<ol style="list-style-type: none"> 1. Unsatisfactory state of social infrastructure. Baikivtsi UTC finances 8 educational institutions (3 pre-school educational institutions and 5 secondary schools), 2 cultural centers, 4 village clubs, 1 central library, 5 branch libraries, ambulatory of family practice, 6 medical and obstetrical stations requiring considerable financial resources. Average number per class in terms of pre-school educational institutions is 29; the number is 67 in terms of schools. Such objects of social infrastructures as gyms and equipped street sports grounds as well as athletic classes are practical unavailable. Great proportion of municipal payments belongs to energy resources. Gas boilers are mostly used to heat objects of social infrastructure 2. Small number of mechanical transport means owned by the UTC residents; 3. There is no central water supply and water disposal at the territory of the villages; there are certain problems with gas supply.
<p style="text-align: center;">5. Risks and life safety</p>	<ol style="list-style-type: none"> 1. There are cases of offence committing and stealing; 2. Unwillingness of the majority of the community residents to participate actively in its development. Complicated economic and political situation in the country, corruptness of authorities, military actions, disillusion as for better future are the obstacles on the way to develop the required basis to manifest readiness of citizens to build up their own community. Lack of integral vision as well as insufficient information support restricts and affects the activity of Baikivtsi UTC residents.

ECOLOGICAL DIMENSION	
1. Ecological systems and ecological load	<ol style="list-style-type: none"> 1. There is no fundamental research concerning the state of the UTC ecological systems, namely: air conditions, biodiversity, soil, quality of water and its quantity, radiological hazard and environmental one. The research will help the UTC to be adapted to the needs of foreign investor; 2. There is no monitoring concerning: 1. Pollutions of contaminators into the atmospheric air; 2. Load of ecosystem: changes in ratio between the areas of cut and failed plantation and the ones of trees planted during the last three years; 3. Ratio between the area of arable land, hay meadows and pastures as well as forests and other plantations, and built-up areas.
2. Generation of waste and its utilization	<ol style="list-style-type: none"> 1. Problem of garbage and spontaneous garbage dumps both within the territory of the community and beyond its settlements but at the territory of the UTC; 2. There is a problem of waste accumulation and general problem of handling with waste of 1st-3rd hazard classes and its utilization; 3. There is no settlement within the UTC where separate collection of solid domestic waste is implemented.
3. Regional ecological management	<ol style="list-style-type: none"> 1. Management of ecological aspects of Baikivtsi UTC development is not adequate.

All the enumerated problems are interdependent and interrelated requiring complex solution.

Under such conditions, solving the problem of future stable development of the united territorial community and substantiation of priorities as well as measures within the sphere should be performed on the basis of substantiated special-purpose approach involving multi-subject decision-making and single-vector activities.

Changes in functioning of the united territorial communities are possible according to three scenarios (Fig. 5).

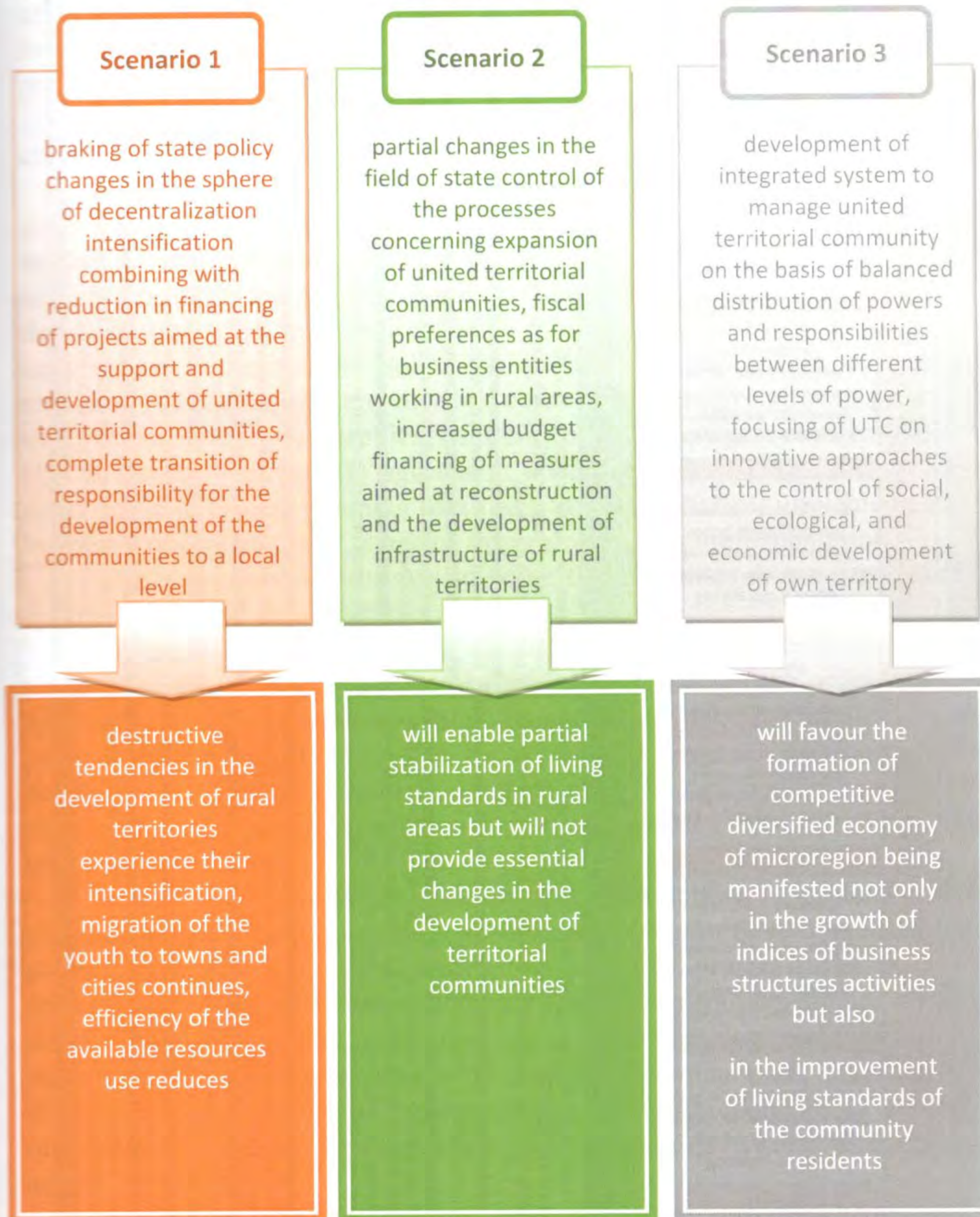


Figure 5. Scenarios of changes in the functioning of united territorial communities

To solve the problems, the author proposes to apply scenario 3 as such mostly meeting the interests of rural population and the whole society (Fig. 6).

SCENARIO 3

IMPLEMENTATION PRINCIPLES

Coordination of priorities of community development with the national priority vectors	Improvement of living standards of the community population
Focusing on those advantages of a micro region which are unique at a local level or may become such in future	Coordination of the development priorities with budget provision
Analytical substantiation of selection of priorities to obtain synergic effect from simultaneous implementation of complementary and synergetic measures	Orientation on sustainable development combining economic, social, and ecological components of economic, social, and ecological improvement
Innovativeness in approaches aimed at implementation of measures concerning achievement of strategic and operative objectives with the focus on the needs and interests of the community population	Taking into consideration of determining the development priorities
Imovativness in approaches aimed at implementation of measures concerning achievement of strategic and operative objectives with the focus on the needs and interests of the community population	Taking into account ecological component while developing measures of social, ecological and economic development

IMPLEMENTATION TENDENCIES

Development and approval of the Strategy of social, ecological, and economic (sustainable) development of Baikivtsi united territorial community as well as other documents concerning regulation of relations between the subjects of the territorial community	Investment in human capital to provide conditions for the system of life-long learning, development of creative skills, health protection of population, and commercialization of the results of such investment
Implementation of current market business mechanisms	Stimulation of suburbanization while providing the youth jobs and housing
Implementation of mechanisms of national and private partnership as mutually beneficial cooperation between state authorities, local authorities, and private investors in the sphere of infrastructural, humanitarian, and ecological projects	Ensuring favourable living conditions at the community territory as for the economic, social, and ecological aspects
Provision of social infrastructure development by means of formation of a system of socially responsible business activities	Providing communication for the community population
Monitoring and controlling of ecological outcomes of the activities by enterprises located at the territory of the community	Development of projects and searching for grant-givers to implement energy-saving technologies
Development of long-term program of stage-by-stage activities connected with water supply and water disposal in UTC villages	Systematic activities to raise direct foreign investment
Cooperation with the diaspora and partner towns from other countries	Measures to attract the youth and community on the whole to active participation in the UTC life
Stimulation of small business to create jobs and objects in the sphere of touristic industry and entertainment industry	Solving the problem concerning solid domestic waste control in partnership with the neighboring UTCs
	Development of a program aimed at Baikivtsi UTC promotion and attraction of all the possible tools and target consumers to achieve the goal

Figure 6. Principles and trends of Scenario 3 implementation

Topicality of the problem concerning the improvement of management of microregions as well as the need concerning the formation of useful mechanism for its future development involve the necessity to focus the attention on the prerequisites of efficient implementation of projects of the development.

It is just project management which helps microregions create conditions and make efforts for independent entering the Global Village.

Sometimes a process of carrying out own functions by local self-government authorities involves various problems. Diverse methods may be applied to analyze them, namely comparative analysis, release of weak aspects etc. When the problem is pointed out and analyzed, it is necessary to decide how to solve it. A project is one of the most efficient ways for local microregion authorities to solve the problem in the sphere of public relations. All the organizational work concerning the development projects to solve communication problems should cover four stages: clarification of all the issues requiring the agreement upon the Laws, before the project starts; stage of project planning (drafting); stage of practical implementation by means of project group; stage of the project results implementation.

There are three approaches to solve the project problems: technical, mathematical, and administrative.

Irrespective of the volume or form of project organization, it is possible to determine some general principles to manage the project to be applied by a project manager: settlement and approval of the whole project plan; development of plans for each stage of project implementation; development of plans for single actions; controlling of implementation of plans and actions; taking measures in case of possible deviations as for the plan and its outcomes.

Project planning means the determination of actions to implement the projects; it should cover the series of successive actions: development of the project structural plan; planning the sequence of project tasks (project stages) completion; planning of staff participation in implementation of the project by District Council; planning of the project implementation in time; planning according to the stages of project implementation; planning of expenditures for the plan implementation. Decision concerning project implementation should be made taking into account the available resources and risk analysis.

A process of municipal management cannot take into consideration all the factors of both internal and external environment as well as forecast changes in them. That depends on incomplete information concerning the administrative environment. That is why there will always be a risk to make and implement incorrect administrative decision. Risks are inevitable

restrictions for the development of municipal formation, but they should be taken into account and reduce negative effects if possible.

Risks management at the municipal level should involve: use of all the possible means to avoid or reduce risk degree; control of risk when there is no possibility to avoid it completely, optimization of risk degree or maximum possible reduction of volumes and probable negative risk effects. Risk management process should provide adequate mechanism of risk eliminating (overcoming).

According to the author, on the assumption of the aforementioned, basic scenarios of further Baikivtsi UTC development are as follows: inertial (pessimistic) and modernizing (realistic) (Fig. 7).

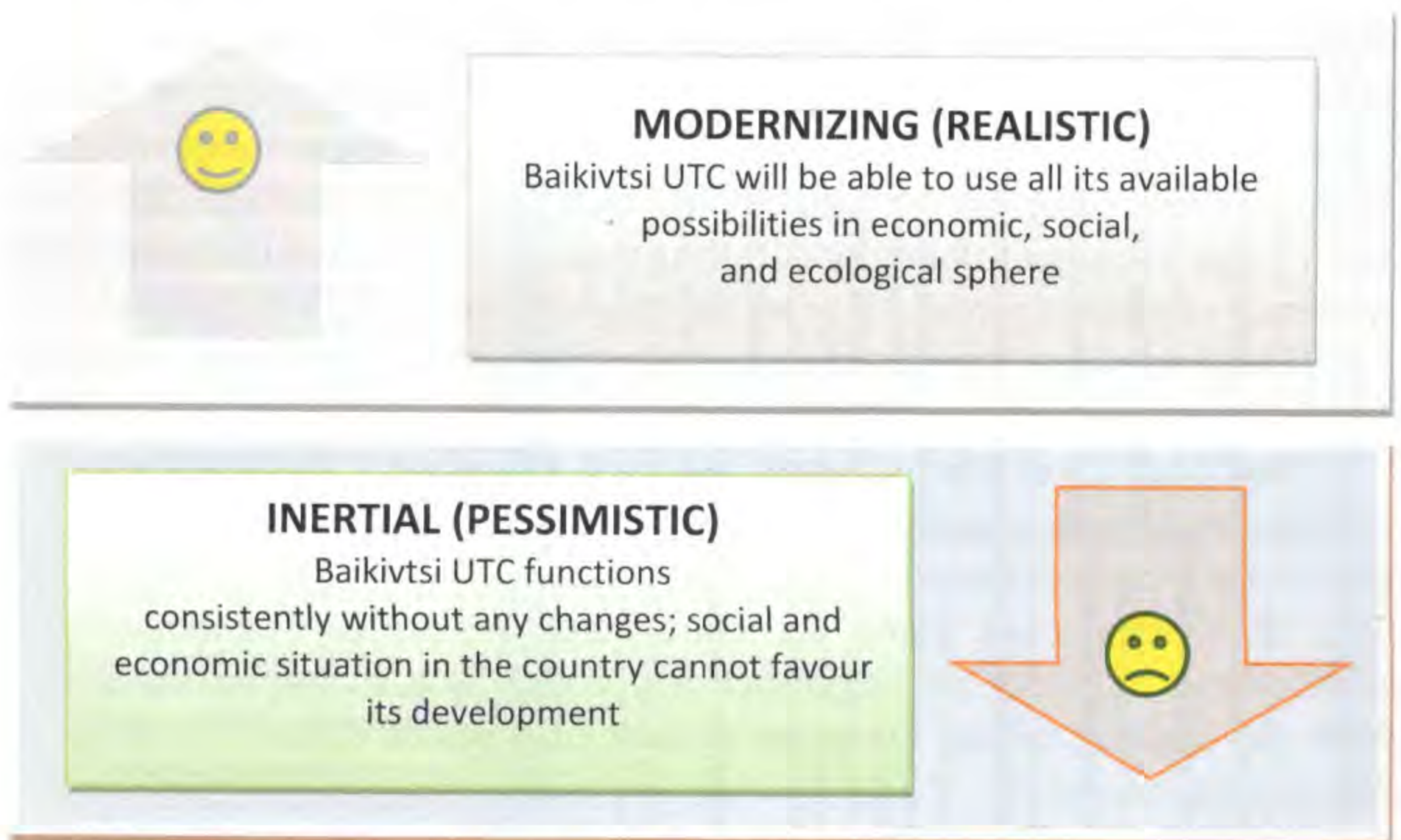


Fig. 7. Scenarios of Baikivtsi UTC further development

Inertial (pessimistic) development scenario for the studied microregion is formed in terms of complex of assumptions that the balance of external and internal factors of effect upon the state of community as social and economic system, lasting in time (in planning horizon), remains constant, i.e. sequence of the system states experiences inertial changes: a community functions consistently without changes; social and economic state of the country does not favour the development.

Under conditions of preserving negative manifestations of the effects of external and internal environment factors of Baikivtsi united territorial community, destructive tendencies in social, ecological, and economic state can aggravate and minimize potentials of the efficient sustainable growth.

Modernizing (realistic) scenario of Baikivtsi UTC development is the result of critical evaluation of possible limitations of the community functioning – the community makes efforts for its development despite the fact that social and economic state of the country not always favours the tendencies of growth. According to the modernizing scenario, Baikivtsi UTC can use all the available possibilities in economic, social, and ecological sphere.

It means that following things are involved: implementation of energy-saving technologies both at enterprises operating at the community territory and in private sector as well as at the objects of social infrastructure; formation of efficient interaction within “power-business-community” cluster; increase in the level of entrepreneur activity and civil awareness of the residents; rationalization of natural resources consumption etc. Implementation of the development scenario makes it possible to increase the level of competitiveness of the microregion, to involve national and foreign investors as a result of favourable investment climate of Baikivtsi UTC.

We hope that further progress of Baikivtsi UTC will involve sustainable economic growth on the basis of innovative development of multibranch economy, implementation of high living standards, preserving and all-round developing of the microregion united territories.

In general, it should be noted that the aim of positive tendencies preserving and providing the development of viability of the newly formed territorial communities, comprehensive governmental support has to be implemented. The support means the extension of its information, methodical, consultative, and financial components; grants and educational support, in particular, grant support according to EU/UNDP projects, investment by the state Foundation of regional development to implement socially oriented programs and projects.

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