

Economy

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**Socio-economic conditions of rural development as a prerequisite for agricultural production**

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*There was considered the problem of socio-economic conditions in rural areas, which are the basis for development of the agricultural sector. The aim is to study dependence of the agricultural production on the socio-economic conditions that create an environment of functioning of the major players in the agricultural market. It was found the definition of " socio-economic conditions " for the process of agricultural production. It was developed the classifications of socioeconomic conditions depending on several factors. The analysis of the socio-economic environment of agricultural workers has been done. It was grounded the impact of these conditions on the economic indicators of agricultural production. The results of this study can be taken into account in devising strategic plans for rural development in order to improve the efficiency of agricultural enterprises located in these areas.*

*Keywords: social standards of living, rural areas, rural development, socio-economic conditions, social infrastructure, food security*

*Кандидат економічних наук, Дяченко О.В. Соціально-економічні умови розвитку сільських територій як передумова аграрного виробництва. Сумський національний аграрний університет, Україна, Суми.*

*Розглянуто проблему формування соціально-економічних умов на сільських територіях, що є основою розвитку агропромислового сектору. Метою роботи є обґрунтування залежності розвитку аграрної сфери від соціально-економічних умов, що створюють середу функціонування основних гравців аграрного ринку. З'ясовано зміст поняття «соціально-економічні умови» для процесу виробництва сільськогосподарської продукції. Надана*

*класифікація соціально-економічних умов в залежності від декількох чинників. Проведено аналіз стану соціально-економічної середовища проживання працівників аграрного сектору. Обґрунтовано вплив даних умов на економічні показники розвитку сільськогосподарського виробництва. Результати дослідження можуть враховуватись при розробці стратегічних планів розвитку сільських територій з метою підвищення ефективності функціонування аграрних підприємств, розташованих на даних територіях.*

*Ключові слова: соціальні стандарти життя, сільські території, розвиток сільських територій, соціально-економічні умови, соціальна інфраструктура, продовольча безпека.*

*Кандидат економічних наук, Дяченко Е.В. Социально-экономические условия развития сельских территорий как предпосылка развития аграрного сектора. Сумской национальной аграрный университет, Украина, Сумы.*

*Рассмотрена проблема формирования социально-экономических условий сельских территорий, которые являются основой развития агропромышленного сектора. Целью работы является обоснование зависимости развития аграрной сферы от социально-экономических условий, создающих среду функционирования основных игроков аграрного рынка. Выяснено содержание понятия «социально-экономические условия» для процесса производства сельскохозяйственной продукции. Разработана классификация социально-экономических условий в зависимости от нескольких факторов. Проведен анализ состояния социально-экономической среды проживания работников аграрного сектора. Обосновано влияние данных условий на экономические показатели развития сельскохозяйственного производства. Результаты исследования могут учитываться при разработке стратегических планов развития сельских территорий с целью повышения эффективности функционирования аграрных предприятий, расположенных на данных территориях.*

*Ключевые слова: социальные стандарты жизни, сельские территории, развитие сельских территорий, социально-экономические условия, социальная инфраструктура, продовольственная безопасность.*

**Introduction.** Taking into account the huge socio-economic importance of the agricultural sector in the economy of Ukraine as a source of food security, export potential, source of raw materials and resources, jobs for the third of the population and so on, we cannot ignore the problems and difficulties faced by the people who constitute the agricultural sector. Today it is impossible to consider the economy without raising the questions of social standards of living. Formation of socio-economic complex for agricultural sector has become an urgent problem in many countries of the world and so in Ukraine. Difficulties in the economy affect the agricultural sector, exacerbating the problem of insufficient development of social conditions for agricultural workers. While they are the driving force behind the development of rural areas and the agricultural sector, which, in turn, has the potential in the light of the integration process due to natural causes, allowing Ukraine to have products and goods for own consumption and for export. It also provides economic stability and national food security and positioning in the global market.

**Analysis of latest researches and publications.** Problems of socio-economic development of rural areas and their influence on efficiency of agricultural enterprises have been researched by the leading scientists of Ukraine: Yuriy Hubeni, V. Zbarsky, V. Mesel-Veselyak, D.Motrunich, A. Onishchenko, J. Prokopa, V.Riabokon, Sabluk P., V. Yurchushun, K. Jacuba and others. However, questions of improving the socio-economic conditions for the agricultural enterprises, its personnel and people living in rural areas remain scarcely explored, the methodology for determining quantitative assessment of their impact on farm efficiency is insufficiently covered. That encourage making this issue a priority and desperately needed in economic development areas.

**The aim** of the research is to clarify the essence of the socio-economic conditions as a sphere of farm workers and subsistence of agriculture; identify the

degree of impact of single components of socio-economic conditions on the efficiency of agricultural enterprises and the human factor applying .

**The main material research.** Historically it formed the system of population living in rural areas in Ukraine. More than 30% of the population lives in rural areas. Depending on this was formed the organizational system of agricultural production. The collapse of the economy connected with the destruction of the existing socialist system, has provoked a huge resonance in many industries including the agricultural sector. Many economic ties were broken, the system reforms have taken a lot of time. All this led to the fact that the socio-economic conditions of functioning of agrarian sphere began to deteriorate markedly. Many processes have acquired the form of irreversible.

Economic decline provokes a loss of income and living standards and leads to migration, outflow of skilled personnel and as a consequence - the reduced productivity, but also insufficient development of social infrastructure exacerbates the situation, contributing to even greater outflow of economically active people (particular young people) from villages and causing human resources crisis in agricultural production.

World experience shows that the implementation of profound social transformation in rural areas, accelerating rural development is possible only when the decent and generally accepted living and working conditions of the rural people is created.

From this it follows the definition of socio-economic conditions as a certain set of factors in which the process of production (or human activity) takes place. Other words it is the general conditions that ensure economic and social development, and directly or indirectly affect the efficiency of agricultural enterprises.

We have to understand the direction of socio-economic conditions: some of them affect the companies economy, others – the people`s quality of life. That is the important *features* of socio-economic conditions of the agricultural sector: it is interdependence and mutual forming feature.

Socio-economic conditions can be classified as follows:

1. For their impact on the level and quality of life:

- a) The level of income;
- b) Social security of farmers;
- c) Conditions of housing, housing water, sewage, gasification housing, etc.;
- d) Existence of an appropriate quality of social infrastructure, provision of educational institutions (nursery, secondary schools etc), hospital beds per 1 inhabitant, security of transport links (nearest paved road to the institutions of social care, transport), availability of daily service companies (trade, domestic enterprises), presence of cultural institutions (clubs, cinemas, theaters, libraries, etc.);
- e) Availability of free time for farm workers (the ability to have complete rest for health care).

2. For their impact on agricultural enterprises:

- a) Micro level - conditions that affect the efficiency of agricultural enterprises through human labor efficiency. The effectiveness of labor depends on: the presence of the economically active population in the region, professional level of workers, their physical and psychological state which, in turn, depends on the quality and standard of living.
- b) meso level (from Greek “mesos” - middle, intermediate) - socio-economic conditions of functioning agricultural company directly:
  - The level of financial and technological development of the company;
  - Innovation in the enterprise;
  - Interaction (interference) from other entities.
  - Development of industrial infrastructure (availability transceiver procurement centers, processors commodity exchanges etc.)
- c) Macroeconomic level (from Greek “makros” - large) - socio-economic conditions that are provided by administrative factors: the actions of the state, regional and district authorities:
  - The presence (or absence) of a clear strategy of agriculture and rural areas development (including availability of support mechanisms for the agricultural

sector, the minimum purchase price guarantee, public order, etc.);

- The state the regulatory framework;
- Credit and financial policy (soft loans, tax sharing between local and central authorities);
- The development of self-activity of local (district and regional) authorities;
- The degree of corruption in the state apparatus;
- Government funding (lack or insufficiency).

d) World level - socio-economic factors of influence interstate and international relations:

- World energy prices;
- Changes in global market conditions;
- State participation in international projects and organizations (WTO, EU, etc.), economy globalization.

3. In terms of the agricultural enterprises impact on the socio-economic conditions:

- a) Those on which the enterprises can influence;
- b) Those for which the company can influence limited;
- c) Those for which agricultural company alone cannot influence.

Agricultural production in Ukraine is characterized by a large number of little private farms, which produce up to 50% of the country's agricultural production.

A distinctive feature of these companies is that the production of each farm - is sufficiently small (keeping livestock: 1 to 10 cows, 1 to 20 pigs and up to 50 chickens and few numbers of plant growing per one household at the same time). Every Ukrainian village consists up to 90% of people having such a small farms. Economy of those farms are not specialized, they are unable to purchase expensive equipment such as milking machines and milk line, combines and tractors, bank lending is inconvenient and is not acceptable for them because of the high interest rates, etc.

According to the Ukrainian scientist - agrarian V.J. Mesel – Veselyak “This phenomenon has no analogues in foreign practice through mass maintenance [...].

However, they provide labor and employment, they were buffered factor in reducing the need for agriculture in the labor force and underdeveloped infrastructure in rural areas and are often more effective than agriculture enterprises...”. [3, p.7]

Hereby the human factor, the quality of life in rural areas plays a decisive role in the production of agricultural products as the foundations of food security of the country, as well as in increasing the competitiveness of those products on the domestic and world markets. But most importantly - it is crucial in the formation of the production capacity for the future generations. As far as those negative processes that characterize the present socio-economic situation of rural Ukraine threatens the extinction of the traditional culture of production of high-quality, environmentally friendly natural agricultural products. These conclusions are supported by scientists including V.P. Riabokon who identifies the priority of improving the living conditions of rural producers in the formation and implementation of the new state agricultural policy. [4, p.29]

The development of agricultural production determined by the ratio of social problems of the rural population, the level of its skills and culture, its work motivation and social activities in the implementation of economic reform, the introduction of scientific and technological progress in agricultural production. Social transformation in rural areas must ensure the same conditions of the rural and urban population.

Social infrastructure in rural areas is slightly different from urban ones in the composition of objects. In the village are mostly root level infrastructure industries providing services of daily and periodic demand (mixed trade shops, dining, nursery, public schools, first aid stations, clubs, factories community services, etc.). At the same time, the city is concentrated along with lower level upper parts of these industries, businesses and institutions occasional demand, cultural and medical centers, transport companies, universities, editorial information and other publications, banking, insurance, legal, notary agencies and so on. A number of social objects relates to the specific needs of rural populations - aid for subsidiary and housekeeping.

To study of socio-economic living conditions of agricultural workers and the factors that affect their productivity, we conducted a questionnaire of villagers in Sumy region. In interviews participated people from different spheres of activity - farmers -10.7%, agricultural workers - 37.2%, employees of companies that are not engaged in agricultural activity - 17.4%, unemployed (or self-employed) and pensioners - 28.3% .

The questions which were posed concerned socio-economic situation of the rural areas, work in farms, public welfare and housing peasants problems surrounding villagers in everyday life. The study found that 97.2% of respondents are holding small farms (personal subsidiary farming), and 48.9% of those people have income from PSF only, up to 27.7% of respondents and their family members are working on agricultural enterprises and have a salary as a basic income, 12% of people have salary and income from PSF both, for 11.3% of rural residents the social benefits are the basic income.

The residents of Sumy region was rated their food costs as follows:

- 36.2% of respondents spend on consumption more than 80% of total family income;
- 53.5% - spending on food about 50-70% of their income;
- 10.3% - spend on food 30-40% of total family income.

Respondents identified the importance of the presence of certain objects of social infrastructure in rural life support as follows:

- The most important is the Lodging. Lodging in rural areas at the present time is 98% of the required. On average, there are 26.09 square meters per person of housing in Sumy region. In one house lives an average 2.12 persons. However, the quality of housing is not always satisfactory.

- Next on the importance of living conditions - the presence of high-quality road and transport connection. There are 4015.5 km of paved roads in rural areas in Sumy region. It is about 72, 9% of the required but many roads in need of renovation.



- The third important factor which has been named is improvement of housing: the presence of the pipeline, sewerage, water supply. Currently, only 22.6% of households have pipeline, 7.4% of homes have water supply, 6.1% - the sewer.

- Villagers consider that it is equally important the availability of schools, nurseries, kindergartens, cultural institutions in rural areas. Now there are 397 secondary schools in Sumy region with population 483545 persons living in a 1489 villages. This means that up to 30% of localities have schools. Villagers from small localities travel to school by bus or on foot. Even worse situation with the preschool: only 12% of villages have such institutions for its inhabitants. Only every second village has a clinic or medical assistant item. So, there are villages where there are no schools, no hospitals, no preschool, nor even post office.

All the above mentioned factors, which make up the social conditions of the population living in rural areas, adversely affect the productivity of agricultural work, according to local residents. Such conditions provoke reluctance to work in agriculture and live in rural areas, it has become not prestigious, not desirable. This provokes an outflow of economically active population, migration, decrease in the number of workers in agriculture and increasing the average age of workers in agriculture. It negatively affects the development of small farms and agricultural enterprises.

From the above analysis we can conclude that the socio-economic living conditions in rural areas do not play the reproducing role. Moreover, the existing terms provoke decrease in agricultural production efficiency, unwillingness of agricultural workers to innovate their work, improve their skills, there is a migration of most working-age population of the village. It's becoming a threat to the agricultural complex, the preservation of the villagers as historically the main driving forces of agricultural production.

To prevent the deterioration and loss of rural residents as the population stratum, having an important socio-economic function of the state, it is necessary to take urgent and effective measures to improve the social living conditions in rural areas. It is necessary to create the conditions for a comfortable stay in any terrain. It

should be understood that even in small villages, where there is no social infrastructure – there are people who need at least the urgent part of it. Leave the situation as it is - is to reduce the prestige of agricultural labor, which is unacceptable in the context of the state food security, as well as in the context of the potential that Ukraine has with its natural and climatic conditions, producing a high quality organic agricultural products at world level.

**Conclusion.** Studies have shown the necessity to create a certain "standard" of the rural territory, which includes most essential set of social services. By increasing the attractiveness of rural settlements by the presence of social and cultural institutions, reducing extracurricular work for farmers (providing gasification, water supply, etc.), we can expect to reduce the outflow of socially active population and young people (especially educated ones) from the village who will not seek employment in specialty not connected with agricultural production, and give preference to agricultural activities, or start their own business, including, possibly, in the field of rural tourism or other alternative business. Also, existing employees will be able to increase the level of skills and professionalism, to improve the personal qualities that will help to increase labor productivity, innovative activity, formation and improving the human capital of agricultural enterprises and the agricultural sector as a whole.

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