

Socio-Economic Transformations of Small Rural Settlements of Zakarpattia Amidst Decentralisation

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Abstract: The study analyses the key parameters of the population of small rural settlements of the Zakarpatska Oblast amidst economic transformation. Small settlements are described by low population density, which in some rural settlements is three times lower than the regional average. Over the last period there has been a tendency to increase the number of small rural settlements with a population of less than 150 people. Depopulation of villages creates conditions when it is unprofitable to maintain educational, healthcare, cultural institutions, etc. The current situation leads to the destruction of the infrastructure of the village, which is already in decline. The purpose of the study is to analyse the socio-economic development of small rural settlements in the region amidst decentralization. The main attention is paid to the study of problems that describe the quality of life of the rural population – analysis of the main trends of demographic reproduction, the development and effectiveness of new legal forms of management in rural areas amidst the intensifying market relations. The sectoral structure of the economy of rural settlements is analysed, the study substantiates the offers directed on integration of small rural commodity producers in the integrated agro-industrial structures, development of the rural industry, establishment of cooperative movement in the village. The level of satisfaction of the rural population with the main objects of social infrastructure is investigated on the materials of sociological monitoring of the rural population.

Keywords: Small villages, integration, decentralisation, social infrastructure.

INTRODUCTION

Zakarpatska Oblast is the least urbanised region of Ukraine, where 63% of the population lives in rural areas. Of the total number of rural residents, 34% are residents of small rural settlements, whose share in the structure of the region is 32.9%. In some areas, especially in the mountainous natural and economic zone, their share exceeds 50%. The above suggests that the rural settlement of the region is described by a high proportion of small villages, and the number of inhabitants living in small rural areas ranges from 336 people in the lowland economic zone to 301 people in the foothills (Pitiulych *et al.* 2020). The complex of negative problems of the transformation period, which has recently developed in the socio-economic development of small rural settlements and has not found their effective solution, has significantly intensified research on a wide scope of issues related to adapting their economy to market conditions (Vyshyvaniuk 2012; Sliusarenko *et al.* 2012; Vlasenko *et al.* 2006; Miklovda *et al.* 2019; Libanova 2006; Pitiulych *et al.* 2016; Pitiulych *et al.* 2015; Sariohlo

2010; Kravtsiv 2018; Libanova 2012). The increased attention of scientists to the study of local economic systems of small villages in the current conditions is determined by the processes of decentralisation, their place and role in the structure of the new united territorial communities. These processes, as existing practice indicates, are fundamentally contradictory and ambiguous. On the one hand, the economically stronger cities and towns, which are the centres of united territorial communities, show no interest in including small villages in the community structure, the vast majority of which are in a state of stagnation. On the other hand, there is a growing understanding that without small villages, cities and towns as the core of the agglomeration cannot develop in the future, as they are limited by the territorial boundaries.

Furthermore, small rural settlements provide population growth and, accordingly, are donors of labour resources for urban settlements, contributing to their economic growth. Moreover, small villages have considerable natural resources, without which the traditional priority areas of the region cannot function effectively and, most importantly, cannot develop new legal forms of management, including various types of tourism and recreation, which gradually become an important economic priority in rural areas. Hence the

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increased attention to the analysis of transformation processes in key spheres of life of small villages and on this basis development of strategy of their development amidst decentralisation. The solution of the outlined set of problems requires research of a real situation that has currently developed in the basic spheres of vital activity of the population of small rural settlements – demographic development, structural processes, dynamics of development of new forms of management and their influence on employment of the rural population. Such a comprehensive study can be performed on the basis of multidimensional analysis as a specific methodological tool that makes provision for the selection of each group of indicators that reflect the real state of the studied processes and are suitable for empirical study.

MATERIALS AND METHODS

The specific features of the development of small rural settlements as local territorial communities is primarily manifested in demographic processes, the state of health of the population and the effectiveness of the functioning health system. In the specific-applied aspect, the most effective in the study of population processes is local-factor analysis based on quantitative indicators that describe demographic development at the level of any taxonomic unit, as it allows to determine the dynamics of natural population growth, characteristic type of population reproduction, changes in the sex and age structure of the population. When using a quantitative approach, it is fundamentally important to use dynamic comparisons of both statistical data and sociological monitoring data, as a result of which a significant dose of reality and concretisation is introduced into the studied process. Therewith, the greater the time lag during which

population processes are studied, the more reliable are the results obtained, and accordingly the reliability of the conclusions and recommendations increases. Analysis of the population in terms of sex and age groups of small rural settlements in the region, shown in Figure 1 (Pitiulych *et al.* 2020), allows to draw several important conclusions and suggestions for developing a strategy for demographic development of the rural population.

Figure 1 demonstrates that over the past three decades there have been significant changes in the development of the population of small rural settlements in the region, which suggests several fundamentally important conclusions. Firstly, based on the strengthening of depopulation processes in the region, which date back to 2018, the demographic processes of small villages in the region maintain a positive dynamics of population growth, which for the analysed period amounted to +1,300 people. This leads to the conclusion that small villages are the main source of population reproduction, and eventually – the main supplier of labour for urban settlements. Secondly, the growth of the rural population is accompanied by contradictory trends in the proportions of the sexual structure of the population – a decrease in the number of children (-28%) and an increase in the working age population (+75%). The current situation in the near future will lead to a deformation of the gender structure of the rural population and the loss of its economically active part.

Thirdly, due to the decrease in the birth rate, the share of children and youth in the population structure is decreasing and at the same time the share of people of retirement age is increasing, i.e. the process of its aging is underway. The intensification of this process

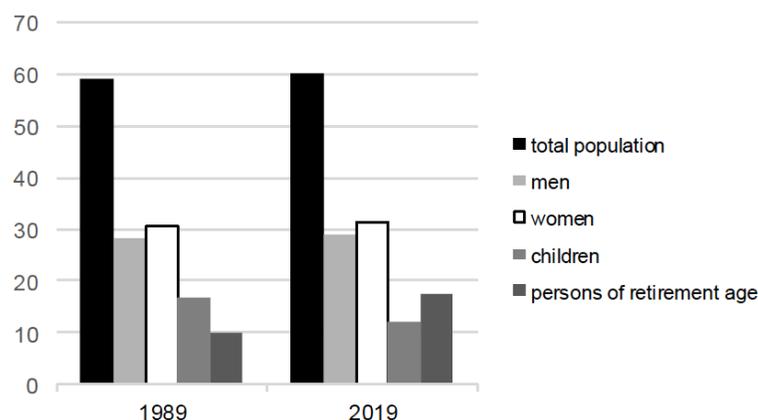


Figure 1: Dynamics of sex and age structure of the population of small villages of Zakarpatska Oblast for 1989-2019, thousand people.

will be accompanied by significant risks in the near future – an increase in the economic burden on the working population, an increase in social spending on grants-in-aid and subsidies. This conclusion is confirmed by the research of D. Weil (2006), who calculated that “budget expenditures for people over working age are 8 times higher than the cost per person of working age and 25 times the cost per child”. Fourthly, Figure 1 demonstrates that the structure of the rural population has the largest share of the economically active population – 50.9% of their total number, and the number of people younger than working age is only 20%, while for the expanded reproduction of their labour potential the share should be within 25%. The current situation will lead to a shortage of labour in rural areas and create serious barriers to economic development of rural settlements.

Fifthly, intensive labour migration, the core of which is developed by the rural population, will inevitably lead to a reduction in the population to a critical level and increase the deformation of the sex and age structure of the population and the depopulation of villages. The main trends and problems of small rural population development identified in the study require the development of a targeted comprehensive programme “Demographic development of rural population until 2030” with subprogrammes “Development of rural medicine, improving health, reducing mortality and prolonging life expectancy” and “Regulation of labour migration processes and ensuring the return of labour migrants”, which specify the goals, aims, regulatory tools, and financial support for the implementation of programme tasks.

RESULTS AND DISCUSSION

Evaluation of Structural Processes and Efficiency of New Forms of Management

The processes of divestiture and privatisation of property, reform of the agricultural sector and profound institutional changes in the timber industry as priority areas of management in rural areas had a decisive impact on changing the structure of the economy of small rural settlements in Zakarpattia. The consequences of reforming rural property relations are contradictory and ambiguous. On the one hand, albeit slowly, a market segment of the economy is being developed, which creates preconditions for diversification of the rural economy and the emergence of competition, entrepreneurial activity is intensifying, a new type of business entities is developing,

accompanied by market consciousness of the rural population. On the other hand, structural processes occur spontaneously, without active state participation, investment support of depressed settlements, lack of a clear strategy for reforming the economy of small rural settlements, and some components of market relations are developed exclusively due to high adaptive potential of rural population, its own resources, initiatives and entrepreneurship. Under the influence of these processes there was a gradual transition from a monosectoral economy to the diversification of economic development, which gave impetus to the development of competition and changed the structure of the economy of small villages, bringing it closer to market standards (Figure 2).

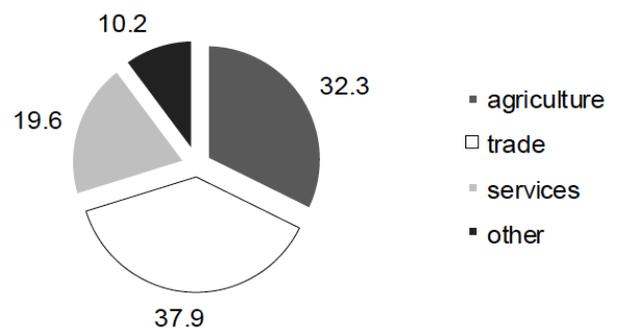


Figure 2: The structure of the economy of small rural settlements in the Zakarpatska Oblast by type of economic activity in 2018, %*.

Note: * Compiled based on passports of small rural settlements of the Zakarpatska Oblast.

As a result of structural transformation, the priority areas of management have become wholesale and retail trade and agricultural production, and the dominant form of entrepreneurial activity is small and micro enterprises operating on a self-employment basis. According to expert estimates, two out of five small enterprises operated in trade, and one in three – in agricultural production. The concentration of 70.2% of small businesses in these two areas is explained by the specifics of trade as an area of activity, which is described by rapid capital turnover and forced adaptation to the changes that have occurred during the years of reforms. As for agricultural production, it has always been one of the most important economic priorities of the rural economy and employment. The process of reforming agrarian relations in rural areas of Zakarpattia has its specific features and does not correlate with national trends accompanied by institutional changes in agriculture.

State-initiated reforms in agricultural production, as noted by V. Heiets, “developed the structure of

agriculture, which distinguishes two types of agricultural producers – corporate (agricultural enterprises) and individual” (Myshchenko *et al.* 2012). In contrast to the national model of agricultural development, in Zakarpattia, including in small rural settlements, the dominant form of agricultural production is personal farms, which operate on private ownership of the means of production and labour of rural family members. In contrast to farms, which currently produce 2% of agricultural production in the region, individual farms produce 91.3% (Zakarpattia 2018: Statistical... 2019). The monitoring of rural families in 2019 demonstrated that 25% of employees are employed in individual households, which creates 15.2% of gross value added. The above confirms the opinion of V. Halanets (2005) that “households were the most adapted to the specific features of the transition period, the main source of existence of the rural family, a stabilising form of management, which during the economic crisis restrains the decline in agricultural production in all categories of farms”.

Therewith, the study of households identified several important issues that hinder their development and require their solution, as they will be the dominant form of management in rural areas for a long time. In the context of decentralisation, the main issues of rural household development are a change in the philosophy of management, the trajectory of which runs from a semi-natural form of management to commodity production. Sociological surveys of private farms in small rural settlements indicated that 5% of them are of a commercial nature (Pitiulych *et al.* 2020) and are officially registered as individual entrepreneurs. It is not just about bringing the rest of the two farms out of the shadows, but including them in the sphere of market relations, increasing economic efficiency, increasing agricultural productivity, gradually transferring them to innovative development, increasing organic production, i.e. those components that ensure quality adaptation to business conditions in a competitive environment.

The solution of this complex set of problems requires the implementation of several important measures of legal, economic, social, and organisational nature by the state, the main of which is the legislative registration of the status of commodity farms, i.e. the development of the legal field of their activities. In economic terms, it is extremely important to solve two interrelated problems – the establishment of an effective business environment for small producers, considering the natural conditions of their operation and mobilisation of investment resources for their

development and methods of stimulating households with significant transaction costs determined by natural factors. In the social context, the most important issue is to increase the social activity of the rural population by involving its sphere of entrepreneurial activity, the development of market consciousness and standards of behaviour adapted to working conditions in a competitive environment. Increasing the social activity of the rural population is the main way out of the deep crisis in which a large part of the region's small villages currently finds themselves. There is no doubt that the effectiveness of local governments will depend on the maximum involvement of the rural population in the activities of newly developed communities.

An extremely important role in the context of decentralisation belongs to the implementation of organisational measures. In essence, they should be aimed at overcoming the disintegration processes that have currently developed in agriculture. Of all the problems that have developed in today's agricultural production as a structural sphere of the rural economy, to the fore comes the problem of integration of small producers through the development of cooperative movement in rural areas, the development of service cooperatives, supply and marketing, creation of agricultural markets in each territorial community, incentivisation of the activities of processing business structures that provide deep processing of agricultural products, and, accordingly, the creation of added value as a stable source of filling the community budget. The problem of integration will functionally ensure a gradual transition from monofunctional to multifunctional development of small rural settlements, will allow to implement and use the advantages of small and medium business.

Sociological Monitoring of the State of Social Infrastructure Facilities

One of the most important indicators of the implementation of the life support function of rural settlements is the level and quality of life of the rural population. Therewith, it is evident that the standard of living of people is described primarily by their material well-being, which is determined by their level of consumption, while the quality of life includes a wider scope of spheres of life, the main of which are working conditions, life, leisure, opportunity for self-development, etc. The existing correlation between the standard of living and its quality reflects the specific features of socio-economic development of each rural settlement and significantly increases the role of the

Table 1: Population Assessment of the Efficiency of Social Infrastructure Facilities in Small Villages of Zakarpatska Oblast in 2019 (% of the Number of Respondents)

Question	Answer options		
	Good	Satisfactory	Unsatisfactory
1. How do you assess the quality of the road surface in your village?	13.4	31.1	55.5
2. How do you assess the state of transport services to the rural population?	34.7	44.3	21.0
3. How do you assess the work of medical institutions?	28.4	33.5	38.1
4. Your assessment of the work of educational institutions	67.2	18.9	13.9
5. How do you assess the work of club and library institutions	9.3	27.4	63.3

social component in the development of each person. Hence the objective need to study the state and efficiency of the functioning of social infrastructure as a key factor in shaping the quality of life of rural residents.

Considering the limited amounts, and in some cases even the entire lack of objective statistical information on the state of development of social infrastructure of small rural settlements, a sociological monitoring of the rural population of 450 people was carried out to assess the level of satisfaction with social infrastructure at their place of residence. The level of development of social infrastructure was proposed to be assessed on a scale, and the main objects of the study were the quality of road surface, transport, quality of educational and medical institutions, club and library institutions (Table 1). The obtained results of the sociological research indicate the presence of serious issues in the work of social infrastructure institutions of small rural settlements in the region. This requires local governments to provide an integrated approach to the development of social infrastructure as an important indicator of the quality of life of the rural population.

CONCLUSIONS

The high share of small rural settlements in the settlement structure of Zakarpatska Oblast requires in-depth scientific analysis of the main trends in the demographic development of the rural population, the effectiveness of market forms of management in rural areas, their impact on employment and living standards. An important issue that requires an effective solution is to overcome the disintegration processes that have developed in agricultural production through the development of integration structures adapted to the conditions of functioning in a market environment. Due to the incompleteness of market reforms, the socio-cultural potential of the rural population is

inefficiently used to achieve sustainable development of rural settlements.

As a result, the rural population forms the core of large-scale labour migration, there is an outflow of rural youth to cities, the process of depopulation of rural areas is intensifying. A significant part of the rural population negatively assesses the provision of small villages with social infrastructure facilities and points to the unsatisfactory level of operation of functioning institutions. This situation requires a comprehensive approach to addressing key issues of socio-economic development of small rural settlements by the state, regional authorities and local governments.

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