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## ORGANIZATIONAL AND ECONOMIC MECHANISM AS A COMPONENT ENSURE OF SUSTAINABLE DEVELOPMENT

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**Key words:**

organizational and economic mechanism, sustainable development, competitiveness, rural areas, state support.

The current state of socio-economic development of rural areas, in which the country's resource potential and the country's recreational potential are concentrated, requires concerted actions by all management entities. It is rural areas and their inhabitants who are the custodians of traditions, peculiarities of cultural heritage and many other things, which is why the socio-cultural image of the whole country began.

In recent years, the organizational and economic mechanism of the development of rural territorial communities in Ukraine is conditioned by the social transformation taking place in the life of a modern village, namely, with the limited opportunities of villagers to receive high-quality, socially greater services, low incomes of villagers compared to local residents – which in own the process leading to population migration, a drop in agricultural production due to a lack of skilled labor. In this way, negative processes are taking place that require economic, social and administrative changes to create proper conditions for the rural population's life.

To solve the problems of the effective functioning of rural areas, it is necessary to improve the organizational and economic mechanism of their development, and qualitatively transform all its constituent elements. The organizational and economic mechanism of the development of rural areas provides a holistic conceptual position of the state regional policy regarding the determination of the competitive advantages of rural areas, which requires the continuation of implementation of decentralization programs, development of rural infrastructure, involvement of residents of rural areas in making management decisions to improve life in the countryside. Sustainable development of rural areas depends on the influence of external and internal factors and conditions. External factors such as the institutional environment; availability of resources; competitive environment; development of domestic demand; state support; development of sales markets; investment climate; price and tax policy; natural conditions; state of the environment and natural resources; social development of the village and others. The sustainable development of rural areas is influenced by internal factors such as location, specialization and concentration of production; the potential of economic and intellectual resources; internal infrastructure; quality and competitiveness of products; organizational and economic forms of enterprises; organization of production and management; investment and innovation activity; availability, resources, raw materials; work motivation.

Therefore, the current economic, social and ecological state of the agricultural sector has been unstable in recent years, and the inhabited rural area is sometimes shrinking. Therefore, in order to overcome the crisis situation and the transition of agriculture to sustainable development, it is necessary to improve the organizational and economic mechanism of the development of the agricultural sector, as a mechanism for ensuring its sustainable development.

## ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНИЙ МЕХАНІЗМ ЯК СКЛADOVA ЗАБЕЗПЕЧЕННЯ СТАЛОГО РОЗВИТКУ

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### **Ключові слова:**

організаційно – економічний механізм, сталий розвиток, конкурентоспроможність, сільські території, державна підтримка.

Сучасний стан соціально-економічного розвитку сільських територій в яких зосереджений ресурсний потенціал країни та рекреаційний потенціал країни вимагає узгоджених дій з боку всіх суб'єктів управління. Саме сільські території, їх мешканці є берегинями традицій, особливостей культурної спадщини та багато в чому визначають соціально-культурний образ усієї країни.

В останні роки організаційно-економічний механізм розвитку сільських територіальних громад в Україні обумовлений суспільним перетворенням, що відбуваються в житті сучасного села, а саме обмеженими можливостями жителів села до отримання якісних, соціально необхідних послуг, низькі доходи селян в порівнянні з місцевими жителями – що в свою чергу призводить до міграції населення, падіння сільськогосподарського виробництва за рахунок нестачі кваліфікованої робочої сили. Отже відбуваються негативні процеси які потребують економічних, соціальних та управлінських змін для створення належних умов життєдіяльності сільського населення.

Для вирішення проблем ефективного функціонування сільських територій необхідно вдосконалення організаційно-економічного механізму їх розвитку, якісне перетворення всіх його складових елементів. Організаційно-економічний механізм розвитку сільських територій забезпечує цілісну концептуальну позицію державної регіональної політики, щодо визначення конкурентних переваг сільської місцевості, яка потребує продовження впровадження програм децентралізації, розвитку інфраструктури на селі, залучення мешканців сільських територій до прийняття управлінських рішень щодо покращення життя на селі. Сталий розвиток сільської місцевості залежить від впливу зовнішніх та внутрішніх факторів та умов. Зовнішні фактори, такі як інституційне середовище; доступність ресурсів; конкурентне середовище; розвиненість внутрішнього попиту; державна підтримка; розвиненість ринків збуту; інвестиційний клімат; цінова та податкова політика; природні умови; стан навколишнього середовища та природних ресурсів; соціальний розвиток села та інші. На сталий розвиток сільських територій впливають внутрішні чинники такі, як розміщення, спеціалізація та концентрація виробництва; потенціал економічних та інтелектуальних ресурсів; внутрішня інфраструктура; якість та конкурентоспроможність продукції; організаційно-господарські форми підприємств; організація виробництва та управління; інвестиційно-інноваційна активність; наявність, ресурсів, сировини; мотивація праці.

Отже, сучасний економічний, соціальний та екологічний стан аграрного сектору, останні роки нестійким та іноді відбувається скорочення обжитої сільської території. Тому для подолання кризового стану та переходу сільського господарства на сталий розвиток необхідно вдосконалення організаційно – економічного механізму розвитку галузі АПК, як механізму забезпечення його сталого розвитку.

### **Formulation of the problem**

The current conditions of the functioning of the entire economy of Ukraine, its individual industries, in connection with the emergence of new risks associated with the unpredictable actions of the Russian aggressor and the multimillion-dollar losses of the Ukrainian economy, require a review and improvement of all existing mechanisms of the functioning of enterprises. Ensuring the effective management of the functioning of enterprises in our time is an important strategic task for enterprises of the

agricultural sector, which was most affected by military operations on the territory of Ukraine (occupied agricultural lands in the east of the country, mined fields in the de-occupied territories, loss of crops, agricultural machinery, etc.), and is aware of the need to apply all available methods and approaches, taking into account new factors influencing the external and internal environment, new previously unknown risks for the opportunity to quickly establish profitable work in new conditions, and the post-war development of the industry.

The organizational and economic mechanism, as one of the most important, the efficiency of the functioning of enterprises of any industry depends on the quality of its work, also needs changes and improvements. Organizational measures aimed at effective formation and use of all available resources of an agricultural enterprise to realize its main goal – profit and growth in the current and strategic periods, make up the organizational and economic mechanism. The functioning of this mechanism is aimed at protecting the domestic producer of agricultural products from unfair competition, finding and expanding domestic and foreign markets, to meet the needs of both owners and workers of the enterprise.

### **Analysis of latest research and publications**

In the scientific and methodological works of domestic authors, the issue of improving the organizational and economic mechanism, in the context of ensuring effective management of the development of the enterprise, is raised quite often by domestic scientists, among whom it is necessary to note such researchers as O.O. Veklich, L.O. Vdovenko, O.M. Kobzar, V.M. Kolmakova, O.L. Ruda, D.V. Titov, N.V. Trusova, T.I. Yaroslavska, But in connection with the constant change of internal and external factors that affect the functioning of the organizational and economic mechanism, the emergence of new, previously unknown risks, the theoretical, methodological and applied aspects of the formation and effective functioning of the organizational and economic mechanism need to be improved.

### **Formulation of goals**

The purpose of the article is the analysis of modern factors influencing the formation and effective functioning of the organizational and economic mechanism. Study of the stages of building an organizational and economic mechanism and their components, which ensure competitiveness and profitability of functioning in our time and in the long term.

### **Outline of the main material of the research**

Comprehensive development of rural areas, which includes both economic, social and ecological directions, has been a strategic priority for the development of Ukraine since its independence. The rural population of our country is 31% of the existing population, and agricultural land is 70% of the country's land fund. Ukraine is one of the top five exporters of agricultural products, and in the pre-war period, it provided almost 400 million of the world's population, and its country with foreign exchange earnings, which made up more than 40% of the total foreign exchange earnings. Considering these facts, it should be understood that the socio-economic development of the country as a whole depends on the sustainable development of the agricultural industry.

To solve the problems of the development of rural areas, it is necessary to constantly improve the organizational and economic mechanism, qualitative transformation of all its constituent elements, including the increase and expansion of the composition of used resources, improvement of the quality of management influence, improvement of current

legislation, fiscal policy, etc., which will make the life of rural residents attractive for permanent residence and will preserve not only workplaces, for professional and creative self-realization, but also national identity, culture, and traditions.

The organizational and economic mechanism of the development of rural territorial communities represents a set of economic and organizational methods, methods, forms, tools and levers of influence on economic relations and internal integration processes of the STG in the rural settlement network, which determine real and possible criteria for ensuring the financial capacity of rural communities, taking into account alternative options for modernization of their infrastructure on an innovative basis [1, p. 147].

In our opinion, the organizational and economic mechanism of rural development is a managed resource of the process, at the input of which are cash resources (financial, material, labor, infrastructure), and at the output is an economic mechanism, that is, the composition and interaction of resources, its main parameters and characteristics, purpose, economic efficiency, compliance with the basic process.

Therefore, the organizational and economic mechanism of sustainable development of rural areas is a transition to a new quality of rural development, which combines the necessary resources in a certain combination and forms depending on the state of a specific rural area, as well as the coordinated participation of all management bodies, business structures and the public, on the basis of unified legislation. The main goal of creating an effective organizational and economic mechanism of the agricultural industry as a whole, and each enterprise working in rural areas separately, is to ensure profitability and improve performance indicators, thanks to the achievements of their skillful management, in modern conditions. That is, the setting of correct intermediate goals and their implementation with the minimum possible expenditure of resources will lead the enterprise to the desired goal – increasing profitability and meeting the needs of owners and workers, thanks to the effective operation of the organizational and economic mechanism (Fig. 1).

The system of state regulation and support for the development of rural areas is an important element of the organizational and economic mechanism, which is defined in the Concept of Rural Development until 2030 and takes into account the priorities of forecast attitudes, plans, intentions of government structures in recent (2015–2019) years and determines the long-term, the most fundamentally important goals, tasks for regional, district and local authorities and self-government in relation to the implementation of the system of measures. The 17 Sustainable Development Goals 2016–2030, approved in 2015 at the UN Summit on Sustainable Development, and adapted to national conditions serve as the fundamental basis of the Rural Development Concept, the guidelines of which are outlined in the National Report «Sustainable Development Goals: Ukraine» [2]. The concept of rural development until 2030 is aimed at:

- ensuring the development of a socially necessary, competitive, and ecologically safe agricultural economy for the population;

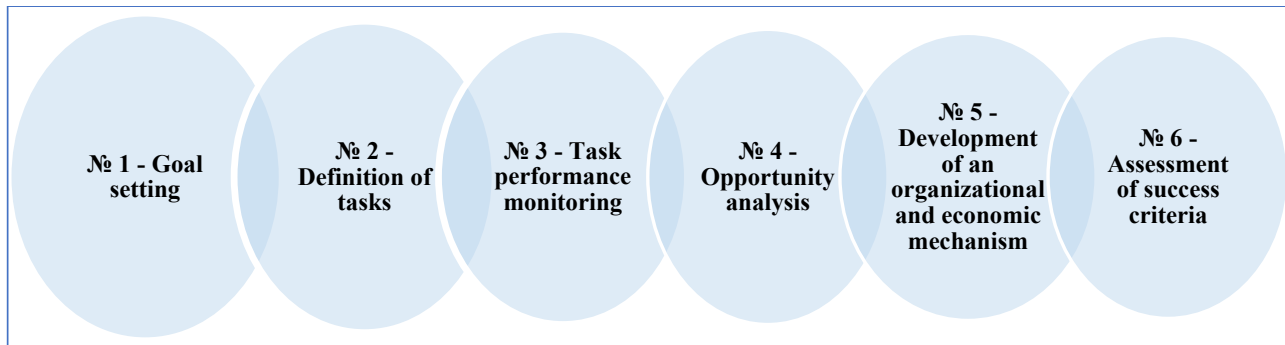


Figure 1 – Stages of building an organizational and economic mechanism

- improvement of the quality of life of the rural population, primarily its socially vulnerable strata – children, the disabled and the elderly, adjusted primarily to the basic (local) level of self-government development;

- maintenance of ecological balance with mandatory consideration of balanced use and increase of natural resources of rural areas.

The main strategic directions of the concept envisage the achievement of strategic and operational goals corresponding to various vectors of development, as well as their corresponding provision:

- Economic vector of sustainable development of rural areas (diversification of the rural economy; development of entrepreneurship and small forms of farming in the countryside; development of agritourism and recreation in the countryside; development of agricultural service cooperation).

- Social vector of sustainable development of rural areas (formation of the optimal rural settlement network and improvement of population reproduction in the countryside; ensuring employment and raising the standard of living of the rural population).

- Ecological vector of sustainable development of rural areas (rational use of natural resource potential of rural areas; man-made and ecological safety of rural areas).

- Institutional and financial and material support for the implementation of strategic directions of sustainable development of rural areas (improvement of management of sustainable development of rural areas; financial and credit support for sustainable development of villages and rural areas; material and technical support for the development of agricultural production; investment support for sustainable development of rural areas; innovative support; development of agricultural information and consulting activities).

Implementation of strategic and operational goals, according to various vectors of development, will have a positive impact on comprehensive rural development in the interests of society, and will contribute to the formation of competitive agriculture, a diversified rural economy, and a favorable environment for the rural population to live in.

The Institute of Economics of Nature Use and Sustainable Development of the National Academy of Sciences of Ukraine has developed the conceptual principles of sustainable development of natural resource potential, a national

paradigm and a program basis for the perspective sustainable development of Ukraine are proposed. Scientists have indicated that due to the reserve possibilities of activation of the policy of sustainable development, it is possible to create a fairly powerful basis for the future development of a new «green economy» [3].

Scientists of the institute have researched the economic mechanisms of the national environmental policy in the system of sustainable development. It is noted that one of the ways to implement the tasks of sustainable development is the formation of a «green economy» model capable of resisting the synergistic impact of environmental, financial and economic and other crises, which overlap one another. threaten the safe existence and sustainable development of both individual nations and entire regions. At the same time, the development of the system of environmental taxation is of great importance, in which environmental taxes should perform an ecological, not a fiscal function, i.e. contribute to the growth of the effectiveness of the use of natural resources and benefits, the improvement of the quality of the environment. It is emphasized the need to form mechanisms of local territorial policy of sustainable development through the creation of sustainable local spatial formations that territorial communities can become. The main task of such entities is the generation and reproduction of economic, ecological and social sustainability at the local territorial level [4, p. 212-216].

Therefore, the sustainable development of rural areas is impossible without the development of the main directions and mechanisms of this process, because only with the interaction of state administration bodies and the local community, it is possible to rationally choose the directions of development of a specific area, using useful elements of European experience. The state of economic growth of a particular region depends on the financial capacity of rural communities located in this territory and their ability to engage in the development of their region and also the effective organization of the life activities of its residents, using unused, internal sources of development of the territory. It should be noted that the inclusion of the growth of the financial capacity of rural territorial communities is a multifaceted component system of their financial potential and corresponds to the priorities of the implementation of modern decentralization, which is determined by state and regional policy on the platform of

a systemic approach, thus ensuring economic growth and development, both on the state, as well as at local levels [5, p. 122]. Optimum combination, as well as systematic and coordinated use of financial resources of all subjects capable of ensuring the financial independence of the rural area [6, p. 2893] is extremely important for the growth of the financial capacity of rural territorial communities. This coherence allows to improve the functions of production and non-production facilities, their economic and social status and, ultimately, to develop the business environment, taking into account the interests of interested parties in this process. At the same time, the effectiveness of the system for ensuring the inclusion of the growth of the financial capacity of rural territorial communities should take into account the needs and interests of the local population of the community in a separate district of a certain region of the country [5, p. 128].

Therefore, effective functioning and sustainable development of rural areas is impossible without increasing

interaction of the main spheres of the rural community and activation of internal reserves of rural areas. It is necessary to develop the production sphere of activity so that the village is represented not only by producers of agricultural products, so that enterprises of various organizational and legal forms work in the village and vary in size from FOP to agricultural holdings. – economic efficiency. Effective development of the production infrastructure is also required (transport connections, material and technical support of business entities and local residents, network of information and communication support), and effective functioning is absolutely impossible without the development of modern social infrastructure (educational institutions, medical institutions, cultural institutions, trade, household services, access to the Internet, various types of communication, regular passenger connections with other settlements). Local self-government bodies should be responsible for ensuring the development of their communities.

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