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INSTITUTIONAL RATIONALIZATION OF MANAGEMENT FOR STABLE PROGRESS OF RURAL AREAS

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Abstract

This article focuses on sustainable rural development through improved institutional management. The question of handling the socio-economic boost of agrarian areas in Russia has pronounced regional specifics, which provides for the optimal combination of creating new state institutions and institutional reforms. The study proposes to improve the structure and functions of managing rural development at various levels: regional, municipal and township. At each of them, a new structural management body is introduced, or a civil servant chargeable for substantial agricultural progress, with more clearly defined functions and full coordination and responsibility. The combination of mandatory processes and individual functions of the institute for managing sustainable rural development will optimize decision making in this area of regions. This will help increase the efficiency of the institutions of sustainable rural development.

Key words**:** *rural areas, sustainable development, institutional management, management structure improvement, management level function optimization*

INTRODUCTION

Sustainable development of rural areas is largely dependent on the coordinated work and organization of effective institutions of government and the social sphere.

The current crisis in the institutional progress of agricultural areas of the country, both at the regional and local levels, suggests the need to combine a differentiated approach and institutional design not only in improving the organization of functioning of the territories, but also in optimizing the functions and structure of administration of agricultural development.

The definition of “the institute” was proposed by T. Veblen. It was the root of institutional theory, the founder of which was D. North [12]. Hereafter, essential share to this theory was made by E. Ostrom [15], who became the source of institutional design. Among domestic scientists an important role in the development and adaptation of institutionalism to the specific conditions of developing countries was played by the works of V. Polterovich [17], Sukharev O.S. [19] and other authors.

The significance of institutions in the system of social relations should not be underestimated, since in fact they form the social infrastructure of our behavior 0, 0.

According to E. Ostrom, there is no universal institutional panacea for any type of community. Local governments should work more efficiently, relying on the specifics of regions and / or municipalities, than federal agencies. This appropriate authorities can reflect more rapidly and adaptable to shifts in the economic and social sphere of the area where they are located and therefore have a higher degree of trust within the community. In this regard, as E. Ostrom states, the ideal institution is the construction, which equally combines the complex of informal and formal rules, in the creation of which both members of this society and external reformers take part 0.

Each country has its own specific institutions, which change in the process of institutional development and reform, along with the institutional environment, customs and laws. It happens that institutional changes lag

behind in time, and this hinders the development of reforms in society. At once, new institutional forms [13], created at the highest level by simple borrowing or imitation of more successful states and societies, often cause negative consequences. Society does not always perceive the emergence of new institutions that are not adapted to local realities, as a result of which they either become ineffective or do not work at all.

To solve this problem for the post-Soviet Russia, V.M. Polterovich, based on the scientific works of C. Johnson [5], proposes to introduce institutions of catching up development, the purpose of which is to soften the process of social adaptation and ensure rapid economic growth in the conditions of cultural, institutional and technological constraints [16].

MATERIALS AND METHODS

In accordance with the foregoing, the article aims to develop a method for persistent evolvement of rural areas, providing for the optimal combination of creating new government institutions in agricultural regions and optimizing the structure and functions of managing rural development.

The conceptual basis of the research is the organic synthesis of works by well-known world and Russian scientists on the theory of institutions, administrative potency and persistent evolvement of agricultural areas [1, 9, 10, 12, 15, 16], as well as modern legal acts and programs of federal and regional importance. When analyzing the current state of the agricultural territories in the Russian Federation and the Saratov region we match the outputs of administrative potency ratings in the different regions of RF for 2017 APEK (Agency for Political and Economic Communications) in conjunction with the Laboratory for Regional Political Studies of the National Research University Higher School of Economics 0 and the rating of the socio-economic status of the constituent entities of the Russian Federation for 2017 from the RIA Rating of the Russia Today media group 0.

Based on a study by L.V. Bondarenko [1] and others, when studying the typology of agricultural areas for the purpose to systematize indicators of administerial potency of agricultural development in regions, we adjust comparative static and dynamic methodological approaches basing on monitoring results of the Ministry of Agriculture of Russia together with the All-Russian Institute of Agrarian Problems and Informatics named after A.A. Nikonov 0.

To improve the driving of agricultural development we used elements of institutional design theory, catch-up development of institutions and the management agricultural areas persistent development theory were applied through a combination of policy and subsidiary approaches.

Main methods of the research are: statistical-economic, monographic, abstract-logical, and calculation-constructive. Results of the research rely on the identification of the current condition, issues and tendencies in the development of the institute of management of rural areas at the regional level. The article conclude and classify main theories of the generation of government institutions at different management levels of agricultural areas development. It includes the optimization of the structural and functional cooperation of their participants.

RESULTS AND DISCUSSIONS

In all economically developed countries, close attention is paid to the rural areas by the state, in connection with which their sustainable development is becoming increasingly important. Rural areas occupy most of the territory of Russia. The well-being of the country is largely reliant on their level of development. The present socio-economic condition of the agricultural territories of the Russian Federation is characterized by the unsettled life of a significant part of the settlements, the poor state of the social infrastructure, the outflow of the economically active population to the cities and the unwillingness of investors to invest in rural development. Main reason of these problems is using unitary policy at the federal level in the sphere of rural areas management

that ignore regional specific in the spatial distribution of the rural population and agricultural economy. This immoderate centralization of local management does not lead to enhancing of the socio-economic condition. It makes necessary to engage institutional changes.

The strategic development of the country's territories, enshrined in legislative acts, provides for a set of priority measures for each type of region, different in the nature and conditions of rural development [23], but the implementation of this approach and the establishment of differences in agricultural development at the level of separable region have a lack of elaboration.

According to statistics from 2007 to 2017, the number of rural settlements in Russia decreased by 1,815 units or by 19% and as of 01.01.2017 amounted to 18,104 (Table 1). Based on the analysis of domestic and foreign experience, it can be argued that these processes have a negative impact on the socio-economic condition of agricultural territories 0.

Table 1. The main indicators of socio-economic condition of rural areas Russian Federation

Indicators	2012	2013	2014	2015	2016	2017	2017 to 2012, %
The number of rural settlements, units	18,831	18,726	18,537	18,485	18,205	18,104	96.1
The number of population in rural areas, mln people	34.4	33.9	34.0	33.7	34.0	33.7	98.1
The number of population with money incomes below the subsistence minimum , mln people	6.9	6.2	6.4	6.3	7.2	7.6	110.1
The rural labor force aged 15-72, thousand people	18,345	18,100	18,081	17,893	18,133	18,089	98.6

Source: Compiled by the authors on the basis of data [14].

The number of rural population in Russia at the beginning of 2017 amounted to 37,772 thousand people. For 2016, it decreased by 115.3 thousand, continuing the negative trend of previous years. The dynamics of the rural population is multidirectional in various federal districts. If throughout the Russian Federation, the rural population decreased by 3% by 2017, then in the Volga Federal District - by 6.9%, in the Far Eastern Region - by 6.2% and in the Ural Region - by 5.2%. In the Southern Federal District, the rural population declined slightly - by 0.2%. The only region where the rural population grew was the North Caucasus region - an increase here was 5.3%. In the Saratov region, the total rural population for 2013–2016 decreased to 607.1 thousand people (by 3.8%) 0.

In terms of employment in rural areas, the most able-bodied groups (40–49 and 30–39 years) lead, while the lowest employment rates are observed among young people (15–19 years old) and retirees. The number of labor power in the village at the age of 15–72 years for the period of 2011–2016 decreased by 256 thousand people, or by 1.4%. At the same time, there was a situation when the population with cash income below the subsistence minimum in Russia as a whole increased by 700 thousand people, including in rural areas - by 400 thousand people and amounted to 7.6 million people at the beginning of 2017 [14, 24].

The problems of rural residents are mainly related to the living conditions and the scope of medical care (Table 2).

Table 2. The main indicators of social infrastructure of rural areas Russian Federation

Indicators	2012	2013	2014	2015	2016	2017	2017 to 2012, %
The number of: -hospitals, units	1,295	1,216	1,095	1,050	1,036	1,006	77.7
- ambulance stations, units	1,101	1,053	1,046	1,009	965	946	85.9
- obstetric points, thousand	35.0	34.8	34.7	34.4	34.2	34.0	97.1
- preschool institute, thousand	19.3	19.2	19.1	18.3	17.6	17.0	88.1
- schools, thousand	32.8	31.9	31.1	30.3	29.8	29.2	89.0
- cultural institute, thousand	39.7	38.5	37.2	36.4	35.4	36.3	91.4
- libraries, thousand	33.2	31.1	30.3	30.1	30	29.6	89.2

Source: Compiled by the authors on the basis of data [14].

For the years 2012-2017 in rural areas, the number of hospitals decreased by 289

(22.3%), first-aid stations (FAS) by 1,001 (2.9%), and ambulance stations by 155 (14.1%). [14].

The condition of engineering infrastructure in rural areas remains satisfactory and covers about 60% of the population's needs (Table 3).

Table 3. The Main indicators of engineering infrastructure of rural areas Russian Federation

Indicators	2012	2013	2014	2015	2016	2017	2017/ 2012, %
The level of drinking water supply, %	57.3	59.1	60.1	61.1	62.7	64.1	111.9
The level of gasification of rural houses, %	54.2	55.8	55.8	57.8	58.2	58.7	108.3
The proportion of regional public roads that do not meet regulatory requirements, %	64	63.5	62.1	62.9	61.9	58.8	91.9

Source: Compiled by the authors on the basis of data [14].

There is no improvement in the technical condition of buildings of rural cultural and leisure centers. The numbers of libraries in agricultural territories, its funds and visitors have tendency to decline. 93.9 thousand rural settlements in the country remain not gasified. The condition of the street water supply network in rural areas remains unsatisfactory, for example, in 2016, 43% of the street water supply networks needed to be replaced. Provision of the rural population with drinking water at a level of more than 90% has developed only in 4 subjects of the Russian Federation [14].

Distinctive function of institutions in enhancement the sustainable evolution of agricultural territories is concerned by Russian scientists V.V. Lazovsky and V.P. Chajka [2, 7]. They represent the sustainable development of rural areas as a system whose elements are, among other things, structural transformations by creating new institutions aimed at meeting the needs of the local population.

In our study, when comparing rating assessments of management efficiency by regions of the Russian Federation (the political and managerial units of expert evaluation) and monitoring the socio-economic evolution of agricultural areas, the resulting diagram (Fig. 1) did not find out intercorrelation between the socio-economic development of areas and level of managerial efficiency. The RF regions with the identical managerial efficiency are located in different areas of socio-economic development, such as, for example, the Republic of Tyva, the Saratov and Tambov regions.

Accordingly, when assessing the effectiveness of managing the sustainable progress of areas, as a newly created institution, it is necessary to rely on the dynamics of quantitative measures of the socio-economic progress of the rural development.

Indeed, according to the definition of Sukharev O.S. the "market" criterion of the effectiveness of the activities of some institutions will not be relevant, since certain industries should not exist in market conditions (defense industry) 0. In our opinion, the social sphere and management of progress in agricultural areas can also be attach to such institutions.

We consider the enhancement of the institutional management by combining of directive and subsidiary approaches. According to the first, the control mechanism involves a set of events "lowered from above" that do not take into account the full information about the situation "on the ground". Subsidiary mechanism is carried out through the use of "signals from below" when The economic component of sustainable rural development is based on the ability of local authorities to raise additional funds and use them effectively [11, 25]. According to our research, this is especially important in modern conditions, when the majority of local budgets of regions are 80% or more subsidized. That is why institutions are of paramount importance in the in the progress of agricultural areas in RF regions 0.

In our research, a method of sustainable development of agricultural territories has been developed, focused on improving institutional management. At the federal level,

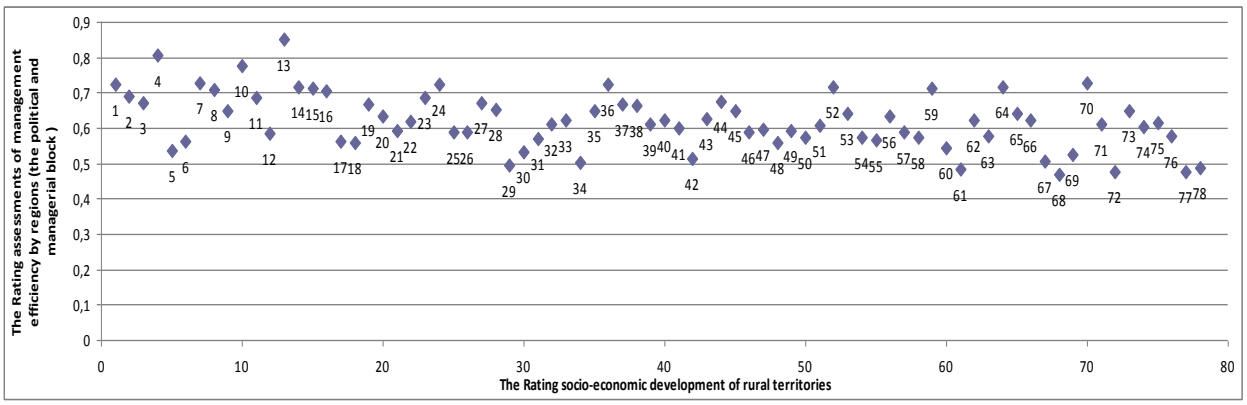
the country has adopted a number of legal acts that determine the functioning of the institute for managing sustainable rural development [20, 0, 0, 0. Rural development programs also exist at regional levels and, at the request of administrations, can be developed at local municipal and township levels, but in most cases this does not happen.

Russia has a four-level model for managing the development of rural territories: federal, regional, municipal and village.

According to the Federal Law No. 131, at a lower level of management of rural development, a greater number of responsibilities are concentrated in comparison with the possibilities of financing territories.

Many territories do not have sufficient socio-economic potential to create the necessary level of self-sufficiency in them. For such areas, state support of socially significant projects is needed in full. In the course of our research the reform of the structure and optimization the functions of managing the progress of agricultural territories are developed on the pattern of the Saratov region.

At the moment, the management of rural development in the region is far from perfect, there is no clear structure with the definition of the subjects of responsibility and specific functions at each level, as well as the conditions and order of coordination and control. In this connection, there is a duplication of functions and the cyclical nature of the costs of the management system.



SUBJECTS OF THE RUSSIAN FEDERATION									
1	Republic of Tatarstan	17	Stavropol Territory	33	Amur Region	49	Novgorod Region	65	Pskov Region
2	Leningrad Region	18	Kursk Region	34	Karachayevo-Circassian Republic	50	Omsk Region	66	Republic of Buryatia
3	Lipetsk Region	19	Moscow Region	35	Krasnoyarsk Territory	51	Republic of Mari El	67	Republic of Karelia
4	Belgorod Region	20	Penza Region	36	Republic of Ingushetia	52	Chukotka Autonomous Area	68	Arkhangelsk Region
5	Murmansk Region	21	Astrakhan Region	37	Rostov Region	53	Vologda Region	69	Republic of Altai
6	Republic of Adygea	22	Kaliningrad Region	38	Saratov Region	54	Komi Republic	70	Republic of Mordovia
7	Samara Region	23	Tambov Region	39	Primorye Territory	55	Republic of Sakha (Yakutia)	71	Chuvash Republic
8	Voronezh Region	24	Tula Region	40	Republic of Daghestan	56	Tver Region	72	Irkutsk Region
9	Kabardino-Balkarian Republic	25	Yaroslavl Region	41	Republic of Kalmykia	57	Altai Territory	73	Magadan Region
10	Kaluga Region	26	Tomsk Region	42	Ryazan Region	58	Smolensk Region	74	Ulyanovsk Region
11	Nizhny Novgorod Region	27	Bryansk Region	43	Sakhalin Region	59	Perm Territory	75	Republic of Tuva
12	Oryol Region	28	Chelyabinsk Region	44	Kamchatka Territory	60	Republic of Khakassia	76	Kurgan Region
13	Chechen Republic	29	Ivanovo Region	45	Orenburg Region	61	Novosibirsk Region	77	Trans-Baikal Territory
14	Krasnodar Territory	30	Volgograd Region	46	Sverdlovsk Region	62	Vladimir Region	78	Jewish Autonomous Region
15	Tyumen Region	31	Republic of North Ossetia-Alania	47	Udmurtian Republic	63	Kemerovo Region		
16	Republic of Bashkortostan	32	Khabarovsk Territory	48	Kirov Region	64	Kostroma Region		

Fig. 1. Distribution of subjects of Russia according to the rating of management efficiency and socio-economic development of rural areas for 2017

Source: Compiled by the authors based on Management efficiency rating in the Regions of the Russian Federation in 2017: economic communications (APEC) Laboratory for Regional Policy Studies, National Research University Higher School of Economics and On the state of rural areas in the Russian Federation in 2016: Annual monitoring report.

We propose to clearly distinguish between the subjects of impact and their functions on the stable progress of agricultural territories in the region for different levels, as well as to optimize the structure, coordination procedure, responsibility (Fig. 2).

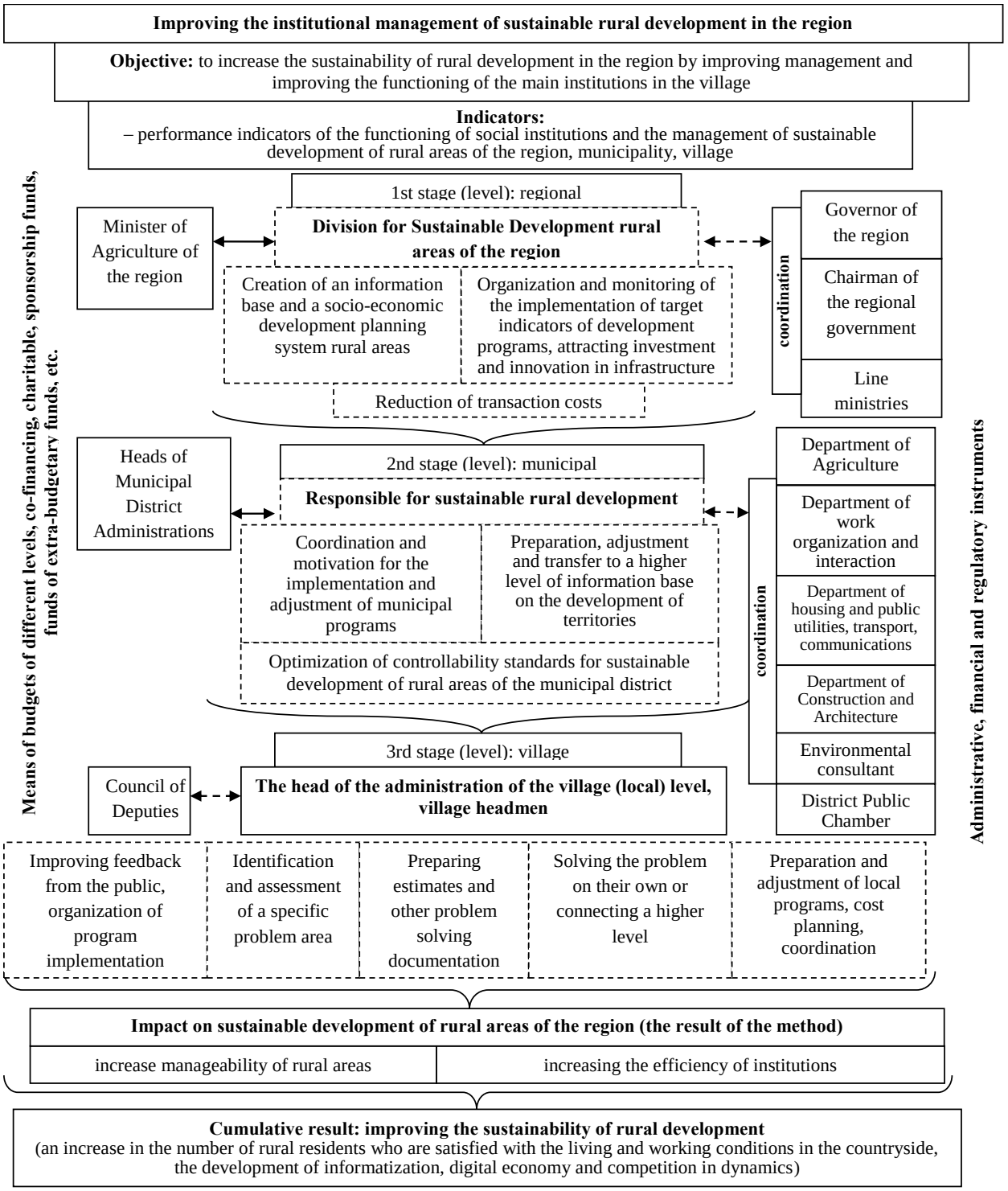


Fig. 2. Improving the institutional management of sustainable rural areas development
("---" - proposed institutions and interactions)
Source: designed by authors.

At the regional level, the Department of Sustainable Rural Development under the Ministry of Agriculture is proposed. At the municipal level, it is necessary to appoint a responsible person in this area from among the deputy heads of administration.

At the village level, these functions should be divided between heads of district administrations and elders.

All levels should have publicly accessible administrative and financial instruments to regulate rural development. In this case, it is

assumed that there will be mandatory coordination between the levels and the various institutions.

Optimizing the structure of management of rural development, we will strive to minimize the costs that already exist in an imperfect system:

$$(\sum_{1}^{n} x)^{m} + \sum_{1}^{n} a = Q \quad (1),$$

where x - is the direct factors affecting the transaction costs in this chain, m - is the number of turns (which the documents go through the chain back and forth); a - many additional factors affecting transaction costs, which are not possible to take into account when planning due to the imperfections of the existing system of driving progress of rural areas.

After the introduction of the proposed measures, the formula is simplified, since the factors "a" disappear the number of revolutions "m" decreases to 1:

$$\sum_{1}^{n} x = Q \quad (2)$$

Other things being equal, it can be assumed that costs will tend to zero when optimizing:

$$\sum_{1}^{n} x = Q \to \min \quad (3)$$

Combining processes and disparate functions by building a model of an optimal structure for managing sustainable development of territories will help optimize decision making and reduce system operating costs, eliminating cyclicality.

CONCLUSIONS

The study of institutional theories of foreign and domestic researchers gave the basis for improving the modern level of management of agricultural progress. Monitoring of the condition of rural areas revealed numerous negative trends in their progress. The regions of the Russian Federation differ not only in natural and climatic conditions, geographical location and level of infrastructure provision, but also in territorial features of rural development, which requires the formation of not only the Regional level of rural development management, but also lower local levels.

The social policy of Russia is aimed at the steadfast progress of the countryside, but nowadays it is not enough. Need to enhance the institutional management of agricultural development. The study affected the Regional, municipal and village levels of management of rural areas. For each level, an optimal coordination and management structure was proposed with a clearer division of functions that ensure effective planning, program execution, and control of the state of the territories in order to improve the quality of life in the village.

Using a proposed method on managerial practice will tend to improving the efficiency of local self-government and the management of sustainable rural development along the entire vertical of power. A clear delineation of the functions and order of coordination and responsibility by levels, the elimination of cyclicality in the management system will increase the effectiveness of planning and implementing rural development programs. This will contribute to the development of institutional ties and optimizes budgetary relations. As a consequence, the persistence of the functioning of territories, the interaction of all subjects will increase, an internal reserve of development of a specific territory will be formed, taking into account its features and potential.

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