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**SOCIO-ECONOMIC CHALLENGES OF URBANIZATION
IN THE CONDITIONS OF DIGITAL SOCIETY**

The article examines the socio-economic challenges of urbanization in the conditions of the formation of a digital society. It is substantiated that digitalization changes the traditional logic of urbanization processes, transforming cities from spatial centers of population and production concentration into complex socio-technical systems that combine physical infrastructure, digital platforms and network forms of economic activity. It is shown that urbanization in a digital society acquires a multidimensional character and goes beyond purely demographic and territorial changes. The research identifies key socio-economic challenges of digital urbanization, in particular, the transformation of the labor market, the strengthening of socio-economic inequality, the spatial fragmentation of the urban environment, changes in the financial and economic mechanisms of the functioning of cities and the growth of environmental risks. The article focuses on the contradictory impact of digital technologies, which simultaneously create new opportunities for improving the efficiency of urban development and generate risks of social disintegration and digital inequality.

The need to transform approaches to managing urbanization processes in a digital society based on integrated models combining digital tools, citizen participation and intersectoral interaction is substantiated. It is concluded that effective management of the socio-economic challenges of digital urbanization requires an orientation towards inclusiveness, sustainability and balanced development of urban areas in the long term.

Keywords: urbanization, digital society, socio-economic challenges, urban development, digital inequality, city management, sustainable development.

Fig. 1. Lit. 14.

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**СОЦІАЛЬНО-ЕКОНОМІЧНІ ВИКЛИКИ УРБАНІЗАЦІЇ
В УМОВАХ ЦИФРОВОГО СУСПІЛЬСТВА**

У статті досліджено соціально-економічні виклики урбанізації в умовах формування цифрового суспільства. Обґрунтовано, що цифровізація змінює традиційну логіку урбанізаційних процесів, трансформуючи міста з просторових центрів концентрації населення та виробництва у складні соціо-технічні системи, в яких поєднуються фізична інфраструктура, цифрові платформи та мережеві форми економічної активності. Показано, що урбанізація в цифровому суспільстві набуває багатовимірного характеру та виходить за межі суто демографічних і територіальних змін. У процесі дослідження визначено ключові соціально-економічні виклики цифрової урбанізації, зокрема трансформацію ринку праці, посилення соціально-економічної нерівності, просторову фрагментацію міського середовища, зміну фінансово-економічних механізмів функціонування міст і зростання екологічних ризиків. Акцентовано увагу на суперечливому впливі цифрових технологій, які одночасно створюють нові можливості

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для підвищення ефективності міського розвитку та генерують ризики соціальної дезінтеграції й цифрової нерівності.

Обґрунтовано необхідність трансформації підходів до управління урбанізаційними процесами в умовах цифрового суспільства на основі інтегрованих моделей, що поєднують цифрові інструменти, участь громадян та міжсекторальну взаємодію. Зроблено висновок, що ефективно управління соціально-економічними викликами цифрової урбанізації потребує орієнтації на інклюзивність, стійкість і збалансований розвиток міських територій у довгостроковій перспективі.

Ключові слова: урбанізація, цифрове суспільство, соціально-економічні виклики, міський розвиток, цифрова нерівність, управління містом, сталий розвиток.

Problem statement. Urbanization processes in the modern world are undergoing significant transformations under the influence of the digitalization of society, the development of information and communication technologies, and changes in socio-economic development models. Cities are gradually transforming from spatial centers of population and production concentration into complex socio-technical systems that combine physical infrastructure, digital platforms, network communications, and new forms of economic activity. Under such conditions, urbanization ceases to be only a demographic or spatial process and acquires a complex socio-economic dimension. At the same time, the digital society exacerbates a number of problems related to social inequality, access to resources, labor market transformation, changes in the nature of employment, and the quality of life in cities. The uneven digital development of territories, the differentiation of access to digital services and technologies, the increase in the cost of urban life, and the fragmentation of urban space create new challenges for the system of managing urbanization processes. In this context, the need to understand the socio-economic challenges of urbanization through the prism of the development of a digital society becomes particularly relevant.

Analysis of publications. In scientific research, urbanization is traditionally viewed as a process of concentration of population, economic activity and infrastructure in urban agglomerations. Classical approaches focus on the industrial development of cities, migration processes and the formation of the labor market. At the same time, modern researchers are increasingly turning to the analysis of urbanization in the digital economy, emphasizing the growing role of knowledge-based industries, the creative sector and digital services in shaping urban development [1-9].

A separate area of research is devoted to the problems of social inequality and polarization in digital cities. The scientific literature emphasizes that digital technologies, on the one hand, create new opportunities for economic activity and access to services, and on the other hand, can increase socio-economic gaps between different population groups and territories. Despite a significant body of research, the issue of a comprehensive analysis of the socio-economic challenges of urbanization in the digital society remains insufficiently systematized, which necessitates further scientific exploration in this direction.

Presentation of the main results. The formation of a digital society significantly changes the logic of the development of urban areas and the mechanisms of their socio-economic functioning. Digital platforms, electronic services, remote employment and the development of networked forms of interaction transform traditional ideas about the spatial organization of the city. Under such conditions, urbanization

ceases to be a linear process of urban population growth and turns into a multi-vector phenomenon that combines the physical concentration of people with virtual forms of social and economic activity. One of the key socio-economic challenges of digital urbanization is the transformation of the labor market. The spread of remote work, digital professions and platform employment changes the structure of the urban economy, reducing the role of traditional industrial zones and increasing the importance of sectors focused on knowledge, innovation and creative industries. At the same time, such a transformation is accompanied by the growth of unstable forms of employment, increased social differentiation and risks of marginalization of certain groups of the population who do not have sufficient access to digital skills and technologies [1-4].

An equally important challenge is the deepening of socio-economic inequality within urban agglomerations. The digital society is forming new lines of demarcation between areas with a high level of digital infrastructure and access to services and territories that remain on the periphery of digital development. This is manifested in differences in the quality of education, healthcare, transport accessibility and opportunities for economic self-realization of urban residents. The socio-economic challenges of urbanization in the context of a digital society are reflected in Fig. 1

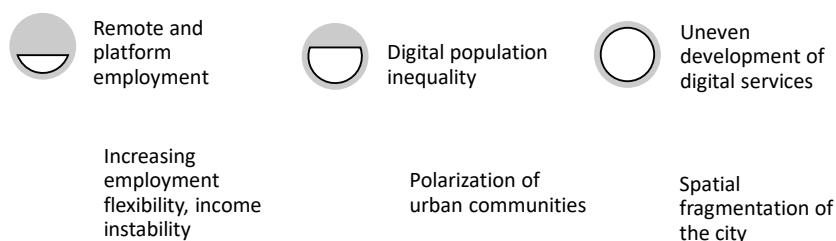


Fig. 1. Socio-economic challenges of urbanization in a digital society: manifestation of the challenge – socio-economic consequences

The challenges presented in Figure 1 demonstrate that the digitalization of urbanization processes has an ambiguous impact on the socio-economic development of cities. On the one hand, it creates new opportunities for improving the efficiency of urban governance and economic growth, and on the other hand, it generates risks of social disintegration and inequality. In this context, the transformation of urban development management models is of particular importance [1-2]. The digital society requires a transition from traditional administrative approaches to integrated management models that combine digital tools, citizen participation and intersectoral interaction. The management of urbanization processes must take into account not only economic indicators, but also the social effects of digital transformation, in particular the accessibility of services, social cohesion and the resilience of urban communities (Figure 2).

Thus, the digital society forms a new paradigm of urbanization, within which socio-economic processes become more complex and dynamic. Cities become plat-

forms for the interaction of economic, social and technological processes, which requires a revision of approaches to strategic planning and management of urban development.

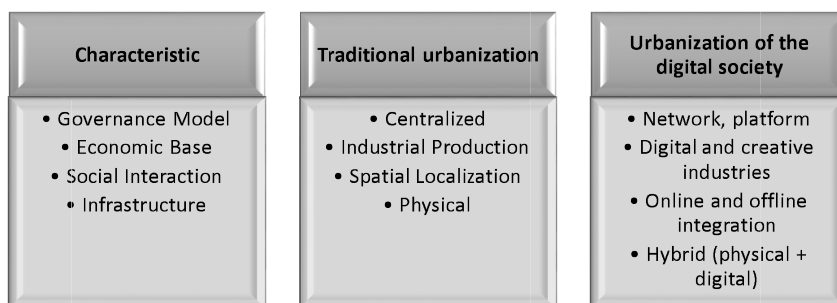


Fig. 2. Changing approaches to urbanization management in a digital society

An important aspect of the socio-economic challenges of urbanization in a digital society is the transformation of the spatial structure of cities. Digital technologies weaken the rigid attachment of economic activity to a specific location, which gradually changes the role of central business districts and traditional industrial zones. A trend is being formed towards polycentric development of urban areas, in which economic activity is distributed between different functional centers, in particular co-working spaces, innovation hubs, residential and business clusters and peripheral areas. Such transformation opens up new opportunities for reducing traffic congestion and improving the quality of the urban environment, but at the same time complicates the processes of spatial planning and coordination of infrastructure development [4-6].

The digitalization of urbanization processes also significantly affects the financial and economic mechanisms of urban functioning. The expansion of electronic services, the development of digital platforms for managing urban resources, and the introduction of “smart city” elements are changing approaches to the formation of local budgets and the distribution of financial resources. Urban communities receive tools for more accurate monitoring of income and expenditure, forecasting needs for financing infrastructure projects, and assessing the effectiveness of social programs. At the same time, cities are becoming increasingly dependent on digital systems, which increases their vulnerability to cyber risks and technological failures that can have significant socio-economic consequences.

The impact of the digital society on the social cohesion of the urban population deserves special attention. The active use of digital communication channels is transforming forms of public participation and interaction between residents and local governments. On the one hand, digital tools expand the possibilities of citizen participation in decision-making, contribute to the development of e-democracy and increase the transparency of governance. On the other hand, the risk of social atomization increases, when virtual interaction partially replaces direct social contacts, which can weaken local communities and reduce the level of social capital in the city [8-9].

The socio-economic challenges of urbanization in a digital society are also closely related to the environmental dimension of urban development. Digital technologies create instrumental opportunities for increasing energy efficiency, optimizing transport flows and resource management, which contributes to the formation of more sustainable models of urbanization. At the same time, the intensive use of digital infrastructure is accompanied by increased energy consumption, pressure on urban power grids and problems with the disposal of e-waste. This creates a new spectrum of environmental challenges that have a direct socio-economic impact, in particular through the costs of infrastructure modernization and ensuring environmental safety. As a result, urbanization in the digital society appears as a complex, multi-level process, within which technological innovations are closely intertwined with social and economic transformations. Solving socio-economic challenges requires an integrated approach that combines a strategic vision of the development of urban areas, adaptive management mechanisms and an orientation towards inclusiveness and sustainability. It is this integrated logic that allows us to consider digital urbanization not only as a source of risks, but also as a potential for the formation of a new quality of urban development in the long term.

Conclusions. The conducted research allows us to assert that financial and investment mechanisms play a key role in ensuring the sustainable development of enterprises in the context of decentralization reform and active change management. Modern institutional transformations associated with the redistribution of financial powers and the strengthening of the role of territorial communities are forming a new business environment in which enterprises are forced to reconsider traditional approaches to financial policy and investment planning. Under such conditions, sustainable development becomes systemic and requires the integration of economic, social and managerial goals into a single strategic model of enterprise development. It is substantiated that the decentralization reform not only expands the financial capabilities of enterprises through access to local support programs and co-financing mechanisms, but also complicates the process of making investment decisions due to the need to take into account territorial priorities and interests of local communities. This leads to an increase in the importance of flexible financial and investment mechanisms that are able to adapt to changes in the institutional environment and ensure a balance between commercial efficiency and socio-economic responsibility of business.

It is proven that change management in modern enterprises is impossible without targeted financial support for transformation processes. Investments in production modernization, digitalization, development of human capital and managerial competencies are not only a factor in increasing competitiveness, but also the basis for forming long-term sustainability of enterprises. At the same time, financial decisions should be considered as an element of strategic change management, which allows predicting the consequences of transformations and reducing the level of financial risks in an unstable environment. It has been established that in a decentralized economy, financial and investment mechanisms of enterprises are increasingly integrated into the processes of territorial development. Investment activity of business is becoming an important factor in the formation of local labor markets, infrastructure development and strengthening the economic base of communities.

Such interdependence necessitates the strengthening of partnership relations between enterprises and local governments, which contributes to increasing the efficiency of resource use and the formation of mutual interest in long-term development.

Summarizing the results of the study, we can conclude that the effective combination of financial and investment mechanisms, principles of sustainable development and change management creates the basis for the formation of adaptive and competitive enterprises in a decentralized economy. It is advisable to link the further development of these mechanisms with the deepening of strategic interaction between business and territorial communities, increasing the transparency of financial decisions, and implementing innovative approaches to financial management, which will ensure the sustainability of enterprises in the long term and their active participation in the socio-economic development of territories.

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