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PROBLEMS AND PROSPECTS OF MANAGEMENT OF RURAL DEVELOPMENT

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Abstract. *The purpose* of the research is to study problems of rural development management, to analyse the effectiveness of management of the resource potential of rural areas, and to study the socio-economic priorities of their development, as well as to determine the justified ways of their solution in modern conditions. *Methodology.* The system approach to studying the development of rural areas makes it possible to consider components in the relationship between themselves and interaction with components of other systems. The state, problems, and prospects of rural development management are considered. The necessity of significant changes in the state policy of rural management is determined. It is substantiated that the current trends in the development of rural areas of Ukraine take place in the direction of narrowing the sphere of application of labour and the mismatch of professional and skilled workers' quality to the needs of employers, and the growth of unemployment. *The results showed* that the revival of rural areas depends primarily on the level of economic development of the country. Multifunctional development of the village should be carried out taking into account the integrated approach to solving the problems of the agrarian complex, villages, rural areas in general, through the combination of interests of inhabitants of rural areas, rural communities, local government, and the state, applying social and economic levers of regulation of the relevant relations in conjunction with the organizational and legal ones. *The subject of the research* is the mechanisms for managing the development of rural areas. The emphasis is made on the imperfection of the modern mechanism of the financial and economic provision of rural development management, in particular, regarding the distribution of state budget funds in this area. The impact of a clear state policy that is aimed at supporting regional development is outlined. The importance of the issue of transferring significant powers and resources to places is investigated; there must be an active position and mutual responsibility of local self-government, local business, and civil society for the development of their territory. The main problem is outlined that the financial situation of rural residents in terms of the unstable development of all spheres of the country's economy is more complicated than that of the urban population. It is emphasized that the current state of social and economic infrastructure of rural areas confirms the existence of a deep crisis. Taking into account the condition and problems of rural development and modern European traditions in this area, it is proposed to finance the management of rural development using three sources – the state budget, local budget, and rural development funds. Potential sources of the formation of local budget funds, which will be directed to ensuring issues of management of rural development and rural development funds, are determined. Specific directions for the use of funds of each of the mentioned sources are proposed. It is determined that for Ukraine, it is important to study foreign skills of formation of sustainable development of rural areas, analyse their regularities and trends of development. It is proved that the experience of countries of the European Union in the context of European integration should become especially useful for the national economy. *Practical implementation.* The emphasis is made on the fact that state regulation is the main direction of ensuring sustainable development of the Ukrainian village and a means of ensuring the equilibrium of the Ukrainian economy. *Originality.* It is outlined that one of the directions of the rural development strategy may be to strengthen initiatives of local entrepreneurs, which will be assisted by local partnerships and the state. *The urgent task* of further scientific development of this problem is to study the influence of the basic, district, and regional levels of state policy on the management of rural development.

Key words: rural areas, development management, reformation, state support, staffing.

JEL Classification: P25, Q14, R11, R58

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1. Introduction

The main purpose of changes in agriculture in Ukraine is to create an effective system of agrarian relations, increase the production of agricultural products, finally solve the food problem in the country, provide the industry with the necessary raw materials, and significantly increase the well-being of peasants.

Rural areas of Ukraine are characterized by a number of problems, most of which have not been resolved for decades. The lack of a well-formulated and effective rural development management system leads to a permanent deterioration in the quality of life of the rural population, a decrease in its overall population and working age, in particular (due to both natural reduction and active migration processes), poor state of infrastructure provision, lower incomes, and the lack of alternatives to agriculture, at the same time accompanied with low economic efficiency and the high complexity of its implementation.

Thus, the topics discussed in the article, namely, the study of problems and prospects for the management of rural development, is very **relevant**.

The purpose of the article is to study the existing problematic issues related to the management of rural areas development and to identify the main directions of its improvement. **The research objective** is to carry out a comprehensive analysis of the current state and problems of rural development, to substantiate criteria for optimizing their management, to determine the strategic priorities of their development.

Today it is necessary to state the absence of the necessary prerequisites for the effective realization of the potential of rural areas, as well as significant disadvantages and the absence of a management system for their development. Systemic, monographic, analytical, and other **methods of research** are used to study theoretical and methodological foundations of rural development management. The potential of the development of rural areas of Ukraine, as well as the state as a whole, can be disclosed and implemented only if an effective system of public administration is formed. Thus, **the scientific novelty** of the article is to improve public administration in the study of the current state of development of rural areas and the economy of Ukraine as a whole, as well as the analysis of recommendations of individual scientists regarding the fundamental changes in managerial decisions based on private-public partnership.

The complexity of reforming public administration in the development of rural areas is the need to maintain systematic, comprehensive character, and take into account all aspects of this process, since each of its components plays an important role in the implementation of strategic objectives of the new state agricultural policy.

At the same time, the effectiveness of public administration depends on the observance of value

orientations. Today we can state the absence of well-formed and valid values in the management of rural development, which leads, in particular, to the squandering of state resources and low effectiveness of measures for their socio-economic development (Krupin, Zlydnyk, 2012).

Today in Ukraine, decentralization is one of the priority directions for solving problems of rural development management. In addition, the President of Ukraine signed the Law of Ukraine "On Voluntary Association of Territorial Communities", which regulates relations that arise in the process of voluntary association of villages, settlements, and cities. Thus, it is planned that this integrated approach will help in solving the main problems of the development of rural areas of Ukraine, which is based on the principles of sustainable development.

2. The role of rural areas in the national economy

Rural areas play an important role in the national economy. They provide food to the population and raw materials to the processing industry.

The effectiveness of the development of the potential of rural areas depends on their effective management. The main subject of management in the countryside is local self-government bodies. Granting them with appropriate powers and resources will solve the problems of creating a favourable living environment for peasants. Mechanisms of effective interaction between enterprises of different forms of ownership and different spheres of the economy of regions are not worked out, which reduces the manageability of the agricultural sector.

3. Problems of management of rural development

Today it is extremely difficult to imagine the economic development of Ukraine without the revival of the Ukrainian village. The tendency towards the deterioration of the socio-economic situation of rural areas leads to an increase in the imbalance in the placement of productive forces of the state, which results in the outflow of resources in large cities, which concentrate an increasing part of the financial, industrial, scientific and technical, and personnel potential. Instead, the village, with underdeveloped infrastructure and low living standards, continues to be in a depressed state. The process of reforming rural areas is slowed down, which causes a number of problems (Fig. 1). The lack of a well-formulated and effective rural development management system leads to a permanent deterioration in the quality of life of the rural population, a decrease in its overall population and working age, in particular (due to both natural

reduction and active migration processes), poor state of infrastructure provision, lower incomes, and the lack of alternatives to agriculture, while at the same time it is accompanied by low economic efficiency and the high complexity of its implementation.

4. Vectors of rural development policy

World experience and domestic practice convince that the level of development of the economy and the quality of life of the country's population can be assessed by the level of development of rural areas. This

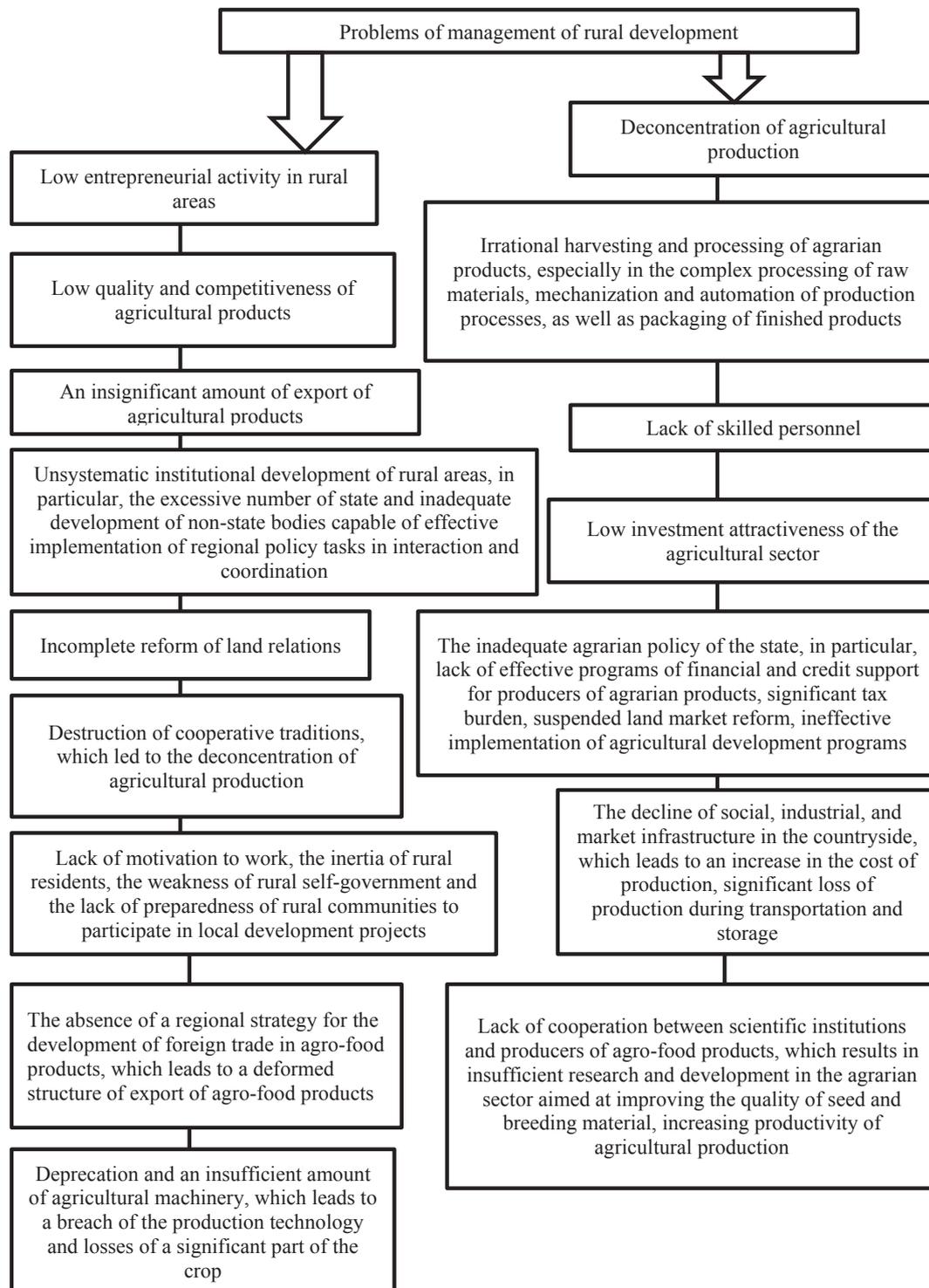


Fig. 1. Problems of management of rural development

Source: compiled by the author by research results

is explained by the fact that it is impossible to provide integrated development, to lay a solid foundation for the future without creating high standards of living for the rural population (Fig. 2). Taking this into account, the leading countries of the world are developing effective mechanisms for preserving the countryside, rural lifestyle, and rural traditions. With this purpose, the policy of socio-economic development of rural areas is constantly being improved, requiring appropriate changes to the management system, increasing expenditures for the implementation of state programs (Danylenko, 2015).

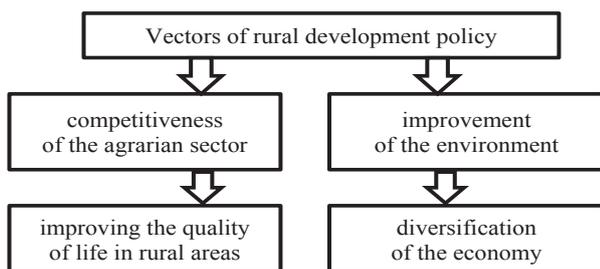


Fig. 2. Vectors of rural development policy

Source: compiled by the author by research results

The key to effective implementation of rural development policy is its human resources.

According to M. Malik, professional staff is the main condition for the implementation of the chosen strategy of sustainable development of rural areas, that is, managers must answer it. In our country, employees of state administrations responsible for economic and social development are, as a rule, specialists in relatively narrow issues of planning and management. They are busy with the solution of current problems, they do not pay enough attention to perspective issues, do not have experience of sustainable regional development in the conditions of modern market economy and development of self-government, do not have system representations and knowledge of modern methodological approaches and algorithms (Malik, 2008).

Unfortunately, today, in rural areas, traditional hierarchical structures with a rare splash of market mechanisms dominate in regional authorities. Advantages of such organizational structures consist of a clear division of functions and hierarchical co-subordination of all management units, the ordering of a system of rules and standards that determine the functioning of the governing bodies. Disadvantages are expressed in the strict conditionality of behaviour, difficulties of organizing interactions within the organization, and the inability to rapid innovations (Onyshchenko, Yurchyshyn, 2006).

Integration of plans for sustainable development of rural areas into a strategy of socio-economic development of the state has not yet been widely practiced. As a result, domestic interregional

cooperation is practically absent; budget funds are not used effectively. State target programs also do not solve this task. Many Ukrainian scholars recognize that in Ukraine as a whole, the culture of planning the use of the territory has been lost (Antonov, 2010).

5. Modern state of management of rural development

The current state of management of rural areas' development requires a significant increase in the role of the Ministry of Agrarian Policy and Food of Ukraine. A significant influence on the financial provision of agrarian enterprises is also made by regional authorities for granting loans, making lease agreements, and so on.

AIC and rural development are interdependent categories. Indeed, the effective use of the resource potential is a guarantee of the well-being of the rural population. In order to improve the socio-economic situation in the countryside, the state envisaged in the budget for 2018 almost 3 billion UAH, which will be directed to the financial support of agricultural producers through full or partial VAT compensation. This program was launched in 2017 as a substitute for the preferential VAT regime for farmers. Recall that the preferential VAT payment regime for farmers existed from 1999 to 2016 (and only partially in the past 2017). In the budget of 2017, 4.77 billion UAH was put into this program, and not all companies, but only those that specialize in certain types of activities, fell under the financial support program.

The agrarian budget for 2018 is 6.3 billion UAH. Financing of credit easing program for agricultural producers has been substantially reduced (Fig. 3).

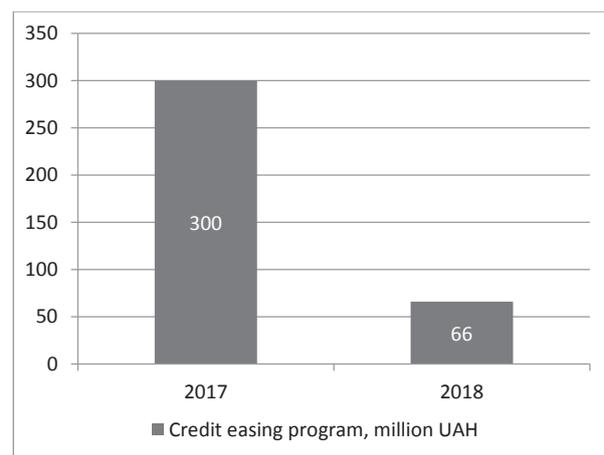


Fig. 3. Financing of credit easing program for agricultural producers, 2017–2018, million UAH

Source: compiled by the author by research results

As shown in Fig. 1, in 2018, expenditures from the state budget for this program in comparison with 2017 have decreased by 4.5 times and amount to only 66 million

UAH. Such a situation greatly reduces opportunities for farmers to attract credit resources.

Positive for the farmers in the budget of 2018 are costs to compensate for the cost of agricultural machinery. For this program, 1 billion UAH is included in the draft budget for 2018. Many agribusinesses need to upgrade their equipment. It is this program that will help to equip and modernize agricultural machinery. In addition, it is worth considering the mechanism of mortgage lending to agricultural producers.

As H.M. Kaletnik notes, mortgage lending is a promising direction and a powerful source of financial resources for agricultural production, which will be the driving force of effective management of rural development. Efficiently functioning mortgage mechanism should become a lever and a stimulating factor in the financial and economic growth of the agro-industrial complex of Ukraine while ensuring the social development of rural areas (Kaletnik, 2013).

The effectiveness of rural development management should be based on the principles of private-public partnership (Fig. 4).

Such a combination is the basis of the sustainable development of rural areas.

Management requires the definition of clear benchmarks, as regards the desired socio-economic status, so the methods (means) for achieving it. Overcoming the problems in the agricultural sector requires direct intervention by the state through financing specific targeted rural development programs.

6. Basic conditions for the development of rural areas

The rural development policy consists of three major parts: support for agricultural producers, environmental protection, and support for integrated rural development projects.

In Ukraine, in recent years, when there was a rethinking of the state regional policy on the basis of better European experience, the rural development policy has been identified as a part of the regional development policy.

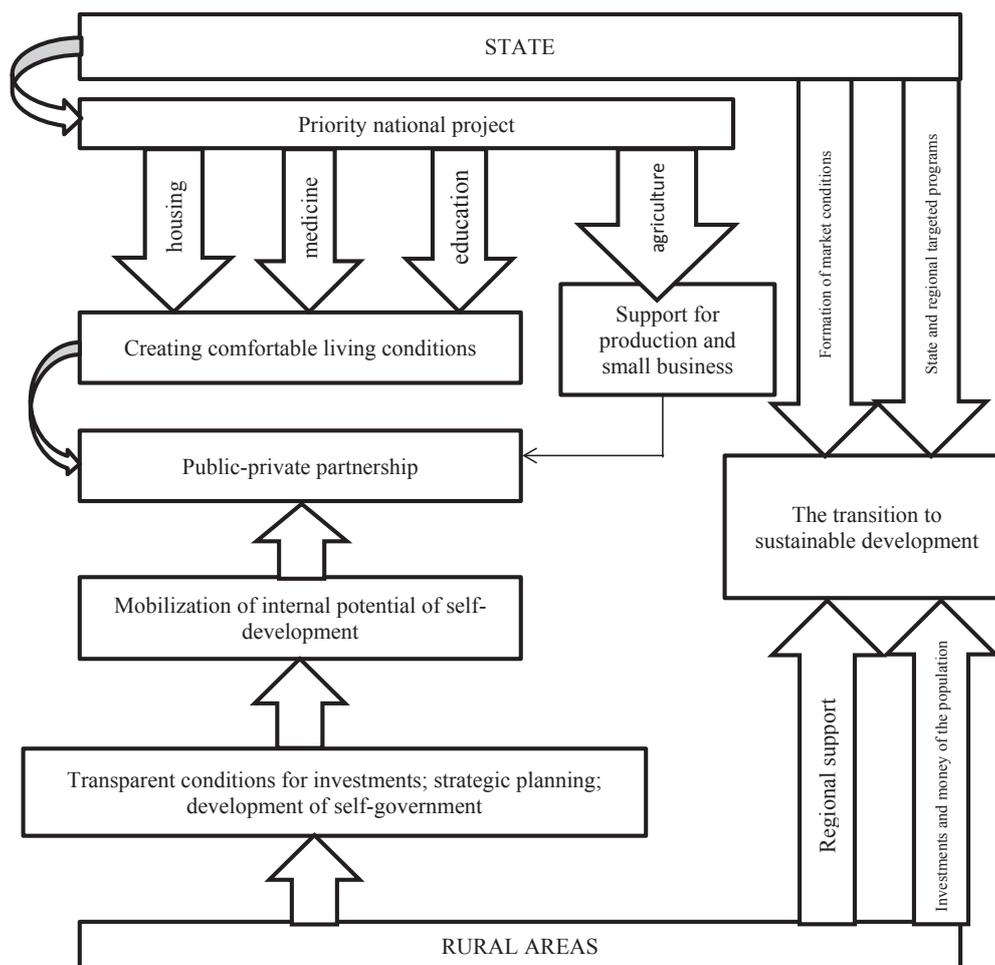


Fig. 4. Scheme of development of rural areas

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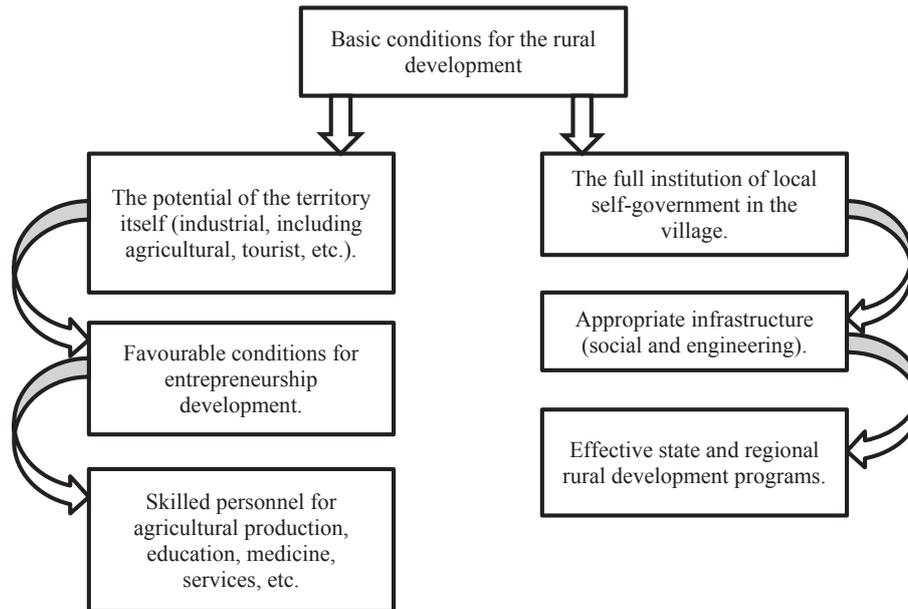


Fig. 5. Basic conditions for the rural development

Source: compiled by the author by research results

In addition, there are basic conditions for the development of rural areas, which are the key to their effective development (Fig. 5).

Also important is the regulation of economic needs in accordance with the capabilities of the natural environment; maximum provision of rural territories with their own resources through their most rational and integrated use. The key is the rational implementation of all the achievements of scientific and technological progress in production activity, which does not allow or minimize the depletion and degradation of resources, especially land. The development and placement of production, taking into account the natural conditions and resource capabilities of each region, their protection, and most rational use, also belong to the fundamental principles of the management of rural areas (Fig. 6).

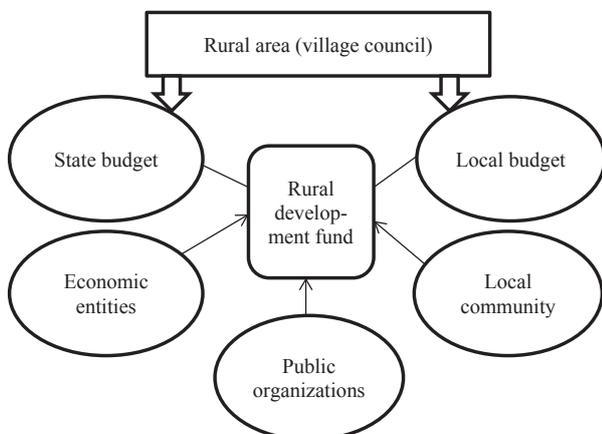


Fig. 6. Sources of funding for rural development

Source: compiled by the author by research results

The management of human and labour-resource potential is an integral part of the integrated management of rural areas. The level of labour supply of the rural economy depends on the number of labour resources, their location, sex and age composition. Workable rural areas have the opportunity to develop and diversify their economies more intensively (Kyrylenko, 2003).

7. Principles of management of rural development

We note that the subsystem of management and organization of rural areas is formed by: village and settlement councils, rural communities, bodies of management of objects of production and social and economic activity, representations of public socio-economic, social, and environmental organizations,

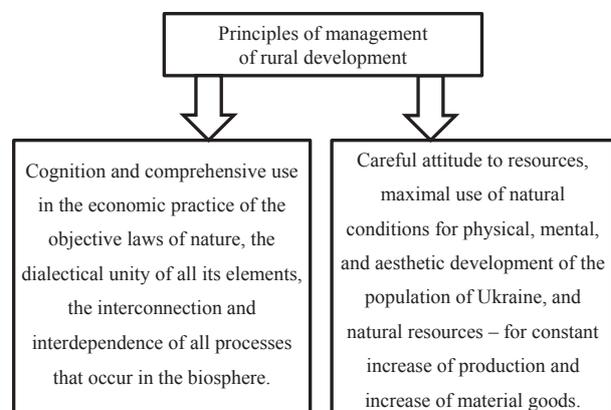


Fig. 7. Principles of management of rural development

Source: compiled by the author by research results

associations, and foundations. The centres of the organization of rural territories are villages and settlements (with their rural and settlement councils), population centres that are subject to them, separate agricultural settlements. Direct administrative influence on the development of rural areas is carried out by the raion and regional bodies of local self-government and, on a national scale, state authorities, which are based on clear principles (Fig. 7) (Syniavska, 2012).

8. Conclusions

The state and prospects for the development of rural areas depend primarily on the level of economic development of the country. Rural areas are an extremely complex object of administrative influence.

In the management of rural areas, one must take into account that the achievement of a high standard of living of the population is the main goal of the economic development of rural areas. Therefore, the key to effective management of the development of rural areas and the agro-industrial complex is the professional staffing, the need to intensify innovation activities, the rational introduction of scientific and technological progress in production activities, the effectiveness of state and regional rural development programs.

The prospect of further development of the revival of rural areas should be the study of the development of agrarian and non-agrarian activities, capable of creating the necessary financial base for serious socio-economic transformations in the village in order to ensure adequate living conditions of the population.

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