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PECULIARITIES OF INDUSTRIAL NATURE MANAGEMENT IN THE CONDITIONS OF MODERN DECENTRALIZATION

Mykola M. Nazaruk¹, Lidiia A. Halianta²

¹Ivan Franko National University of Lviv, Department of Geography, Lviv, Ukraine

²Ivan Franko National University of Lviv, Department of Geography, Lviv, Ukraine

Mykola Nazaruk orcid.org/0000-0002-1210-9666

Lidiia Halianta orcid.org/0000-0002-3813-2768

Abstract

The aim of the study was to determine the features of industrial development in modern decentralization.

Materials and methods. This study is based on the study of literature sources that characterize the problems of industrial nature management, features of development and operation, geospatial features of industry. The most well-known literary sources are analyzed, namely monographs, reporting materials, articles, reports concerning the problems of industrial nature management in the conditions of modern decentralization.

Results. Decentralization contributes to the development of the economy, as the authorities respond more quickly to the demands and needs of society. Decentralization processes are improving the so-called investment climate, resulting in economic growth. That is why it is important to consider the factors influencing the development of industry in today's decentralization. We highlight the political and legal, economic, socio-demographic, technological factors of industrial development. On their example, we will consider features of development of the industry in the conditions of modern decentralization.

Conclusion. The analysis of development factors and structural transformations in industry has revealed a number of sharp contradictions that create many risks for the existence of the industry itself, as well as the economy and social sphere of the country. This poses a number of serious challenges to the country to overcome such contradictions as: the inconsistency of the general trend of the industry with the development of world industry in structural and technological terms; continuation of structural and organizational degradation of production with preservation of its export-raw material orientation and

corresponding dependence on external conditions; increasing technological simplification and primitivization of production; inconsistency of domestic production with the needs of the population; the progressive decline of processing industries, including high-tech and fund-generating, for the domestic consumer market; high depreciation of fixed assets and unattractive investment of the industry, including for foreign investors; remoteness of the financial sector from servicing long-term investment needs of production; "Conservative" distribution of investment resources; lack of a mechanism for redistribution of investment resources in favor of promising industries. The identified contradictions and the resulting risks to the further functioning of the industry must be resolved as soon as possible for progressive changes and industrial development in the future.

Key words: Industry, decentralization; industrial nature management; peculiarities of industrial nature management

INTRODUCTION

In today's decentralization, a process that involves the transfer of significant powers and budgets from government to local governments, industrial development depends on many factors. The draft Strategy for the Development of Ukraine's Industrial Complex until 2025 emphasizes the need to strengthen the role of industry in accelerating economic development, qualitative changes in the structure of the economy, raising social standards, supported by the appropriate level of economic security. Decentralization contributes to the development of the economy, as the authorities respond more quickly to the demands and needs of society. Decentralization processes are improving the so-called investment climate, resulting in economic growth. That is why it is important to consider the factors influencing the development of industry in today's decentralization.

THE AIM

Determine the features of industrial development in modern decentralization.

MATERIALS AND METHODS

This study is based on the study of literature sources that characterize the problems of industrial nature management, features of development and operation, geospatial features of industry. The most well-known literary sources are analyzed, namely monographs, reporting materials, articles, reports concerning the problems of industrial nature management in the conditions of modern decentralization.

RESULTS.

Decentralization contributes to the development of the economy, as the authorities respond more quickly to the demands and needs of society. Decentralization processes are improving the so-called investment climate, resulting in economic growth. That is why it is important to consider the factors influencing the development of industry in today's decentralization. We highlight the political and legal, economic, socio-demographic, technological factors of industrial development. On their example we will consider features of development of the industry in the conditions of modern decentralization.

Political and legal factors. The situation in the regions and in Ukraine in general during the next stage of reform depends on public policy, as well as the development of industry in particular. The reform of the territorial organization of power and local self-government requires, first of all, a change in the principles and approaches in the state regional policy, which acquires special significance. It is necessary to constantly monitor the adoption of new legislation, regulations of local authorities. In the conditions of modern decentralization political and legal factors are characterized by the following features:

-difficulty of tracking constant changes in the legislation on business, the complexity of tax administration and reporting, which negatively affects the development of industry;

- state policy to support entrepreneurship: simplification of doing business (including through the possibility of enterprises to receive the necessary administrative services online, through greater access to information resources (portals, registers, databases)), reducing pressure from regulatory authorities, the ability to obtain advice and more support in business centers create a positive impact.

Today, Ukraine is creating and implementing a flexible system of regulatory

framework that would fully meet the requirements of the WTO and the EU, as the political and legal framework depends on the inflow of investment from foreign countries. One of the main political and legal documents influencing the state regulation of the economy are modern strategies of socio-economic development of the regions of Ukraine and state development programs.

Considering the political and legal factors, it is equally important to consider the concept of "industrial policy". The goal of industrial policy and its end result in modern decentralization should be to increase the competitiveness of the national economy and balanced economic growth in the long run, general facilitation of business conditions in the country, which requires institutional reforms, adoption of relevant laws.

To assess the level of industrial development, it is impossible to do without *economic factors* that need to be constantly and in detail analyzed. Among the economic factors that can have both undesirable effects and positive effects on the development of industrial enterprises include the following:

- high level of tax burden, which negatively affects the financial performance of industrial enterprises;
- uncertainty of the exchange rate, which significantly complicates business planning and can also affect the financial performance of industrial enterprises;
- inflation rate: negative impact due to rising prices, which increase the cost of equipment and materials, which leads to an increase in the cost of products, and, as a consequence, rising prices for services;
- the state of lending: a negative impact, because raising loans will increase the financial burden and affect the further development of the enterprise;
- state of industrial development: the presence of projects to create growth points in industry (special economic zone, industrial parks, clusters of automotive, wood and light industry, other technological clusters) would have a positive impact on industrial development;
- providing investment support for industrial development.

Socio-demographic factors should also be considered, as they determine the qualitative and quantitative characteristics of demand for goods produced by industrial enterprises. Among the demographic factors should be noted the negative trends of population decline, which causes a drop in demand and purchases of certain goods. In addition, processes such as population aging, irrational social structure also pose certain risks and threats to the development of retail businesses. We must not ignore the migration processes, which have significantly intensified in connection with the resettlement of residents of the eastern regions, as well as with the increase of emigration of Ukrainians abroad. Important social factors are the monetary income and expenditure of the population. Due to high inflation and rising prices for most consumer goods, especially imported ones, higher utility and transport tariffs have significantly reduced consumer spending. All these factors cause a decrease in effective demand, and hence the volume and frequency of consumption of certain goods, which will inevitably affect the reduction of retail trade. Given all this, it should be noted that socio-demographic factors, as well as economic, pose significant threats to the further development of industrial enterprises, which are reduced volumes and frequency of purchases due to lower levels of effective demand.

Technological factors should be considered in terms of availability of free production capacity at industrial enterprises for the introduction of new technologies and modern

equipment, as the limited availability of modern technical and technological developments due to lack of funds in enterprises negatively affects their development. The possibility of using more technological equipment is a favorable factor for the development of industry, as it affects the quality and time of manufacture of products by industrial enterprises. No less important technological factor is the development of Internet technologies, which has a positive impact on the development of the industry, because new opportunities are created to attract customers by creating a website, maintaining Internet groups, there is faster communication with customers. Stimulating innovation in industrial enterprises and supporting it at the state level by providing tax incentives to businesses that introduce innovations is a driving factor for the development of industry as a whole.

Table 1.

Number of innovation active of industrial enterprises by areas of innovation by type of economic activity in 2019

	Number of innovation active of industrial enterprises	
	total, units	% of total number of industrial enterprises
Industry	782	15,8
Mining and quarrying	28	11,5
Processing industry	693	17,2
Supply of electricity, gas, steam and air conditioning	33	10,7
Water supply: sewerage, waste management	28	7,2

One of the most important factors in the development of industry in the context of modern decentralization is the transformation of its structure. High levels of innovation activity and modernization of production lead to significant structural changes in the industry. Effective transformation of the industrial structure in the conditions of modern decentralization will reduce unemployment, increase the number of new jobs, improve the living standards of the population and the state of the environment, as innovative changes help the industry to reach a new level and increase its competitiveness.

The directions of changes in the sectoral structuring of industrial production in Ukraine are completely correlated with the dynamics of technological changes. Among the structural problems of industry are the following components: product production, spatial-regional, technological, investment-reproductive, foreign trade, market and market, regulatory management. These problems have entered a regime of sustainable self-reproduction, they cannot be overcome only by market self-regulation, leaving them in the medium and long term without appropriate response to their solution poses a threat to the economic system in terms of maintaining its integrity.

The structure of production has changed to the opposite ratio between the output of primary and deep processing, low-tech and high-tech, raw materials and investment and final consumption. A striking example is the change in the relationship between the output of the mining and metallurgical complex, on the one hand, and mechanical engineering and light industry - on the other. As a result, there was a primitivization of the industry structure, production acquired export specialization. Formation of significant contrast gaps (from fourfold increase to fivefold reduction) in the production of individual industrial goods is not

exclusively related to the adaptation of production to market needs. A complete role in establishing a new structure was played by the full openness of the domestic market for foreign producers. The reorientation of domestic production to the needs of the domestic market is an important, but insufficient, in our opinion, condition for improving the sectoral structure of industry. In Ukraine, the domestic market, given its commodity structure and, consequently, the structure of domestic consumption, is a significant limiting factor for the progressive restructuring of production.

CONCLUSIONS

Thus, the analysis of development factors and structural transformations in industry has revealed a number of sharp contradictions that create many risks for the existence of the industry itself, as well as the economy and social sphere of the country. This poses a number of serious challenges to the country to overcome such contradictions as: the inconsistency of the general trend of the industry with the development of world industry in structural and technological terms; continuation of structural and organizational degradation of production with preservation of its export-raw material orientation and corresponding dependence on external conditions; increasing technological simplification and primitivization of production; internal openness of technological cycles of production, low depth of processing of intermediate products and a small chain of creation of new added value in the country; inconsistency of domestic production with the needs of the population, its unsuitability as a producer of the material basis for solving social, infrastructural, defense, environmental problems of the country; the progressive decline of processing industries, including high-tech and fund-generating, for the domestic consumer market, the market for investment products against the background of outpacing growth of high-tech imports compared to domestic production and exports; high depreciation of fixed assets and unattractive investment of the industry, including for foreign investors; acute shortage of investment resources and chronic shortage of "long" investment money, reduction due to the growing loss of investment potential of own funds of industrial entities; remoteness of the financial sector from servicing long-term investment needs of production; "Conservative" distribution of investment resources; lack of a mechanism for redistribution of investment resources in favor of promising industries. The identified contradictions and the resulting risks to the further functioning of the industry must be resolved as soon as possible for progressive changes and industrial development in the future.

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