



GOVERNANCE IN THE PROCESS OF REGIONAL TRANSITION: AN EVALUATION OF DECENTRALIZATION MODELS

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ABSTRACT

PURPOSE: The purpose of this concept paper is to address the role of governance in the process of regional transition, by analyzing the concept of transition and its implications for regional sustainability, and highlighting their socio-technical, institutional, and governance dimensions.

METHOD: This study is based on the selected review of the literature providing insights into sustainability transitions, regional development, and decentralization.

FINDINGS: Transition is a long-term, multidimensional shift shaped by innovation, societal pressures, and governance structures. Regional transitions integrate development and sustainability agendas but often face barriers such as technocratic bias, limited social participation, and misaligned public finance. Decentralization models – political, fiscal, and administrative – shape how regions navigate these transitions.

ORIGINALITY/VALUE: The study synthesizes transition theory with regional development and decentralization frameworks, offering an integrated perspective on how governance arrangements influence sustainable regional transformation.

KEYWORDS: governance, regional transition, decentralization.

JEL: R11, R58.

1. THE CONCEPT OF TRANSITION

There are many explanations of the concept of transition in the literature, but each of them, if explained in simple terms, describes the process of shifting from an existing state to another planned state. Markard et al. (2012) note that transition is expressed as the need to move from the current situation to a new sustainable society that is reimagined within itself and in harmony with its natural environment. In other words, a somewhat idealistic outcome that requires more engagement with the journey rather than the destination. In the modern era therefore, ecological concerns and social demands have made it imperative for our societal models to adapt to more sustainable processes, practices, and outcomes. In other words, sustainable transition is a multifaceted and multidimensional process that seeks to change the state of society under environmental and social pressures.

The growing interest in sustainability-oriented innovation and technology research over the past decades has led to the emergence of the field of 'sustainability transitions'. This field examines empirical, theoretical, and methodological work that examines organizational, technical, social, political, and institutional changes. Thus, it studies the process of change in existing socio-technical systems to ensure the transition to sustainable production and consumption patterns (Markard et al., 2012).

Loorbach (2010) notes that although dominant structures (regimes) appear stable, they change over time under the pressure of both external changes and internal innovations in society, transitioning to another system. In his research, he proposed a management framework for implementing this process, which is the solution to social problems. In this approach, called transition management, the main goal is to understand long-term changes in socio-technical systems and guide them in a more sustainable direction. This approach includes principles such as long-term strategies guiding short-term decisions, being prepared for uncertainties, creating conditions for innovation, and the importance of self-regulation. Rather than being a completely predictable process, transition is a long-term change strategy that reshapes itself in response to innovation (Loorbach, 2010).

One needs to consider that 'transition' has been captured by various interests. For example, while the concept of 'just transition' has been widely discussed, states and other non-state (i.e., typically corporate) actors have sought to reshape it to suit their own (largely economic) interests¹. Rather than being a tool for ensuring social justice as previously advocated by activists and civil society, states and are now often using it to protect their economic and political positions (Wilkens, 2024; Abraham 2017).

An interesting conceptualization by Audet (2012) discusses two main transitional frameworks in his study: radical and technocratic. In the radical transition framework, citizens, communities, and small entrepreneurs are the main influencers. This process is seen as a bottom-up social transformation largely based on social and environmental values. On the other hand, in the technocratic transition framework, market innovations and business actors are the main drivers. Here, the state-led top-down process for green development in the economy becomes the main enabling framework. These two transition frameworks represent different paths to sustainability, one through societal-based changes and the other through policy-based interventions. However, between these two models, pragmatic approaches to transition would emerge to address different circumstances (e.g., stage of economic development, political ideologies, extent of democratic voice/activism).

Finally, the idea of sustainability transition is not only a process of changing the status quo in systems such as transport, agriculture, and energy, but also requires changing the criteria for measuring the compatibility between products, services, and systems. That is, the transition involves the application of innovations in science and technology, as well as the analysis of the functioning of interactions in the system (Audet, 2014). However, it is often the case that states appear to aspire to a holistic and comprehensive form of transition, but eventually would observe more fragmented, piecemeal, or even downright contradictory policies within a country. One arena in which such issues can be observed is at the decentralized or devolved levels the state (regions, districts, and municipalities).

2. CONCEPT OF REGIONAL TRANSITION

Regional transition is a process that takes place in a sub-national context, involving a set of complex social changes that take place in order to transform from one existing state to another in a socio-technical system. One of the main reasons for regional transition to take place is to create improved conditions for sustainable regional development, especially in structurally weak regions – largely typified by socio-economic indicators. That is, while the concept of regional development includes the evolution of industrial sectors and economic development, regional transition involves substantive change in the industrial and economic structures from one model to another e.g., diversifying away from coal industry dependence to greener industries due to changes in both economic and environmental conditions. Thus, the concept of regional sustainability transition combines both economic growth and sustainable development (Chlebna & Suitner, 2025; Drobniak et al., 2023).

Chlebna and Suitner (2025) not only highlight the differences between the concepts of regional development and regional transition but also explain the connection between these two concepts in four stages (see Figure 1). The first stage examines how the regional development and transition agendas are formed, analyzing the differences and similarities between the agendas to understand the interaction between the two concepts and the factors that shape them. In the second stage, the paths where the two agendas intersect during their practical implementation are identified. Then, integration scenarios are formulated by examining the cases in which they are implemented together. Three types of scenarios are identified here: 1) Instrumental integration, where the transition is based solely on economic growth, 2) Pragmatic integration, where conditions are created for green growth, and 3) Transformative integration, which adapts to social and environmental change. In the third stage, the results of the joint implementation of transition and development in the region are assessed. Based on the implemented integration scenario, three results are obtained: unfair and unsustainable growth, optimized and green growth, and transformative development. The fourth and final stage explores ways to share experiences of implementing transformative development in other regions and across different sectors.

Transition regional development strategies can address the root causes of the system by shifting unsustainable industrial sectors. However, in this context, the concept of sustainability arguably remains a rhetorical device that attempts to make the strategy more relevant. The implementation phase, on the other hand, brings the desire for growth and development to the fore.

Gibbs and O'Neill (2015), in their study, note that the sustainable transition process of the construction sector in the UK is slow and limited, even if the government takes legislative steps. Although proposals for sustainability are put forward, the lack of changes in the socio-technical system weakens the process. In particular, the fact that changes in the system are mainly focused on the implementation of technical innovations and solutions, while social factors such as behavior and lifestyle remain in the background, slows down the sustainable transition. This, in turn, highlights the importance of the transition process being carried out on a participatory basis by all interacting members within the system.

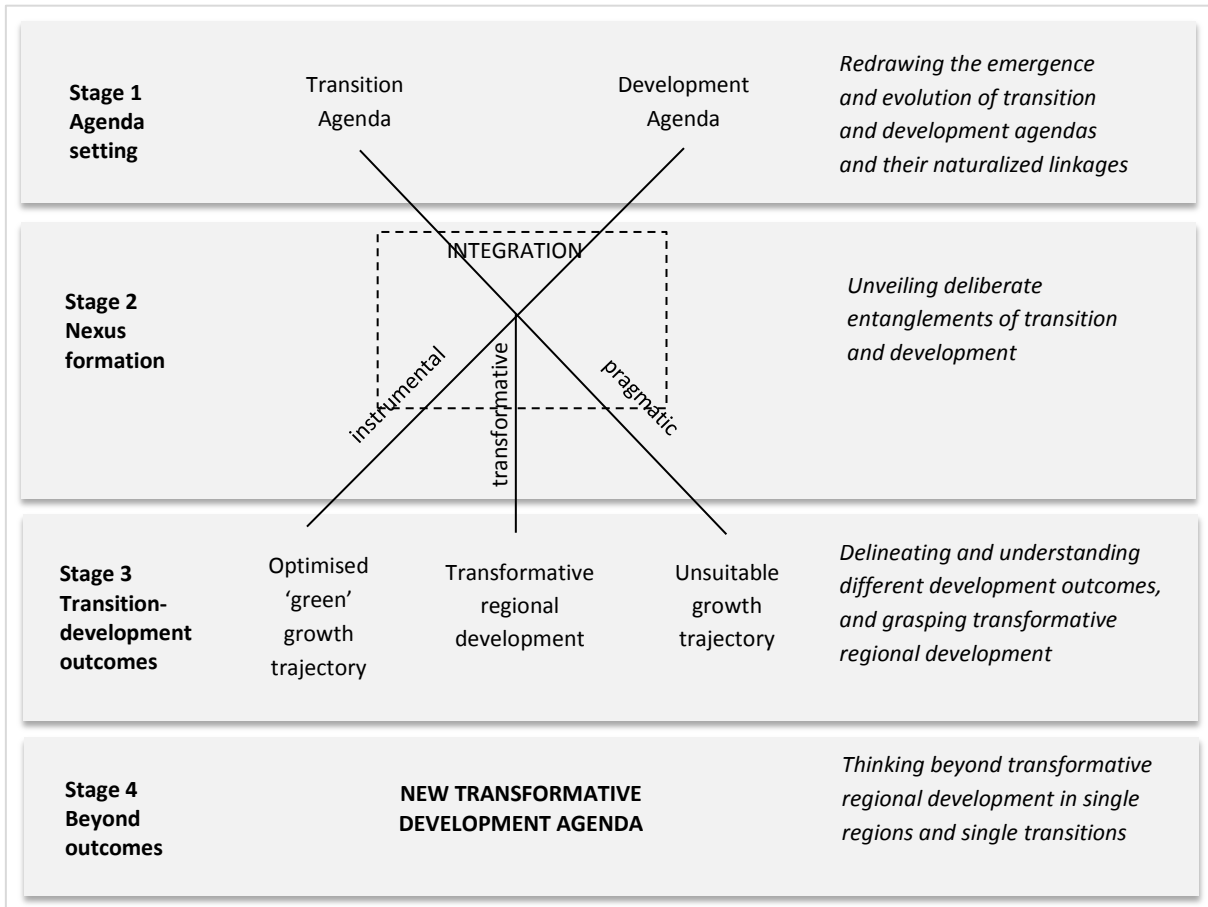


Figure 1. Conceptual stages in transitional development and related research questions

Source: Based on: (Chlebna & Suitner, 2025).

In Europe, public finance for the development of regions tends to focus on economic growth and investment attraction. Sustainability factors such as environmental responsibility and social participation (pertaining to the bio-economy), on which EU strategies are based, are relegated to the background. The same experience is transposed to different regions without necessary considering the varying contexts. This, in turn, leads to the persistence of public finance as an instrument of economic growth and the failure to integrate societal factors into the system. As a result, the implementation of the European Union’s bio-economy policy in the regions is misdirected for a sustainable transition (Albrecht et al., 2021; Baron 2026).

3. GOVERNANCE AND DECENTRALIZATION MODELS

Governance and accountability chains are closely linked to the concept of decentralization adopted in any regional/local governance context. Governance refers to who exercises authority and decision-making, while accountability chains refer to whom the governing body is accountable to. Based on these two concepts, differences can be found between models of decentralization.

Decentralization is a change in institutional design, the transfer of powers from central to regional governments. The empowerment of smaller governments allows them to respond to citizens’ demands, to exercise their functions more responsibly, and to ensure political participation. De Tocqueville noted that, “Municipal institutions constitute the strength of free nations. A nation can establish a free government,

but it cannot have the spirit of freedom without municipal institutions". Regional governments provide opportunities for minority representation to express their views against the decisions of the majority (Camões, 2022). However, not all decentralization policies lead to a situation where local actors and citizens have substantial agency over regional transition.

At the core, decentralization is a strategy to increase efficiency, control, and flexibility in structural terms while enhancing democratic space. As a result, decision-making becomes faster, and small issues can be resolved without the central government having to respond. Conceptually, it also allows for the application of democratic principles that allow citizens to participate in political activities and, to a certain extent, determine their own future at the regional/local level. Different types of decentralization can be distinguished by the extent of discretion at the local level and concurrent effects, and an explanation of their characteristics allows for a better understanding of them (See Table 1). Political decentralization means the democratic distribution of authority (away from centrally elected officials), while financial decentralization means the transfer of financial resources (e.g., ability to spend and raise taxes), and administrative decentralization means the transfer of authority over services and functions (and associated expertise) to the local level (Camões, 2022). However, globally, decentralization may signal significant freedom for sub-national level structures (i.e., effectively devolution) but in reality, only one or two areas (e.g., fiscal, administrative, political) have actually been delegated.

Table 1. Characteristics of decentralization models

Decentralization	Features	Implications	Objective
Deconcentration (administrative)	Central government institutions become located in regions/localities	Upwards accountability	Facilitates central government activities
Delegation (largely administrative)	Transfer of managerial responsibilities to local authorities and state-owned agencies	Largely upwards accountability (strategic level) with some recognition of local needs	Primarily facilitates the central government on selected issues (by law or regulation)
Devolution (Political & Fiscal)	Transfer of rights and assets, and the ability to exercise democratic (political) governance within the remit of the national laws and constitution	For devolved aspects/roles, largely downwards accountability alongside citizen empowerment	To finance and implement the plans largely decided at the local level, and to reinforce belief and trust in democratic structures

Administrative decentralization ensures the functional independence of local government by transferring tasks and services to local governments. It is implemented at two levels, called deconcentration and delegation. Thus, during deconcentration, although the powers remain with the central institution, representations are created in the regions, and that organization is assigned relatively smaller powers. Central government delegates some of its authority by giving some decision-making functions to regional entities, but retains control and requires an 'upward' form of accountability.

Political decentralization is a form of deeper autonomy which involves delegating central government powers to the local level. The formation of local government through elections ensures the right of citizens to representation, as well as the accountability of this government to its citizens. This, in turn, allows citizens to have a direct say in decisions that affect their communities. Fiscal decentralization, a major part of devolution, refers to the transfer of resources and responsibilities from central governments to regional governments. It is assessed based on factors such as the local government's share of total government revenue and expenditure, its ability to raise taxes and its dependence on central government subsidies. The key question that arises is to what extent regional transition policies are decided and enacted at the sub-national level.

4. CONCLUDING REMARKS

Our concluding thoughts for this conceptual note center on the need to better understand the interplay between central government level policies and ideas on regional transition, and how this is articulated and implemented at the sub-national level. Some of the follow-on research questions would be as follows: To what extent do local officials and civil servants effectively rely on expertise, authority, and power from the center? Do regional and local governments have sufficient qualified personnel to guide the process of regional transition? To what extent would political ideologies interfere with the regional transition process, particularly in light of the path dependencies and historical legacies pertaining to the region (e.g., business and land ownership characteristics).

Associated to the above are concerns about the extent of citizen participation and power to influence sustainable regional transition decisions at the local level. It may be likely that a technocratic approach takes precedence without much leeway for the proponents of the 'radical' paradigm (communities, citizens, small businesses) to have some influence over regional transition. It would therefore be useful to understand the existing citizen participatory mechanisms that exist at the regional/local levels and the extent to which proposals and other advocacy activities from such mechanisms can influence decisions. Rather rely on top-down conceptualizations and metrics of what a successful regional transition would entail, it is incumbent on local community and citizens to propose and communicate 'their' own measures and outcomes; lest regional transition be just another buzzword with very little impact beyond the typical (economic-led) recipients.

¹ Consider for example, at COP28, how the discussion around the fate of fossil fuels within a just transition discourse has helped to reframe the net-zero goals and the role of fossil fuels (<https://www.arab-reform.net/publication/transitioning-away-from-just-transition-how-states-reshaped-the-discourse-on-just-transition-at-cop28/>).

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