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DEVELOPMENT MANAGEMENT OF TERRITORIAL ECONOMIC SYSTEMS

Formation of balanced territorial economic systems development gets special urgency under intensified divergence processes. Crisis processes in the economy, predominantly cause this fact, with non-optimized economic structures of territories and lack of its clear specialization, from the one side, and ineffective managing their growth from the other. Development management of the last requires elaboration of grounded methods, principles, functions of management both from the side of state and local bodies of executive power. The main objective of such management should be in timely state regulative influence on development of systems, in which economies are in critical state, balancing reforming processes with social and political ones.

Non-conformity in terminology of “development” and “management” notions does not allow studying integration and convergence processes and development management of territorial economic systems within complex and systemic approach. Therefore, the study of development management should start with the analysis of “development” notion explanation. One can meet different definitions of this term, in particular:

- long-term program for improvement of possibilities to solve different problems and abilities of reproduction, especially by means of increasing efficiency of the organizational culture management [7, p. 31];
- complex of changes leading to brand new quality and strengthening sustainability of the system, its ability to face destructive powers of external environment [5, p. 296];
- transition process of economic and productive system into a new state of a higher quality by accumulating quantitative potential, changes and sophistication of structure and content, resulting in its increased ability to face destructive influence of external environment and efficiency of activity [4];
- objective multidirectional (through gradual transformations) process of changes characterized with purposefulness, inconsistency, structural and functional changes in a certain system, leading to improvement of its qualitative and quantitative state [2, c. 8].

Having studied existing explanations of “development”, we suggest the following definition. Development of territorial economic system is a straightforward process of its strengthening, ensuring positive qualitative and quantitative changes in it, leading to economic growth, accumulation of potential of such system and increasing its sustainability.

Each of territorial economic systems development types supposes comprehensive management from the side of central and local authorities, range of managerial tools and its implementation at rural bordering territories. As to “development” as an object of territorial economic systems management, regulative management means managerial influence according to defined objectives and tasks of management compliant to chosen priorities of development.

Under “development management of territorial economic systems” we mean a straightforward process of influence on strengthening of the system, supporting positive qualitative and quantitative changes, causing transition of this system into a brand new state due to increasing its sustainability and increasing its potential.

Development management of territorial economic systems requires the use of program-target and normative-valuable approaches. Program-target approach supposes the use of methods and principles providing orientation of managerial activity of certain bodies of management at implementation of different programs and reaching the goals of system’s development with consideration of qualitative and quantitative changes taking place in it. Normative-valuable approach to development management of territorial economic systems provides for creation of new (positive) values, which is connected with activity in terms of certain rules and norms, set by certain scale of values [6, p. 48]. Thus, the targets are set at the starting point of territorial economic system’s development, which will define the rules and norms of behavior for all subjects of this system. Then, every target is in fact a specification of value rules and norms. Today there are some contradictions as to the questions about what problems of management can arise in future execution of structural transformations in territorial economic systems, about selection of methods for managing systems, improvement of organizational forms of territorial management. These contradictions have led to some problems in development of such systems, as:

- Divergence of this development, causing divergence processes and disintegration of the single economic space of the country;
- Low specialization level of territorial economy or its complete absence because of ineffective use of territorial labor division advantages, resource potential etc.;
- Imperfect structure of territory’s economy, overwhelming share of mining and resource-intensive industries in it, inherited from the times of the Soviet Union, hence imbalanced allocation of productive forces;
- Negative demographic processes, decrease of population above all, resulting from decrease in fertility and increased mortality (depopulation); growing emigration, in particular referring the overseas “brain drain”;

- Negative anthropogenic effect on environment, caused damage of structure and operation of natural systems, in particular, pollution of eco-, agro- and geo landscapes; degrading of soils, deforestation.

Aiming to conduct comprehensive analysis of the processes of managing integration and convergence of rural bordering territories the basic factors influencing these processes should be outlined, their analysis and complex assessment should be conducted with substantiation of possible selective influence on them (Fig. 1).

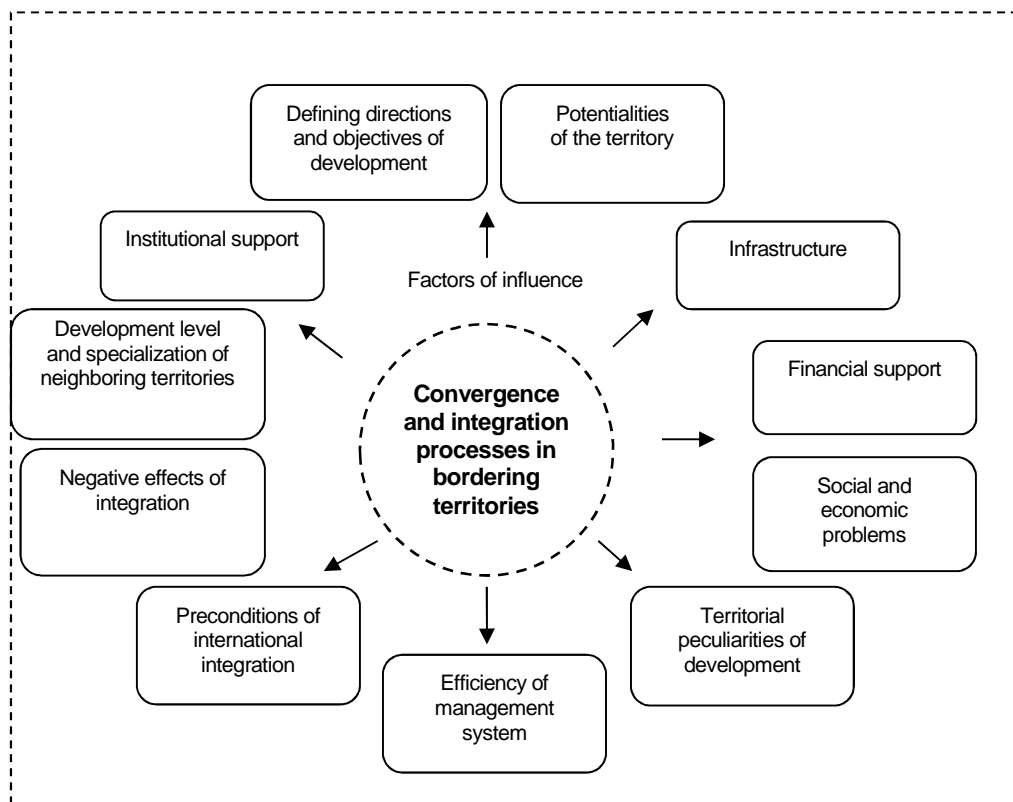


Fig. 1.
Factors of influence on integration and convergence of rural bordering territories (original development).

Outlining factors influencing development of the studied processes allows to analyze the effect (positive or negative) of each factor, to define their role and place in the system of functioning and development of rural bordering territories, define peculiarities and negatives of each. This will allow (using more comprehensive analysis, systemic and functional approaches) to define the single system of real convergence and integration processes taking place at certain territory, outline the ways for improving their management.

Assessment of *potentialities of the territory* is advisable to be conducted from the micro level (village, settlement, city and so on), that will promote maximal consideration of unused reserves. For rural territories development the assessment of the state and opportunities for the

use of land resources is important, their fertility, pollution level, intensity and perspectives of use, specialization. Further, the assessment of human potential is conducted in its quantitative and qualitative dimensions; its opportunities to provide development of agricultural production for perspective and assessment of territorial and national consumer markets capacity are studied. This will allow comparing the needs and possibilities of the territory and developing the territorial development strategy. Another important factor of development for any territory is the *infrastructure development level*. It should get in front of development of other sectors or productions; otherwise, it will be a deterrent factor both for development of manufacturing, services sector and social sector. Special attention has to be granted to border infrastructure providing integration processes of bordering rural territories of neighboring countries. Therefore, the assessment of its state and providing needed development level are important parts of the management function.

It is advisable to study development of territories and regions from the point of their *territorial peculiarities*, considering them will have positive impact on the efficiency of the system of management. Such peculiarities include specifics of agricultural development as a whole and with consideration of territorial factors (zoning, climate, historic traditions); geopolitical factors (geographic location, natural potential, climate and other), demographic (sex and age structure, quantitative and qualitative assessment, allocation, national and regional identity; mentality, local traditions and culture. The analysis of factors influencing development of bordering territories has to be conducted with clear understanding of *objectives and targets of development* with definition of the sense of the process (convergence and divergence) and direction of integration. It should be mentioned, that in case Eurointegration is the objective, convergence will go ahead of it, while at inter territorial integration within the borders of the country the listed processes can be implemented at the same time under effective system of management. Clear definition of objectives, targets and ways of development are the base for substantiation of long-term rural bordering territories development strategy.

Institutional support of development lies in development of effective system for supporting its activity, the basic elements of which include: legal institutions, administrative institutions of the state power and self-governmental bodies, social partnership institutes, providing for supporting and developing optimal mechanism of management from the point of all elements of integration and convergence development processes.

As it was mentioned before, these basic elements of economic system, its subsystem, include productive forces, technical and economic relations, organizational and economic relations, productive relations, or economic property relations, economic mechanism [3, p. 444].

Managing complex development of productive forces of rural territories has to be based on all-round interest in it from the side of the state and should meet the following requirements:

- defining and reaching the goals of agricultural production of the territory;

- adhering the principles of broad democratization, directing conscious economic activity of population at the use of local resources and reserves;
- providing flexibility, capacity for reforming and reconstruction with consideration of specifics of all elements of territorial development.

Rural territories have to form an integral part of economic, political, organizational and social structure of the state. The base of economic mechanism for regulation of rural territories development is formed with the system of objectives, providing for maximal food security of the region and the state, with consideration of economic interests of all social groups of population (work collectives, entrepreneurs, associations), intensification of the territorial economy, progressive transformation of its structure, speeding up technological progress, dealing with urgent social problems. The targets of territorial economic management according to the levels of subjects interested in their reaching are divided into state, territorial and local ones. The targets of the state level include:

- Increasing the role of rural territories in speeding up technological progress by means of improving the intellectual potential of highly-qualified personnel;
- Developing specialized kinds of activity for increasing competitiveness and efficiency of production of this price space;
- Use of unique historic and cultural potential for development of tourism and culture advocacy;
- Increasing the role of the territory in constructing market infrastructure, entrepreneurial and business activity, development of international relations;
- Granting the importance of the territory in solving the problems of health.

Territorial targets are:

- Provision of resource-intended balance of territorial and productive complex development;
- Continuous improvement of the structure of territorial economy in direction of complexity, growth of its role in development of the region and the state as a whole;
- Reaching balanced economic and social development with taking into account the need of providing normative level and quality of life;
- Sustainable use of territory's resources, preserving (reproducing) ecologic and productive balance;
- Optimizing the allocation of productive forces in the "state-territory-settlement-village" system;

Local targets, provided by the economic mechanism for regulating territorial development include:

- conversion, relocation, elimination of inefficient productions in terms of economic, environmental and social criteria;
- dealing with quality of life problems at the territory (accommodation, food production, employment, education, culture etc.);

- increasing efficiency of agro productive complex functioning and other at the cost of executing their reserves in inter sector use.

Managing bodies are empowered to solve the following tasks:

- Regulating economic activity of enterprises and organizations of all forms with aim of providing the most effective use of natural resources;
- Supporting complex development and effective functioning of productive and social infrastructure with aim to increase the efficiency of productive potential and create respective life conditions for people;
- Environment protection and reproduction of ecologic conditions for the life of the territory [1, p. 191].

Fulfillment of these tasks depends on certain changes of functions of territorial bodies and methods for execution of these functions under market conditions. It is connected with the need to divide the functions of economic subjects, mostly fiscal, methods of regulating economic activity at the territory, granting independence for municipalities in dealing with formation of territorial managerial structures.

Reorganization of economic mechanism for territorial management is intended to provide transition to relations of private-public partnership, development and implementation of measures on activating economic activity using economic methods, coordination of orders in the sector of production and consumption of goods and services; controlling economic regulation of this production, openness in all sectors of economic activity. Organization of territorial economic management should be fulfilled with meeting the principles of self-financing, self-provision, financial interest, equivalency of trade among the enterprises located at the territory, mutual advantage in relations of economic entities and relations with managerial structures.

It is appropriate to concentrate the main part of contractual relations with enterprises and organizations in the system of bodies representing local powers and territorial management. Different forms of property should develop at the territory with work collectives, enterprises and organizations, lease owners, cooperators, associations of producers and municipalities owning productive assets and natural resources (water, mineral resources) at subordinate territory of their competency being subjects of them.

Relations between work collectives and managing bodies are formed by the system of economic relations on the use of resources allocated at the territory, share and owning the final product. Economic costs spent at natural resources should be included into socially needed spending of work and into the price of the product as the most important part of materialized work. This money is accumulated by territorial managerial bodies for development of goods and services production, industrial and social infrastructure, for reproduction of environment and securing social protection.

Functions of central and local authorities are aimed to support implementation and development of all forms of enterprises interrelations and their business activity. At the same

time, certain productions are to be created, which will be primarily oriented at solving local tasks, mostly in the least developed districts. Almost equal provision with objects of social infrastructure has to be reached by means of increasing independence in forming territorial resources.

Tight interrelations have to be built between the center and the territory in solving ecologic problems. Many problems with the core being at certain territory have global character and cannot be dealt with by territories themselves. The links between territories and the center in solving ecologic, social-demographic problems under market transformations will strengthen in future. The global practice shows that about 60 % of profits are allocated in the local budgets. It shows the most important principle of economy. Any, even the lowest level of economic and territorial structure of the country, earns and spends money on its own. However, because of different objective reasons these levels have different starting opportunities for implementing this principle. Therefore, in the period of market relation construction, one of the main tasks of empowered institutes is to provide relatively equal starting opportunities. Investments, subsidies, dotation, tax exemptions, are tools being in use of local powers for this purpose.

Striving to equate levels of regional development is a powerful factor, which defines the unity of the state. Centrifugal tendencies grow under artificial advocacy of prevailing of one territories over others, when income earned by one territory is being ungroundedly deducted. The inequality principle inseminated in such way causes estrangement of those territories suffering for being deprived or having opportunities according to expert assessments (due to accumulating earned resources instead of transferring them to the center) to provide more dynamic development and higher life level.

The mentioned above proves, that the level of rural development greatly depends on potential of natural, human, material and technical, and other resources. The need in considering these differences is an objective requirement in the process of substantiation of social and economic development strategy of the country and managerial approaches to its implementation.

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ROZWÓJ ZARZĄDZANIA W TERYTORIALNYCH SYSTEMACH EKONOMICZNYCH

Streszczenie

Uzasadniono administracyjną składową rozwoju terytorialnych systemów ekonomicznych, w szczególności wiejskich terytoriów przez pryzmat zarysowywania celów i zadań procesowi kierowania odpowiednio do wybranych priorytetów rozwoju. Uogólniono główne czynniki wpływu na procesy integracji i konwergencji wiejskich terytoriów przygranicznych, co pozwoli wyróżnić problematyczne pytania rozwoju oddzielnych terytoriów i sformułować efektywne podejścia do ich rozwiązania. Wskazano na celowość aktywizacji współdziałania państwa i miejscowej władzy w celu zabezpieczenia zrównoważonego rozwoju terytoriów wiejskich.

Słowa kluczowe: wpływ administracyjny, rozwój systemów terytorialnych, terytoria wiejskie, procesy integracji i konwergencji.

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Abstract

The managerial element of territorial economic systems' development, in particular for rural ones, is substantiated through the prism of defining targets and objectives according to chosen priorities of development. The main factors influencing processes of integration and convergence of rural bordering territories are generalized, that will allow outlining urgent problems of development territories and finding the effective ways for solving them. The need is emphasized in activation of cooperation between the state and local bodies of power aiming to provide balanced development of rural territories.

Keywords: managerial element, development of territorial systems, rural territories, integration and convergence processes.