

THE INCLUSIVE DEVELOPMENT OF THE REGION ACCORDING TO THE CURRENT ECONOMIC CONDITIONS

Vladyslava Lyfar¹, Yuliia Sokolova²

Abstract. *Purpose.* The study aims is to determine the components of the region's inclusive development and its results through the analysis of population welfare. *Methodology.* To achieve the goal of the study, the general methods (analysis, deduction), methods of abstraction for building models, empirical methods (comparison, measurement, questionnaire) were used. *Findings.* Analyzing studies devoted to the inclusive development of the economy, the authors put forward a personal vision of the basis for the inclusive development of an industrial region, consisting of the economy of the region, the community living in a given territory and the environment, and their interrelationships, which made it possible to propose a conceptual model for the involvement of members of the territorial community in inclusive development. *Originality.* The author's inclusive business model for the development of the region is proposed. It is aimed at attracting investments through the existing positive image, brand of the territory and additional value, which, unlike the existing ones, does not focus on factor conditions (minerals, land) of economic development, but focuses on human resources, that constituted an element of scientific novelty of the study. One of the main prerequisites for the implementation and development of the inclusive business model – the well-being of the population – was detected. Therefore, a study, which assessed and compared the welfare of the population of different regions of Ukraine, based on clearly defined indicators of living standards and quality of life was conducted. The inequality of development of different regions of Ukraine was also assessed, and its causes were identified. The conducted research the principles of regional justice contributed to the formulation of recommendations for overcoming the gaps in the welfare of the population of the Ukrainian regions. *Practical value.* The results obtained can be used as a scientific substantiation of reforms in the internal regional, social, and economic policy of Ukraine aimed at ensuring qualitative structural changes in the domestic economy.

Key words: economics, inclusive development, living standards, population welfare, quality of life.

JEL Classification: R11, R13, I31, J01

1. Introduction

As practice shows, economic growth is not enough to talk about effective development of the country. The country's macroeconomic indicators may be normal, but, at the same time, a significant part of the population is "not included" in the process of economic development, as it does not participate in the creation of GDP and, consequently, in the distribution. The result is stratification of the population and the emergence of related problems: declining purchasing power, the spread of informal employment, instability in labor relations and insecurity of social guarantees. The global inequality rate, calculated using the Gini index, is currently 0.65, compared to 0.3 in 1980, indicating that

population stratification is growing steadily in terms of income level and opportunities. To solve these problems, scientists have begun to study inclusive development and elaboration of an inclusive development model, which will help create maximum opportunities for personal development, economic activity, decent work and quality of life. Until 2017 indicators such as gross domestic product per capita and the human development index were used to assess the country's economic development level. However, they do not accurately reflect the level of development and society welfare, especially in the context of the concept of inclusive growth. Therefore, in early 2017, the World Economic Forum

Corresponding author:

¹ National University "Zaporizhzhia Polytechnic", Ukraine

E-mail: lyfarvlada@gmail.com

ORCID: <https://orcid.org/0000-0003-2758-9575>

ResearcherID: S-7600-2018

² National University "Zaporizhzhia Polytechnic", Ukraine

E-mail: sjalex2015@gmail.com

ORCID: <https://orcid.org/0000-0003-1352-0147>

ResearcherID: X-4813-2019

in Davos (Switzerland) proposed the calculation of the Inclusive Growth and Development Index (IDI) for an overall assessment of the country's economic development. The priority of inclusive development is to improve the quality of people's life through the formation of an economy with high employment of society with minimal stratification and interaction of all entities. Regarding Ukraine, it is important to study not only the possibilities of its inclusive development as a country but also the inclusive development of the regions through their sectoral specialization and uneven economic development. In addition, the consideration of these questions is clearly correlated with the Sustainable Development Strategy of Ukraine until 2030, which is based on the principles of inclusiveness and social responsibility (Verkhovna Rada of Ukraine, 2018).

2. Literature review

Mainly foreign scientists have dealt with the basics of the theory of inclusive development: D. Acemoglu, J. Robinson; S. Hollander; J. Podesta; Z. M. Bedos and others. Among Ukrainian scientists it should be noted Bazyliuk A. V., Zhulyn O. V.; Khodzhaia A. A., Ignatyuk A. I., Korneev V. V., Khodzhaian A. R.; Fedulova L. I.; Yemel'ianenko L. M., Dzenzeliuk K. V. and others. The main theses of the theory of inclusive development were also developed in the report "The Growth Report Strategies for Sustained Growth and Inclusive Development" (Commission on Growth and Development, 2008). However, these studies are devoted primarily to the development of countries, and issues related to the formation of the theoretical basis for inclusive development of regions remain unresolved. Therefore, the research on inclusive development should be conducted both at the country's level and at the level of administrative-territorial units of these countries.

3. Findings

Most scientists are currently convinced that normal economic growth is not enough for the effective social development of the state. Thus, a new concept has emerged – the concept of inclusive development or growth, which today is the basis of economic policy of many European countries governments. The meaning of the concept "inclusiveness" is to involve all members of society in the processes of reproduction (without exceptions and restrictions). Such comprehensive involvement implies equal access to opportunities, fair distribution of work results, as well as everyone's awareness of their involvement in the country's development.

Nowadays, scientists are considering inclusive development, primarily at the international level –

at the national level, comparing them on the basis of the index of inclusive development. To compare inclusive growth, a comprehensive indicator is calculated – the index of inclusive development, which determines how much the country is short of gross domestic product (GDP) due to inefficient use of its potential. At the global level, there are two approaches to the definition of "inclusive growth": the first, as sustainable economic growth, the main purpose of which is to reduce poverty and inequality (supporters of this approach are experts from the World Bank and IMF); the second, as a process of increasing the involvement of the population in GDP, giving people equal opportunities to realize their human potential regardless of socio-economic conditions, gender, place of residence and ethnic roots (supporters of this approach are experts from the UN Development Program, Asian Development Bank). However, despite the differences, both approaches pay much attention to the social component, human development and society.

Economic growth and social development must complement each other, be regarded as a holistic result. This is also confirmed by the practice when the stable high rates of economic growth of the country do not lead to the reduction of inequality and poverty reduction. For example, according to the authors of report "The Inclusive Growth and Development Report 2017", the United States ranks the 9th place in terms of GDP per capita, but only 23rd place in terms of inclusive development index (WEF, 2017). This indicates a lack of productive employment for all groups of population and a fair distribution of labor results.

Considering the inclusive development of an individual country, it is advisable to consider indicators of inclusive development at the regional level (in relation to Ukraine – it is oblast – region) to better understand the problems and prospects of each territory, its involvement in inclusive growth. This will give a clearer understanding of the problems and development prospects of each region, the degree of its involvement in the process of inclusive growth. The concept of "inclusiveness" is close in meaning to the concept of "integration". Therefore, it is appropriate to talk about a certain basis of interconnected elements, which is the key to the inclusive development of region. The basis includes three elements – "Economy", "Territorial community", "Environment" (Figure 1).

The element "Economy" assumes the involvement in the gross regional product's creation of all enterprises of large, small and medium-sized businesses, as well as the creation of favorable conditions for their development. The use of modern concepts of marketing and logistics through the formation of logistics supply chains, clusters, digitalization and

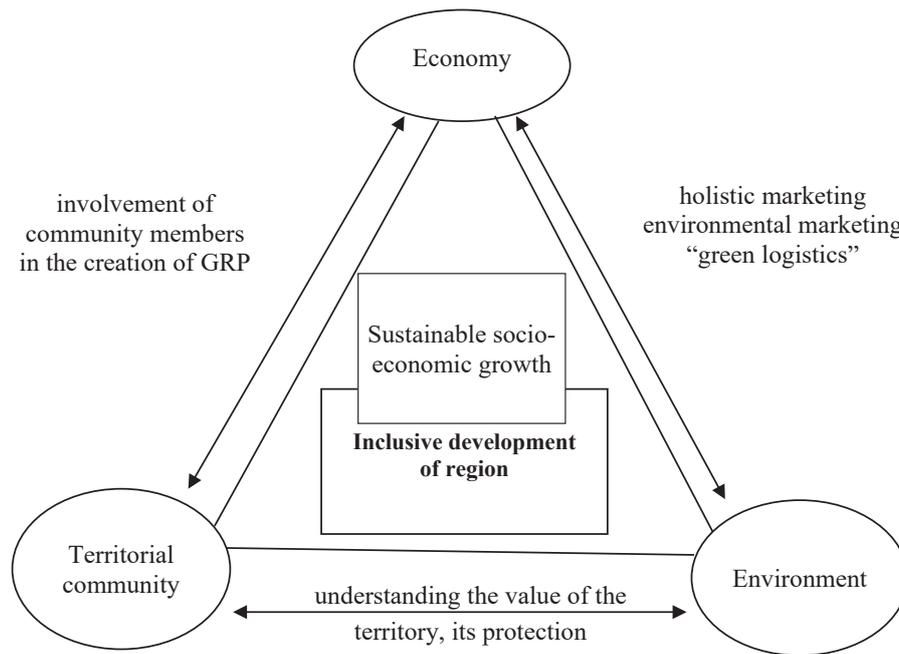


Figure 1. Basis of the region's inclusive development

Source: authors research

greening of society is relevant today. Opportunities for enterprise development and economic infrastructure, in turn, open up the opportunities for job creation and productive employment. Thus, there is a relationship between the elements of "Economy" and "Territorial Community".

The elements "Economy" and "Environment" are interconnected through the use of principles and concepts of socially responsible marketing, "green" logistics for the careful use of natural resources, greening of production processes. The relationship between the element "Economy" and the element "Territorial community" is manifested through the employment of economically active population of the region and, accordingly, the involvement of territorial community members in the creation of gross regional product (GRP).

The element "Territorial community" assumes the development of human capital, social infrastructure and social protection of population. This is solved through equal access to education, medicine and other social services, solving problems with crime, corruption, discrimination. A person must have the opportunity not only to make the maximum contribution to the creation of GRP, but also the opportunity to reproduce their human potential through increased prosperity and investment in human capital.

Accordingly, the inclusive development of the region is impossible without the interaction of the element "Territorial Community" and the element "Environment". People need to understand the value

of the area in which they live, to protect and preserve the environment as much as possible.

In turn, the element "Environment" includes the territory together with natural resources, which is inhabited by the territorial community and the processes of economic activity. Preserving the environment enables the community to live in an unpolluted environment, maintain health and increase life expectancy. The relationship between the elements "Environment" and "Economy" is manifested in the rational extraction and use of natural resources, socially responsible economic activities using the concepts of environmental marketing and logistics. This provides an opportunity to use the region's natural resources more efficiently, to attract alternative energy sources in the processes of production and economic activity.

Figure 2 proposes a conceptual model of involving the territorial community members in inclusive development through equitable access to opportunities and results of work, as well as possible results of inclusive socio-economic development of the region.

An inclusive environment provides not only equal access to opportunities (opportunities to satisfy their needs, employment, leisure, education, medicine service) but also equal access to labor results. Fair distribution of labor results implies equal and sufficient distribution between the employee, the employer and the state through a balanced wages, income and taxes. It should be noted that access to opportunities and labor results are directly proportional. The more opportunities a member

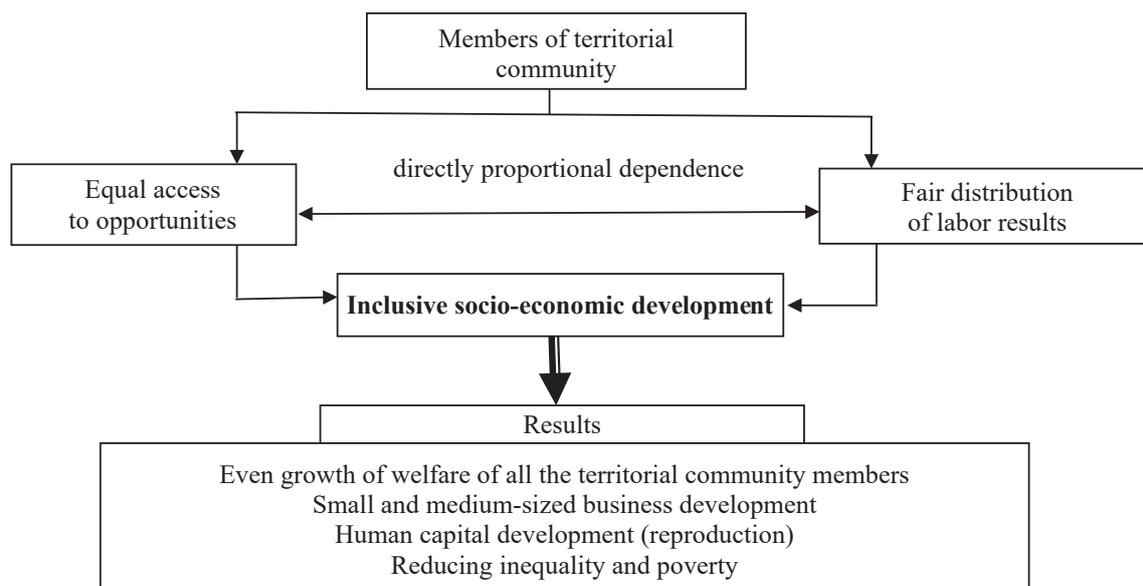


Figure 2. Conceptual model of involving the territorial community members in the inclusive development of region

of the community has to realize his potential for the economic development of the region, the more opportunities he has to receive the appropriate part of the labor results. If a member of the community has a decent salary, then he and his family have access to opportunities, which in turn create the conditions for better education, work and higher wages.

Thus, a preliminary analysis of different approaches to the interpretation of inclusiveness and inclusive growth concepts (D. Acemoglu, J. Robinson, 2012; Bazyluk, Zhulyn, 2015; Prohnik, 2018; Yermak, 2017) allowed proposing the authors' definition: inclusive development of the region is a process of the region socio-economic growth provided that all economic entities, objects of economic and social infrastructure, all members of the territorial community are involved in this process through the creation of favorable opportunities, fair distribution of labor results and environmental protection.

It can be argued that the region inclusive development is a multifactorial and multilevel process, as it is based on the economy of maximum employment and interaction of all members. Inclusive development assumes the active involvement of all members of society in various activities, respect everyone's rights and freedoms, ensuring security and equality. Since the region's inclusive development is a multifactorial concept, its implementation is ensured by certain components. The following can be suggested as components of the region's inclusive development: 1) socio-demographic; 2) economic; 3) natural.

The socio-demographic component is central to determining the inclusive growth of the region, as man is the main productive force, the basis of economic and social development. The economic component

of inclusive development involves attracting more resources to achieve economic development. However, inclusion is not an end in itself, it cannot constantly include new resources due to their limitations, it must accumulate them. In turn, the natural component involves the careful use of natural resources also due to their scarcity and reduction of environmental pollution. Therefore, it is necessary to change the philosophy of using natural resources through the involvement of environmental and social factors for their reproduction: the use of secondary resources, energy recovery technologies, waste recycling.

The problems of Zaporizhzhia region development identified during this research showed the need to apply innovative approaches based on inclusive business models. By relying on the analysis of different approaches (United Nations, 2008; United Nations, 2014) to the definition of "inclusive business model", the thesis was confirmed that such a model is based on the component "population of the region". Moreover, according to the UN determination, it's not just population but poor people, because they are the main chain of value added of GRP, as well as consumers of products, investors, producers of labor. The foundation of creating an inclusive business model for the region development is the intensification of investment, innovation and environmental, social, entrepreneurial activities in order to cooperate with like-minded people among community members, business structures, local governments (Figure 3).

The proposed inclusive business model, in contrast to the existing ones, does not focus on the factor conditions (minerals, land) of economic development, but focuses on human resources. It also involves following the business orientation of invest-in, aimed

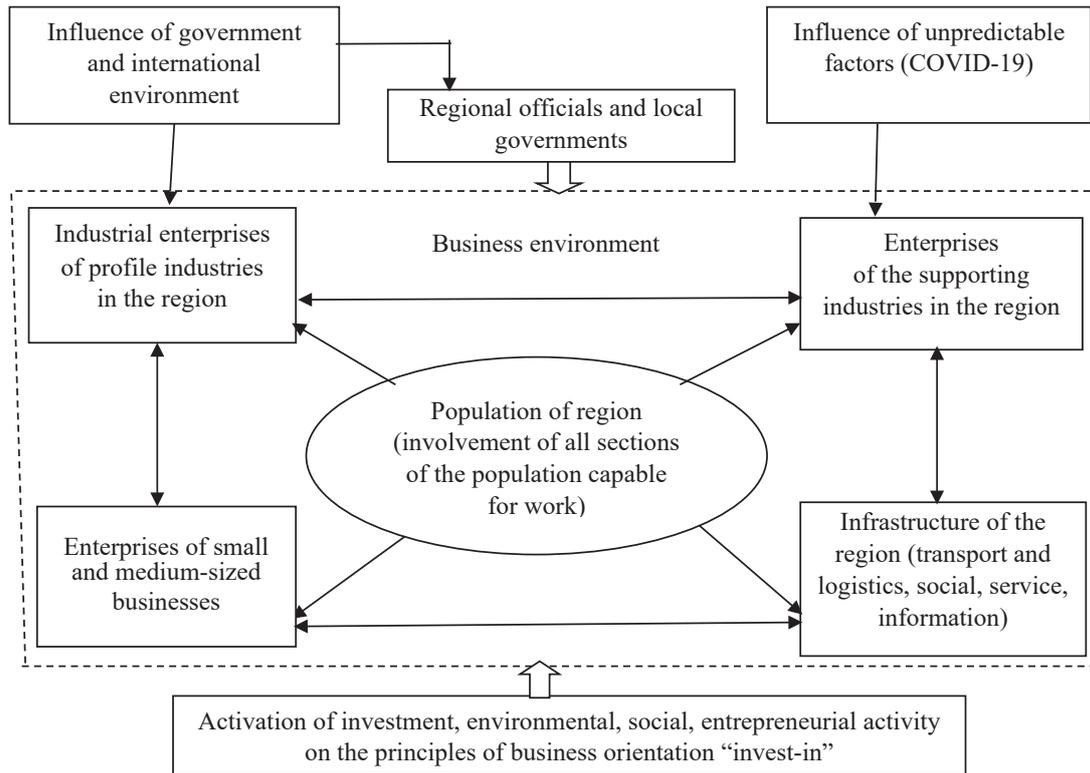


Figure 3. Inclusive business model for the region development

Source: authors' research

at attracting investment through the positive image, brand of the territory and added value. The main task of this business model realizing is the inclusive development of the region, and one of the main results of the region inclusive development is the welfare growth, which provides a high level and quality of life. In other words, there is a causal link between the inclusive socio-economic development of the region and the population welfare: on the one hand, the growth of welfare is the result of regional development, and on the other – a prerequisite for this development, because if people are satisfied, they stay in the region, work, contributing to the creation of GRP and region development.

Summarizing the different approaches to determining the population welfare, we present the main components of living standards and quality of life (Figure 4), through which it is advisable to develop a criteria system for assessing the population welfare.

The authors investigated the population welfare of few Ukrainian regions during 2007–2020 with a step of 6 years. There were considered: Kyiv city (as the capital region with the highest indicators of GRP, infrastructural development, etc.); Lviv and Kharkiv regions (as poles of sustainable economic growth in the Western and Eastern regions of Ukraine); Chernivtsi region, – the least developed region

of Ukraine in terms of GRP; and Dnipropetrovsk region, the central region of Ukraine, and the closest neighbor of Zaporizhzhia region, which was the basis of the study. In 2021, more than 1,000 people were interviewed: communities' members, administration and local government officials, representatives of industry, retail, and services sector. Respondents, who provided expert assessments of living standards and quality of life in the selected regions and assessed the importance of individual indicators of these two components, were selected using the method of deterministic quota sampling. The study used a 10-point rating scale, as it allows to assess the indicators analyzed with a higher degree of accuracy. Some of indicators have an unambiguous assessment (income, wages), but most of them are integral, so their value was determined by the formula:

$$K = \sum_{i=1}^n a_i, \tag{1}$$

a_i – is the i -th component of the welfare indicator, and n is the number of components.

The indicators "household income" (K_1) and "wages" (K_2) were taken from statistics, the values of the relevant indicators for 2007 and 2013 years were aligned with statistical information of 2020 year, considering changes in the national currency for the same period. The other indicators were also calculated

Table 1

Expert assessments the indicators of population welfare*

Welfare indicators (W)	Indicator's weight	Indicator's characteristics (quantitative and qualitative)	Assignment of points / qualitative assessment		
			1-3	4-7	8-10
Living standards (SL)					
Household income (K ₁)	0,2	thsd. UAH per year.	less than 99 – low	100-149 – medium	more than 150 – high
Wages (K ₂)	0,2	thsd. UAH per month (Average wages).	up to 9,9 – low	10-14,99 – medium	more than 15 – high
Medical security (K ₃)	0,2	Number of modern medical institutions, quality, and timeliness of providing high quality medical services (according to respondents and statistics).	low	medium	high
Social security (K ₄)	0,2	Social protection of families, pensioners, unemployed, etc.	low	medium	high
Access to education (K ₅)	0,1	Number of preschool education institutions, secondary and vocational schools, universities.			
Demographical situation (K ₆)	0,1	Total population, average annual population, formation of the increase/decrease population number, natural and migration population movement.	negative	medium	positive
Total	1,0				
Quality of life (QL)					
Conditions and character of work (K ₇)	0,25	The industrial structure, the presence of highly intelligent and innovative industries in the region's economy, occupational safety, compliance with the law by employers, legal protection, unemployment, the number of officially employed.	disadvantage, high unemployment	national average	favorable conditions, low unemployment
Ecological conditions (K ₈)	0,25	Level of air and water pollution, quality of drinking water, indicators of radiation, level of morbidity due to ecological component.	high	medium	low
Migration activity (K ₉)	0,15	The level of decrease economically active population number due to migration	high	medium	low
Development of transport infrastructure (K ₁₀)	0,2	Regional indicators by transport types: quality, density and length of roads; density and length of railway tracks; quantity and quality of bridges over rivers, availability of airports, river and seaports; availability of service infrastructure (stops, parking lots)	low	medium	high
Providing recreation and leisure (K ₁₁)	0,15	Number of parks, leisure's institutions, recreational areas, cinemas, concert halls, sports complexes, etc.	low	medium	high
Total	1,0				

* – compiled by the authors based on primary research and (Derzhstat Ukrainy, 2021)

Table 2
Weighted estimates of population welfare of certain regions of Ukraine in 2007-2020 years

Welfare indicators	Indicator's weight	Estimates the population welfare (points), obtained from the results of expert's survey																	
		Zaporizhzhia			Kyiv			Lviv			Kharkiv			Dnipro			Chernivtsi		
Year		2007	2013	2020	2007	2013	2020	2007	2013	2020	2007	2016	2020	2007	2013	2020	2007	2013	2020
Living Standards																			
K ₁	0,2	5	6	3	9	8	3	4	2	4	4	2	2	5	6	3	2	2	2
K ₂	0,2	6	6	6	10	10	5	4	4	4	4	3	3	6	6	6	2	2	2
K ₃	0,2	3	3	3	10	10	6	8	10	10	6	5	5	6	6	6	1	1	1
K ₄	0,2	4	6	4	9	8	5	6	8	7	6	6	6	5	5	4	2	4	1
K ₅	0,1	5	6	8	10	10	8	10	10	9	10	10	10	7	8	8	4	4	3
K ₆	0,1	5	4	1	10	10	8	9	10	8	9	10	10	6	7	7	3	2	4
Weighted average of Living Standards																			
	1,0	4,8	5,2	4,1	9,6	9,6	9,2	5,4	6,3	6,8	6,3	5,7	5,2	5,7	6,1	5,3	2,1	2,4	1,7
Quality of Life																			
K ₇	0,25	4	3	3	8	8	7	8	8	10	9	9	8	9	8	8	6	5	5
K ₈	0,25	1	1	1	6	5	4	9	9	9	4	5	5	5	6	6	10	10	10
K ₉	0,15	6	6	1	8	8	10	7	8	10	7	7	7	8	7	7	4	2	1
K ₁₀	0,2	6	6	2	8	8	8	8	8	9	8	8	8	7	7	8	8	8	8
K ₁₁	0,15	4	4	3	9	10	10	10	10	10	7	8	9	6	7	8	8	9	10
Weighted average Quality of Life																			
	1,0	3,55	3,7	2	7,65	7,75	7,1	8,15	8,55	9,55	6,95	7,35	7,25	7,0	7,25	7,35	7,4	7,0	7,0
Welfare indicator as a function of Living Standards and Quality of life (out of 100 points)																			
		17,04	19,24	8,2	73,44	74,4	65,32	41,89	53,86	64,94	43,78	41,89	37,7	39,9	44,22	38,95	15,54	16,8	11,9

based on statistical data of their components, as well as on the assesses of respondents.

The general indicator of population welfare (W – welfare) can be considered as the function of its two components – living standards (LS) and quality of life (QL):

$$P = f(LS, QL), \tag{2}$$

The obtained quantitative estimates of indicators and their qualitative characteristics are shown in table 1.

The results of assessing population welfare in selected regions are shown in table 2.

Welfare indicators in different regions of Ukraine are uneven, the highest welfare rates, calculated as a product of weighted averages of living standards and quality of life, are found in Kyiv (65.32) and Lviv region (64.94), the lowest – in Chernivtsi region (11.9) and Zaporizhzhia region (8.2). The dynamics of welfare indicators by region is shown in figure 5.

Thus, as we can see from the calculation of population welfare in the selected regions of Ukraine, there is a growing trend of socio-economic inequality in the development of the territories. Within Ukraine, such inequality can manifest itself due to the imbalance of the region's economic development, which, in turn, leads to social inequality.

Regional inequality in economic development can be measured using the multiplicity factor of regional development inequalities, based on a comparison of gross regional product (K_{in}).

The multiplicity factor of regional development inequality is calculated as the ratio of the region with the highest Gross Regional Product (GRP) to the region with the lowest value, in the considered year:

$$K_{in} = \frac{GRP_{max}}{GRP_{min}} \tag{3}$$

In our opinion, the multiplicity factor of regional development inequalities in Ukraine should be evaluated in the period from 2004 to 2020 years, with a step of 3 years, namely 2004, 2007, 2010, 2013, 2016 and 2020. The period from 2004 to 2007 years is one of the most successful periods in terms of economic growth: revival of business, intensification of

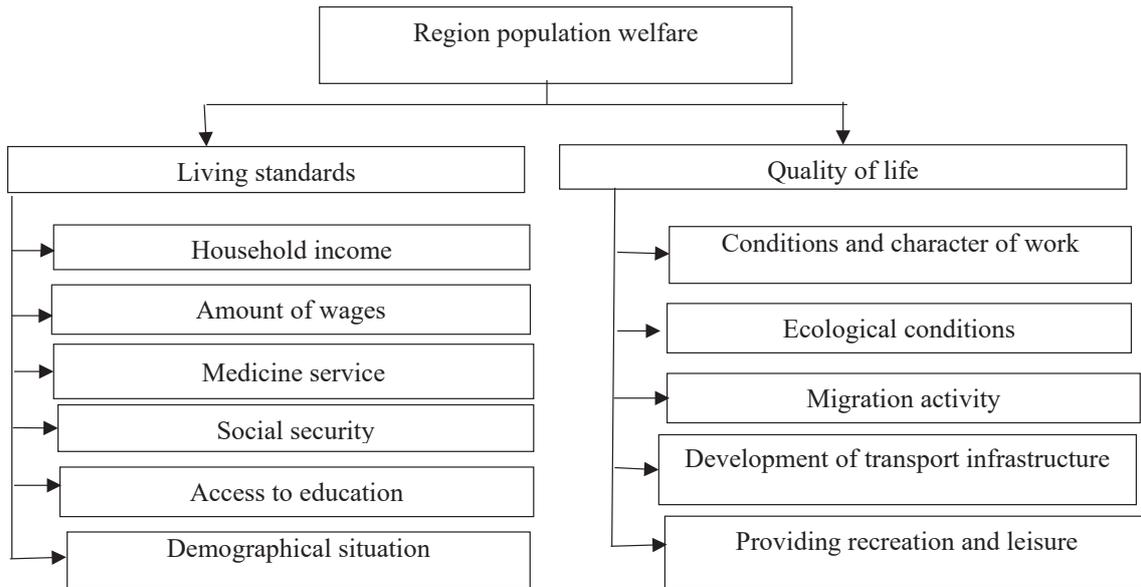


Figure 4. Components of the region population welfare

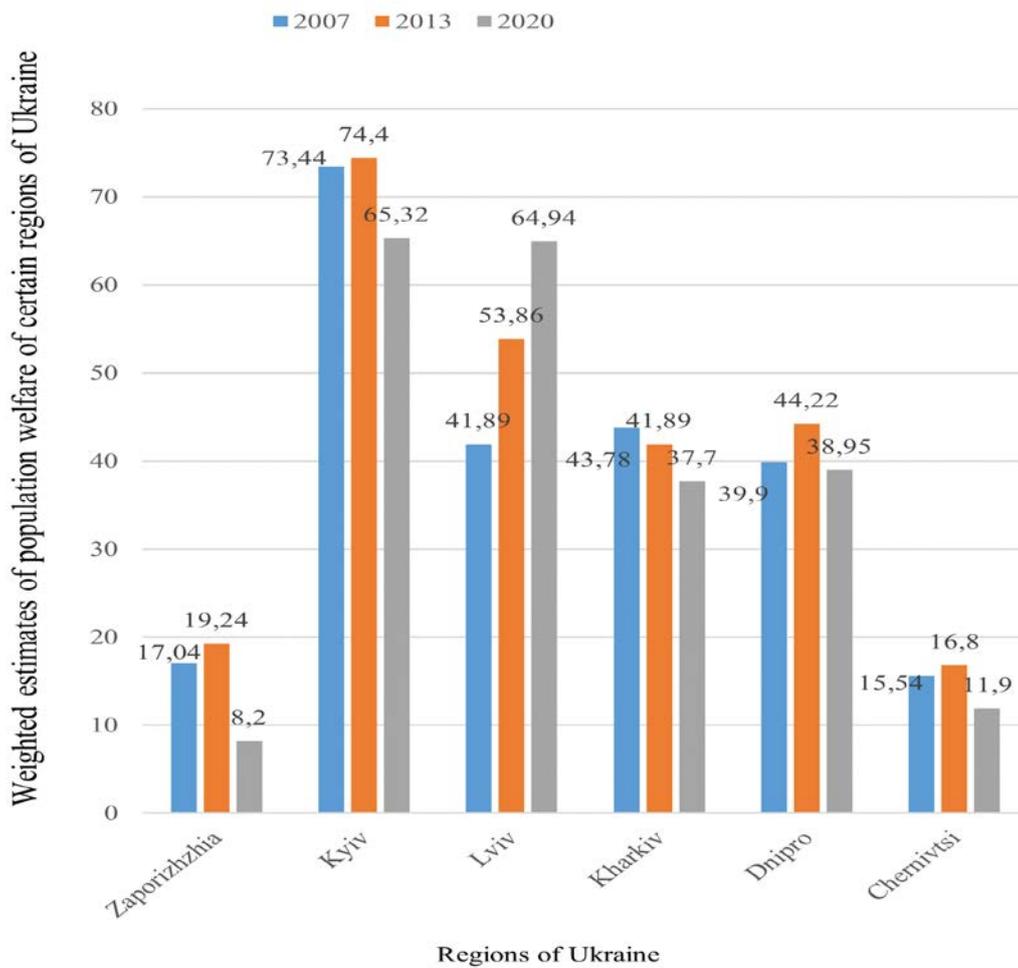


Figure 5. Trends in the indicator of population welfare in the selected regions of Ukraine

Table 3

Multiplicity factors of regional development inequalities in Ukraine and Zaporozhzhia region (2004–2020 years)

Year	GRP max (Kyiv), million UAH	GRP min, million UAH	GRP Zaporizhzhia region, million UAH	K_{in} (total Ukraine)	K_{in} (Zaporizhzhia region)
2004	61357	2213 (Sevastopol)	15255	27,72	4,02
2007	135900	4916 (Sevastopol)	33158	27,64	4,09
2010	196639	9359 (Sevastopol)	42736	25,25	4,6
2013	312552	11066 (Sevastopol)	54352	28,24	5,7
2016	559140	21239 (Chernivtsi region)	104232	26,32	5,36
2020	922978*	38785* (Chernivtsi region)	145300*	23,79*	6,35*

* – calculated by authors based on GRP's physical volume in previous year's prices Index

mergers and acquisitions enterprises of heavy industry, retail, agriculture. There was an economic recovery after the global economic crisis of 2008 in 2010. In 2013, it was the last time when economic indicators were determined for all regions of Ukraine, including Luhansk and Donetsk regions, as well as Autonomous Republic of Crimea.

Table 3 shows the multiplicity factor of regional development inequalities in Ukraine during

2004–2020: the total for Ukraine and Zaporizhzhia region, calculated according to the State Statistics Service of Ukraine (Derzhstat Ukrainy, 2021).

As can be seen, the multiplicity factor of regional development inequalities between the regions with the highest level of GRP (Kyiv) and the lowest level of GRP (before 2013 Sevastopol, after 2014 – Chernivtsi region) is almost 28, which shows a significant differentiation in all indicators: economics, social,

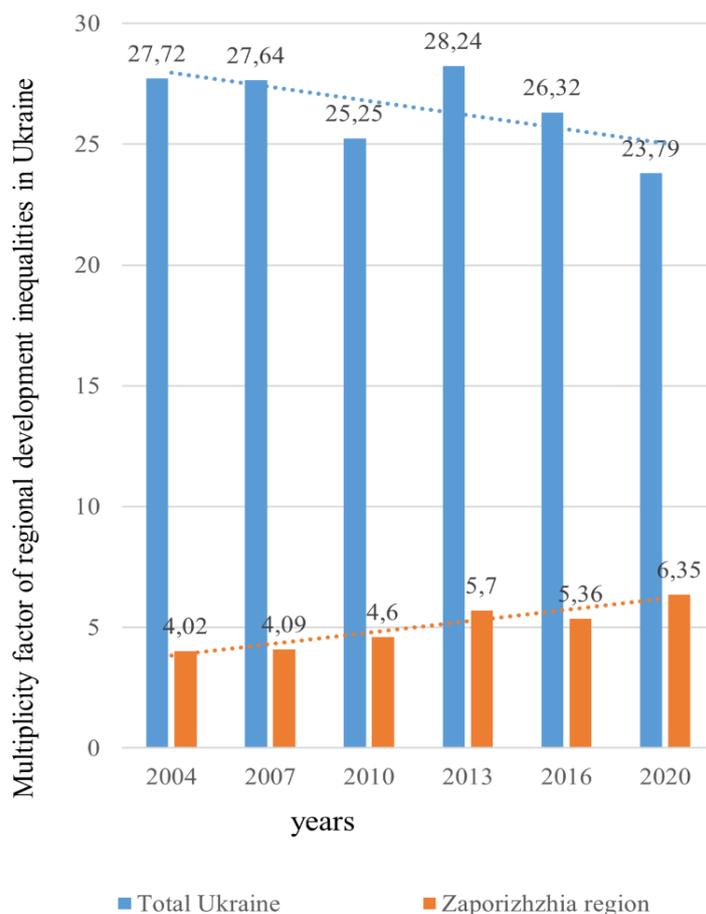


Figure 6. Dynamic of changes of the multiplicity factor of regional development inequalities in Ukraine and Zaporizhzhia region (in 2004–2020 years)

infrastructural, investment, etc. In 2020, the difference decreased to 23.79 points, but remains quite large, as the value of this coefficient, for example, for the United States is 5; Germany – 2.3; Italy and Spain – 2; China – 10.

The multiplicity factor of Zaporizhzhia regional development inequalities with the most developed region of the country, Kyiv, has increased per 1.5 times in sixteen years: from 4.02 in 2004 to 6.15 in 2020 (Figure 6).

Thus, it confirms the slowdown of Zaporizhzhia region economic development, which, in turn, worsens the indicators of its social development and reduces its investment attractiveness. Uneven development of regions also leads to uncontrolled chaotic migration of the economically active population. It causes a rapid and disproportionate growth of the "most successful" regions (in Ukraine – the capital, as well as Lviv region). Instead, in other regions, the population is decreasing rapidly, which leads to a further reduction of economic and social indicators. At the same time, in the "overcrowded" regions, the cost of housing, food, and household services is growing significantly.

The further worsening economic situation is due to the global pandemic of the COVID-19. The epidemic has further widened the economic and social gap between the regions, highlighting the problem of health care (the number of hospital beds, oxygen-equipped places; the number of medical staff at all levels, the level of salaries of medical staff). Quarantine restrictions affected businesses, especially small businesses. In 2021, more than 50% of small businesses in the tourism, hotel and restaurant, beauty industries and retail disappeared. As a result, regions are losing their GRP, and studies have shown that less developed regions are losing it faster than more developed ones.

Thus, several principles of regional justice can be formulated:

- people living in different regions of the country must have equal rights to satisfy their needs. They must have equal access to quality medical services, education, and environmentally friendly products. At the same time, cost of resources for residents of the territories where they are produced should be lower, than for residents of other regions. There must be environmental and other coefficients that will reduce resources cost. Thus, Zaporizhzhia region produces more than 80% of total electricity production in Ukraine, both at thermal power plants and nuclear power plants, which affects the environment and population health. At the same time, the cost of electricity for residents of Zaporizhzhia region is the same as for other cleaner and more economically developed regions, and industrial consumers often pay much more than industrial companies in other regions do;

- the level of population welfare in different regions of the country should be determined by the worst economically and socially developed region and the poorest social group. Today, the standard of living in different regions of the country differs several times, so it is necessary to reduce the inequality of development of the regions of Ukraine.

Overcoming regional disparities at the level of public welfare requires:

- 1) bring to a logical conclusion the decentralization reform and review, at the legislative level, the redistribution of taxes between the center and the regions to provide an opportunity, especially for the industrial regions, that contribute the most to the country's GDP, leave a significant portion of their own revenue for social, environmental and investment infrastructure;
- 2) medical reform, which has been going on for more than five years, should provide affordable modern high-tech health care for the population in all regions with medical facilities evenly distributed throughout the country, as now such centers are concentrated only in the capital region and a few regional cities (e.g. Kyiv, Lviv);
- 3) work out, at the state level, programs to promote a healthy lifestyle, development of sports infrastructure, which will belong to local communities and, therefore, will be available to all segments of the population, both in terms of income and age. Programs should be funded from both national and regional budgets;
- 4) for industrial regions, it is necessary to create environmental foundations, that will solve local environmental problems;
- 5) continue the development of digital economy in accordance with modern requirements.

Thus, there are some recommendations for Zaporizhzhia region based on the study:

- gradually change its industry profile from heavy industry to "green energy", retail, digital technologies, engineering services, etc.;
- create such logistics infrastructure elements as modern A-class transport and logistics centers;
- develop digital infrastructure in case to create new opportunities, technologies and business models of customer service in the B2C, B2B and B2A markets;
- restore and expand existing road and rail networks;
- develop social infrastructure facilities;
- intensify e-commerce.

5. Conclusions

The study results in the author's definition of "inclusive development of the region", based on a comparative analysis of approaches to the concepts of inclusiveness and inclusive growth, is proposed; the basis of inclusive development of the region,

which includes three interrelated elements – economy, territorial community and environment, is determined; a conceptual model of involving territorial community members in the inclusive development of the region through fair access to opportunities and results of work is proposed. The possible results of inclusive socio-economic development of the region have been identified, among which the growth of public welfare is the main one. The logic of further study allowed determining the population welfare components and indicators. Following the survey of the community members in the selected regions of Ukraine, an assessment of the

population welfare in these regions is given. It showed the existence of increasing socio-economic inequality trends in the territory's development, which, in turn, negatively affects their economic development. The conclusion about the existence of gaps in the progress of Ukrainian regions is confirmed by the calculations of a multiplicity factor of regional development inequality. The ways of overcoming the gaps at the level of population welfare, which are based on regional justice principles, are proposed.

Further research will be devoted to the methodology for calculating the region's inclusive development index.

References:

- Verkhovna Rada of Ukraine (2018). Proekt Zakonu "Pro Stratehiiu staloho rozvytku Ukrainy na period do 2030 roku" (Act № 9015, August 2018). Available at: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=64508
- Acemoglu, D., & Robinson, J. (2012). *Why nations fail: the origins of power, prosperity and poverty*. New York: Crown Publishing Group, 544 p.
- Hollander, S., & Bolling, R. (2020). Practice, don't preach: getting serious about inclusive development. Available at: <http://www.thebrokeronline.eu>
- Podesta, J. (2013). Inclusive Economic Growth: Increasing Connectivity, Expanding Opportunity, and Reducing Vulnerability. Available at: <https://www.americanprogress.org/issues/economy/report/2013/02/07>
- Bedos, Z. M. (2012). Dlia bahatshykh i dlia bidnishykh. Zrostannia nerivnosti – odna z najbil'shykh sotsial'no-ekonomichnykh i politychnykh problem suchasnosti. Available at: <http://tyzhden.ua/World/62625>
- Banerjee, A. V., & Duflo E. (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs, p. 303.
- Bazyliuk, A. V., & Zhulyn, O. V. (2015). Inkliuzyvne zrostannia iak osnova sotsial'no-ekonomichnoho rozvytku. *Ekonomika ta upravlinnia na transporti*, 1, 19–29.
- Khodzhaia, A. A., Ignatyuk, A. I., Korneev, V. V., & Khodzhaian, A. R. (2021). Modeling of the structural shift impact on economic dynamics of Ukraine's development. *Naukovyy visnyk NGU. Economy and Management*, 2, 170–177. DOI: <https://doi.org/10.33271/nvngu/2021-2/170>
- Fedulova, L. I. (2016). Inkliuzyvni innovatsii v systemi sotsial'no-ekonomichnoho rozvytku. *Ekonomika: realii chasu*, 3(25), 56–65.
- Yemel'ianenko, L. M., & Dzenzeliuk, K. V. (2017). Problemy ta perspektyvy sotsial'no oriientovanoho inkliuzyvnoho rozvytku v Ukraini. *Sotsial'no-trudovi vidnosyny: teoriia ta praktyka*, 1, 125–134.
- Prohnyimak, O. D. (2018). Inkliuzyvnyj rozvytok Ukrainy: pereshkody vs perspektyvy. *Ekonomichnyj visnyk Donbasu*, 1(51), 187–197.
- Yermak, S. O. (2017). Deskryptyvni kharakterystyky inkliuzyvnoho zrostannia iak innovatsijnoho vektora sotsial'no-ekonomichnoho rozvytku krainy. *Problemy ekonomiky*, 4, 8–14.
- The Growth Report Strategies for Sustained Growth and Inclusive Development. Available at: <https://openknowledge.worldbank.org/handle/10986/6507>
- World Economic Forum (2017). "The Inclusive Growth and Development Report". Available at: <https://www.weforum.org/reports/the-inclusive-growth-and-development-report-2017/>
- Europe 2020 Strategy (2020). Available at: <http://www.eur-lex.europa.eu>
- Inclusive Growth Commission (2017). "Inclusive growth for people and places: challenges and opportunities", RSA, London. Available at: https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf
- United Nations (2008). *Growing Inclusive Markets. Creating Value for all: Strategies for Doing Business with the Poor*. United Nations Development Program. Available at: http://www.rw.undp.org/content/dam/rwanda/docs/povred/RW_rp_Creating_Value_for_All_Doing_Business_with_the_Poor.pdf/
- United Nation Organization (2014). Dopovid' pro liuds'kyj rozvytok 2014. Zabezpechennia staloho prohresu liudstva: zmeshennia urazlyvosti ta formuvannia zhyttievoi stjykosti. Available at: <http://www.unic.ru/library/dokumenty-oon/doklad-ohelovecheskom-razvitii-2014-obespechenie-ustoichivogo-progressa-chel>
- Derzhstat Ukrainy (2021). Rehional'na statystyka. Valovyj rehional'nyj produkt u 2004–2019 rr.: statystychnyj zbirnyk. Available at: http://ukrstat.gov.ua/druk/publicat/Arhiv_u/03/Arch_vrp.htm
- Derzhstat Ukrainy (2021). Demohrafichna ta sotsial'na statystyka. Available at: <http://www.ukrstat.gov.ua>