

VYSOKÁ ŠKOLA EKONOMICKÁ V PRAZE
EKONOMICKÁ UNIVERZITA V
BRATISLAVE



Sborník z mezinárodní vědecké konference

Účetnictví a auditing
v procesu světové
harmonizace

Slapy, 8. – 10. září 2020



Editoři: Ing. Michal Hora, Ph.D., Vysoká škola ekonomická v Praze
Ing. Miroslava Vašková, Ph.D., Ekonomická univerzita v Bratislavě

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ISBN: 978-80-245-2387-3

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Creation of united territorial communities in Poltava region

Viktoriya Kulyk¹, Yevheniya Karpenko², Michal Hora³

¹Poltava University of Economics and Trade
Institute of Economics, Management and Information Technology, Department of Accounting and Auditing
Koval St., 3, 36014 Poltava, Ukraine
E-mail: kutsenkovictoria@gmail.com

²Poltava University of Economics and Trade
Institute of Economics, Management and Information Technology, Department of Accounting and Auditing
Koval St., 3, 36014 Poltava, Ukraine
E-mail: karpenko030406@gmail.com

³University of Economics Prague,
Faculty of Finance and Accounting, Department of Financial Accounting and Auditing,
Winston Churchill Sq 1938/4
13067 Prague
E-mail: hora@vse.cz

Abstract: *The article is devoted to the issues connected with the development of united territorial communities (UTC) and decentralization in Poltava region. It is proven that the effectiveness of territorial communities is increasing through their consolidation to a certain extent. The evaluation of the potential of UTCs in Poltava region to decentralize shows that the effectiveness of the implementation of communities' powers increased in all communities. The main reasons hindering the creation of UTCs and inhibiting decentralization of power in the country are identified.*

Keywords: *decentralization, community, united territorial community, local self-government*

JEL codes: C12, C23, H70, O18

1 Introduction

These days, local self-governments in Ukraine do not ensure the creation and maintenance of a favorable living environment which is essential for the comprehensive development of citizens, their self-fulfillment, protection of their rights, and provision of high-quality and affordable administrative, social and other services. The system of local self-government in Ukraine does not meet the needs of society. Improvement of local self-governments should be carried out by changing the system of territorial organization of power in order to improve the management of social development in a particular territory.

The formation of local self-governmental bodies that are empowered to make decisions, have broad autonomy and resources to carry out the tasks assigned to them is important for the successful management of territories (Romans, W., Ulasiuk, I., & Petrenko Tomsen, A. (2018).

One of the most detailed researches in decentralization was made by J. Wedel. In his opinion, decentralization is the transfer of power to public officials and bodies representing the central government, and other bodies that are not in the hierarchical subordination of the latter, mainly elected by the population (Wedel, Zh, (1973).

The analysis of scientific publications on this issue showed that the most effective reforms on decentralization of public power took place in the UK, Spain, Germany and France. Reforms in France were related to the expansion of subnational autonomy, the reduction of central government's functions, the weakening of prefects' role, and the creation of an autonomous regional level. French public policies regarding the organization of local self-government are implemented in two main directions:

deconcentration which is greater delegation of state administrative functions locally, as well as decentralization – a partial transfer of powers from the state to local governments (Decentralization in Ukraine, 2015).

In the UK, decentralization of power has helped modernize local government by introducing elements of significant differentiation between Scotland, Wales and England. Seventeen autonomous districts of Spain adopted their own Charter of Autonomy, thus making the provisions of the Constitution of Spain in 1978. During the reorganization of municipalities in Germany, their number decreased from 24,000 to 8,500 (Zabeyvorota T., 2017).

A. Pike, D. Marlow, A. McCarthy, P. O'Brien, J. Tomaney (2015) examines the roles of local institutions in economic development at the local level in England and demonstrates: how local economic development institutions work within multi-agent and multi-scalar institutional settings.

Actual trends in labor and capital movements between the European Union and Eastern European countries were considered by Procházka D., Procházková Ilinitchi Cr. (2011).

Since 2014, the process of decentralization of power has begun in Ukraine. In Poltava region, decentralization began in 2015, with the approval of a Long-term plan for the formation of territorial communities of Poltava region.

As of the end of 2019, the area of created UTCs accounted for only 30% of the total area of Poltava region. That is Poltava region lags far behind in the overall ranking of regions on the formation of United territorial communities.

The aim of the study is to assess the real state of decentralization and the creation of united territorial communities in Poltava region and to identify the main reasons that prevent the creation of UTCs and hinder the decentralization of power in the country.

2 Methodology and Data

In order to research public activity of the population in Poltava region, an assessment of quality of the services provided to the population by local authorities was carried out.

The division of communities in Poltava region into financially capable and others was realized in accordance with the Methodology recommended by The Cabinet of Ministers of Ukraine (Methodology of formation of capable territorial communities, 2015). Three groups of respondents were allocated for carrying out a selective survey: Group 1 – wealthy united territorial communities (Hlobynska, Shyshatska, Pyriatynska and Reshetylivska UTCs); Group 2 – other of the united territorial communities (Bilotserkivska, Pryshybska, Semenovska, Serhiivska, Novoavramivska and Omelnytska UTCs); Group 3 – residents of the territories who opposed decentralization and the creation of united territorial communities.

A survey was conducted among the residents of Poltava region from September to November 2019. 1500 questionnaires were distributed in wealthy UTCs (Group1), 1497 of the questionnaires were filled in correctly. 3,200 questionnaires were distributed in other UTCs, and 3,130 of them were completed correctly.

In settlements where UTCs were not created, the sample was formed in such a way that one Settlement Council from each district where the UTCs were not created was included in the survey. A total of 9,000 questionnaires were distributed and 8,314 of them were filled in correctly. Thus, the total sample made up 12,941 questionnaires.

Respondents were randomly selected from the representatives of local self-governments, deputies, the public and business groups.

In order to clarify the reason for the low level of support for decentralization in areas where there are no UTCs, we conducted a population survey in 12 settlements where UTCs were not established. The survey was conducted during the seminars on "Decentralization and reform of local self-government: the main benefits for the

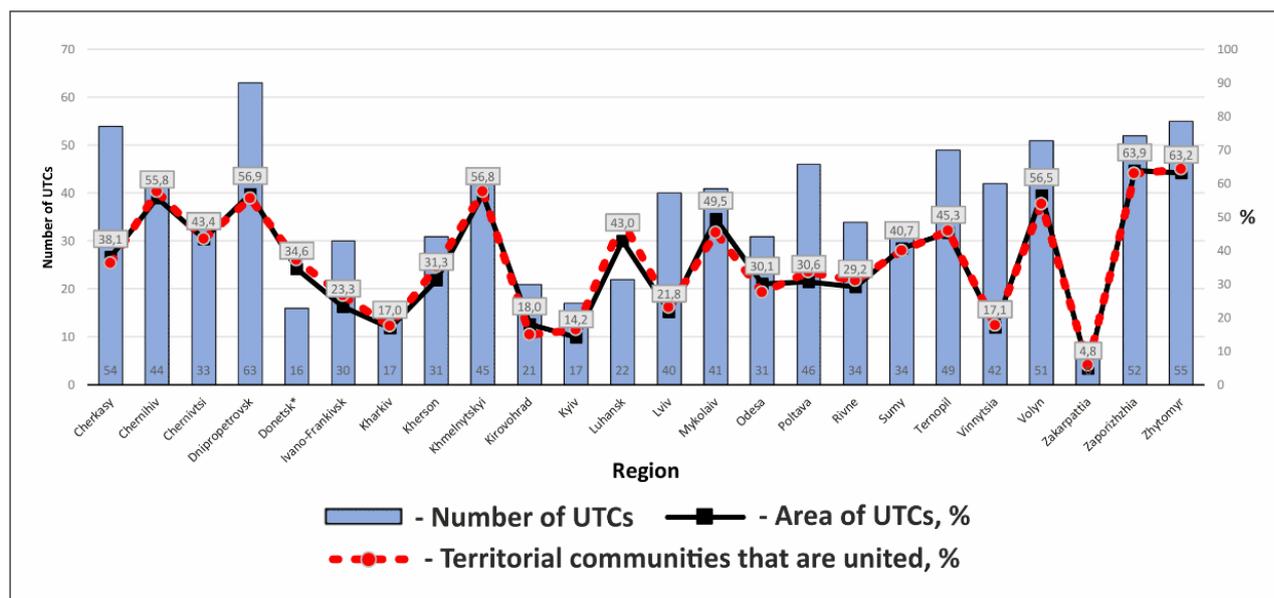
population". The survey covered 100% of respondents who attended the seminar and was conducted twice (before the seminar and immediately after it). A total of 837 respondents were interviewed, all of whom provided answers to questions. The respondents answered only one question: "Do you support decentralization processes?".

3 Results and Discussion

International experience shows that the effectiveness of territorial communities is increasing through their consolidation to a certain extent, since it is difficult for territorial communities to develop strategic development plans and integrate them into the economy of the country. Voluntary unification of territorial communities in Ukraine began in 2014. It started for more rational management of the resources which belong to them. Nowadays, this process is ongoing actively (Fig. 1).

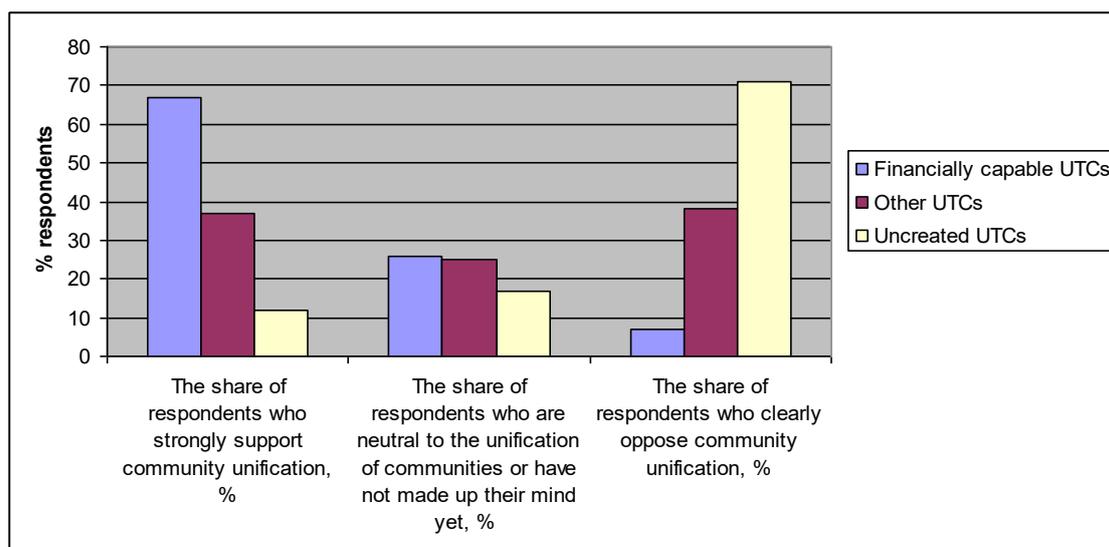
In Poltava region, which is ranked of Ukrainian regions in 21st place, 23.11 % of residents belong to the UTCs and cities of regional importance which have been joined by communities geographically. The overall figure indicator for Ukraine is 25.83 %, and in Zhytomyr region, which is ranked first – 67.42 %. Thus, the promotion of UTCs activities and the involvement of additional participants is an important activity for the communities.

Figure 1 Features of UTCs formation in Ukraine as of 01.01.2019



Source: Decentralization in Ukraine. (n.d.)

Results of the sociological survey of Poltava region residents (Fig. 3) show that the majority of the population unequivocally support decentralization processes only in financially capable communities. By contrast, population is pessimistic and has a negative attitude to the need to create UTCs in the areas where UTCs has not yet been established.

Figure 2 Opinions of Poltava Region residents regarding community unification

The study showed that the level of support for decentralization processes increased sharply after the seminar.

Results of correlation and regression analysis are presented in Table 1.

Table 1 Results of correlation and regression analysis on the impact of advocacy on the benefits of decentralization in support of the establishment of UTCs by population

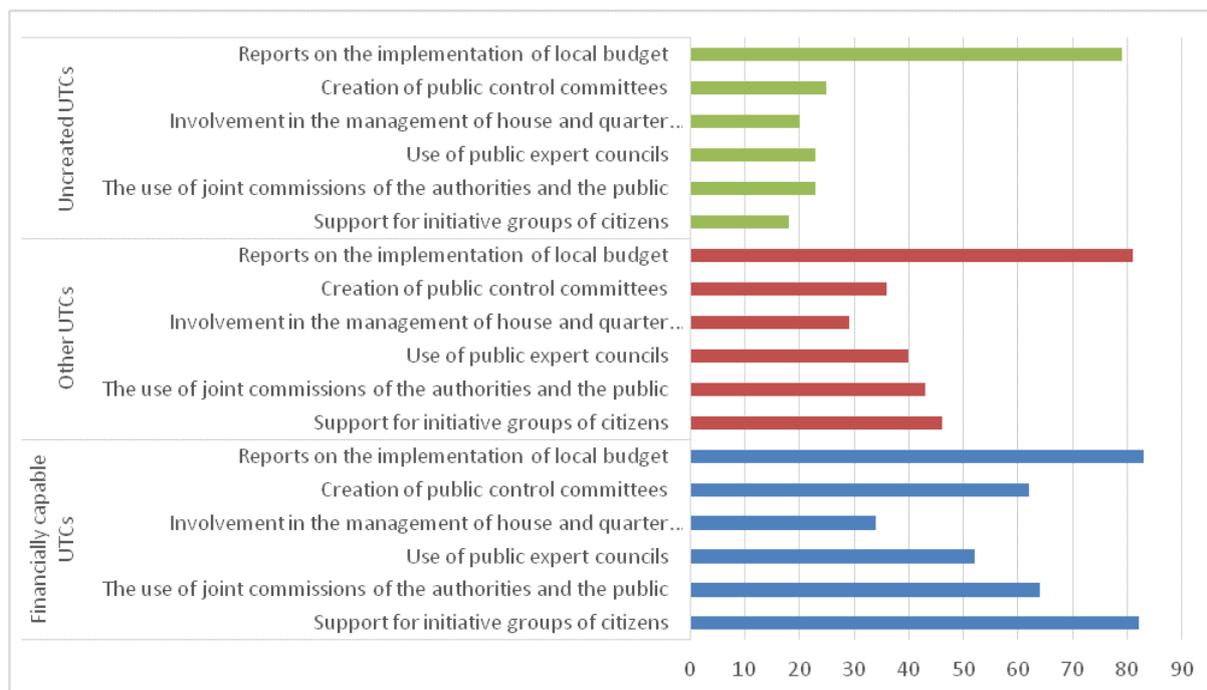
Independent variable - Y	Dependent variable - X	Regression equation	Spearman's rank correlation coefficient	Coefficient of determination
The number of people who have changed their opinion in support of the unification of territorial communities (Y)	Number of people who attended the seminar	$y = 0,2405x + 4,8888$	$R=0,92351$	$R^2 = 0,83038$

The analysis showed that the relationship between awareness-raising work regarding the benefits of decentralization and public support for the unification of territorial communities is very close. Therefore, it is necessary to carry out awareness-raising work among the population regarding the benefits of decentralization in the future.

The survey results show that the highest rate of social activity is in financially capable UTCs (81,6%), while in other UTCs it is 68,4%.

To assess the effectiveness of community empowerment activities conducted by local governments, respondents were asked to rate the effectiveness of the following activities on a 100-point scale (1-worst, 100-best) (Fig. 3).

Figure 3 Effectiveness of community empowerment activities conducted by local governments, evaluation criteria



When assessing the potential of UTCs in Poltava region for decentralization, it was found that in all territorial communities the effectiveness of the implementation of their powers by the communities increased. In particular, UTCs are actively engaged in the registration of civil status, the organization of educational services, strategic planning of society and budget formation, the development of local infrastructure, ensuring the provision of primary health care, the provision of construction permits, the adoption of buildings in operation. Non-united territorial communities solve these problems much more slowly.

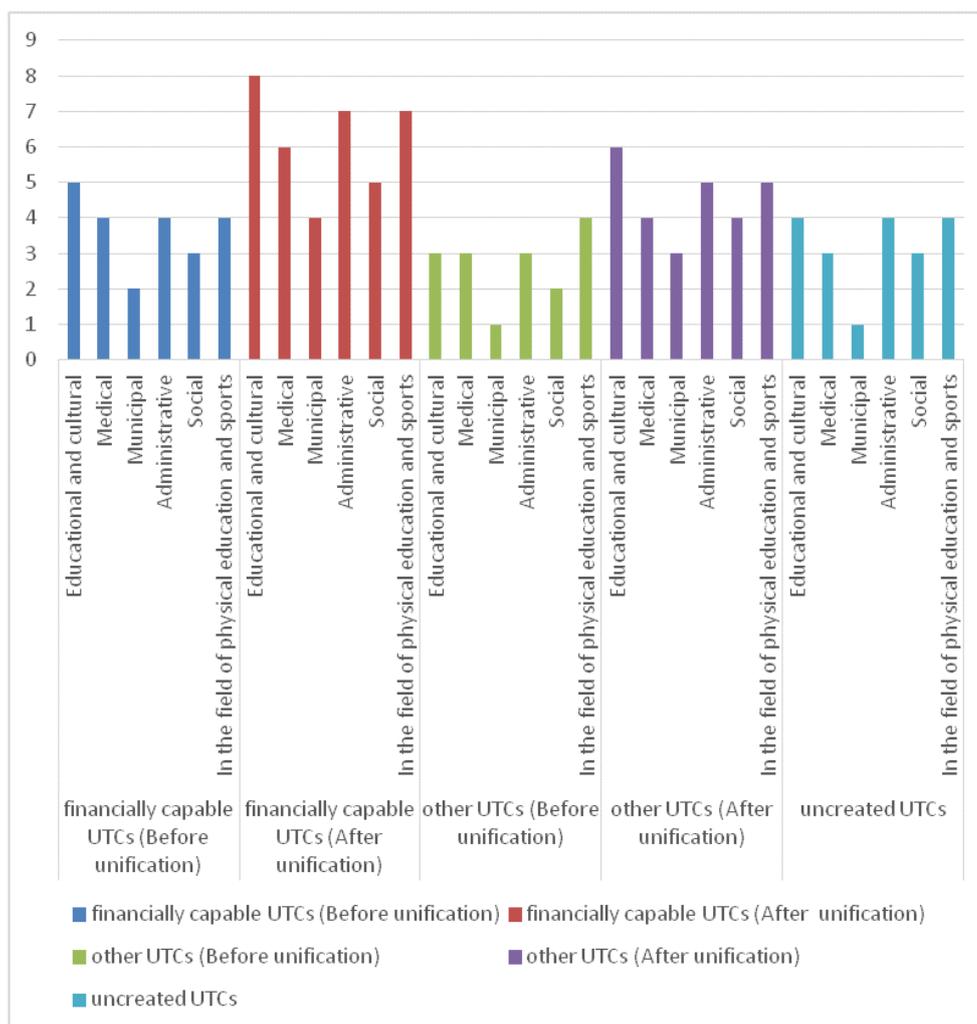
Indicators of the quality of services provided to the population of Poltava region from 1 (the worst) to 8 points (the best) are given in Fig. 4.

The respondents were most satisfied with the provision of educational, cultural and administrative services, and were least satisfied with municipal, medical and social services. We believe that these aspects should be the focus of attention in the future. In particular, public committees can be established to monitor the quality of services provided.

Conclusions

Research results show that Poltava region lags far behind in decentralization processes in comparison with other regions in Ukraine. At the same time, standards of living in UTCs are considerably higher compared to those settlements where UTCs have not been created. The rate of social activity is much higher in financially capable communities. The respondents are most satisfied with the provision of educational, cultural and administrative services, and are least satisfied with municipal, medical and social services.

Figure 4. Assessment of the services quality provided to Poltava region inhabitants (from 1 (the worst) to 8 points (the best))



The low level of support for decentralization in areas where UTCs have not been established is mainly due to the lack of understanding of the benefits of decentralization by the population.

In places where UTCs are not created, the population is politically immobilized, that is, it believes that their opinion will not be taken into account when solving local or regional issues.

The study made it possible to formulate the main political and administrative obstacles to the creation of UTCs, and further decentralization of power in the country: local mayors are not interested in the unification, as it entails the loss of power; ignorance of citizens concerning the benefits of decentralization; the rivalry between communities to get the status of an administrative center. To tackle these issues, it is important to intensify specialized information channels and mass media so that they constantly demonstrate a real increase in the authority of UTCs and their achievements.

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