The mechanism for implementing new forms of interaction and management of rural territories: economic and legal aspects

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Abstract. New models for organizing agricultural production and management are the basis for the stability of rural development trends in the long term. The study presents the main directions of improving institutional environment of government, business structures and population in order to ensure the economic growth of agro-industrial complex and rural territories. The authors propose to consider changes in the methodology for assessing the organizational and economic potential of rural development as a direction for improving the system of managing rural areas. The authors consider the algorithm for assessing the rural territories development, which include characterizing certain aspects of rural territories socio-economic development, their comparative analysis, integrated assessment, selecting factors of changes in the rural territories socio-economic development and forecasting the parameters of this development. The degree of effective interaction between the subjects made it possible for the authors to highlight two basic models of interacting between state power, business and population of the territory: territories with great growth potential and territories in which there are significant reserves for growth in this direction and territories for which it is important to mobilize the state’s efforts and the private sector in order to search for innovative sources of development stimulation and the population life quality.

1. Introduction

The stability of rural development trends in the long term makes it necessary to form and implement new models for organizing agricultural production, which are based on diagnosing, comprehensive analyzing and assessing the effectiveness of organizational and economic potential.

The purpose of the study is to work out theoretical and methodological background for assessing and forecasting the effective development of territorial socio-economic systems in order to justify management decisions in a particular agricultural territory.

The scientific hypothesis of the study consists in working out theoretical and methodological approaches to studying trends in the rural territories economic development.

While conducting the study, the authors use general scientific methods of comparative, system, functional, and time-series analysis, the index method, and the project management approach.

The nature of modern processes in the society, realizing the importance of regulating social stability in the state, increasing the role of business and citizens in the territories development,
indicates that there is a necessity to create a system of using the mechanism of interaction between all subjects, institutions for the state as a whole, for private sectors of the economy, and for the population.

The necessity and relevance of the studies aimed at improving interaction between rural territories entities and government provide the choice of vectors for ensuring effective functioning of rural economy in the framework of international competition.

One of the problems is that the programs of territorial socio-economic development are insufficient, from the viewpoint of the comprehensive analysis, in considering the requirements of the integrated approach, which makes it possible to analyze socio-economic relationships that arise in territorial systems, forecasting their development, developing and implementing strategic changes.

2. The study results
The current tasks of socio-economic development demand for defining new priorities, which will make it possible to combine economic growth and improve the rural population well-being.

The current socio-economic policy in the agricultural sector is not complex; its individual elements are not coordinated with each other, which does not contribute to increasing the sustainability of rural areas development and their competiveness. I.G. Ushachev believes that, firstly, in order to achieve the goals, set for the agricultural industry, it will be necessary to increase production growth rates to 3% per year with an average annual investment inflow of about 10%; secondly, in the present-day Russian economy, the tasks of creating conditions in order to develop socio-economic relations of ensuring the rural territories stable development are becoming increasingly relevant [1].

To effectively use the potential of rural areas, it is necessary to ensure dominants of sustainable development on the basis of their own resources and competitive advantages.

Food demand remains under pressure from the dynamics of real disposable incomes of the population, which remain below the 2013 level by 10.3%. The targets are of serious concern (low average annual production growth and low level of investment in fixed assets. The State Program for the Development of the Agro-Industrial Complex envisages an increase in the volume of disposable household resources in rural areas by approximately 16%, but considering inflation, the real incomes of the rural population will decrease by almost a quarter [1].

It is absolutely obvious that the methodology used in practice for managing modern rural territories is not rational; moreover, it often has a negative impact on the socio-economic status.

Obviously, change in the methods for assessing the organizational and economic potential of rural development can be considered as one of the directions for improving the rural management system.

The state of the rural territory development, assessed with the help of the existing methods for assessing potential, makes it possible to form a general idea of its development. However, the potential use of resources is not taken into account [2]. To form a comprehensive assessment in making managerial decisions, it is necessary to take into account factors of the external and internal environment and development conditions based on the results of diagnostics and monitoring.

Diagnosing and adjusting the strategic objectives of the competitiveness policy is possible as a result of revising the algorithm for assessing the rural areas socio-economic development, including: characterization of certain aspects of the rural areas socio-economic development, their comparative analysis, integrated assessment, selection of factors for changes in the socio-economic development of rural areas territories and forecasting the parameters of this development.

The economic criteria gained widespread in working out criteria for an integral indicator of the rural areas socio-economic development.

The complex algorithm takes into account all the components of the socio-economic system: the social component (living standards, healthcare, education, housing, traffic infrastructure), the financial and economic component (financial resources, labor resources, entrepreneurship, international cooperation and export), the environmental component (ecosystems indicators), and digital component.
The structural analysis of the socio-economic system elements, the level of indicators characterizing the effectiveness of their implementation (key indicators of management effectiveness, affecting the results of the authority’s activities aimed at achieving the strategic goals of the territory socio-economic development in three components) make it possible to outline the problematic area of management implementation [3].

This thesis clarifies the choice of criteria for indicators that reflect a particular component of the socio-economic system in the areas of implementation: regulatory support, organizational model, information technology, motivational encouragement system, performance evaluation system.

The indicative system should determine the necessary scientifically based objectives (indicators) to be achieved by territories and organizations for a certain period of time in the context of implementing the interconnected elements of general economic evolution.

A relatively new form of interaction between the state, business and population at the regional and municipal levels is initiative budgeting which is “an instrument of interaction between the government and the population with the possible involvement of business structures in order to solve the most significant social problems with the citizens participating in selecting, implementing and controlling joint projects”. The most important areas of implementing the projects are infrastructure facilities which comprise roads, water supply, land improving, places of culture and recreation, etc. [4].

In addition to proactive budgeting, the most effective mechanisms for implementing forms of interaction between government and the private sector are public purchases, public-private partnerships, the importance of which in the Russian economy are growing every year and have the desired effect.

Differentiation of territorial economies determines the diversity of management models and the effects of territorial entities interaction.

Institution-oriented indicative projects of development are based on the methodological principles including the resource-targeted approach; the complexity of the most important target projected indicators; considering the time horizon in working out indicators, monitoring, implementing an indicative project [5].

All processes in the rural development management, within the framework of indicative projecting, are focused on achieving the effective development of this territory.

The indicative projecting presupposes not only a detailed development of targeted programs, but also a mandatory solution of the problem of their financial support.

State financial support of targeted programs is considered a tool for implementing indicative projects on the basis of budgetary policies, investment programs and projects.

The indicative projecting is non-regulatory which makes it possible to work out a project for the rural areas development eliminating the conflicting interests of business, state, and society.

The system of guaranteed prices, loan rates or budget support for certain activities, subsidies, budget participation in insurance, graded and advantageous tax rates by type of activity or form of ownership are laid at the basis of the economic mechanism for indicative managing agricultural and rural development [6].

The suggested system of economic impact is rather complex, but is necessary when transferring to softer and more flexible management methods.

The range of functional areas of indicative management should include: working out indicators of short-term and long-term programs for developing agricultural sectors and individual territories; regulating financial and credit relations; creating equivalent intersectoral relations; developing rural social sphere; protecting the interests of domestic producers in implementing foreign economic activity; developing new legal forms of production on an innovative basis; developing scientific potential in agriculture.

The developed approaches, methods and tools of considering economic interactions within the rural territory framework are aimed at rationalizing regional and national policies in Russia [7].
The performance indicators of interaction between the state, business and the population in certain areas are calculated on the basis of an integral indicator - the coefficient of the effectiveness of the territorial entities interaction (1) using the geometric mean value [4]:

$$K = \sqrt[3]{P \times G \times I}$$  

(1)

where: $K$ is the subject interaction coefficient, $P$ is the level of efficiency of the territory public-private partnership; $G$ is the level of efficiency of the territory public procurement; $I$ is the level of the territory initiative budgeting effectiveness.

Analyzing the effective interaction between the subjects, two main aggregated models of interaction between the government, business and the population of the territory can be distinguished [1]:

1) territories with great growth potential and territories in which there are significant reserves of growth in this direction. Here, it is important to focus on implementing joint projects, the efficient use of funds allocated to territorial-economic complexes;

2) territories located in the lower part of the rating, where it is important to direct the state and the private sector efforts towards searching for innovative sources of stimulating development, opportunities for improving the basic indicators of interaction between territorial subjects, and the population’s life quality.

The mechanism for managing the entities interaction in the region is implemented as part of an elemental approach, adhering to the basic principles of effective interaction for each of the entities in the context of "great" challenges and risks.

The study of the mechanism for managing the territorial entities interaction (analysis of subjects, principles of their interaction as an organizational and economic structure) showed that there is a shift in this management mechanism towards self-regulation [4].

3. Conclusion

The indicative management system is an effective element of the agricultural and territorial development management system, and an economic mechanism based on scientifically-grounded indicators makes it possible to combine effective regulation and market entrepreneurial impact.

Working out indicators for assessing the territory development is based on the following principles: individuality, integrity, continuity, mobility, progressiveness, compatibility, social orientation, reality of implementation.

In this context, determining the form for exercising the powers of local and state authorities for joint management and co-financing should not lead to budget disputes [8].

In addition to the existing problems, public authorities and local governments can interfere with each other’s competencies. This eliminates stability and effectiveness of their relationship.

In order to avoid such disputes and legislative actions between public authorities and local governments, it seems possible to make contracts for a certain period, for example, for the duration of the budget of the Russian Federation entity and the corresponding municipality [4].

From the viewpoint of law, a clear regulation of their interaction on the problems of exercising their own powers of local self-government and in implementing state powers is necessary.

As regards delegating certain state powers, it is necessary in the Federal Law to separate the legal regulation of local issues from issues that relate to the local authorities’ implementation of certain state powers. The concept of separate state powers must be clearly correlated with the types of these state powers, highlighting the powers controlled by the state and those which are exclusively within the competence of state authorities.

It is obviously necessary to review the material and resource support of the delegated authority.

As regards financial issues, in our opinion, there are several areas which require reforming [8]: transforming the Russia’s tax system in terms of redistributing taxes and fees between the levels of the budget system; reviewing the distribution of powers and responsibilities between levels of government; considering the influence of municipalities on state decisions regarding the competence...
of local authorities; to adjust the budget planning system; allocating financial resources for implementing the programs selectively and stage by stage.

To eliminate the above mentioned problems, it is reasonable to introduce clarifications in 131-FL “On general principles of organization local self-government”.

It also seems possible to consolidate conditions of public authorities’ control over the local authorities’ implementing the powers imposed by public authorities.

The state authorities’ responsibility in the studied area is specified very little in law.

The exercise of powers by local authorities is terminated at entry into force of the federal law on losing these powers or the law by the subject, according to which the municipal formation ceases to exercise state powers after termination of the time allotted for their implementation.

The personnel policy of municipalities also requires improving. Here one of the main problems is lack of specialists qualified in the municipal law. It seems possible to study the issue of paying municipal employees, who are responsible for the local level issues, at the expense of the local budget, and, when fulfilling their duties within the framework of the powers imposed by state bodies, to pay them from the corresponding state budget.

The empowerment of regional bodies working with municipal formations with the right to control municipal employees recruitment would make it possible to avoid the problem of “informal relationship in formal situations”, which in their turn give rise not only to improper work of local authorities, but often cause conflicts when executing budget [8].

The effectiveness of public and local authorities relationship will not make it possible for citizens to manage public and state affairs, but also will result in achieving the key goal.

Achieving this goal requires legislative initiative related to the adjustment of:

- the schemes for granting particular state powers authorities to local governments;
- the mechanism for the local authorities’ participation in implementing decisions adopted by public authorities;

The model of interaction between state authorities and local self-government, according to the Federal Law “On general principles of organizing local self-government in the Russian Federation”, should provide for a procedure according to which it would be necessary to conclude a preliminary agreement between the authorities on the possibility and existing conditions in the municipality to fulfill different kinds of authority, which subsequently will make it possible to issue a law of the Russian Federation on granting a municipal formation state powers authority [4].

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