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PRECONDITIONS OF STRATEGIC DEVELOPMENT OF SMALL MINING TOWN (CASE DOBROPILLYA SUBREGION)

Problem. Modern structural crisis and global post-industrial society building, where the extremely high value of intangible assets like images, ideas, concepts, identities, symbols, myths, texts, cultural and technological models, intellectual property, generate a representation of development programmability about the concept that future can not only be predicted but also modeled efficiently. The model of the 'closed future', where the probability of events is strictly determined, remained in the bygone era.

Recent researches and publications analysis. Recently, due to the increasing of complexity of global communications and control systems, the emergence of new political actors, the development of formal and informal networking communities, as well as in connection with the use of cognitive weapons, humanitarian technologies, technologies of 'controlled chaos' and asymmetric strategies, it's important to mention 'discovered future'. The horizon of prediction in conditions of globalization and increased social turbulence is lower, the probability of events to change is determined not so much as before, but their variability is greatly increasing.

Design and implementation of management scenarios for the future through coordinated point efforts at every level of the global world-system – are the tasks and occupation of few "creative class". But such management is possible only if the defining features of this class as a whole and its individual passionary and most charismatic representatives will be subjectivity, ambitiousness, strategic goal-setting, as well as will and reasonable qualities. Otherwise the future "for them," whether it be at the national, regional, local or of any other level will be created by other people – representatives of other nations and civilizations. Therefore, successful builders of the new future it would be better to define, according to A. Okara as 'ambitious creative class' [1].

'Creation' of such people in the country, region, city, etc. – their education, training, promotion at the effective position in the socio-political structure - becomes very important task for all countries aspiring to the leadership in the new world. Themselves as intangible assets and technology of the 'soft and reasonable power' become the "building blocks" which make up the future.

Independent problem in the Donbas is ecology. In 2011, the government adopted a new environmental strategy until 2020, which provides the reduction of air emissions from stationary sources by 10% by 2015 and by 25% by 2020 compared to 2010. However, at the end of 2012 the emission of pollutants (excluding carbon dioxide) from stationary sources only increased – from 4.13 to 4.33 million tons [2].

At the same time 35% of all the emissions there are in the Donetsk region from stationary sources (1510000 tons), although three years ago there were 33%. It is therefore not surprising that in 2012 the local government adopted its own plan of action for the protection of the environment for the next 8 years. It included 31 events totaling 30 billion USD. A major role in this regard is played by SCM Group Rinat Akhmetov – "Metinvest" and DTEK. The company group "Donetskstal" is on the second place.

It should be noted that such programs exist for years, but usually plans to reduce emissions were not met. Meanwhile, over the past year since the adoption of the regional plan, "Metinvest" implemented or begun the implementation of three projects that seriously change the situation. Thus, in December 2012 sinter plant at the steelworks "Azovstal" was suspended, which reduced emissions of suspended matter, carbon monoxide, sulfur and nitrogen compounds by almost 33 thousand tons. Then in summer of 2013 the project of building a new sinter plant at Yenakiyev Steel Plant was presented. Construction cost Rinat Akhmetov 360 million USD, and as a result of emissions of pollutants into the EMZ air pool Yenakievo decreased by 7 times. The start of building is planned for the second quarter of 2014 and start of the sinter plant operation – in 2016.

In December 2013 the group "Metinvest" signed a contract with the Italian company Termokimik Corporation to carry out basic engineering as a part of the modernization of the Ilyich Iron and Steel Works. This thing according to the program of the Environment and Ecological Safety of Mariupol will significantly reduce emissions of harmful substances. The project of the reconstruction of the gas cleaning of the Ilyich Iron and Steel Works involves replacing existing equipment to modern one to maximize clean gases from dust and sulfur oxides. The completion of a full cycle of reconstruction is planned by 2020. As a result, emissions of

dust and sulfur oxides from the sintering zone will be reduced by 85% and 30%, respectively, and dust emissions from the cooling zone – 90%.

This project will be implemented using the most advanced technologies. It is the best in terms of ecology and is sure to bring substantial benefits to all residents of Mariupol. There are not built such large-scale gas cleaning systems for sinter plants in the world. The Group continues to modernize the sinter plant for air cleaning in the cities of its presence – that is the task set by the owner of the company. Reconstruction of gas cleaning equipment of the Ilyich Iron and Steel Works will be the largest environmental project in the metallurgical industry of Ukraine. "Indeed, it will cost "Metinvest" almost 220 million USD.

By the end of 2018 gas cleaning equipment of sintering machines will ensure that the level of abatement corresponds European environmental standards, which wasn't met until today in the Ukrainian metallurgical industry. And all the above events of "Metinvest" will reduce emissions in Donetsk region up to 138000 tons per year, or almost 10% of last year's level.

According to the governor of the Donetsk region, events happening at the Ilyich Works show real patriotism. Despite the difficult economic period for Ukraine, and for the steel industry, "Metinvest" finds the strength and means to solve problems, including ecological ones. Reconstruction of the sinter plant - this is a very important step to improve the environmental situation in Mariupol.

In 2014, the Energy Division of SCM – DTEK planned to expand the competition "City by our own hands." Emphasis was made on innovative projects. Together with the main contest there will be television one, organized in collaboration with TRC Donbass and other regional channels, which will be a kind of an information platform for the contest. It will be possible to participate for all the inhabitants of the cities of DTEK business, and winner will be selected by TV-viewers. On January 23, 2014 a DTEK conference was held, where the company has summed up the competition "City by our own hands" for 2013. The conference was attended by members of DTEK, city councils representatives of cities participating in the project, the organizers of the contest in the eastern region - Foundation of local initiatives of Donetsk region - and three of the winner teams of last year. Overall winners of the competition "City by our own hands" in 13 cities became 74 initiative groups of citizens and civil society organizations. DTEK allocated about 2 million USD in the form of mini-grants for their projects related to the modernization of cities, social protection, the organization of children's leisure time. Projects were implemented in the end of 2013.

"We hope that with the help of the annual competition we can attract people's attention to the development of the cities they live. A partnership with broadcasters will help us in promoting our ideas and involve

much more participants. We want as many Ukrainians as possible to take the initiative and contribute to the improvement of the city. Joint efforts, gradually helping each other, we can change the face of our regions. DTEK keeps working to develop small Ukrainian towns in order to give their residents to feel the confidence in the future," said the head of the department of planning and implementation of social projects of DTEK Anatoly Solovyov, speaking at the conference. [3]

In 2014 the competition "City by our own hands" will be held in 31 areas of DTEK activity. These are small cities and towns in the Donetsk, Lugansk, Dnipropetrovsk, Zaporizhzhya, Vinnitsa, Ivano-Frankivsk, Lviv region. Preference will be primarily given to projects related to innovative solutions. Detailed conditions of the tender and the applications date will be announced later. Also on Channel Donbass and other regional channels Idea Television Awards will be held. In the first stage, the Commission will select the 12 best ideas to improve the quality of life in cities. The teleplots about the authors of these ideas will be taken. A winner will be selected by televoting and DTEK will help him or her with the design of project documentation and its implementation.

In Mospino, where there are Mospino DTEK coal processing enterprise on January 10, 2014 there was an ambulance car of urban substation of emergency medicine presented. The car which costs 700 thousand UAH was purchased by energy company DTEK in frames of the strategy of social partnership. Modern minivan by Renault brand is equipped with everything for medical assistance according to the state standard: electrocardiograph, defibrillator, ventilator, stretchers and other equipment. In addition, the vehicle is equipped with optional equipment – vacuum mattress to transport victims of spinal injuries, fractures, internal bleeding and shock. Design features of the mattress (shape of air-refilled shell and pneumatic chambers) also make it possible to perform rescue breathing and chest compressions.

Minibus by Renault brand was preferred because of its high ground clearance, which provides a good cross car on country roads. "In Mospino the lack of ambulances took place, we had to call them from Donetsk. Way from city to city can take up to half an hour, and time is the most valuable resource in emergency medicine – the director of DTEK Mospino coal processing enterprises George Reznichenko said. – The acquisition of a modern car will help to provide many residents of our city with timely medical help, and in some cases – save their lives. In 2013, DTEK invested 1.1 million USD to the social sphere of Mospino, and this project is the most important. ""Between DTEK and Mospino a cooperation agreement was signed. And one of the elements of this agreement is to assist in equipping the ambulance substation with all the neces-

sary equipment in order to provide residents of the town and nearby villages with qualified help. For these purposes the ambulance car, which is one of the best today, was purchased. I would like to thank DTEK for taking care of the inhabitants of those regions where there are enterprises of the company," – said the Donetsk Mayor Oleksandr Lukyanchenko [4].

In 2013 DTEK in Mospino social competition "City by our own hands" was held, in result of which there were four playgrounds built. Also with the help of the company financing the facades insulation of kindergarten "Fairy Tale" was carried out; a course on energy efficiency in local schools was introduced. In general, DTEK sent about 26 million UAH for the social development of the Donetsk region in 2013. The same amount is planned for this purpose in 2014. 63 projects concerning health, education and culture, energy efficiency will be implemented in the residential sector and the development of social infrastructure and business environment of cities where the company works [4].

According to the information of January 20, 2014 DTEK sent about 1.8 million UAH to purchase equipment for the hospital and outpatient in Dobropolie, restore heating systems in two hospitals, a connection to the city telemedicine network. Citizens can now receive timely treatment and prevention of occupational diseases, without leaving Dobropolie. In Dobropolie Central Hospital and outpatient clinic of general practice of family medicine medical diagnostic equipment, physiotherapy equipment are established, which cost 370 thousand UAH. In the hospital, an electrocardiograph, compressor nebulizer device (for inhalation), an apparatus for resonant magnetic quantum therapy, physiotherapy multifunctional device appeared. Purchased equipment will reduce the time and costs for a patient to receive qualified health care provider, because there is no need to go to the regional center. In the clinic there are biochemical analyzer, designed for research in clinical biochemistry; binocular microscope and centrifuges, which are used for diagnostic purposes; ultrahigh-machine; mercury-quartz irradiator with the help of which general and local individual exposures are hold in a number of diseases.

Citizens working in a dusty and polluted atmosphere from coal and other businesses can receive timely treatment and prevention from occupational diseases of the respiratory tract, skin, internal organs, musculoskeletal and nervous system. Also in 2013, DTEK sent more than 800 thousand UAH for the restoration of the heating system with the use of energy-saving technologies in neurology and children's hospital, as well as the administration building Dobropolie Central Hospital. By connecting to a centralized urban heating company temperature in offices and wards is 18-20 oC now, the conditions of patients and medical personnel work have improved. Since DTEK is usually located in small

towns and villages, residents' access to qualitative health services is limited. To solve this problem in Dobropolie DTEK implements the city hospital project "Implementation of telemedicine services." "Thanks to "Telemedicine "patients do not have to travel many miles for the consultation of highly qualified specialists from the leading clinics of the country. To get their help will be possible right here, in Dobropolie. We hope that thanks to the new service in our city the quality of early diagnosis, which is especially important for the effective treatment of many diseases, will improve" – said the director of DTEK Belozersk Mine Management Vladimir Panibratchenko [5].

DTEK has also financed the necessary work on launching the new equipment – internal wiring communication network in the hospital. Over the next two years as a part of the project "Telemedicine" the company is going to invest another 700 thousand UAH for the hospital with modern medical equipment. Only over the period 2014-2015 for the purchase of a modern city hospital reanimobile, new equipment and for repairing company is going to invest over USD 2.25 million.

Externally Dobropolie is not very different from many other cities of Donetsk region. A similar architecture, nature and life style of the citizens. But Dobropolie is significantly different from the other cities of the Donbass by the fact that there was almost no fighting. And along with the separatist "referendum" comes a referendum to join the Dnipropetrovsk region. The head of the NGO "Dobro" Vladimir Oros, the author of the initiative "Let's make Ukraine clean!" in Dobropolie and "Dubkrossing" (mentioned in the newspaper "Den" at #203 of November 7, 2013). Oros is now realizing another project - a festival of street art "Your ARTerritory" will be held in the city on August 30-31. Now a competition for sculptors and artists, who are invited to paint a few urban facilities.

"Many people speak about the existence of "Donbass character ", but often it is not clear where it appears – Vladimir started talking. – So, now Dobropolie people live on this nature. People show amazing restraint from small to large. – These days Dobropolie has become an island of hope for other residents of the Donbass, in the early days of ATO refugees began to arrive from Slavyansk and Kramatorsk. City officials and the public solved the problems of resettlement and the provision of basic necessities instantly, DTEK offered their hostel, Gorzdrav – premises of hospitals, and community-based initiatives provided products and things. The city served like an anthill, meetings in the executive committee became frequent. Later, when the ATO phase moved to other cities, we began to arrive from Donetsk, Avdeevka, Marianka, and everything was serious. People often try to involve Dobropolie to the political process, but the main goal is to provide the vital activity of the city. Initially, national flags on all

the institutions were hung and Dobropolie confirmed its desire to be the part of united Ukraine, but that does not mean that people ran to demolish the monument of Lenin and blow Sberbank of Russia. We understand that these actions will not be a way to a better life, the coal will not come up to the surface itself, and the water in the taps will not appear.

If we consider the results of two polls – "referendums", which took place in April 11, 2014 (for connecting to the Dnipropetrovsk region and for the creation of "Donetsk People's Republic"), the supporters of the "DPR" was about three times as much. This does not mean that the separatists live here, just a lack of information breeds people to different sides. But they all want the same: the absence of corruption; opportunities for young people; compliance with laws and so on. Just in the first way, it should be done independently, and in the case of the "DPR" expect that all will be served on a silver platter.

What is your project, what is its ultimate goal? – Our project of street art is actually made up of three areas. The first one is to create a "cultural map" of the region to disseminate information on cultural products and attract additional investments. Second one, the festival, is to raise awareness and involvement of residents to the beautification of the city (the creation of a number of art objects will increase the level of responsibility of citizens). And third one is to create a new cultural product, which will diversify leisure. The ultimate goal is to increase the residents activity in order to solve their own problems. I always thought that by raising the cultural level the person is able to develop independently and to help to develop a territorial community.

Have not you ever thought about that during the war there is some need to postpone such events? – Often the news show that to raise the morale folk art groups came with their concert program to the ATO zone. Living with anticipation of what is unknown is very painful, many people are happy to go on vacation in the city, where it is safer, and there people try to pull away from reality, not watch TV and not read the news online. So it hurts to know that those places that you liked, walked or studied, will not be the same, even if they were not touched by bombs. But the main reason to move on was the belief in the peace. I am sure that soon it will reign on the territory of Ukraine, and we will need to rebuild the infrastructure and human souls. So we are proactive. Of course, we don't plan a great celebration with fireworks, but we plan to make the last day of summer for residents of Dobropolie a little better than the rest, we just have to.

How are local residents active in your initiative? – To be honest, I did not expect such activity, especially in summer, and even in wartime. In early July, we conducted training for cultural workers, creative people and just active citizens, and now we are in the process of creating a "cultural map" and the preparations for the festival included organizations and institutions of all levels. A huge contribution to this process did Cul-

ture Department of the City Council of Dobropolie and personally the Head of department Lyudmila Belous, as well as city council deputy Belitsk Viktoriya Zubkova. The committee, which is developing the entire plan of actions, taking into account current situation in the country, has been created. Less than five years have past, when in Donbas new trends began to appear. These are Donetsk Cultural Foundation "Isolation" and Lugansk literary group "STAN". Initially, these initiatives were considered as something meaningless without carrying changes for the better. But the residents of these cities are increasingly beginning to delve into the cultural process ... In Dobropolie it was launched in 2012, and two years later, we already have the result – the perception of our positions by the city authorities and cultural institutions, everyone is ready to change.

A journalist and environmentalist Vladimir Berezin, who conducted the training on another our project "School of Journalism" by fate was in the other end of the country – in Dobrotvor, Lviv region, where he also helped to organize youth studio of journalism. So the next step is a cultural exchange between East and West, through mutual understanding and respect. After all, 70% of the residents of Donbass have never traveled outside their region and their world is made up of what they heard from other people from their circle of friends, social networking and television. Therefore it is very important to see with their own eyes what is happening in other regions. Just recently the Ministry of Culture of Ukraine summed up the results of projects and our joint project in Dobropolie and Dobrotvor have been supported. We plan to hold teleconferences and introductory visits" [6].

Basic research material. Today's challenges require new high-quality solutions capable of ensuring sustainable development of Dobropolie sub-region both within Donbass, and the country as a whole. The economy is poorly diversified sub-region. Being based on its development only on raw materials industry, the economy of the sub-region is exposed to risks of external macro demand for their products, which in turn has a destabilizing effect on the entire socio-economic system of the sub-region. The nature of migration flows confirms the need for early diversification of economic activities in the sub-region. Evaluation of migration of one of the structural elements of the sub-region – Dobropolie¹ – showed that population growth is due to intra-building, due to the presence of less developed areas within the borders of Donetsk region (Fig. 1). When the question of human resource exchange with external territories arises, the net migration of Dobropolie becomes negative with a stable trend to increase the number of drop-outs.

¹ Here and further under the name of Dobropillya we understand an administrative-territorial unit which combines Dobropillya, Belitskoe and Belozerskoe cities, townships like Vodyanskoe and Novodonetskoe in the frames of Dobropillya City Council.

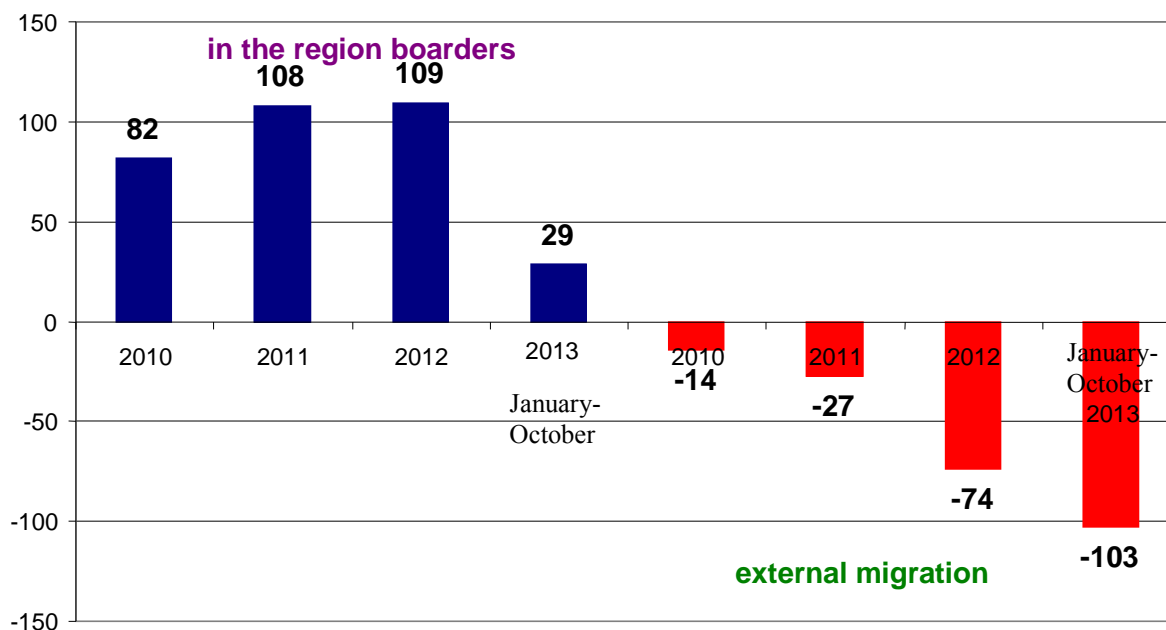


Fig. 1. Net Migration in Dobropillya¹

¹ The data is taken from the official site of the Main Department of Statistics in Donetsk region in the part “Demographic situation”. Access: <http://donetskstat.gov.ua/statinform/index.php>.

We should pay attention to that fact that already in 2013, inner opportunities to increase population are getting exhausted. If in the period of 2010-2012, there was progressive dynamics surplus of internal migration, according to prognoses for 2013 it will decrease compared to 2012, and in 2014 – it (migration rate) may become negative. If to add stable negative natural increase of the population of Dobropillya to these problems (for the analyzed period decrease was 1,849 persons), the future state of the labor potential and opportunities of the consumer market in the sub-region are dramatically getting reduced.

Efficiency of transformation of the structure of production in the sub-region depends on many factors, including the quality of education. Sub-region is close to the universities of Donetsk region (Sloviyansk, Kramatorsk, Gorlivka). In modern conditions, when the distances are no longer a problem, it is necessary to use the opportunity actively to increase the intellectual potential of the sub-region. The presence of a social layer of well-educated entrepreneurs, engineers, technicians and skilled workers will actively develop and produce a variety of products and services that help to ensure a high level of living conditions of the population in the sub-region.

Establishment of an appropriate system of education for the residents of the city will increase opportunities to train specialists. This will allow to provide the development of an employee not only as a subject who generates income, but also as a person who changes radically the composition and structure of products and

services. In this situation, perhaps it is better to have a beaten path - to open branches on the territory of the sub-region's leading educational and research institutions of Ukraine. Indeed, the increase of the group of educated and skillful people in the social structure of the sub-region carries a double effect for it. Firstly - the increase of the middle class, which in the modern world is an engine of progress and innovation. Secondly - this quantity and value growth of human capital in the sub-region, whose share in the economies of developed countries is up to $\frac{3}{4}$ of the national wealth.

Monitoring of these problems is possible within an assessment of stages of upgrade of all the spheres of activity of the the sub-region population. The technique developed by specialists of Institute of an industrial economy of NAS of Ukraine allows to estimate progressiveness of process upgrade of territorial systems by means of economic, social and intelligent indicators. Such estimates have already been carried out concerning a row of the cities of Donetsk region [7]. In tab. 1 and 3 there are results of an assessment of Dobropillya are given in comparison to other cities of Donetsk region, selected by criterion of closeness of layout and population.

Post-industrial upgrade reflects transition of economy from industrial type of development to information economy or economy of knowledge. Neoindustrial upgrade is a development of industrial base on the basis of the modern innovative technologies. For example, for the mining industry dominating in the territory of a sub-region, process of neoindustrialization is

reflected not in strengthening of production of raw materials and its export but in extension of a line of the advanced processing production, including deep and complex processing of coal, development of innovatively oriented small business.

Calculation of an index of post-industrial upgrade showed that Dobropillya loses to all cities-neighbors and the cities with similar population (Avdiivka, Krasnoarmiysk, Hartsyzsk) (tab. 1).

Table 1

Index of post-industrial upgrade of cities⁴

City	2000	2005	2008	2010	2012
Avdiivka	42 ¹	45	43	43	x
Dobropillya	36	38	35	33	36
Yenakiyevo	46	47	49	50	x
Kramatorsk	66	72	71	76	x
Krasnoarmiysk	38	41	36	37	x
Sloviyansk	60	60	57	57	x
Hartsyzsk	45	44	45	34	x

x – the index wasn't calculated.

In the group of social indicators (level of child mortality, the life expectancy, availability of doctors) Dobropillya competes on equal terms with other cities. Not really positive, but in general a competitive pattern in the group of economic indicators (a share of a value added and employment in the material sphere). And here in groups of indicators of knowledge (an innovation in knowledge and transfer of knowledge), Dobropillya loses to all cities-neighbors. It concerns such signal indicators as number of requests for patents, the amounts of financing of scientific-research and experimental-design operations, the number of the scientists and engineers occupied in development of innovations, existence of scientific and educational institutions in the territory of the city.

The assessment of a stage in where there is Dobropillya upon transition to post-industrial upgrade, showed that throughout the entire period of research the city remains in a preparatory phase (tab. 2).

Table 2

Phase of post-industrial upgrade of the cities

City	2000	2005	2008	2010	2012
Avdiivka	0	0	0	0	x
Dobropillya	0	0	0	0	0
Yenakiyevo	0	0	0	0	x
Kramatorsk	0	0	0	0	x
Krasnoarmiysk	0	0	0	0	x
Sloviyansk	1	1	1	1	x
Hartsyzsk	0	0	0	0	x

x – the index wasn't calculated.

¹ In tables 1 and 3 there are indexes of post-industrial and neoindustrial upgrade of the cities, except for the city of Dobropillya (City Council), were calculated in earlier given operations of authors of a scientific and analytical note.

The pattern similar to post-industrial upgrade developed and as a result of calculation of an index of neoindustrial upgrade (tab. 3).

Table 3

Index of neoindustrial upgrade of the cities

City	2000	2005	2008	2010	2012
Avdiivka	42	45	43	43	x
Dobropillya	35	38	37	37	37
Yenakiyevo	46	47	49	50	x
Kramatorsk	56	66	63	68	x
Krasnoarmiysk	35	42	35	36	x
Sloviyansk	50	56	53	57	x
Hartsyzsk	44	45	46	37	x

x – the index wasn't calculated.

For an acceleration of the processes of upgrade promoting economic development of administrative and territorial units of the sub-region it's necessary to integrate common efforts of the local government and large business to stir up activities for development of small business. However, the state and perspectives of development of small business in the sub-region also don't cause optimism that results of the rating on this problem, which was carried out by Head department of statistics in Donetsk region [8], confirmed. By its results the Dobropilsky region on many indicators of development of small business has high rates among 17 regions of area (tab. 4).

At the same time Dobropillya takes places in the last ten of 28 cities of the region constantly (tab. 5).

In 2012 administrative and territorial units of the subregion of Dobropillya in a rating of number of small enterprises on 10 thousand of the population occupied 22 (Dobropillya) and 11 (the Dobropilsky region) places (fig. 2).

Essential distinction in a level of development of small businesses between two administrative and territorial units entering Dobropillya sub-region was not practically reflected in the level of expenses per one employed which incurred small business (fig. 3) in 2012. Small exceeding of this index in Dobropillya is caused by the city specifics of business which are generally connected with transactional expenses.

However, while analyzing the performance of products sold per capita, the biggest difference between the levels of development of small business in the city and the region has resulted in a five-fold superiority of the second over the first (Fig. 4). Dobropolsky district in the ranking for this indicator ranked first among the 17 districts of the region, while the city Dobropillya was only the 23rd among the 28 cities of the Donetsk region.

The financial and economic crisis fallen on Ukraine has had a positive impact on employment in small businesses, the Dobropillya (Fig. 5). The first

**Northwest regions of area in a development rating in the region
small business in 2012**

Regions of the North-West agglomeration	Number of small enterprises per 10 thousand people	Number of individual entrepreneurs per 10 thousand people	Proportion of employed at SE	Cost per 1 employee	Vol. of sold production per 1 person	Income per 1 SE	Proportion of unprofitable SE	Proportion of SE in a local budget	Proportion of farmers agricultural lands	Overall rates
Oleksandrivskyy	16	16	16	2	10	10	1	9	12	11
Dobropil'skyy	1	11	3	11	1	3	13	1	6	3
Kostyantynivskyy	2	14	1	12	5	7	5	3	5	4
Krasnoarmiyskyy	17	17	11	1	8	2	17	15	8	12

Note to Table. 4-5: SE – small enterprises

Table 5

Rating of the cities of the northwest region on development of small business in 2012

Cities of the North-West agglomeration	Number of small enterprises per 10 thousand people	Number of individual entrepreneurs per 10 thousand people	Proportion of employed at SE	Cost per 1 employee	Vol. of sold production per 1 person	Income per 1 SE	Proportion of unprofitable SE	Proportion of SE in a local budget	Proportion of farmers agricultural lands
Dimitrov	20	19	19	3	15	8	16	18	15
Dobropillya	21	22	18	18	23	17	21	20	24
Druzhkivka	5	18	10	23	12	14	11	6	10
Kostyantynivka	7	10	5	19	2	28	7	2	4
Kramatorsk	5	7	3	8	6	9	17	4	3
Krasnoarmiysk	15	4	15	12	17	6	12	22	11
Novogrodivka	27	26	27	16	28	10	4	27	25
Selidove	16	13	20	2	18	2	8	9	8
Slovyansk	4	2	2	13	3	18	9	5	2

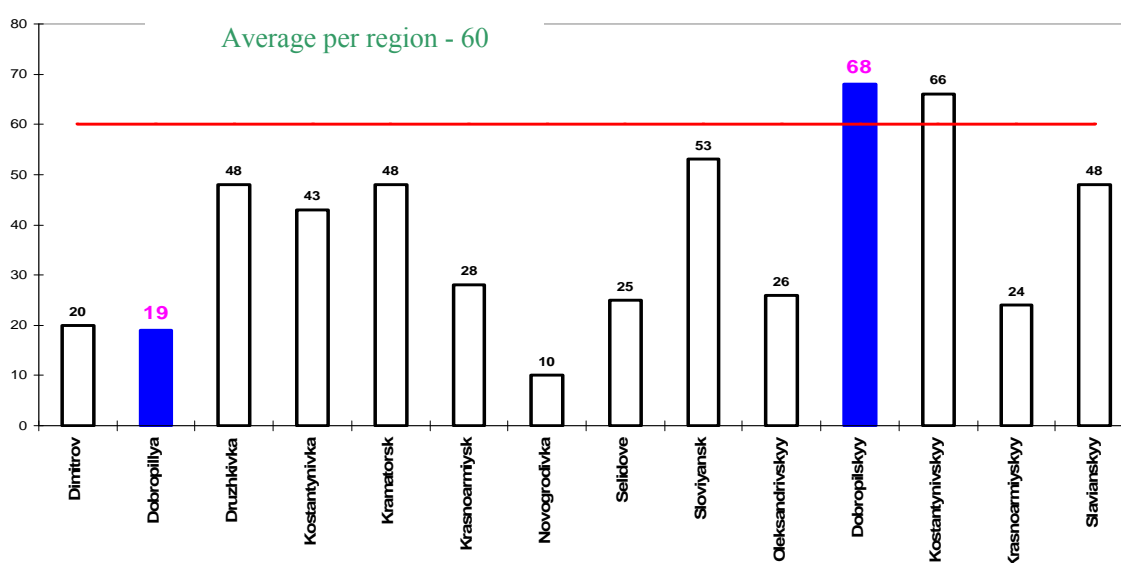


Fig. 2. Number of small enterprises per 10 thousand people

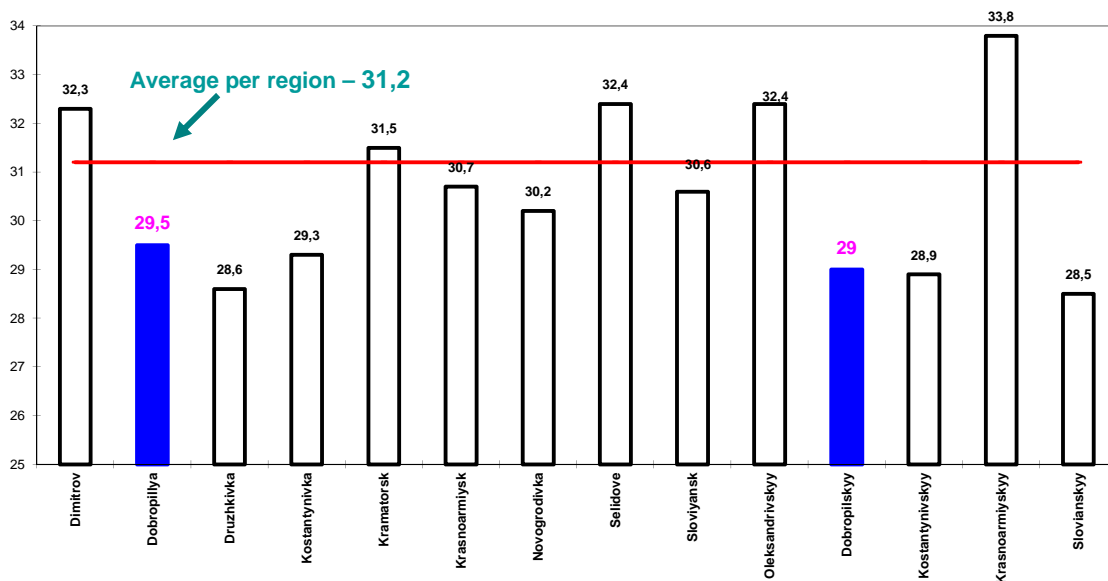


Fig. 3. Cost per employee in small business, ths. UAH

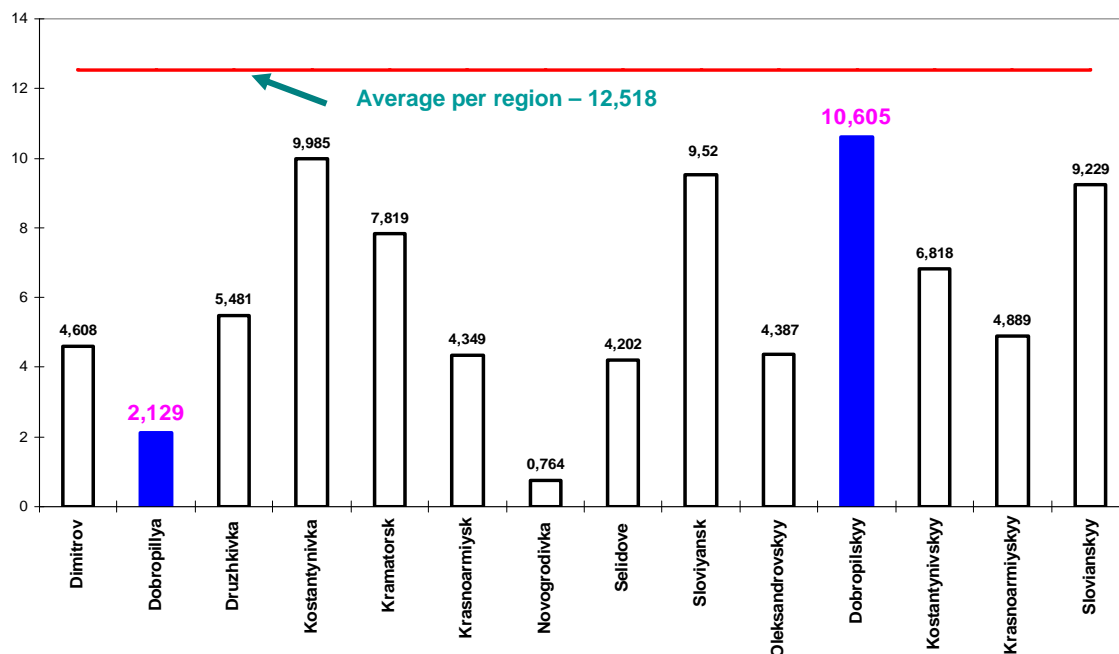


Fig. 4. The volume of sales of small businesses per 1 resident, thousand UAH

post-crisis year (2009) showed that the population of the city was actively employed at small enterprises. But the wave of positive, in the absence of organizational and economic support from the local authorities, was short and soon became rapidly decrease. Despite the fact that the number of small businesses per 10 thousand people has stabilized at around 19 units, the employment rate is steadily falling, presumably, due to "shadowing" of labor relations.

As for Dobropilskyy region, the situation with small business here is somewhat different. In the first post-crisis years (2009 and 2010) both the decrease of the number of small businesses and decrease of the

number of employees in small businesses were observed (Fig. 6). However, since 2011, entrepreneurial boom" began in Dobropolsky region. Number of small enterprises per 10 thousand people increased dramatically more than twice and the growth continued in 2012. The reasons for the intermittent growth of small enterprises in 2011-2012 require additional analysis as a comparable increase in the number of employees in small enterprises did not happen. Also there was no significant decrease in the population in the region, for the period of 2010-2012 a decline was of 500 people. (from 17.1 thousand people in 2010 to 16.6 thousand people in 2012). This may indirectly indicate the revi-

talization in the Dobropilskyy region creating family contracts for farming and / or cattle breeding. It is possible to suggest that another reason for the moderate growth of employment was "shadowing" of employment. There may be other reasons for the sharp increase in the number of small businesses.

Also, there is a reason to formulate the hypothesis that the "shadowing" the small business became a factor which reduces the revenues of the city. In 2012, the Dobropillya took 20th place among 28 cities in the Donetsk region in terms of contribution of small busi-

nesses to the local budget (Fig. 7). In the same index Dobropillya is inferior to Dimitrov, which population is 22% less, and Druzhkivka, where more people lives at 9%, but the share of revenues to the local budget is twice bigger.

Moreover, during the research in the region by the experts of the Ukrainian Association of Management of Consultants "Center of Reform and Local Development" (Kiev) quite interesting facts leading to the conclusion that Dobropillya has good potential for business development were found. Thus, according to

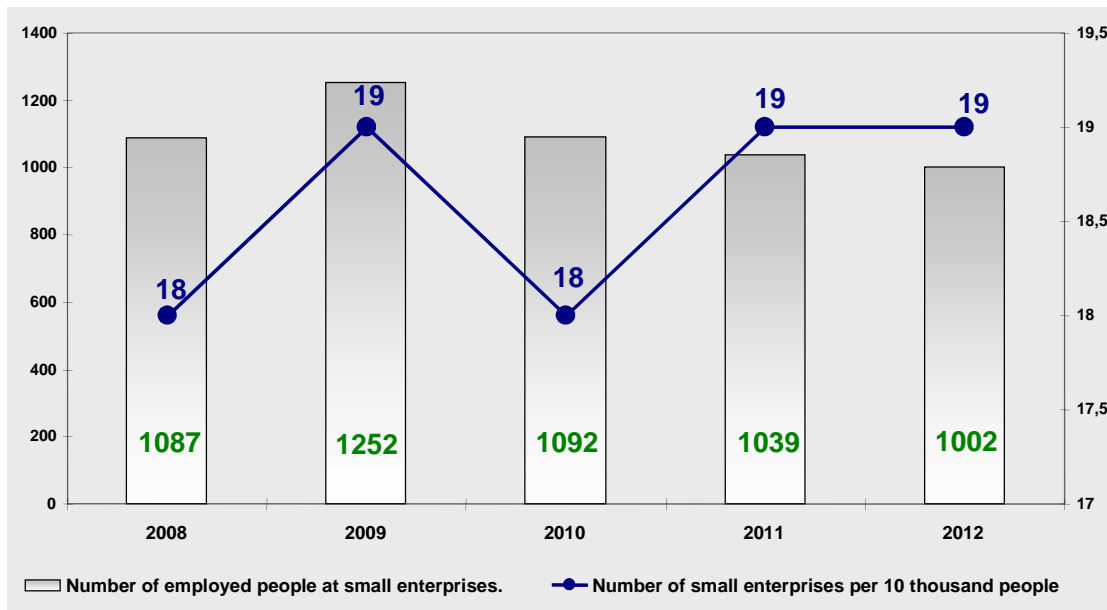


Fig. 5. The number of small businesses per 10 thousand people and the number employed per them in Dobropillya

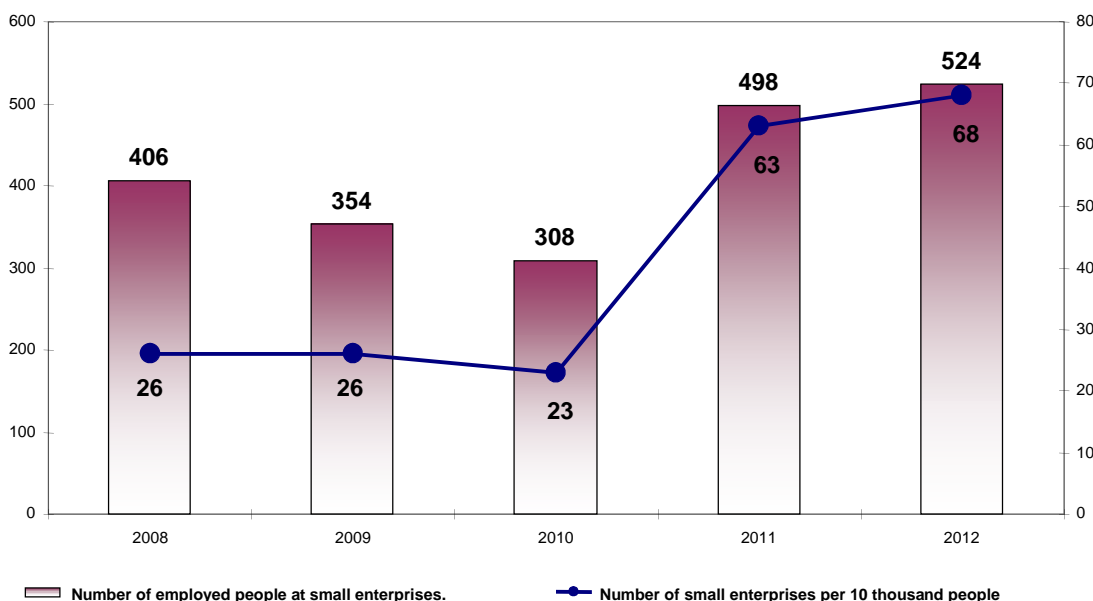


Fig. 6. The number of small businesses per 10 thousand people and the number of employed people in the Dobropilskyy region

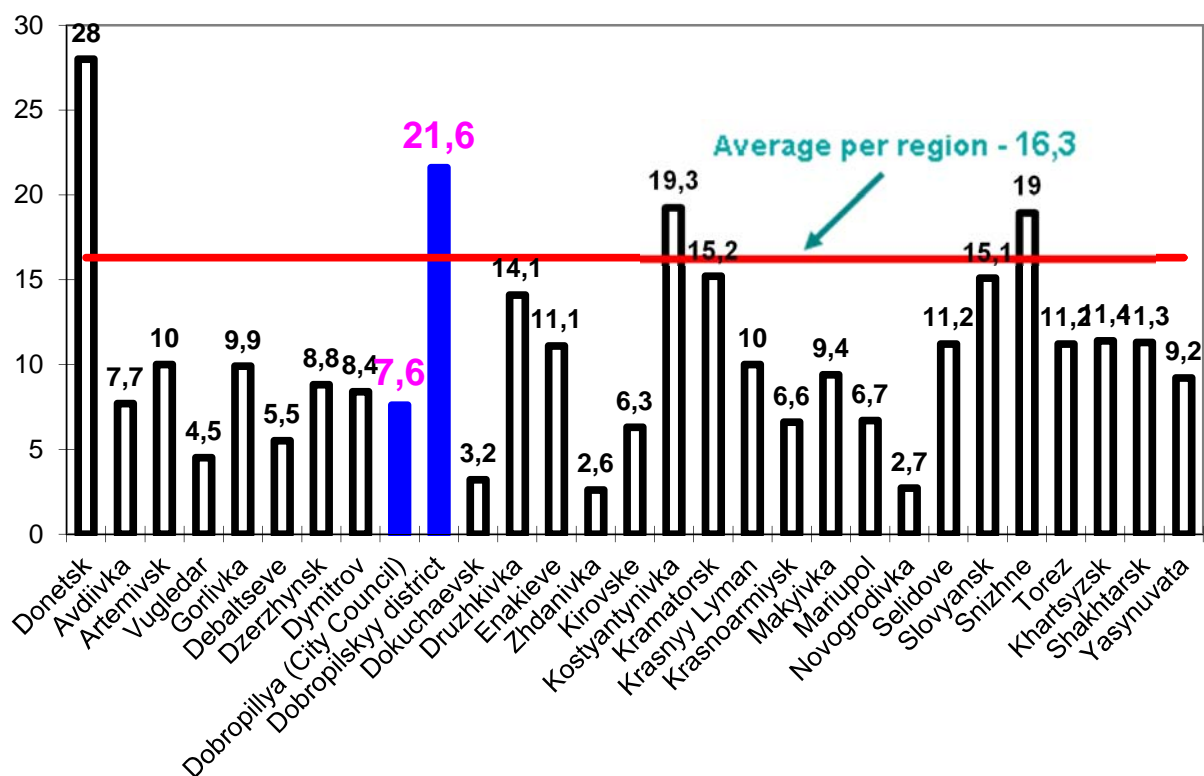


Fig. 7. The share of local revenues from small businesses, %

official statistics the total income of the population is about 1 billion UAH per year. At the same time, the volume of annual consumption is only about 300 million UAH (turnover of 230 million per year., services – 77 thousand UAH) or 30% of revenues. That is the untapped potential of consumer demand – about 700 million. UAH. per year. The reasons for this state become clear even at first glance at the structure of the business environment in the region: 267 outlets, retail space of 20,000 sq. m; 11 pharmacies; 43 catering centers; 6 markets; 167 condominiums; 53 service industries: 18 – real property, 8 – fields of recreation, 6 – hairdressers, 21 – transport, post, education, health, architecture and construction.

Based on the data, experts suggest what types of businesses can be Dobropole. These are: maintenance of condominiums, utilities; production, service, goods for participation in tenders for the core enterprises; real estate services; catering; processing of agricultural products; local and regional tourism; cosmetic and SPA-service; entertainment complex, cinemas; domestic services; auto repair and spare parts supply; coal mining related companies; pharmacy; private kindergartens; production of paving slabs.

However, analyzing the situation of consumer demand, the experts of Donbass Entrepreneurs Club identified one feature – almost all niches of consumer demand which are in population demand are filled. But if you look at the level of the proposed goods and services in particular, we can say with confidence that now in the region it is necessary not only to meet consumer demand but to form it on a new, higher level of

quality. For example, in the sector of "Food" there are good opportunities to create a niche of family, youth or just narrowly focused institutions such as "confectionery", "Ice-cream", "Sushi Bar". Their services will be in demand for certain people, at least among the young people of the city, because they will be points of a more modern level of design and service. The same can be said about the market sector "Cosmetology". Hair-dressing salons in the city can be enough, but a beauty salon of higher class, providing SPA services, probably will be in demand.

Changes in procurement policy of DTEK, which has recently been focused on the transfer of the supply of a number of local producers and goods suppliers, are considerable help for the development of the business environment in the region. The most large-scale commodity positions, according to the representatives of DTEK are: chemicals and explosive materials; parts for mineral processing and mining equipment; building materials; electrical equipment; household materials; fuels and lubricants; special clothing and personal protective equipment; hardware, cables.

Conclusions. Thus, we can conclude that the region begins to "warm up" the climate for entrepreneurship. At least now local governments are targeting their efforts primarily, and not on a declarative, but the actual level.

Based on this work, the following tables 6-9 show the components of the matrix SWOT analysis of Dobropil'skyy sub-region, primarily with a view to diversify its economy in the development of small business.

Table 6

SWOT analysis. Strengths
<ol style="list-style-type: none"> 1. High motivation of management subjects in the sub-region to develop it. 2. Qualified expert and research resource involvement. 3. Presence of the cost-effective coal enterprises. 4. Salaries higher than the average ones in Donetsk region and Ukraine. 5. Small businesses ability to adapt to changing conditions quickly. 6. Desire of the local authorities to develop entrepreneurship. 7. High motivation of small businesses - pursuit of economic independence. 8. Proximity to the major industrial agglomeration "Northern Donbass". 9. The presence of large enterprises in the sub-region, who are potential customers of the small-scale business services, as well as unused production space and equipment. 10. Availability of land in pre-urban agricultural areas. 11. The availability of raw materials, markets in the region.

Table 7

SWOT analysis. Weaknesses
<ol style="list-style-type: none"> 1. Narrow specialization of the industrial base of the sub-region and the priority role of big business, which prevents equal dialogue with small businesses. 2. Monostructure of low-tech production (coal industry provides 99% of the volume of industrial production). Further orientation in policy documents to maintain such a structure of production. 3. Considerable distance from the regional center (about 94 km by roads, approximate traveling duration ~ 1 h 46 min) 4. Deterioration and poor development of social infrastructure. 5. Lack of long-term development strategy. 6. The area is not attractive for living (negative net migration). 7. Absence of production facilities, financial and institutional infrastructure to support entrepreneurship. 8. Lack of working capital, unstable financial situation due to the lack of micro-insurance and credit guarantee. 9. Low level of business culture among small businesses. 10. Inability to substantial support from the local budget (up to 0.5% of the local budget) 11. Absence of development of the cooperative sector in the agro-processing sector. 12. The lack of evaluation of the components of existing capacity ("wealth") in sub-region: natural, labor and recreational resources, the value of tangible and intangible assets, etc.

Table 8

SWOT-analysis. Abilities
<ol style="list-style-type: none"> 1. High level of interest in development of the private sector of the subregion. 2. Attraction of the investments to create new high-tech production facilities using the resources and expert advice of DTEK. 3. The increase in cost of sales of coal products, in case of the rapid growth of the global economy. 4. Ability to implement to the sub-region larger scale of agricultural industrial cooperative chain "od Lana - to the table." 5. The cross-sectoral integration and business diversification. 6. The potential of the local market of goods and services due to the higher purchasing power of the population. 7. Availability of cheap skilled labor with the prospect of increasing of the cash flow passing through it. The structure of the labor market. 8. The desire of the authorities and local governments to cooperate with the business. 9. The possibilities of cooperation with big business on the basis of subcontracting, outsourcing and franchising. 10. Good geographical position in logistics and transit. 11. Prospects for the development of financial infrastructure (micro-insurance, loan guarantees). 12. The possibility of the experts involvement to assess the components of the existing potential ("wealth") of a sub-region: natural, labor and recreational resources, the cost of tangible and intangible assets, etc.

Table 9

SWOT-analysis. Threats
<ol style="list-style-type: none"> 1. High dependence on the conditions of markets for products made by the enterprises in the sub-region. 2. The closure of the coal industry (in case of a negative situation at the national and global markets). 3. Depopulation and decline of quality of the labor force due to negative demographic processes and ecology. 4. Further degradation of social infrastructure. 5. Imperfect legal framework, frequent changes in it. Priority regulations, the lack of direct mechanism for the implementation of laws, increasing the prospects of shadowing, bureaucracy and corruption. 6. Lack of the access to information about opportunities for small and medium-sized businesses in the region. 7. Increasing pressure from tax and regulatory authorities and the lack of real action mechanism of accountability to business officials for damages. 8. The lack of an appropriate regulatory framework for the system of local orders with mandatory release of the share of small business. 9. The high cost of land, real estate and related to this, the high level of rents. 10. Raiding. 11. Absence of an "entrepreneur" profession in the classifier and corresponding training system

Local authorities together with local corporations, businesses which are located in the sub-region, will cooperate to create the conditions for small business development. Among the strategic directions there are following ones [9, p. 87-94]: advancing the competitive local brands of small businesses, creating high quality products; subcontracting expansion and attraction to tender procedures of small business; popularization of successful implementation of joint projects with small business; assisting in the formation of entrepreneurial thinking and behavior, the development of knowledge and business skills among future entrepreneurs and students.

Sub-region Dobropillya needs to develop high-quality development strategy. Especially because at the

moment, local authorities are no more effective tool for development than the development of strategies and target complex programs to implement. Local authorities "on their own" can not cope with this quite a challenge. It is necessary to unite the potential of local government, corporate business and expert community. The best way to implement this software and strategic approach in the sub-region will be Dobropillya cooperation in the framework of public-private partnership of the following structures: local authorities, DTEK corporations, consulting, auditing companies (for example, Navigator, Ernst & Young) and the Institute of Industrial Economics of National Academy of Sciences of Ukraine (Fig. 8). There is some experience of such

Governmental and private partnership – consortium

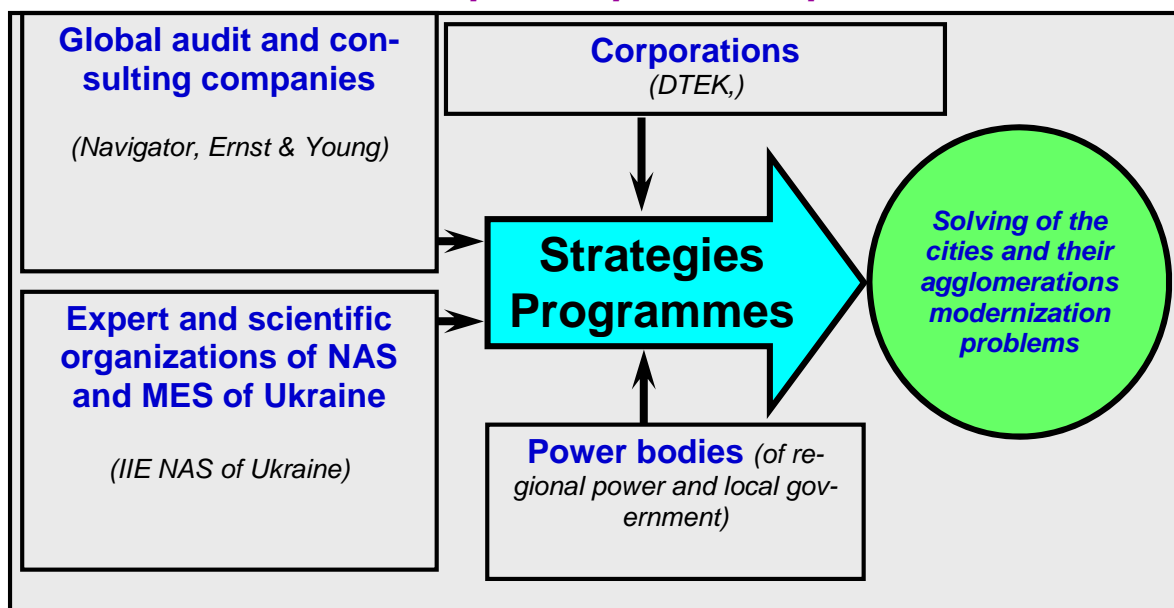


Fig. 8. Scheme of subjects of Development strategy of Dobropillya sub-region interaction

an effective interaction in Donetsk region. As a result of long-term cooperation of the Donetsk City Council with the Institute of Industrial Economics of National Academy of Sciences of Ukraine Strategy of socio-economic development of Donetsk for the period up to 2020¹ was prepared, which is being successfully implemented through a series of long-term programs [10].

Thus, the experience of development and scientific and methodological support for the development of strategic documents can be used in the preparation of the Development Strategy of the Dobropillya subregion for 2014-2016, and a number of integrated programs into its development: innovation and investment, energy efficiency, assistance to small and medium-sized enterprises, social development, etc.²

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¹ The Strategy, worked out in 2007, in 2008 took the 1st place in the local government documents contest in Moscow.

² In Donetsk on the base of the Strategy of city development till 2020 the Program of Investment Development of Donetsk until 2020, Complex program "Energy saving in Donetsk in 2010-2014", Objective development and support program for small and medium entrepreneurship in the city until 2020, General methodological provisions for the development of regional infrastructure elements of micro insurance and small business loan guarantee and others were worked out by the city council and Institute of Industrial Economics of National Academy of Sciences of Ukraine.

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Котов Є. В., Ляшенко В. І., Тесновський П. В. Передумови стратегування розвитку малого шахтарського міста (на прикладі субрегіону Добропілля)

У статті проведений аналіз стану і перспектив стратегічного розвитку субрегіону Добропілля на основі модернізації економічних стосунків і підтримки малого підприємництва. Обґрунтований механізм формування якісної Стратегії розвитку субрегіону Добропілля на 2014-2016 рр.

Ключові слова: стратегія; розвиток; регіон; модернізація; малий бізнес.

Котов Е. В., Ляшенко В. И., Тесновский П. В. Предпосылки стратегирования развития малого шахтерского города (на примере субрегиона Доброполье)

В статье проведен анализ состояния и перспектив стратегического развития субрегиона Доброполье на основе модернизации экономических отношений и поддержки малого предпринимательства. Обоснован механизм формирования качественной Стратегии развития субрегиона Доброполье на 2014-2016 гг.

Ключевые слова: стратегия; развитие; регион; модернизация; малый бизнес.

Kotov E. V., Lyashenko V. I., Tesnovskiy P. V. Preconditions of Strategic Development of Small Mining Town (Case Dobropillya Subregion)

In the article the analysis of the state and prospects of strategic development of Dobropillya subregion is conducted on the basis of modernisation of economic relations and support of small enterprise. The mechanism of forming of quality Strategy of development of Dobropillya subregion is reasonable on 2014-2016.

Keywords: strategy; development; region; modernization; small business.

Received by the editors: 17.11.2014
and final form 23.12.2014