

Factors and Directions of Public Policy for Rural Development

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Abstract—The article outlines the most common approaches to implementation of public policy for the development of rural areas. Results of a sociological survey characterizing the attitude of residents to individual factors in the development of rural areas are studied. It is concluded that there is a significant differentiation in the level of development of rural territories in the context of individual federal districts of the Russian Federation. Among the factors determining the development opportunities of rural areas are considered the following: resource provision, potential for the development of commercial and social entrepreneurship, conditions for the implementation of initiatives of the rural community. A cyclical approach to the implementation of public policy for the development of rural territories is proposed, and it is also concluded that it is advisable to maintain the prevalence of an exogenous approach in managing rural development at the present stage, characterized by a low internal development potential.

Keywords—*rural areas, public policy, development model, management approaches, sociological survey.*

I. INTRODUCTION

Traditionally, researchers focus on economic, social, and environmental aspects, when considering sustainable rural development. In the framework of this article, we will pay attention, first of all, to the development of approaches to stimulating the rural economy, since the possibilities of solving social and demographic issues depend to a large extent on the level of economic development. Economic problems entail social problems. Limited access to health and education services and the lack of communal goods often leads to an aging population in small villages and settlements. Young people, the most educated and promising, are leaving for cities. The lack of qualified personnel exacerbates the negative situation with the development of the rural economy. The need to solve these issues determines the goals of public policy in the field of sustainable development of rural territories in the Russian Federation.

Changes in the development of rural areas should be considered in conjunction with the transformation of ideas about the directions and role of public policy in the relevant field. So, Hodge & Midmore distinguish four approaches for rural development: focused on the agricultural sector, multi-sectoral, territorial and local [1]. The main differences in approaches to the implementation of rural development policies are due to views on the solution of the following key issues. The first question is the definition of the role of agricultural

production. Agricultural production can absolutely prevail in the rural economy, be an important element along with other types of production and services, or play a secondary role. The key factor determining the solution of this issue is the provision of a specific territory with land resources, their quality, as well as climatic conditions. Traditionally, in the regions of Russia favorable for farming, it was the agricultural sector that has played, and continues to play, a key role in the economy of villages and settlements. In addition, before the institutional transformations of the 1990s began, food industry enterprises functioned in almost every rural district center: a meat factory, a milk processing plant, a flour mill, and bakery enterprises. Market transformations at the initial stage led to the destruction of established economic ties and the violation of the integrity of the economic systems of rural areas [2]. Here we note the differences in Russian experience and the experience of Western European countries. In the first case, the cause of the degradation of rural territories, the economy of which was completely determined by agricultural production, was market institutional transformations, scrapping of inter-farm and inter-branch cooperation. In European countries, similar processes were the result of a crisis of overproduction of agricultural products, globalization and increased competition in the framework of a single economic space [3]. In the practice of public administration of rural development of the European Union (EU) in the early 2000s, the following three main areas were identified. The first direction is the restructuring of agriculture with the aim of adapting it to the conditions of globalization, increasing the diversification of production and the competitiveness of farms. The second direction is environmental protection, maintaining favorable environmental living conditions in rural areas. The third direction is the development of the economic base of the settlement, increasing the initiative of rural communities. During the implementation of these measures, it became clear that, along with the development of agriculture, diversification of the entire rural economy is required.

In conditions when it is impossible to build a solid economic basis for the rural area only on the basis of the development of agricultural production, the state naturally wants to support and develop other sectors of the economy, primarily industry and the service sector. At the same time, agricultural production can maintain its fundamental role and act as a basic link in the value chain in the region. If the territory of the rural area is in unfavorable agricultural conditions or has a high potential of other types of activities (for example, mining, tourism), the role of agricultural production is minimized. The model of public policy for rural development is also being transformed; the emphasis is

The reported study was funded by RFBR, project number 19-010-00859.

shifting towards supporting diversification of the rural economy.

And here a second fundamental question arises, which determines the model of public policy for the development of rural territories. This is an account of the individual characteristics of rural areas and, accordingly, the delimitation of powers and financial resources between central, regional authorities and local governments.

The evolution of approaches in the public policy of rural development has led to the fact that the inherently endogenous and exogenous approaches are replaced by a neo-endogenic approach [4]. If the endogenous approach provides for the development of rural areas on the basis of the “bottom-up” initiative through the use of internal resources, then the neo-endogenous approach provides that such an impact should integrate external factors for the purposes of internal development. Obviously, there is no single model for rural development. The approach that has ensured the success of the development of a particular territory in another area or at another time can be completely ineffective. At the local level, development problems and priorities in solving them are more obvious, but the financial possibilities of both local governments and local businesses are more limited. The concentration of budgetary financial resources at a higher level of management (primarily at the federal level), the bureaucratization of feedback procedures reduce the effectiveness of the measures implemented.

Among the factors that determine the possibility of developing rural areas, researchers most often consider the availability of resources, the level of development of entrepreneurship and social innovation, and the activity of the local community. Considering the role of resource support in the development of rural territories, researchers focus on the availability of available resources and their targeted use, as well as assessing the potential for attracting resources [5], natural and cultural objects, traditions, and abilities are distinguished as “new” resources for rural development rural residents, that is, in fact, factors that can ensure the development of the economy not only relying on traditional activities for a given area, but also due to diversification [6]. The development of entrepreneurship significantly affects the socio-economic indicators of the territory, but there is also a feedback characterizing the dependence of the level of development of entrepreneurship on the economic indicators of the region [7]. Both formal and informal institutions, as well as the established level of interaction between them, influence the development of entrepreneurship. The traditional bureaucratic model of government significantly restrains entrepreneurial activity. The main factors determining the attitude of local authorities to supporting entrepreneurship is not affordable funding, but the number and initiative of entrepreneurs themselves [8]. The priority for the development of socially oriented entrepreneurship is justified as a counterweight to the trends of globalization and commercialization [9-10], or as a kind of mechanism for the partial replacement of state functions by the initiative of the

local community and individual citizens [11]. The role of local initiatives in rural development is increasing within the framework of the neo-endogenous approach [12], while the important factors are the availability of professional competencies of local authorities, the possibility of wide community involvement in solving local issues, and building a system of responsibility for the use of financial resources [13]. An interesting conclusion of the authors is that the activity of local self-government initiators in solving certain problems largely depends on external financing and voluntary participation. They also note that in the implementation of civic initiatives, a situation is possible where the interests of the minority prevail over the interests of the majority. This requires a more balanced approach to the selection of local initiatives to be financed from the budget.

In this regard, the objective of this study is the substantiation of the model of public policy for the development of rural areas, which is most consistent with the features of socio-economic development of the Russian Federation.

II. METHODS

This work is a theoretical study and is based on the assessment of bibliographic sources on the relevant topic, as well as a comprehensive analysis of indicators of sustainable development of rural areas of the Russian Federation. General scientific methods were used in this work: a systematic approach (when identifying the stages of implementing the public policy for the development of rural territories), abstract-logical (when forming the theoretical and methodological base of the study), monographic (when studying the factors of rural development). To assess the level of development of rural areas by federal districts, we used a grouping of data, characterizing the results of a sociological survey of the rural population conducted by the Ministry of Agriculture of the Russian Federation.

III. RESULTS

An analysis of the results of a sociological survey of rural residents conducted by the Ministry of Agriculture of the Russian Federation as part of the annual monitoring [14] shows that significant differentiation remains in the level of development of rural areas in individual federal districts (Table I). The use of the results of a sociological survey for such an assessment, in our opinion, is to some extent more informative in comparison with the use of statistical data reflecting individual social and economic indicators of rural development, as it allows you to directly assess the reaction of rural residents, which is formed under the influence of the whole complex factors, even those that are not reflected in the statistics. Table 1 presents the minimum and maximum proportions of the estimates given by respondents on relevant issues, grouped by federal district. The higher is the difference between the minimum and maximum results – the more significant are the differences in the development of rural territories in individual federal districts.

TABLE I. RESULTS OF A SOCIOLOGICAL SURVEY OF RURAL TERRITORIES' RESIDENTS IN THE RUSSIAN FEDERATION IN 2017

Sociological survey questions	Minimum proportion of respondents replying accordingly, %	Maximum proportion of respondents replying accordingly, %
<i>Distribution of employment types</i>		
Self-employed	7.0	23.0
Hired	83.0	93.0
<i>Distribution of employment terms</i>		
Permanent	74.0	98.0
Temporary	2.0	26.0
<i>Desire to move permanently to the city</i>		
Rather yes	23.0	38.0
Rather no	63.0	75.0
<i>Changing of settlement's living environment over the past five years</i>		
Improved	28.0	41.0
Worsened	9.0	20.0
Did not change	44.0	54.0
<i>Availability of health services in the residence area over the past five years</i>		
Improved	10.0	21.0
Worsened	25.0	42.0
Did not change	35.0	46.0
<i>Need for arranging of agricultural consumer cooperatives</i>		
Rather yes	60.0	82.0
Rather no	9.0	23.0
<i>Assessment of the environmental situation in the settlement</i>		
Good	27.0	38.0
Adequate	36.0	45.0
Bad	16.0	29.0
<i>Satisfaction with the work of local governments</i>		
Rather satisfied	23.0	36.0
Not satisfied	30.0	39.0

Source: compiled by the authors referred to [14]

We see that the differences in individual factors and estimates are quite significant. The greatest discrepancies are noted in the ratio of permanent and temporary employment, which to a large extent characterizes the differentiation in the level of economic development. Minimal discrepancies are noted in individual assessments of changes of the environmental situation, medical care and satisfaction with the quality of local self-government work.

The proportion of people wishing to relocate permanently to cities in individual federal districts is estimated to be extremely high. The solution to this problem could be promoted by the development of entrepreneurship, including social. The need for the development of social entrepreneurship objectively exists. We see that from 60% to 82% of residents consider it appropriate to create a consumer cooperative in the settlement to meet any needs of the population. Our experience also shows that a negative attitude to the development of cooperation is often due to a lack of understanding by the population of its essence and potential benefits.

The level of satisfaction with the work of local governments is extremely low. Practice shows that, as a rule, the initiative of citizens appears just in the case when local authorities or authorities have not shown due attention in solving urgent problems for the local community. And here,

in our opinion, it is necessary to distinguish between initiatives related to the implementation of the current, normal functions of local administrations and going beyond these functions. In the first case, it is necessary to improve the mechanism of public control over the activities of local authorities and increase their responsibility. Funding for projects that go beyond the "normal" authority of the administration should be carried out in the framework of state programs for the development of rural areas. Also an important issue is the subsequent responsibility for the results of the implemented initiative in the event that such consequences adversely affect certain entities. At the same time, globalization processes can be considered not only as a threat to local communities, but as an opportunity to provide a qualitatively new level of development by establishing vertical and horizontal economic and trade ties. This approach requires the involvement of small and medium-sized businesses in the countryside in cooperative and integrated associations of a higher level. It should be noted that economic development cannot be considered in isolation from the social base of rural communities. Practice shows that the presence of an active leader, the initiative of the population in collaboration with local self-government bodies can be a powerful incentive in solving rural problems [15]. However, the outflow of population, desertification of villages and settlements leads to the fact that such interested parties simply do not exist.

An obstacle for the rural development may also be the lack of a mechanism for disseminating and replicating successful practices in individual regions [16]. Relevant for the development of rural areas is the question of finding optimal models for the interaction of business and government. The level of social responsibility of large businesses is often limited by labor requirements and does not have a significant impact on the development of the territory. Small businesses, primarily farms, in this sense are more motivated by virtue of personal connection with their native land, the rural community. But their financial capabilities, as already noted, are insufficient. An effective model of cooperation between large capital and farms and, on this basis, rural development, in our opinion, can be the use of agricultural consumer cooperation opportunities. There are examples when enterprises invested in the creation of processing capacities at the countryside, also providing sales of finished products, and the farmers' cooperative, created on this basis, produced agricultural raw materials [15].

Assessing the tools to support entrepreneurship, it should be noted that fiscal measures do not provide significant incentives, and the most effective measures are the development of infrastructure, benefits for utility payments, the creation of investment sites and increasing the availability of credit resources [17]. An increase in agricultural subsidies leads to an increase in employment, but this effect is not sustainable. In the context of curtailing subsidy programs, employment in the agricultural sector is again declining. At the same time, employment growth in the industrial sector continues [18]. It is necessary to take into account the fact that the benefits created in individual rural areas are likely to lead to losses for other territories and industries. Such losses may be due, in particular, to the redistribution of material and labor resources. This fact determines the need for an integrated approach to rural development not only from the perspective of the sectoral structure, but also from the point of view of the territorial distribution of support measures.

IV. CONCLUSION

With all the advantages of endogenous and neo-endogenous approaches, a complete rejection of the “top-down” impact within the framework of the public policy for the rural development or its substantial narrowing at the present stage in the Russian Federation is not practical. Even without taking into account the budgetary provision, it seems that there is a certain organizational limit that restricts the ability of local governments and rural communities to identify potential directions for attracting and using external resources. This is often due to the significant rural areas’ territorial remoteness from centers of technology and capital concentration. In these conditions, the role of a coordinating structure that optimizes the information interaction between local and external agents should be assumed by regional authorities. Rural areas are obviously most in need of external management and support, because they are least provided with the necessary resources. Coordination of reciprocal interactions, initiatives in the framework of mixing endogenous and exogenous approaches should occur continuously. With this in mind, the stages of the implementation of the public policy for rural development should, in our opinion, be cyclical (Figure 1).

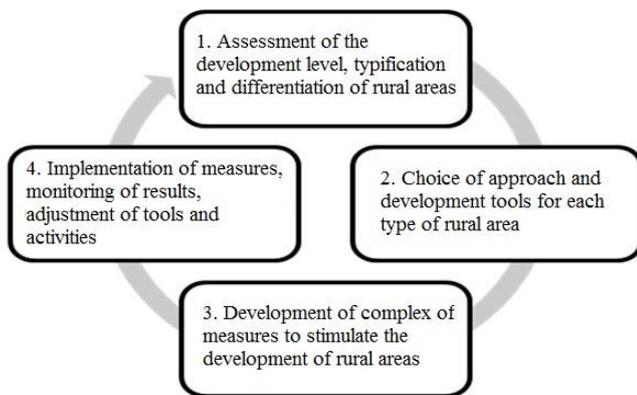


Fig. 1. The main stages of the cyclical process of implementing the public policy for rural development

It is advisable to assess the current state and development potential of the economy of individual rural areas on the basis of the analysis of the following main indicators: the structure of gross output created in the district; the structure of the region’s own budget revenues; average wage by each industry. In addition, we should study business relations and cash flow directions of local business entities in order to assess the potential of their orientation to the internal and external (in relation to the region) markets. With this in mind, all areas can be divided into two large groups. The first group consists of areas that have development opportunities, first of all, as self-sufficient systems (of course, taking into account objective restrictions). Public policy in relation to such areas should focus on the formation and maintenance of optimal proportions of the territory’ economy development, where there is a predominant influence of the endogenous approach. The second group consists of districts whose potential can be unleashed only under conditions of integration into a system of economic relations of a higher level, including the cooperation with neighboring regions. In this case, an exogenous approach may prevail.

V. DISCUSSION

The following issues require further study. Search for the optimal model of differentiation of financial resources and powers between federal, regional authorities and local authorities in the framework of planning and implementation of measures aimed at the development of rural territories. It is also necessary to develop procedures for the interaction of regions within the framework of the development of neighboring municipal regions, administratively belonging to different subjects of the Russian Federation. It is necessary to identify the conditions and factors for the appearance of an external “leader” that will initiate projects for the rural economy development, mechanisms for ensuring that such an impact meets the interests of local residents in the social and environmental aspect.

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