

# Conceptual approaches to improvement of the sustainability management mechanism of the agrarian sphere development of the region in the Russian Federation

*Victoria Kalitskaya*<sup>1</sup>, *Andrey Pustuev*<sup>1,2</sup>, *Olga Rykalina*<sup>1</sup>, and *Irina Perminova*<sup>1</sup>

<sup>1</sup>Ural State University of Economics, 620144 Ekaterinburg, Russia

<sup>2</sup>Ural State Law University, 620066 Ekaterinburg, Russia

**Abstract.** In the framework of the study, the authors consider conceptual approaches to improve the management system of agrarian sphere development of regions in the realities of this industry functioning in the Russian Federation. Agrarian sphere is shown in aspects of socio-economic territorial system with its subsystems. The transition mechanisms of the agrarian sphere to the rails of sustainable development due to the choice of priority development directions within the life cycle are presented. The necessity of applying an integrated approach to the solution of industrial and social problems of the agricultural sector of the country is proved and reasoned.

## 1 Introduction

In the socio-economic territorial system, as an integral part of the agrarian sphere, two main subsystems can be distinguished: “agro-production” and “rural territories”. The first is aimed at the production of agricultural products, the second is aimed at the development of the social sphere, mainly the social infrastructure of rural areas, the preservation of rural lifestyle in them. At the same time, each subsystem should make its contribution based on specific technologies and control tools on a specific basis. In accordance with the process approach of scientific management, the basis of this framework can be three interconnected processes of life of these subsystems: functioning, improvement, development.

## 2 Materials and methods

The research uses methods of scientific search and focus of theoretical approaches. Through comparative analysis, the authors come to consider a specific approach to the concept of the agrarian sphere management. This article is a theoretical basis for carrying out further practical studies on the formation of the administrative agrosystem of the Russian Federation.

### 3 Results and discussion

Given the incompatibility of the lifecycles of these subsystems, there is a need to justify the mechanism for managing their interaction within the framework of these processes. The lifecycle of the production subsystem depends mainly on five factors: the level of variability in the food market; the rate of inflation growth and the price disparity in the AIC; level of state support and agrarian policy; state of management mechanism of socio-economic development of the country.

The life cycle of the social subsystem of rural territories, due to the heterogeneity of its components, can be defined as the average value of this indicator by the state of: social infrastructure of rural areas (rural municipalities — a specific subject of the Russian Federation); living standards of rural population (by income, quality of food, eco-friendliness, etc.). While the life cycle of rural social infrastructure can be estimated at several years or decades, the cyclicity of living standards of the population, especially by income, is short-term and depends on: the state of the economy, the existing organizations and the social infrastructure of rural settlements (housing, roads, medical, children's and educational institutions, etc.). Conclusion follows: management of the processes of operation, improvement and development of both subsystems should be carried out with interlinkages and interdependence, taking into account the characteristics of the named processes. By functioning we mean such a state of subsystems in which the production subsystem is in a state of simple reproduction (profitability with state subsidies of 8 -10%) provided on the level of not increasing production of agricultural products and consumption of agro-resources. And the socio-territorial subsystem is in a state of established dynamics of social standards (on the level of real wages, provision of medical, educational, household and other services). Being in an inertial state of operation, both subsystems do not have the potential to further improve their inherent socio-economic indicators.

The intermediate link between “functioning” and “development” is the process of improvement, which is characterized by the starting transition point of the system life cycle in the upward wave of the cycle. The improvement process is linked to the implementation of internal reserves available in the system under consideration to improve the efficiency and sustainability of the production subsystem as a base for improvement of socio - territorial subsystem and living conditions of rural population.

From a management perspective, improvement process is linked to the choice of priority options for the transition to sustainable development. As such an option, it can be the choice of the multiplier of the territory's development and the justification of the mechanism of its impact on the state of the socio-economic territorial system as a whole. From the perspective of marketing activity, management can be related to improvement of motivational influence on the consumer (quality improvement of agricultural production and its price stabilization).

In our opinion, the beginning of the development process of the socio-economic territorial system can be considered the period of most of its producers' transition to extended reproduction on the intensive -innovative basis. We've talking about most, not individual innovative episodes, which the media give out for the mass manifestation of innovative development in agriculture.

It is also important to take into account the manifestations of the innovation level, linking it to the “moral wear” of the annealing management mechanism of the socio-economic territorial system in agriculture.

Using the term “moral wear of the first and second type” used in mechanics, we note that moral wear of the first type, mechanism of control of this system in processes “functioning” and “improvement” is evident during the beginning of the increase in labor productivity in some sectors of the agricultural sector of the territory arising from their

transition on the innovative basis of development. Moral “wear” of the second type of management is underwent by the mechanism when most of the industries operating in rural areas have developed on an innovative and intensive basis. That is, on the basis of minimizing the expenditure of territorial resources (natural, material, technical, energy and labor) at the optimal number of management personnel and achieving the synergy effect from the effective interaction of all elements of the socio - economic territorial system.

One of the main challenges is territorial strategic planning, based on an interdepartmental approach to rural development, focused on expanding diversification activity and creation of a middle class of rural entrepreneurs [1].

The following measures should be taken into account:

- strengthening the legal and financial system;
- overcoming departmental disunity in rural development management, as well as information isolation;
- development of the system of state information provision and advisory assistance to agricultural producers, as well as development of rural credit cooperation and land mortgage lending;
- it is necessary to develop programs for the development of each rural settlement, as well as to make appropriate additions to the law “On the development of agriculture”;
- allocation of rural areas as an independent object of federal and regional administration [2].

These measures should be supplemented by the development and implementation of socio - financial standards and include this important item in the rural development program.

There is also a need to establish social clusters in rural areas to maximize the satisfaction of rural populations in social services. It is necessary to stimulate rural housing construction, simplifying procedures for land plot siting for individual construction. It is also advisable to introduce social surcharges to people living in rural areas and provide state support to family farms [3,4,5,6].

The implementation of such measures will help to accelerate the achievement of sustainable development of the rural economy and the social sphere, allowing to overcome rural poverty and bring them closer to urban standard of living, meeting the needs of the village in providing social infrastructure.

The solution of these priorities will be more effective on the basis of accelerating the process of integration interaction of regions, as well as the development of state-cooperative governance. First of all, it should be aimed at preserving and improving the resource potential of agricultural farms, especially agricultural land. This is a separate global problem, connected not only with energy and resource-saving technologies, but also with population preservation in rural areas.

The level of development sustainability of agricultural farms and rural territories directly depends on the adopted model of organizational and economic mechanism. The mechanism can be more effective under the condition of increased influence of public organizations on the choice of priorities for agricultural development in specific regions focused on increasing quality of life of the population. It is advisable to expand its involvement in managerial decision-making, particularly in relation to the use of natural resources, environmental protection and crisis management in rural areas.

The expediency of the transition to intensification is due to the fact that limited amounts of state support can be oriented to the production of agricultural products on smaller areas, which is related to their intensive use. The efficiency and competitiveness of intraregional agro-economic systems increases, together with solving the problem of agro-resource potential preservation.

The shift from an extensive to an intensive farming method in limited areas allows the remaining land areas to be used for woodland expansion. When the balance between resources, including labour and the population living in the settlement, is disrupted, it ultimately leads to a decrease in sustainability not only of agro-production, but also of the whole narrow territorial agro-economic system comprising all natural and material and technical resources, social infrastructure and labor resources.

The violation of the balance between these components of this system and the reduction of its stability is due to bifurcation reasons as well. It is known that a characteristic sign of bifurcation is sensitivity to minor influences near the bifurcation point, causing the system to enter an unstable state. In fact, this brings the system into a state of disaster [7].

This complements the conclusion that there is a need for an integrated approach to industrial and social tasks. At the same time, the qualitative interaction of decisions taken in agri-food policy of economic, social, food and environmental nature should be understood by comprehensiveness. The comprehensiveness is complemented by the priority of the managerial decisions implementation taken from the perspective of their rational interaction at different levels. At the same time, it is advisable to revise the order of income transfer from “donor” regions to the state budget and funds allocation to subsidized subjects from it.

Part of the transferred income from the “donor” regions can be used for the implementation of joint (with nearby subsidized subjects) innovative projects of agro-industrial complex development. This would simplify budgetary interaction and guarantee the reality of targeted use of funds, avoiding unnecessary redistributive procedures and various kinds of frauds. It is enough to remember now already historical case of preferential lending to agriculture through commercial banks. Of the allocated 39 billion rubles for the village by “Alfa-bank”, 17 billion did not reach the regions and their fate is still unknown [8].

With degraded social infrastructure there is no guarantee for normal life in rural areas. Agricultural enterprises have a shortage of labor resources as well. In the case of obsolescence and complete wear of production infrastructure, which is typical of most agriculture entities, they tend to become “irretrievably” unprofitable and have no ability to fulfill their tax obligations to the budgets of the municipalities.

In each individual agricultural enterprise, the choice will depend, in our opinion, mainly on the following indicators:

- the state of the economy of the enterprise, as well as its infrastructure objects of social and industrial nature;
- the possibilities of regional and municipal budgets in the support and development of social infrastructure;
- level of motivational attractiveness of labor resources to secure them in rural areas;
- distance from cities, which has an impact on the rotation level of management personnel and main employees of agro - organizations and others.

Unfortunately, practice shows that the vast majority of various kinds of program developments and management decisions not only in agro-industrial complex, remain unrealized at almost all levels ( federal to local). And the closer it is to a particular rural settlement, the more difficult it is to meet the challenges of their development, such as social and production infrastructure. It is at this level that all problems of socio-economic nature, caused by the ongoing systemic crisis, not meeting the interests of villagers with agrarian policy and the existing mechanism management of agro-industrial complex and the whole economy are meeting.

Many scientific publications and the official press suggest the transition to a mixed model of socio-economic development. The fundamental principled provisions of the “mixed” scenario were expressed by Y.Ya. Olsevich. He argued that the fundamental immediacy of the market could only be offered if optimally needed coordinated

government regulation was ensured at all three levels — macro, meso and micro level. The market is capable of competitive self-regulation only to the extent that the state regulates the institutional and organizational foundations of the market, as well as its macro position [9].

Combining government regulators of economic management on the basis of planned and indicative approaches with market self-regulation, many highly developed and developing countries (Sweden, Canada, China Finland, India and others) proved the benefits of the “mixed model”. Commenting on the advantages of rational combination, planning and market regulators in relation to the agricultural sector of the economy, the following provisions can be made.

First, in the context of a egregious degradation level of social infrastructure in rural areas, especially in peripheral areas, and the state’s low pay for social workers sphere of the village, there is no labor motivation. This does not allow young professionals to be attracted to the countryside, even in the conditions of increasing unemployment in cities.

Secondly, in the case of a “mixed” socio-economic development model, through subsidies will increase dependence of rural households on decisions of power structures of management, which will violate indicative nature of planning. Objectivity in the approach to placement of guaranteed state-regional order for agricultural products will decrease. Most agricultural enterprises, due to lack of their own cooperation, were out of such order (procurement) and especially the economy of the population, for which high safety of grown products is typical. Therefore, planning actions, especially in the area of agricultural production, should be carried out “from below” from specific farms and rural areas, taking into account the state of their agro resources and their potential input.

Thirdly, Russia actually made the choice of transition to the “mixed” model — it, in our opinion, consists of the predominance in the system of public-private partnership of the second component. This is also the case in the agricultural sector of the economy, where the concentration of capital, especially land resources, takes place. In the country there are more than three hundred agricultural holdings, which own from 100 to 600 thousand hectares of agricultural land [10].

## **4 Conclusion**

The noted trends in the field of agrarian transformations allow to claim that a “mixed” model with inevitable for “Russia predominance of private initiation in the aforementioned partners relations does not give small and medium agribusiness tangible advantages in comparison with the current command and market model. [11]. However, the problem of food self-sufficiency from the perspective of import substitution will probably have to be solved in the transition to “mixed” model period. The predominance in the mechanism of agribusiness management of public-private initiation without cooperative basis will require activation of public organizations of implementation of management functions, especially planning and control.

## **References**

1. I.A. Koshkarev, A.V. Boldyrev, *Economics of agricultural and processing enterprises*, **1**, 32 (2015)
2. *Economics of agriculture of Russia*, **8**, 39 (2009)
3. B.A. Voronin, N.A. Potekhin, Ya.V. Voronina, *Agrarian Herald of Urals*, **5**, (2015)
4. Z. Mironova, *AIC: economy, management*, **1**, 45 (2008)

5. V. Poshkus, Economics of agricultural and processing enterprises, **8**, 12 (2007)
6. L. Kholod, Economy of agriculture of Russia, 22 (2012)
7. A.K. Kamelyan, A.V. Ulezko, *Voronezh: VSAU*, 207 (2003)
8. A.A. Pustuev, Agrarian herald of Urals, **8**, 101 (2016)
9. Y.Ya. Olsevich, Economy questions, **6**, 92 (2013)
10. I. Buzdalov, AIC: economy, management, **12**, 3 (2014)
11. A.L. Pustuev, A.A. Pustuev, News of USUE, **3**, 104 (2015)