

Management and functional approaches to local economic development of communities

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Abstract. Local economies are key factors for ensuring the sustainable development of regional economies and countries in general, so there is a need to use effective approaches to managing local economies. The purpose of the article was to analyse the use of managerial and functional approaches to manage local economies in Ukraine, Germany, the USA, Poland and China, and to make recommendations for improving the local economy in Ukraine based on this information. The research was carried out using the methods of analysis, synthesis, specification, comparison and generalisation. It was found that the use of a joint management and functional approach to determine the key functions of the local economy and create strategies for their development is the most effective approach. The importance of understanding the peculiarities of the local economy and accounting for local resources, infrastructure and potential for the development of effective development strategies was highlighted. The need to involve local communities and stakeholders in the process of developing and implementing such strategies was emphasised. It was determined that the following things will help improve the economic climate of communities: ensuring sustainable and long-term financing of local economic development programs and projects, active participation and support of local communities and business representatives, development of public-private partnership mechanisms, increasing the level of competence and qualifications local personnel, application of innovative technologies and approaches, development of the system of monitoring and evaluation of results, strengthening of international cooperation. The results of this study can be useful for participants of the local economy, and can also be the basis for future research in the field of local economic development

Keywords: evaluation of strategies; use of data; attraction of investments; socio-economic growth; development of regional economies

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● INTRODUCTION

Local economic development is important in ensuring sustainable economic growth and well-being in regions and countries. Local communities play a significant role in developing the local economy, as they can create favourable conditions for attracting investment, setting up local enterprises, creating new jobs, etc. Communities face various challenges, such as demographic change, climate change, and others, that require effective management and development of local economic development strategies. On the other hand, due to globalization and technological developments, they face new opportunities, such as using digital technologies to improve the local economy.

The topic of management and functional approaches to the local economic development of communities is relevant worldwide, as it is related to the effective management of local economies and communities in general. In Ukraine, managerial and functional approaches are actively used in the context of the regional economic development of communities. Specific mechanisms and policies vary by region and local conditions. Studies show that introducing these approaches can improve the socio-economic development of territories, so Ukraine is actively studying various aspects of these approaches. For example, in the article by V. Marhasova *et al.* (2021), the authors examine

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public finance management in Ukraine and discuss current issues in this area. They consider different approaches to budget management and discuss the effectiveness of these managerial and functional approaches. The authors conclude that public finance management in Ukraine requires further modernization and improvement. To achieve sustainable economic development, it is necessary to ensure effective management of budget resources and develop managerial and functional approaches in the local economic development of communities in Ukraine.

A. Samoiloivych (2022) examines a functional model for forming an innovation infrastructure to ensure the sustainable development of cities in Ukraine. The authors analyse the current state of innovation infrastructure and conclude that developing innovation infrastructure in Ukrainian cities is a prerequisite for sustainable development. The authors also emphasize the effectiveness of using functional methods to ensure sustainable economic growth. In the article by M. Getzner & S. Moroz (2022) on the economic development of regions of Ukraine, the authors draw attention to the importance of managing the economic development of regions, especially in a market economy and an unstable political situation in Ukraine. They emphasize that management and functional approaches can effectively achieve sustainable economic development of regions and communities. The work also highlights those obstacles in implementing managerial and operational strategies may be encountered in practice, such as lack of funding, limited resources, and difficulties coordinating between different stakeholders. I.H. Tkachuk *et al.* (2020), in their work on mechanisms for managing strategic community development, emphasize the need to use functional and managerial methods in Ukraine. The authors talk about the importance of effective management of financial resources at the local community level and the need to develop approaches to using these resources to support sustainable economic growth and development of local communities. The work of R. Khirivskiy *et al.* (2020) on the sustainability of the socio-economic development of amalgamated territorial communities considers various aspects of management and functional approaches, as well as features of management of amalgamated territorial communities, in particular the issue of coordination between different levels of government and local governments. It is related to managerial approaches to local economic development, which include not only evaluation of economic efficiency but also coordination and cooperation between different stakeholders.

Scientific research in Ukraine confirms the relevance of using a managerial and functional approach in various fields, including local economic development. It is necessary to continue research in this area because the problem of the effectiveness of these approaches and their application in Ukrainian conditions still needs to be fully considered. The study of managerial and functional procedures for the local economic development of communities will help to understand what tools and approaches can be effective for achieving sustainable economic growth in a particular region. This work aimed to analyse the use of management and functional approaches in different countries and suggest ways to improve the efficiency of using these approaches in Ukraine.

● MATERIALS AND METHODS

The basis of this research work was the following methods: analysis, system analysis, synthesis, specification, comparison, and generalization. The analysis helped to decompose the study topic into components, understand the complexity of phenomena, and identify patterns and causal relationships. Synthesis made it possible to create a picture of the subject under study, uniting its parts into one. Concretization was used to clarify and detail concepts, definitions, and other elements of the topic under investigation; it allowed to focus on specific examples and examine them in detail. The comparison made it possible to identify common and distinctive features between different approaches to managing local economies and generalizations – to formulate conclusions considering the collected data. The study is based on the research and analysis of strengths and weaknesses in the economic development of communities and the use of managerial and functional approaches to managing local economies in Ukraine, Germany, the USA, Poland, and China. While conducting this scientific study, various aspects of creating strategies for developing local economies in Ukraine were summarized using method generalization. It was examined to identify peculiarities of economic development in the country and the region. Existing strategies for development, management, control, and requirements for various aspects of managing local economies of communities were considered and studied. The method of comparison determined which factors are the most important, as well as what tools and approaches exist. With the help of the technique in system analysis, statistical data, reports, and studies, reports of other scientists on the need to develop new strategies for managing the local economy, the presence of these strategies as such, their differences in different countries and regions, the key factors on which their effectiveness depends, were considered and analysed. With the help of the systematization method, a large number of information resources devoted to various tools and approaches in the field of regional economic development were considered, filtered, and subsequently structured; information on existing strategies and instruments in other countries and Ukraine was collected, the key and most effective tools and strategies were identified with which the regional economy of Ukraine can be developed at the moment. Using the comparison method, recommendations on how to implement these approaches and tools were developed. Next, data on experiments of other researchers on this topic were summarized and systematized. The conclusions obtained as a result of the research were analysed and clarified.

● RESULTS

Despite the progress over the past five years, some regions of Ukraine still have economic problems, such as high unemployment, low investment, and low profitability of enterprises. For example, in several regions, such as Lviv, Odesa, and Dnipropetrovsk regions, there is a positive dynamic: innovative projects are being actively implemented in these regions, and new industries, such as IT and tourism, are developing. In the other areas, such as Vinnytsia and Kherson regions, classical approaches to economic development, such as agriculture and industry, are more actively used. However, the north-eastern regions of Ukraine,

such as Chernihiv, Sumy, and Poltava regions, suffer from high unemployment and low wages, which leads to an outflow of the population and complicates the economic development of the regions (Yemets, 2022). These challenges exist against the backdrop of strong potential opportunities development of regional economies in Ukraine, such as the availability of natural resources, access to trading partners and technologies, and availability of skilled labour force in some regions (Marhasova *et al.*, 2021).

In Ukraine, there are certain measures for the development of the regional economy, such as the creation of regional policy mechanisms, infrastructure development and support for small and medium-sized businesses, local self-government reforms, and the creation of new institutions of economic management and investment promotion. In particular, economic development zones such as Kalynovo-Berezhnyatska, Slavuta-Ovruch, and Lvivska appeared in Ukraine (Yemets, 2022), which were created to attract investment and develop the economy in regions where it is needed. Ukraine also uses public-private partnership (PPP) tools to build the regional economy. For example, the National Agency for Regional Development has been established, coordinating and supporting public-private investment projects in the regions.

Based on the analysis of the development of the regional economy of Ukraine, it can be concluded that today the most effective ways to stimulate economic growth in the region are managerial and functional approaches and to solve existing problems and further develop the economy of communities, further development and improvement of these approaches is necessary (Samoilovych, 2022). They allow to create and implement comprehensive programs to support and develop local enterprises, strengthen infrastructure, and improve workforce skills. Effective management of regional development in Ukraine is an important task that requires a balanced approach. It is necessary to take into account local peculiarities and needs to develop regional development strategies. Not all regions have a sufficiently developed infrastructure and access to investment resources, which complicates the application of managerial and functional approaches (Melnyk *et al.*, 2021; Yemets, 2022). As a result of this study, it was found that in Ukraine, the application of managerial and functional approaches to local economic development is quite diverse and depends on the specific conditions and tasks of each region or city.

The functional approach to developing the community economy is carried out through specific activities and projects to develop particular areas of the economy. It stipulates that the community's economy should focus primarily on meeting the population's needs rather than maximizing profits. Within this approach, the main task of the community economy is to ensure sustainable development and improve the population's quality of life through the development of industrial and social infrastructure, increasing the availability of education and healthcare, promoting the development of local entrepreneurship, etc. Functional approaches in the development of community economy include, for example, using public-private partnership mechanisms to develop local infrastructure, organizing cooperative forms of management to strengthen the local economy, establishing employment centres, and providing subsidies to local businesses to stimulate pro-

duction and employment growth in the region (Melnyk *et al.*, 2021). One example of a functional approach to managing the economy of regions is the creation of infrastructure to attract tourists. This is observed in the different areas of Ukraine, such as Lviv, Odesa, and Carpathians. Tourism is actively developing in these regions, and the government is directing resources to create new infrastructure facilities such as hotels, restaurants, and various entertainment venues. In addition, investment projects are underway in many regions of Ukraine, such as Kharkiv, Dnipropetrovsk, and Zaporizhzhia regions, to develop local economies (Tkachuk *et al.*, 2020). This may include supporting local industries, assisting in creating new businesses and infrastructure, and developing small and medium-sized enterprises. A functional approach can be useful in many regions of Ukraine, especially in those with the potential for creating certain industries and sectors. For example, in the Transcarpathian region, it can be used for the development of tourism and agriculture; in the Donetsk region – for the development of the mining industry; in the Kherson region – for the development of agriculture and food production; in the Lviv region – for the development of tourism and furniture industry.

Management approaches include methods, techniques, and tools that help regional managers optimize their activities and achieve their goals. Management processes are carried out in the interactions between management objects and governing bodies of different levels. Depending on the direction of a particular interaction, certain social instruments are formed, with the help of which a management decision is implemented. Such tools are, in fact, structural elements of the sustainable development of community management systems. The main structural aspects of territory management can be represented as follows scheme (Fig. 1).

In Ukraine, different management approaches are used depending on the industry and region. For example, for developing tourism in the Transcarpathian region, the practice of managing territorial and wine tourism routes is used. In the Kharkiv region, a management approach based on developing technology parks and innovation centres is applied to stimulate economic growth and create new jobs (Khirivskiy *et al.*, 2020; Yemets, 2022). A managerial approach to developing small and medium-sized businesses through state support programs and infrastructure projects has been introduced in the Lviv region. As in the case of the functional approach, there are regions in Ukraine where it is necessary to improve the management approach. For example, Zaporizhzhia, Kherson, and Khmelnytskyi regions have low business development and little innovative economy (Melnyk *et al.*, 2021). These regions require more effective management decisions that would help attract investment and support economic growth. Also, in Ukraine, it is necessary to strengthen the managerial approach to environmental safety and the efficient use of natural resources.

Ensuring sustainable and long-term financing of local economic development programs and projects is a key factor in successfully implementing management and functional approaches in the community. The experience of Germany, the Netherlands, the USA, and other countries (Burger *et al.*, 2014; Person *et al.*, 2021; Boddupalli *et al.*, 2021) shows

that different public and private funding sources can be used for this. For example, A. Boddupalli *et al.* (2021) show the effectiveness of the Community Development Block Grants program and note that it is an important source of funding for local programs and economic development projects. To use public and private sources of financing, it is possible to develop public and private investment funds that can finance local economic development projects and attract private investors by creating specialized investment

platforms or local funds. It is also possible to create state support mechanisms, such as tax breaks or grants for local businesses and organizations working in economic development, and to develop local credit cooperatives and microfinance organizations to provide financial support to local entrepreneurs and economic development initiatives. All this, thanks to multiple sources of funding, will ensure stable and reliable funding for local programs and projects (Reese & Rosenfeld, 2004).

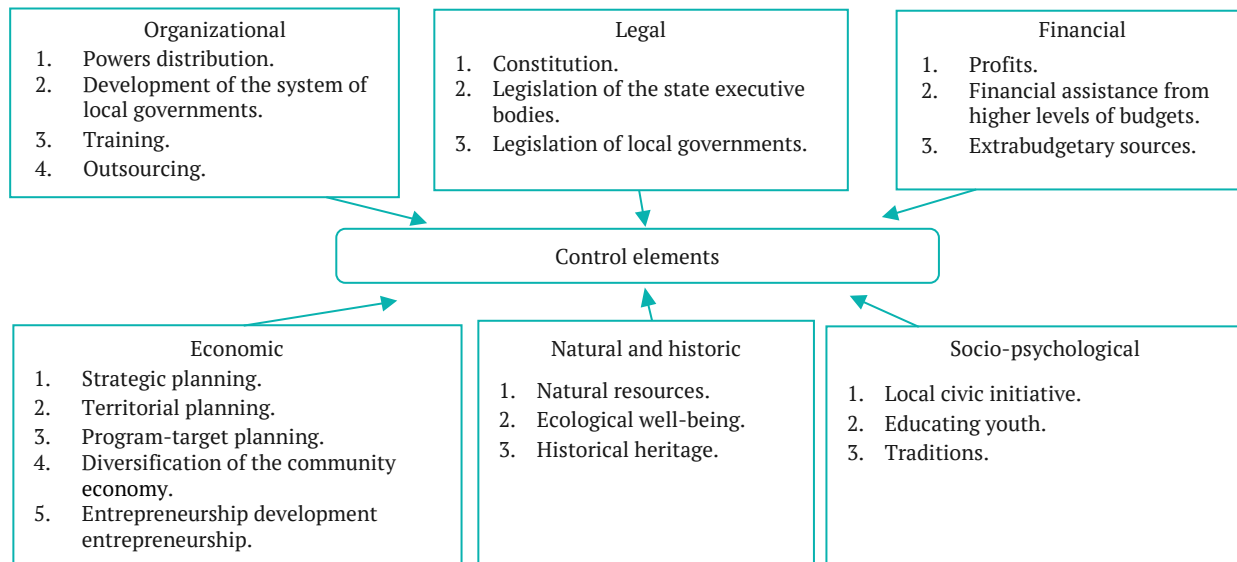


Figure 1. Structural elements of the mechanism for managing sustainable development of territories

Source: developed by the author

The involvement of the general population in the development and implementation of local economic programs and projects will allow to consider all stakeholders' interests and increase the efficiency of their implementation. To do this, it is possible to create local committees for economic development and investment, which include representatives of local authorities, entrepreneurs, experts, and public activists. These committees can develop and implement regional economic programs and projects, providing broad participation and feedback from the population and business (Tyminiński, 2022). It is also effective to organize public hearings and consultations with the population and business representatives in the development and implementation of local economic programs and projects (Goodman *et al.*, 2020). At the same time, it is important to ensure that information on local economic programs and projects is accessible to a wide audience, for example, through organizing public presentations, disseminating information on social networks, local websites, etc.

This approach allows using the benefits of both the public and private sectors to achieve common goals of developing local economic potential. To develop public-private partnership mechanisms in Ukraine, reforms and creating an appropriate legislative and institutional framework are necessary (Getzner & Moroz, 2022). In other countries, PPP mechanisms are already actively used, for example, in the United States, through the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) program (Cecire, 2019), governments,

local communities, and private companies work together to strengthen the economic development of low-employment, high-level poverty regions. This program provides financial support for projects to create new jobs, develop small businesses, and improve infrastructure. To further develop PPP mechanisms in Ukraine, it is necessary to conduct information work among the business community and local authorities, promote the creation of platforms to exchange experience and discuss possible PPP scenarios. For example, specialized agencies that coordinate cooperation between public and private structures can be created. Such agencies can develop and implement specific projects and attract investors and sponsors. It is also important to establish transparency and equity in the distribution of resources between the public and private sectors to convince local business people of the appropriateness of participating in PPPs (Chang, 2011).

It is important to ensure a sufficient number of highly qualified specialists capable of developing and implementing local economic programs and projects. To do this, training programs and courses for local officials and professionals can be organized. Such programs may include the study of modern management methods, the development and implementation of economic programs and projects, and the use of contemporary information technologies. It is also a good option to attract leading international experts to train local personnel. Such an approach can provide access to modern knowledge and management techniques and exchange of experience between local experts and foreign

colleagues. At the same time, it is necessary to create support and counselling centres for local entrepreneurs and startups. Such centres can provide advice on business development, assist in the preparation of documents, and provide access to financial and legal resources; M. Alawamleh *et al.* (2023) speaks about the effectiveness of these methods in their work. Another good approach is to conduct training and master classes for local entrepreneurs and startups. Such events can raise the level of knowledge and skills of local entrepreneurs, as well as stimulate the development of innovations and new business ideas. This may include learning the basics of business, marketing, project management, financial planning, and other skills needed to run a successful business. In addition, such events can be held with the support of local business associations and chambers of commerce, which can act as partners and sponsors. This will help create a favourable environment for business development and investment in the region.

Introducing modern information technologies and data analysis methods can significantly improve the efficiency of local economic development management and decision-making. For example, techniques and technologies that have proven effective in many countries, including the United States and Germany: big data, artificial intelligence, Internet of things, cloud technologies, and cybersecurity (Johnson *et al.*, 2021). To do this, digital platforms can be created for the exchange of information and cooperation between local entrepreneurs, investors, and authorities. For example, it is possible to develop online portals where information on local projects and investment opportunities would be presented and where entrepreneurs could exchange experiences and find new partners. It is also necessary to implement a system of monitoring and analysis of data to assess the effectiveness of local programs and projects and identify problems and opportunities for the development of the local economy. This allows to make informed decisions based on data and predict development trends. It is important to remember to train local authorities and entrepreneurs to use new information technologies and data analysis tools. This will help improve specialists' skills and decision-making processes in local authorities. As with other approaches, it is important to attract investment in creating and developing innovative enterprises and startups in local communities. To do this, it is necessary to create conditions for attracting investors and provide local entrepreneurs with access to new technologies and knowledge (Johnson *et al.*, 2021). It is important to support local initiative groups and communities involved in developing innovative projects. This may include providing financial and expert support, organizing training and consultations, and establishing links with other local and international organizations and businesses.

Evaluating the effectiveness of implemented programs and projects allows identifying problem areas and adjusting the strategy for developing local economic potential. To establish a system for monitoring and evaluating results in Ukraine, it is necessary to create clear criteria and indicators for evaluating the effectiveness of programs and projects. This will help objectively assess the results and compare them with pre-set goals. It is also necessary to develop monitoring and evaluation techniques. This includes determining the frequency of monitoring and

evaluation, methods for collecting data and analysing results, and reporting standards, and then establishing institutions and mechanisms for monitoring and evaluation. This can be both state bodies and independent expert organizations. They must be sufficiently qualified and have access to the necessary resources. In creating and developing a system for monitoring and evaluating results, it is essential to pay attention to methods and technologies that have proven themselves in other countries, including China and the United States, namely microdata methodology, methodological approaches to measuring entrepreneurial activity, the use of databases, methods of analysis (such as a set regression model), cluster analysis methods, the use of geographical information systems; economic valuation methods (Feldman *et al.*, 2022). It is important to ensure the availability and transparency of monitoring and evaluation results. To do this, it is necessary to provide free access to others. Based on these data, formation on the results of monitoring and evaluation, as well as on possible adjustments to the strategy for the development of local economic potential. After that, a system of punishments and rewards based on monitoring and evaluation results should be created (Feldman *et al.*, 2022). This will help stimulate regional authorities and the business community to work more efficiently and improve local economic development indicators.

The exchange of experience and knowledge with foreign partners can significantly expand opportunities for improving managerial and functional approaches to the local economic development of communities in Ukraine. To do this, it is crucial to establish contacts and develop partnerships with international organizations and funds, such as the European Bank for Reconstruction and Development, the International Monetary Fund (IMF), the World Bank, and others (Lozynskyy *et al.*, 2021; Acic & Grujic, 2022). These organizations can provide financial and technical support for implementing local economic development projects. It is also important to hold international forums, conferences, and seminars on local economic development. Participation in such events allows to strengthen ties, work with international partners, exchange experience and knowledge, and learn about best practices and approaches in this field. In addition, it is possible to participate in international program projects, such as European Union projects aimed at supporting local economic development. Participation in such projects allows access to modern methods and tools for managing local economic development and strengthening international relations. In parallel with this, international cooperation should be developed at the level of local authorities (Lozynskyy *et al.*, 2021; Acic & Grujic, 2022).

Municipalities and city councils can establish contacts with sister cities and other cities abroad to exchange experience and knowledge in local economic development. Such agreements may include exchanging knowledge, experience, technology, and joint development and implementation of projects. An example of such international cooperation can be the agreement between the cities of Gdansk (Poland) and Slupsk (Poland) on the one hand and the city of Kyiv (Ukraine) on the other (Lozynskyy *et al.*, 2021). Within the framework of this agreement, joint activities are being held to exchange experience and knowledge

in the field of local economic development, as well as joint projects are being developed to improve infrastructure and business conditions. Since Ukraine already has experience in successful cooperation of this type, it can be taken as an example and, on its basis, similar projects in regions and

communities with prospects for economic development can be created. In the course of the study, recommendations were developed for the development of managerial and functional approaches to local economic development of communities in Ukraine (Fig. 2).



Figure 2. Recommendations for improving the local economy in Ukraine

Source: created by the authors

Figure 2 presents the basic principles and strategies that should be considered when developing local economies in the regions of Ukraine. Recommendations for improving the local economy in Ukraine are based on analysing successful practices from other countries and taking into account the specific features of the Ukrainian context.

● DISCUSSION

This article studied the application of managerial and functional approaches to local economic development of communities. Considering these approaches allowed to analyse how different countries of the world apply these approaches for the development of their territories and how to increase the effectiveness of their application. A.M. Bekmirzaev (2022) proposes to analyse economic activity at the functions such as production, innovation, marketing, etc. The work needs to be more detailed about issues related to the implementation of the functional approach in practice and examples of its successful implementation in different countries of the world. However, the article is a useful study that can help local communities and organizations better understand the principles of the functional approach and its capabilities in the context of regional economic development.

Other authors also explored functional approaches to local economic development. E. Malizia *et al.* (2020) examine how the UK has used a functional policy approach to stimulate regional economic growth. The authors propose the concept of “local economic zones” – territories where

authorities are focused on the development of certain functions of the local economy, such as small business, industry, science and technology, etc. They also argue that using a functional approach in policies to stimulate local economic development can lead to more efficient use of resources and increased economic productivity. The study analyses the UK’s experience in this area. It suggests some recommendations for other countries on local economic development that overlap with the results of this study. Still, the article does not reveal much about the state’s role in applying the functional approach. Another paper discussing a functional approach to local economic development is by A. Ascani *et al.* (2020). The authors explore how a functional approach can be used in Italy to create regional economic zones and stimulate local economic development. They look at the economies of different regions of Italy and propose different strategies and tools that can be used to promote different functions of the local economy in each area. The paper contains useful conclusions and recommendations that can be used to improve regional policy economic development in Italy and other regions, the main ones overlap with the suggestions in this study, but this paper needs to discuss the impact of these recommendations on tourism and agriculture.

One of the most interesting studies on managerial approaches to local economic development is the work by B. Williams & Z. Nedović-Budić (2020). The authors discuss the role of local governments in stimulating regional economic growth and offer several recommendations for

improving local governments' efficiency. The paper is a useful overview of the different models of local economic development management in Ireland and their advantages and disadvantages. Still, it requires more research to evaluate these models' effectiveness and applicability in other countries. Another interesting study is by M. Godlewska & S. Morawska (2020). This paper analyses the mechanisms of local economic development management in Poland and proposes an institutional governance model that takes into account the peculiarities of the regional economic environment. The emphasis was on the managerial approach to local economic development and the description of best management practices. However, analysis of practical examples of regional economic development management in Poland was carried out insufficiently. J.A. Nukpezah (2020) paper examines the role of entrepreneurship in local economic development in the example of Ghana and talks about the importance of local governments in supporting entrepreneurial activity. The author uses many sources and conducts an extensive analysis to identify the main factors influencing the local economy and entrepreneurship development. Still, this work can be irrelevant in more developed countries since the study was conducted only in the context of Ghana.

The combination of management and functional approaches allows to consider both local resources and potential, as well as local governance and community participation. This can be especially useful for developing local economies under limited budgets and limited resources when it is necessary to optimize the use of existing opportunities and resources. C. Person *et al.* (2021) aimed to study the impact of management and functional approaches on the economic development of German municipalities. The study analysed data on implementing these approaches at the municipal level and their impact on the development of territories. The results of the study showed that the introduction of managerial and functional approaches in German municipalities leads to an improvement in the economic development of regions. Particularly effective was using an integrated approach that includes elements of both approaches and considers local characteristics and needs. The study's author emphasizes that to implement managerial and functional approaches successfully, it is necessary to consider regional factors and conditions. It is also important to ensure interaction between municipal authorities, business representatives, and the community to ensure the effectiveness and sustainability of the developed strategies. The author presents a clear and substantiated methodological approach for successfully implementing managerial and functional approaches in municipalities, the essence of which is similar to this study. The study also contains interesting practical examples of implementing these approaches at the municipal level in Germany. However, the author needs to discuss the limitations and shortcomings of managerial and functional approaches, which is an important aspect of fully understanding these approaches.

L.A. Reese & R.A. Rosenfeld (2004) conducted a comparative analysis of local economic development practices in the United States, the Netherlands, and Canada and identified similarities and differences in management and functional approaches. The authors emphasize that

successfully implementing these approaches depends on competent management, community participation, and partnerships between sectors. The work builds on extensive research and provides a detailed analysis of the differences and similarities in policies and practices in these countries. The authors provide a clear and concise overview of local economic development practices in the three countries and the factors contributing to their success. In addition, the study provides a useful basis for understanding different approaches to local economic development and the role of local authorities and stakeholders in this process. The work of the authors R. Agranoff & M. McGuire (2003) suggests using a collaborative approach to identify the key functions of the local economy and create effective strategies for their development. The authors point out the importance of understanding the peculiarities of the local economy and accounting for local resources, infrastructure, and potential to develop effective development strategies. They also stress the need for local communities and stakeholders to participate in developing and implementing such strategies. This work can highlight its integrated approach to analysing local economic development issues and considering key factors influencing the successful integration of different approaches. Among the shortcomings, it can be noted that it needs to contain a detailed analysis of specific cases of integration of management approaches and functional approaches to local economic development.

It can be concluded that current trends in local economic development indicate the need for an integrated and balanced approach, including both managerial and functional aspects. However, to effectively implement this approach, it is important to consider the peculiarities of a particular region and consider the local resources, potential, and interests of the population.

● CONCLUSION

The success of local economic development strategies depends on integrating managerial and functional approaches. As of 2023, it was found that there is no unified approach to managing local economic development in Ukraine; depending on the region, functional, managerial, and classical approaches to developing the local economy are used. Economic problems exist in many areas of Ukraine: some regions show more positive dynamics, while others continue to suffer from high unemployment and low wages. However, Ukraine has strong potential for regional economic development, such as the availability of natural resources, access to technology, and skilled labour in many regions. The management approach provides planning and coordination, and the functional approach focuses on implementing specific tasks and goals. Local conditions and peculiarities should be considered in developing strategies, as they can significantly affect the effectiveness of regional economic development strategies. While some cities or regions have greater potential for technology or services, others may have better conditions for tourism, agriculture, or other industries. The participation of local communities and stakeholders in planning and implementing local economic development strategies is a key success factor. This allows for taking into account local needs and priorities, as well as increasing the level of local support and

involvement in the process. Public-private partnership can be an effective tool for improving local economic conditions, but local needs and peculiarities must be considered.

As a result of the study, recommendations were formulated for further development of managerial and functional approaches to local economic development of communities in Ukraine, based on the analysis of best practices of other countries. Ensuring stable and long-term financing of regional economic development programs and projects, active participation, and support of local communities and enterprises play a significant role in community development. The development of public-private partnership mechanisms, raising the competence of local staff, and introducing innovative technologies and approaches are also important aspects. To achieve sustainable development of the local economy, attention should be paid to an environmentally sustainable approach, the development of the necessary infrastructure, and an effective system for

monitoring and evaluating results. It is equally important to strengthen international cooperation to exchange experience and use best practices in local economic development management. Taking into account these recommendations, Ukrainian communities will be able to realize their potential and achieve sustainable economic growth. Further research in this area should focus on exploring tools and practices to help achieve balanced community development, considering the needs and interests of different communities and interested parties, differences in culture, legal system, and economic conditions of different countries and regions.

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● CONFLICT OF INTEREST

None.

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Управлінські та функціональні підходи місцевого економічного розвитку громад

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Анотація. Місцеві економіки є ключовими факторами для забезпечення сталого розвитку регіональних економік та країн загалом, тому виникає необхідність використання ефективних підходів до управління ними. Метою статті було провести аналіз використання управлінських та функціональних підходів для управління місцевими економіками в Україні, Німеччині, США, Польщі, Китаї та скласти на основі цієї інформації рекомендації для покращення місцевої економіки на території України. Дослідження проводилося за допомогою методів аналізу, синтезу, конкретизації, порівняння та узагальнення, за допомогою яких виділено найбільш дієві інструменти розвитку української регіональної економіки. З'ясовано, що використання спільного управлінського та функціонального підходу для визначення ключових функцій місцевої економіки та створення стратегій їх розвитку є найефективнішим підходом. Виділено важливість розуміння особливостей місцевої економіки та обліку місцевих ресурсів, інфраструктури та потенціалу для розробки ефективних стратегій розвитку. Наголошено на необхідності участі місцевих спільнот та зацікавлених сторін у процесі розробки та реалізації таких стратегій. Визначено, що покращити економічний клімат громад допоможуть такі речі: забезпечення сталого та довгострокового фінансування програм та проектів місцевого економічного розвитку, активна участь та підтримка місцевих спільнот та представників бізнесу, розвиток механізмів державно-приватного партнерства, підвищення рівня компетенції та кваліфікації місцевих кадрів, застосування інноваційних технологій та підходів, розвиток системи моніторингу та оцінки результатів, зміцнення міжнародного співробітництва. Результати даного дослідження будуть корисними для учасників місцевої економіки, а також можуть бути основою для майбутніх досліджень у галузі місцевого економічного розвитку

Ключові слова: оцінка стратегій; використання даних; залучення інвестицій; соціально-економічне зростання; розвиток регіональних економік