

## РОЗВИТОК ПРОДУКТИВНИХ СИЛ І РЕГІОНАЛЬНА ЕКОНОМІКА

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### THE MAJOR DEVELOPMENT TRENDS OF RURAL AREAS AND AGRICULTURE IN THE ZAPORIZHZHJA REGION

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**Introduction.** The post-crisis period is characterized by strengthening the disproportion of rural areas development in the national economy. The problems of territorial disproportion and unevenness have not arisen recently but accumulated in the previous economic system. The undeveloped market institutes in the national economy and affect of global recession have exacerbated the problems of rural areas development. A low living standard of rural population, degradation and extinction of villages, undeveloped social and production infrastructures as well as a narrow agricultural specialization are typical of most rural areas of Ukraine.

Within the period of Ukraine's independence a number of conceptions of rural areas development were approved at the state level, namely the following ones: "The National Programme of Rural Areas Revival for 1995-2005" (1994), "The National Programme of Social Development of Rural Areas for the Period up to 2011" (2004), "The Complex Programmes of Support of the Ukrainian Rural Area Development for 2006-2010" (2005) [1]. But the concepts approved in different years did not become the development realities, id est. a concrete mechanism of their implementation for solving the problems of rural areas development did not exist. At present the government have focused on the development of the Ridne Selo Program initiated by the Ministry of Agrarian Policy and Foodstuff, which is part of the process of social and economic modernization of the agrarian sector within the Strategies of the Agrarian Sector Development Project.

The regional development unevenness in Ukraine is projected on deepening the differentiation between rural and urban areas, it is mostly observed in the highly industrialized regions, namely Donetsk, Lugansk and Zaporizhzhja regions. These regions have not only a considerable industrial potential but also the possibilities for development of agriculture as a major industry. Prevailing of industrial production in these regions has not deepened the specialization of agricultural production and thus the development is not stimulated in rural areas accordingly, The post-crisis period is characterized by a decline in the economic activities of these regions due to a decrease in demand for

industrial goods, that is why there is an urgent necessity of diversification of these regions' economic activities. Agriculture is one of economic branches, which is able to decrease the disproportion in the territorial development. In particular, among highly industrialized regions, the Zaporizhzhja region has considerable advantages of agriculture development alongside with industries development. Nature and climate, land and water resources are referred to the advantages of the region. But the economy realities are evidence of this potential underuse since they affect the development of rural areas. Therefore, the problem requires a profound research.

**Review of the latest sources of researches and publications.** The analysis of the latest researches and publications on this issue confirms the urgency of the problems existing in rural areas of Ukraine. The issues related to consideration of separate aspects of the problem under research are considered in the works by V. Bidak, O. Bitter, O. Buguc'kyj, O. Bulavka, M. Zhybak, V. Zbars'kyj, P. Lajko, E. Libanova, V. Macybora, K. Shaptala. However, despite the value of the conducted researches, some issues related to revealing the characteristic features and trends of rural areas development in industrialized regions require further investigation.

**Problem statement.** The purpose of this research is to distinguish the major problems of rural areas development in the structure of an industrial region's economy and to determine the main trends as to the actual state of the agricultural production functioning with the aim of forming the strategic directions of the social and economic development of the Zaporizhzhja region.

**Principal material and results.** At the present stage of development of economy Ukraine has an extensive agricultural complex capable of providing production of competitive agrarian goods. But during the 90s of the last century the development of Ukraine's agriculture was characterized by a deep economic recession; only since 2000 the situation has been stabilizing. Now Ukraine is a world leader in crops exports; in particular, according to the forecast of the US Ministry of Agriculture, in the current marketing year our country can take the second place in the world after the USA by the volumes of crops exports [2; 3].

Despite positive changes, there are many unsolved problems in the agriculture of Ukraine. In particular, at the regional level the trend remains to underestimate the role of rural areas in the general economy structure of Ukraine's regions. The major production line in rural areas is agrarian production but non-agricultural activity lines are undeveloped. This strengthens the crisis tendencies in the development of rural areas, intensifies the processes of migration of employable rural population to towns.

Distinguishing the problems of development of rural territorial units involves clear definition of concepts and terminology of the investigated object. Despite the fact that the notion of "rural areas" is used in scientific works, there is still no single approach to its content. Thus, rural area is viewed upon as a complicated system [4, p. 16], a poly-element and poly-functional territorial unit [5, p. 114], terrestrial space with certain features [6]. The documents of the World Trade Organization provides for the areas outside the limits of big cities where the economy is based on the activity lines traditional for rural population, local production types, use of natural resources referred to rural areas [4, p. 11].

Within the period of the market economy formation in Ukraine the process of reorientation of administrative command management in favour of local self-government took place, which has radically changed the methodical approaches to administrative decision-making. It involves replacement of branch administration by territorial one with further clear regulation of the authorities' actions [7]. But now in rural areas administration the model is applied, which is built on a branch principle (agrarian policy) and narrows the functional purpose of rural areas. In our opinion, all this requires reorientation of the branch approach to rural areas administration to the integrated territorial and branch approach; accordingly, it enables us to consider the rural area as a spatial unit with a certain economic, branch, labour, social and resource potential.

A great significance in studying the social and economic development of rural areas is attached to differentiation of the rural territory and agricultural production. Rural territory cannot be only defined as a spatial base for agricultural production as such a territorial specialization is an obstacle on the way to its full-fledged functioning and sometimes for the region's survival. Even despite its economic advantage, excessive specialization results in monopolism of specialized areas [8]. First and foremost, rural areas are places of development, which is not restricted to agricultural production and vital activities of rural population. Therefore, rural development as an objective process, which

takes place within a corresponding social and spatial system of the society, is not measured by the indices of the agrarian sector of economy solely.

The Zaporizhzhja region takes a significant place in the structure of national agricultural complex of Ukraine. It has an essential resource potential for crops production, which allows to provide the internal market of the region with the produce as well as to enter international markets by exporting it. Taking the Zaporizhzhja region as a research object due to peculiarities of rural areas functioning and development of which is stipulated by the fact that in this region there is a developed diversified heavy industry and agriculture. The Zaporizhzhja region is an industrial and agrarian region, where industry prevails over agriculture considerably. The districts of this region have internal differences in the territorial organization of the economic complex. But at present most parts of the Zaporizhzhja region can be referred to as problematic ones, that is those ones having rather high level of social and economic development but for different reasons having lost their economic significance and relative advantages.

The contemporary trends of rural areas development testify regressive rather than progressive changes. In particular, one of significant indices of social and economic development is the population employment, age structure, labour potential and quality of life. Analysing the changes in the number of the population, it is worth noting that within a long period it was characteristic of the Zaporizhzhja region to experience a steady but insignificant reduction in the share of rural population, which accounted for 23,5% in 1995 and 22,94 % in 2013 respectively [14]. The development of rural areas is also characterized by a decrease in the quantitative and qualitative parameters of demographic processes caused by complicated social and ecological living conditions in the country, a low level of profits of rural population. The number of the people died exceeds the number of the people born considerably, in particular, the natural reduction of the population amounted to 5545 persons in 2005 and 2604 persons in 2012 respectively. We should emphasize that in the Zaporizhzhja region a positive tendency among rural population is an increase in the birth rate and reduction in the death rate within the period from 2005 to 2012 [12].

It is important to note that for vitality of rural areas there must exist a relevant age structure, which allows to characterize labour force in terms of productive employment. It should be added that by distribution of the rural population according to the age, pensioners, people over 70 years old constitute the greatest share in all districts of the Zaporizhzhja region. The largest number of people of the "70 and over" age group out of the total amount of the population presented in percentage is in the Kujbyshevs'kyj district (19,9 %), Novomykolaivs'kyj (16,8 %), Rozivs'kyj (16,2 %) and Pologyvs'kyj district (15,4 %); and the lowest specific gravity of this age group is observed in the Melitopil' district (10,4 %). It specifies a number of risks related to a potential loss of part of the available labour resources in the nearest future [12].

The reduction in the labour potential of rural population, decline of the employment rate, increase of unemployment as well as migration processes are destroying the rural settlement network, its structural relation is getting worse, a functional belonging of small settlements is being lost. In particular, during 2011-2012 the amount of the population decreased in most districts of the Zaporizhzhja region; only in Vil'njans'k and Zaporizhzhja an increase by 1 % and 4 % respectively was observed. It is important to underline that the average annual amount of employed workers only increased in 7 out of 20 districts of the Zaporizhzhja region. A high unemployment rate is observed in Prymors'kyj (7,5 %), Velykobilozers'kyj (6,4 %), Kujbyshevs'kyj (5,9 %), Novomykolai'vs'kyj (5,8 %) and Chernigivs'kyj (6,0%) districts [12].

The rural areas of the Zaporizhzhja region are characterized by an extensive social infrastructure but, unfortunately, in this field there is a considerable number of problems, which restrain the social development of rural areas. The development of rural social infrastructure has almost ceased, provision of rural population with social services is reducing. For the last decades the situation with trade servicing of rural population in Ukraine has remained complicated [13]. In most parts of rural settlement network there are either no utilities, engineering maintenance and equipment services or they are at an unsatisfactory level. For solving the problem of rural residents of the Zaporizhzhja region a number of programmes for support of house building in rural areas were initiated; however, the amount of houses put into commission in the rural areas continues to reduce. Thus, for the last four years in the villages of the Velykobilozers'kyj, Kujbyshevs'kyj, Novomykolaivs'kyj and Rozivs'kyj districts not a single square meter of housing has been put in commission [12].

It is generally known that the Zaporizhzhja region is an industrial and agrarian region that is why the problems of agricultural development are closely related to the development of rural areas. Unfortunately, at present rural areas of the Zaporizhzhja region's districts are characterized by population concentration around agricultural subjects as a basic activity line and a source of profits of overwhelming majority of peasants. There are few alternatives to agriculture in these areas; this is stipulated by an unsatisfactory level of the production and social infrastructure development, lack of support of enterprise initiatives and of the sources of investment support.

In the Zaporizhzhja region in the structure of gross value added a group of industries, which produce goods, constitute a considerable share. In particular, around 40 % of gross value added in the region economy fall on industry. The branches providing services account for 51 % of gross value added. Agriculture and forestry, hunting and fishing amount to 10 % [14]. The dynamics of the regional sectorial structure is given in Table 1.

**Table 1** The dynamics of the sectorial structure of the Zaporizhzhja region

Sector	2005	2006	2007	2008	2009	2010	2011
Primary	10,02	8,61	7,69	8,91	9,28	11,73	11,78
Secondary	49,48	50,66	51,16	44,07	40,07	37,73	37,27
Tertiary	40,50	40,73	41,15	47,02	50,65	50,55	50,95

Source: composed on the basis of [14]

The analysis of the dynamics and structural changes, which took place in the economy branch structure by the volume of the gross value added in 2005-2011, shows that this period is characterized by the trends of deindustrialization of the region economy since the part of the secondary sector was steadily decreasing and the part of the service sector was increasing. The specific gravity of the primary sector, which involves agriculture, was rising. According to Table 1, the part of the primary sector in the pre-crisis period of 2005-2008 in the structure of the region economy was reducing; in 2009-2011, id est. in the post-crisis period, it was increasing. While examining this trend in terms of society's civilization movement, we can say that it is not quite a positive trend as the share of agriculture in the entire structure of the economy should be reduced. However, it is a positive trend for the development of the real sector since agriculture is an industry, which creates the real product. The share of the agricultural production in the structure of the gross value added of the Zaporizhzhja region in 2008 accounted for 7 %, and in 2011 – 10 % respectively [12]. While examining the branch specialization of agriculture, it is worth saying that in 2012 there was a decline in the index of the gross product of the agricultural sector (from 102,1 % in 2010 down to 81,1 % in 2012) due to the fall in the index of the crop production (from 102,1 % in 2010 down to 74,3 % in 2012) and the increase in the index of the livestock raising gross product (from 102,2 % in 2010 up to 103,1 % in 2012) [12]. Such a situation can be explained by the fact that agricultural producers transfer capital and financial resources to the industries with a greater value added, in particular, to poultry farming. Practically all the districts of the Zaporizhzhja region specialize in crop production; livestock raising is only a priority direction in several districts.

The characteristic feature of the present stage of development of rural areas in the Zaporizhzhja region is an increase in the production of agricultural produce by individual farms compared to the produce of agrarian enterprises. The share of the gross produce of agriculture produced by the population amounted to 50,6 % in 2012, by agricultural enterprises – 49,4 % respectively. [12]. We think that the given data characterize the regressive development trends as the goods produced by the population are mostly characterized by apply manual labour, which results in their non-competitiveness in the world markets and reduction of labour on the whole.

The development of rural territories within the entire period of public transformation of the Ukrainian state showed non-conformity of the branch agrarian paradigm to the system of poly-functional character of these areas. We believe that rural areas of the Zaporizhzhja region require both structural alteration of their economy and reinterpretation of approaches to the agriculture development. Alongside with the diversification of economic activity lines and support of its non-agricultural lines, it is crucial to pay special attention to the stimulation and increase in the production volumes as well as the increase in the efficiency of agricultural production.

**Conclusions.** Summarizing the given above, we should note that the Zaporizhzhja region has a potential for the development of agricultural production and rural areas, but the problems related to the demographic situation, labour resources, social infrastructure require prompt building of settlements. In our opinion development of the economy consists of introduction of innovative activity lines related not only to agriculture. It will allow to extend the employment field. The major purpose of the multifunctional development of the rural areas is a steady improvement of conditions of life, labour and rest of peasant families, provision of non-agricultural services. Modernization or construction of a new social and a production infrastructure in rural areas can be a driving force, which will assist with the development of non-agricultural activities in the rural areas and simultaneous expansion of the local population employment. A focus on the new, non-agrarian functions by the traditional rural area will promote a decrease of unemployment. In our opinion, for the given problems settlement the regional authorities should develop the Concept of development of rural areas of the Zaporizhzhja region and the Strategy of the social and economic development of rural areas, where they are to clearly define the priorities of rural areas development. Further researches will be dedicated to definition of the major provisions of strategies and programs of social and economic development of rural areas in the Zaporizhzhja region.

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**Volodymyr Gennadijovych Prushkiv'skyj**, PhD in Economics, professor at the Zaporizhzhja National Technical University. **Vjacheslav Igorovych Kolesnykov**, post-graduate student. **The major development trends of rural areas and agriculture in the Zaporizhzhja region.** In the article the present state and trends of rural areas development in the Zaporizhzhja region are considered. It is determined that the

development of rural areas requires integrated industry-and-area approach. On the basis of the analysis the list of measures for the regional authority bodies crucial for intensification of regional rural areas development is made.

**Keywords:** social and economic development, rural area, region, industry, area, agriculture, diversification.

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**Прушковский Владимир Геннадьевич**, доктор экономических наук, профессор Запорожского национального технического университета. **Колесников Вячеслав Игоревич**, аспирант. **Основные тенденции развития сельских территорий и сельского хозяйства Запорожского региона.** В статье рассмотрены состояние и тенденции развития сельских территорий Запорожской области. Определено, что развитие сельских территорий требует интегрированного отраслевого территориального подхода. Выделены основные причины неудовлетворительного состояния развития села и раскрыты проблемы, сдерживающие развитие сельских территорий Запорожской области. На основе анализа сформирован перечень мероприятий для органов регионального управления, необходимых для активизации развития сельских территорий региона.

**Ключевые слова:** социально - экономическое развитие, сельская территория, регион, отрасль, территория, сельское хозяйство, диверсификация.

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**Ключові слова:** соціально-економічний розвиток, сільська територія, регіон, галузь, територія, сільське господарство, диверсифікація.