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**ORGANIZATIONAL AND ECONOMIC MECHANISM FOR  
IMPLEMENTING THE STRATEGY OF DEVELOPMENT OF RURAL  
TERRITORIES ON THE BASIS OF STABILITY**

*The paper substantiates the theoretical and methodological principles of forming the efficient organizational and economic mechanism for implementing the strategy of development of rural territories on the basis of stability. The author systematizes the basic conditions and reveals the essence, components and conceptual principles of developing the mechanism for implementing the strategy of stable rural development.*

*The methods and instruments for solving the socio-economic problems of development of rural territories are suggested, their classification is made.*

**Key words:** *rural territories, socio-economic problems, stable development, organizational and economic mechanism, strategy of rural development*

**Posing the problem.** In recent years the positive development in the agricultural production have not resulted in solving the problem of the socio-economic development of rural territories of our county. Unemployment, labor migration, poverty and destruction of the social infrastructure still remain the most burning issues in the countryside. As a result, rural settlements are gradually becoming depopulated and cease their existence [2, p. 3]. Solving the problem of the stable development of rural territories proves to be a long-term task, the accomplishment of which appears possible only under realizing the strategic imperatives of the development of the economic, social and ecological components. The present-day Eurointegrational processes taking place in Ukraine's agrarian economy require the development of the efficient organizational and economic mechanism for implementing the strategy of the stable rural development.

**The analysis of recent research and publications.** The research related to rural territories is connected, first of all, with the works of I.F. Balaniuk, O.M. Borodina, O.G. Bulavka, P.I. Haidutsky, V.M. Heiets, V.D. Zalisko, V.K. Zbarsky, A.V. Lisovy[7], M.Yo. Malik [9], L.I. Mykhailova,

N.V. Moroziuk [10], O.I. Pavlov [5], I.V. Prokopa [12], V.V. Yurchyshyn, K.I. Yakuba and others. When analyzing the results of agrarian transformations in the sphere of the countryside life support, Prokopa I.V. emphasizes that the reduction and in due course the unconditional refusal of the majority of reformed (newly formed) agricultural enterprises from their participation in ensuring the functioning and development of the engineering and social infrastructure of the countryside (which was widely practiced in the past) resulted in “the de-ruralization” of the countryside dwellers, rural human environment and rural mode of life [12, p. 121-122]. This negative phenomenon is characterized by the two interrelated processes. On the one hand, one can observe the increase in the number of people who practice working in urban settlements and abroad. So, in this way, rural dwellers become proficient in non-agricultural activities and transfer modern (urban) forms and methods of life support to the countryside. Hence, as emphasized by Kyrylenko I.Y. and Pavlov O.I., there exists the necessity to fundamentally change the system of managing the agrarian sphere, since, notwithstanding the substantiated necessity of changing the agrarian and branch - oriented paradigm of the countryside development into the territorial one, the sectoral and component approach in management still prevails where it is not the rural territories as a multicomponent and multifunctional system, but agriculture traditionally proves the object of management [5, p. 29]. Notwithstanding the versatility of the research dealing with the present-day problems related to the social and economic development of rural territories, their complexity and social importance stipulate the necessity of working out not only the strategic guidelines of rural development, but also the efficient organizational and economic mechanism for implementing them in life.

**Formulating objectives of the paper.** The paper is aimed at substantiating the theoretical and methodological principles of forming the efficient organizational and economic mechanism for implementing the strategy of development of rural territories on the basis of stability.

**Presenting the basic material.** The existing socio-economic situation on the rural territories in Ukraine requires new approaches to implementing the reforms and ensuring the stable rural development. Therefore, in 2015 the Ministry of the Agrarian Policy and Foodstuffs of Ukraine developed “The Integral Complex Strategy for Developing Agriculture and Rural Territories for 2015-2020” which is aimed at solving urgent needs of the branch through the comprehensive process of consultations with parties involved, especially with the representatives of the civil society, business, as well as with international donors. The strategy outlines the top-priority and long-term measures and the

results prognosticated. It also covers a detailed plan of actions to be taken [4]. The main objective of the strategy in enhancing the competitiveness of agriculture, as well as contributing to the development of rural territories on the stable basis in accordance to the EU and international standards. The strategy and the plan of actions outline the technique according to which the reforms will be developed and implemented in the context of the ten basic strategic priorities.

The concept of the stable development which is based on the three basic imperatives has become one more positive ideological foundation of the above document: **the ecological imperative** – determines the terms and limits of restoring the ecological systems as the aftereffects of their exploitation; **the economic imperatives** – stipulates the formation of the economic system, which is harmonized with the ecological development factor; **the social imperative** – secures the right of man to a high living standard under the conditions of ecological and economic safety.

It is noteworthy that the corresponding administrative and territorial formations (regions, districts, united rural territorial communities, village councils) are authorized to implement the developed strategy. Each formation is responsible for developing the corresponding mechanism of implementation with due respect to its own natural and climatic, organizational and economic, social and demographic, as well as ecological peculiarities. The above propositions make it possible to share the opinion of Moroziuk N.V. who maintains that a set of components of the system of ensuring the stable development cannot be universal for all territorial formations of the world [10, p. 29]. Thus, the external manifestation and internal content will differ considerably depending on the peculiarities of development of the country, region, natural and climatic zone.

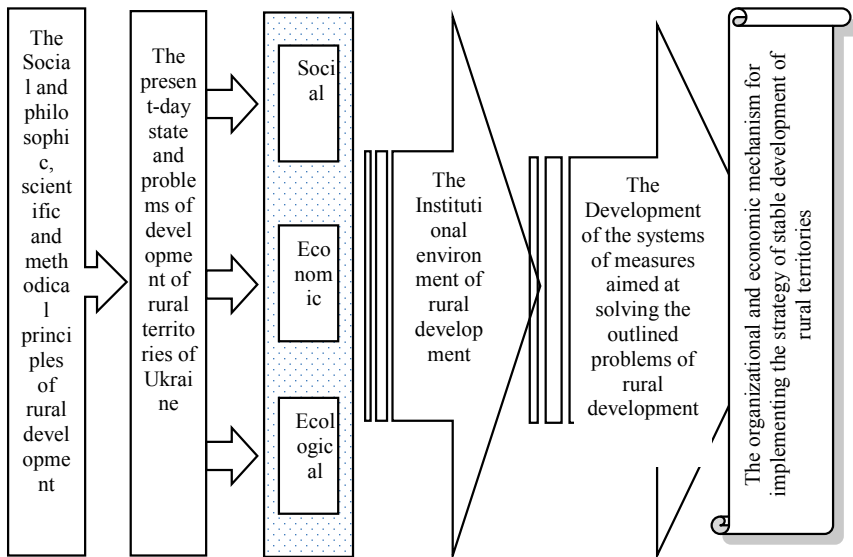
The development of the organizational and economic mechanism for implementing the strategy of development of Ukraine's rural territories must be based on the coordination of economic, social and ecological aspects which will contribute to the formation of social relations on the principles of stability, social partnership, cultural and moral standards, ecologically safe environment etc. When investigating the essence and principles of stable development, Lisovy A.V. emphasizes that the concept of stable development of rural territories is based not so much on the ability to get back to its initial position after perturbing managerial actions, but on acquiring the ability to go over to the new qualitative state which is connected, first and foremost, with the steady and stable improvement of life quality of citizens residing on this territory [7, p. 142-143].

The decree of the Cabinet of Ministers of Ukraine of September 23, 2015 No.995-p approved the Conception of development of rural territories which outlines the basic priorities of development of rural territories and the mechanism of getting the state agrarian and rural sectors ready for the functioning under the conditions of Eurointegration [6]. However, under the framework of the existing sectoral agrarian managerial system, departmental approaches and technologies applied for managing the branch and regional development in accordance with the principle “from top to bottom” the development of the multifunctional rural economy which will ensure the development of the competitive agroindustrial production and socio-economic development of rural territories is impossible. Since Ukraine has chosen the Eurointegrational way of development, it appears expedient to develop the organizational and economic mechanism for implementing the strategy of stable development of rural territories which will be based on the territorial integrated approach which is used in EU countries.

In 2016, the researchers of the National Academy of Agrarian Sciences (Order of the President of UAAS Academician Ya. M. Hadzala, No. 17 of February 4, 2016) developed yet another document – the Draft Project of the Strategy of Development of Agricultural production in Ukraine up to 2025 [11]. The above Strategy is aimed at developing agriculture as a highly efficient competitive (on both domestic and external markets) branch of the economy which provides for the state foodstuffs safety, the production of high quality agricultural produce in volumes sufficient for meeting the requirements of the population and processing branches, as well as a reliable economic basis for the socio-economic development of the Ukrainian countryside.

However, under the period of market transformations one can observe considerable changes not only in the structure of agricultural production, but first and foremost, in the industrial and economic relations and in the socio-economic development of rural territories in general. The above requires the introduction of the adequate management system and the corresponding organizational and economic mechanism of implementing the developed strategies (fig. 1).

The peculiarities of forming the system of ensuring the stable development of rural territories of Ukraine, the internal content and external form of its components depend much on the interpretations of the concepts of “mechanism”, “mechanism of development”, “organizational and economic mechanism” etc. which prevail in science and practice of the science of management.



**Fig. 1. The conceptual fundamentals of developing the mechanism for implementing the strategy of stable development of rural territories**

*Source:* adapted from [9, c.6].

In the “Dictionary of Loan-words” it is pointed out that the term “mechanism” originates from the Greek “device (the totality of links and parts) that transmits or transforms movement and can be viewed as the totality of intermediate states or processes of any phenomena” [13, p.431]. K. Marx was the first to use the term “mechanism” for characterizing the process of the capitalist production system functioning [8, p.72]. The economic science began to actively investigate the processes which are directly connected with the formation of the production (economic) and organizational and economic mechanism in the 60s of the last century. In the economic encyclopedic dictionary one of the variants of interpreting the investigated term defines mechanism as the system of direct and mediated interrelations between the economic phenomena and processes, and mostly between their opposite sides, as well as between the subsystems and elements that appear in various types of economic systems and between them (under the available complex of conditions). The theoretical expression of the economic mechanism is the corresponding system of interrelations between economic laws and categories. The problem of determining the structure of the

economic, organizational and economic mechanism still remains unsolved. The organizational and economic mechanism forms the basis of the functioning of the economic mechanism and reflects the essence of the economic, organizational and administrative levers and methods through which one can regulate the financial and economic, production and technological, organizational and technological processes and relations with the aim of affecting the eventual result.

Under the organizational and economic mechanism of implementing the strategy of stable rural development one should understand the totality of organizational and economic methods and correspondingly substantiated managerial actions (decisions) and instruments of affecting the development of the social, ecological and economic system of Ukraine's rural territories with the aim of ensuring its strategic goals and tasks.

Forming the high-quality life environment, enhancing the level of employment, strengthening rural communities, preserving the environment and traditional rural landscapes, producing the competitive agricultural produce, raw materials and foodstuffs, meeting other requirements of the population and ensuring a wide spectrum of social services still remain the strategic aim of developing rural territories of Ukraine at the present-day stage. Therefore, the above mechanism takes into account not only the objective necessity of changes in the countryside, but the real opportunity of the practical implementation which is stipulated by joint efforts of the state, regional and local authorities and self-government bodies, as well as by territorial communities aimed at solving the problems of rural territories under the conditions of decentralization.

The abovementioned makes it possible to classify the methods of implementing the strategy and solving the socio-economic problems of development of rural territories as follows (fig. 2).

**1. *The economic methods*** which affect certain characteristics of the production and economic processes taking place in the agrarian sphere:

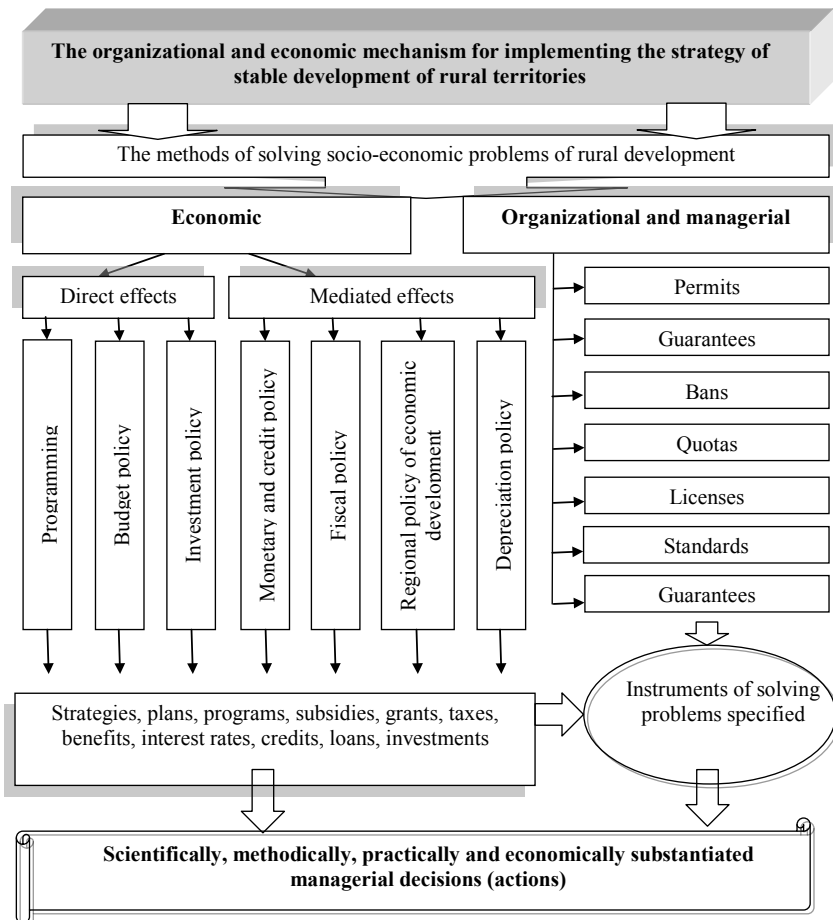
- *programming* which is implemented in the form of long-term documents (strategies) and short-term plans (programs) of the socio-economic development of rural territories of separate administrative formations;

- *the budget policy* which is implemented through the two basic means – the regulatory and calculation mechanisms and special budget regimes for the development of rural territories;

- *the fiscal policy* which is implemented through the tax systems and the corresponding system of expenditures;

- *the monetary and credit policy* aimed at ensuring the development of rural territories as a priority direction of the state agrarian police;

- *the investment* which comprises attracting resources for both export-oriented branches of the agrarian sector;
- *the depreciation policy* which envisages setting condensed terms and enhancing the depreciation standards related to the use of basic production and non-production assets of agricultural and non-agricultural purpose.



**Fig. 2. The methods and instruments of solving the socio-economic problems of development of rural territories**

Source: adapted from [1, p. 180-183; 2]

2. *The organizational and managerial methods* which envisage creating by state and regional authorities the stable legal framework of business agreements, protecting the competitive environment, preserving property rights to land and possessions and abilities for taking scientifically substantiated and efficient managerial decisions. In its turn, we find it expedient to divide the above cited methods into 2 groups:

➤ *the methods of direct effects* which envisage regulating the development of rural territories on the part of the state in such a way that the legal entities of the agrosphere (enterprises, rural private households) will have to take decisions which are based not on their own economic preferences, but on corresponding state regulations;

➤ *the methods of mediated effects* which envisage creating by the state the necessary prerequisites under which the above legal economic entities will voluntarily choose the organizational and economic decisions that correspond to the objectives of the agrarian policy, as well as to the strategy of development of rural territories.

The context of the given research makes it possible to maintain that our country has chosen the Eurointegration path of development. Hence, it appears expedient to pass over to the implementation of the policy based on the territorial integrated approach which is successfully applied in the joint agrarian policy of EU countries. It also appears necessary to reconstruct the system of the state, local self-government and community management of agriculture and rural territories on the principles of decentralization; to work out the organizational and economic mechanism which is based on the microeconomic demand, and on this very basis to rationally unite the territorial self-governing and branch-oriented system of managing the integrated development of agriculture and rural territories [11, p. 18]. With the aim of ensuring the stable development of rural territories it proves necessary to introduce measures and take managerial decisions which would make it possible to integrally implement objectives of its three components, and under the use of multiplication and synergy effects would bring about the highest possible results.

**Conclusions.** The organizational and economic mechanism of forming and implementing the strategy of the stable rural development is a system of political, legal, socio-economic, nature protection and other measures aimed at ensuring proportional, irreversible and stable progressive changes in the production, social and ecological spheres which can be observed in every component of the rural territory.

The basic elements of the mechanism of ensuring the stable development of rural territories on the present-day stage are as follows: the formation of the



institutional environment that corresponds to the tasks of the economic, social and ecological development; the efficient functioning of the economic entities located on rural territories; the creation of favorable conditions for the domestic and foreign entrepreneurship; the increase in investments; the strengthening of the economic and social stratification; the solution of the problem of demographic safety; the development of public self-government on the principles of decentralization which envisages the maximum cooperation between local authorities and the rural community; the increase in the quality of managerial services and the employment of local dwellers for the process of taking decisions related to the development of a separaterrural territorial community. Therefore, we find it expedient to rationally unite the territorial and self-governing system of managing the development of rural territories and the branch-oriented system of managing the development of the agroindustrial production on the principles of the decentralization of power and Eurointegration. The above will contribute to ensuring the stable development of agriculture and rural territories.

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**М.М. Тимошенко. Організаційно-економічний механізм реалізації стратегії розвитку сільських територій на засадах сталості.** В статті обґрунтовано теоретико-методологічні засади формування дієвого організаційно-економічного механізму реалізації стратегії розвитку сільських територій на засадах сталості. Систематизовано основні умови, розкрито сутність, складові та концептуальні засади розробки механізму реалізації стратегії сталого сільського розвитку. Наведено методи та інструменти вирішення соціально-економічних проблем розвитку сільських територій, здійснено їх класифікацію.

**Ключові слова:** сільські території, соціально-економічні проблеми, сталий розвиток, організаційно-економічний механізм, стратегія сільського розвитку.

**Н.М. Тимошенко. Организационно-экономический механизм реализации стратегии развития сельских территорий на основании устойчивости.** В статье обоснованы теоретико-методологические принципы формирования действенного организационно-экономического механизма реализации стратегии развития сельских территорий на принципах устойчивости. Систематизированы основные условия, раскрыта сущность, составляющие и концептуальные принципы разработки механизма реализации стратегии устойчивого сельского развития. Приведены методы и инструменты решения социально-экономических проблем развития сельских территорий, осуществлена их классификация.

**Ключевые слова:** сельские территории, социально-экономические проблемы, устойчивое развитие, организационно-экономический механизм, стратегия сельского развития.

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