# MODERN PROBLEMS OF TRANSFORMATION OF RURAL AREAS AS A FACTOR OF INFLUENCE ON THE MANAGEMENT OF AGRO-INDUSTRIAL ENTERPRISE

PENG Yan

graduate student of the Department of Enterprise Economics and Business Organization, Simon Kuznets Kharkiv National University of Economics <u>https://orcid.org/0009-0004-3323-1830</u>

Rural areas play a key role in ensuring sustainable development, supporting the national economy, and preserving cultural heritage. Their development and support are important tasks of state policy and business centers. The aim of the article is to study the current problems of rural area transformation as a factor influencing the management of agro-industrial enterprises.

The term "rural areas" has been clarified as a complex system that combines economic, environmental, and social aspects, creating conditions for sustainable development and improving residents' quality of life. The carried out research gives grounds to understand the transformation of rural areas as a process of changes that occur in rural areas under the influence of economic, social, technological, and environmental factors. This process includes several aspects that affect the structure, functioning, and development of agro-industrial enterprises in rural areas. The modern concepts of transformation of rural areas are analyzed, and their essence, prominent advantages, and disadvantages in the context of ensuring the efficiency of management of agro-industrial enterprise are clarified.

The mentality of the rural population is a key player in the transformation of rural areas. Understanding and considering this mentality is crucial in developing more effective and sustainable strategies for rural area development, which in turn can lead to harmonious growth and improved quality of life in these areas. The formation of stereotypes about rural residents has a profound impact on the transformation of rural areas. It is essential to challenge and rethink these stereotypes, as doing so cannot only improve the perception of agribusiness but also contribute to the sustainable development of rural areas, making them more attractive and economically viable.

**Keywords:** management of an agro-industrial enterprise, business development, rural areas, transformation of rural areas, quality of life, values.

# СУЧАСНІ ПРОБЛЕМИ ТРАНСФОРМАЦІЇ СІЛЬСЬКИХ ТЕРИТОРІЙ ЯК ЧИННИКА ВПЛИВУ НА УПРАВЛІННЯ АГРОПРОМИСЛОВИМ ПІДПРИЄМСТВОМ

## ПЕН Янь

Харківський національний економічних університет імені Семена Кузнеця

Сільські території відіграють ключову роль у забезпеченні сталого розвитку, підтримці національної економіки та збереженні культурної спадщини. Їх розвиток та підтримка є важливими завданнями і державної політики, і підприємницького осередка. Метою статті є дослідження сучасних проблем трансформації сільських територій як чинника впливу на управління агропромисловим підприємством.

Уточнено визначення терміну «сільські території» як комплексні системами, де поєднуються економічні, екологічні та соціальні аспекти, створюючи умови для сталого розвитку та покращення якості життя місцевих жителів. Проведене дослідження дає підстави розуміти трансформації сільських територій як процес змін, що відбуваються в сільській місцевості під впливом економічних, соціальних, технологічних та екологічних факторів. Цей процес включає в себе ряд аспектів, які впливають на структуру, функціонування та розвиток агропромислових підприємств на сільських територіях. Проаналізовано сучасні концепції трансформації сільських територій, з'ясовано їх сутність, основні переваги та недоліки в контексті забезпечення ефективності управління агропромисловим підприємством.

Встановлено, що менталітет сільського населення відіграє важливу роль у процесі трансформації сільських територій. Тож, врахування менталітету сільського населення дозволяє розробляти більш ефективні та стійкі стратегії розвитку сільських територій, що сприятиме гармонійному росту та підвищенню якості життя у сільській місцевості. Формування стереотипів щодо сільських жителів має глибокий вплив на трансформацію сільських територій. Переосмислення стереотипів допоможе не лише покращити сприйняття агробізнесу, але й сприятиме сталому розвитку сільських територій, підвищуючи їхню привабливість та економічну спроможність.

**Ключові слова:** управління агропромисловим підприємством, розвиток бізнесу, сільські території, трансформації сільських територій, якість життя, цінності.

PENG, Y. (2024). MODERN PROBLEMS OF ΠΕΗ, TRANSFORMATION OF RURAL AREAS AS A THE FACTOR OF **INFLUENCE** ON MANAGEMENT OF AGRO-INDUSTRIAL ENTERPRISE . Development Service 108–113. Management, (3),https://doi.org/10.31891/dsim-2024-7(16)

EMS OFПЕН, Я. (2024).СУЧАСНІ ПРОБЛЕМИAS AS AТРАНСФОРМАЦІЇ СІЛЬСЬКИХ ТЕРИТОРІЙ ЯКTHEЧИННИКА ВПЛИВУ НА УПРАВЛІННЯJSTRIALАГРОПРОМИСЛОВИМIndustryПІДПРИЄМСТВОМ. Development Service Industry108–113.Management, (3), 108–113.https://doi.org/10.31891/dsim-2024-7(16)

# STATEMENT OF THE PROBLEM

Today, the need for rural development as a basis for implementing regional policy aimed at socio-economic reorganization and revival of the village is increasingly realized. Therefore, the relevance of rural transformation issues is evident globally and nationally. Rural growth implies significant changes in institutional, economic, demographic, social, cultural, and environmental aspects that affect the improvement of living conditions in rural areas and sustainable development, social inclusion, etc.

One of the main goals of the transformation is to ensure sustainable rural development, which includes the rational use of natural resources, the conservation of biodiversity, and the development of ecological agriculture. For example, introducing modern technologies in agriculture can significantly reduce the environmental burden on nature. The transformation of rural areas also contributes to the economic development of the regions. This may include the development of the agro-industrial complex, the creation of new jobs, and support for small and medium-sized businesses. Investing in rural infrastructure such as roads, schools, and hospitals improves residents' quality of life and economic activity.

# ANALYSIS OF THE LATEST RESEARCH AND PUBLICATIONS

Various aspects of the development of agribusiness, rural areas, and their transformations were thoroughly described in scientific works by economists: S. Didur, I. Zalutsky, E. Ivchenko, M. Malik, O. Pavlov, P. Pivovarov, I. Prokopa, V. Ryabokon, P. Sabluk, I. Trunina, N. Khomyuk, L. Shepotko, S. Filippova and others. *Rural transformation* is a complex and multifaceted process that requires a systematic approach and significant investment. It contributes not only to improving the standard of living in rural areas but also to the country's overall development. Considering their role in this process, modern challenges and the deepening of the urbanization process create the need to find new solutions and methodological recommendations for managing agricultural enterprises.

# FORMULATION OF THE GOALS OF THE ARTICLE (STATEMENT OF THE TASK)

The article aims to study the current problems of transformation of rural areas as a factor influencing the management of agro-industrial enterprises.

# PRESENTATION OF THE PRIMARY MATERIAL OF THE STUDY WITH A COMPLETE JUSTIFICATION OF THE SCIENTIFIC RESULTS OBTAINED

Rural areas often need help with population outflow, especially young people, to cities. Transformation contributes to improving social conditions, making stopping this process possible. It is essential to develop social services, education, and medicine and ensure access to modern information technologies.

Transport and communication infrastructure development is critical for integrating rural areas into the national and global economy. The construction and modernization of roads, power grids, high-quality Internet, water supply, and sewerage improve living conditions. In addition, an integral part of the transformation of rural areas is the preservation and development of cultural heritage. This includes support for traditional crafts, folk customs, and cultural activities, which contribute to preserving national identity and attracting tourists. So, first of all, let us find out the essence of the "rural area" concept, which has recently been often used in scientific works on economics, public administration, and agricultural sciences. It should be emphasized that it is impossible to single out one generally accepted interpretation due to the ambiguity in approaches to its understanding.

According to M. Malik, a rural area is "a system set historically formed within historically defined boundaries, which combines organizational-territorial (village, district) and territorial-functional affiliation (production, processing, sale) of agricultural products" [5, p. 53]. Scientist-economist P. Sabluk understands the concept of "rural territory" as a complex multifunctional natural, socio-economic, production and economic system with its inherent quantitative, structural, natural and other characteristics [7, p. 23–24].

N. Khomyuk understands the rural area as a spatial socio-economic system formed on territory outside the city. It is characterized by the interdependence and interaction of its constituent subsystems (natural, social, labor, financial and investment, material and technical, environmental, etc.) and develops under the influence of various factors, both internal and external [13].

This definition is also reflected in normative legal acts, in particular:

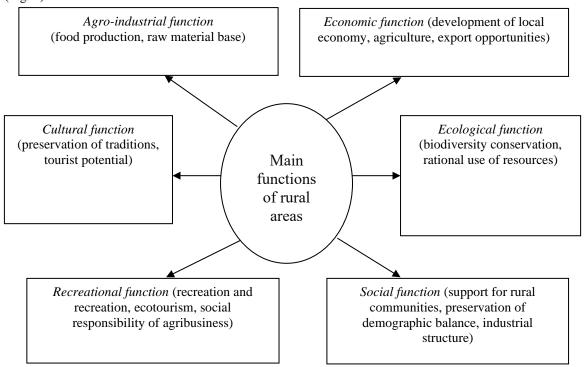
- in the Law of Ukraine, "On Agricultural Advisory Activities," "rural area" is defined as "an area that is located outside cities and is mainly a zone of agricultural production and rural development" [8]. We are deeply convinced that the methodological and categorical apparatus can include the concepts of "rural areas," "rural areas," and "village" since they are inseparably interrelated semantic categories;

- the draft law of Ukraine, "On Planning of Rural Territorial Infrastructure," calls a rural area a territory where the share of the rural population in its total population exceeds 15-50% and which is divided into clearly defined rural areas (with a share of the rural population of more than 50%); rural areas (with the share of the rural population -15-50%) [10]. Unfortunately, this document remained at the project level;

- the Concept of Rural Development does not define the concept of "rural area" but outlines the main priorities for the development of these territories and the relevant mechanisms for preparing the country's agricultural sector for life in a free trade zone with the countries of the European Union [9].

The existing approaches to the definition of rural areas only, to a certain extent, outline this concept's essence and characteristic features. In most existing definitions, attention is paid to the territorial location (outside the city) and economic characteristics (agricultural production zone). When defining this term, it is also necessary to consider the environmental component, when, along with economic growth, reasonable use, and reproduction are guaranteed natural resources and ecosystems of the village. Moreover, it is necessary to consider the fact that rural areas exist not only for the production of agricultural products but also for tourism, recreation, and recreation.

Therefore, to better understand the term "rural areas," it is necessary to analyze the functions assigned to them (Fig. 1).



**Rice. 1. The main functions of rural areas in modern conditions of functioning of agro-industrial enterprises** Source: developed by the author based on [2, 3, 7]

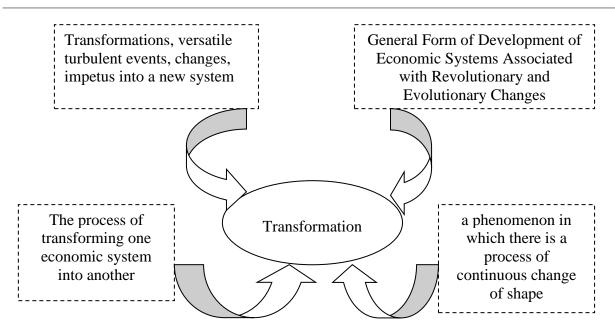
Therefore, a rural area is an area that is located outside urban agglomerations and includes villages, towns, and hamlets. These territories have special economic characteristics, the basis of which is agricultural production, which encompasses crop production, animal husbandry, as well as other activities related to the agricultural sector. In addition to the economic component, rural areas are characterized by a special ecological component. This includes guaranteeing the wise use and reproduction of natural resources such as water, soils, and biodiversity. It is important that economic growth in rural areas does not harm the environment but rather contributes to its conservation and improvement, ensuring a balanced and sustainable development.

These areas play an important role in tourism and recreation. These can include agritourism, ecotourism, health tourism, and other activities that attract visitors to experience natural beauties, cultural heritage, and rural lifestyles.

Thus, considering the above, rural areas are complex systems where economic, environmental, and social aspects are combined, creating conditions for sustainable development and improving residents' quality of life.

The next term, the essence of which should be investigated, is "transformation". It comes from the Latin "transformare" which means "to transform". In general, transformation is the process of changing the form, structure, function, or state of something. This term can be used in different contexts, depending on the area of knowledge and has the character of an interdisciplinary concept. Its application spans various fields, from economic sciences, where it signifies a qualitative change in the economic system, to sociology, where it denotes changes in social relations or political systems. For example, economic transformation may include a transition from a planned economy to a market economy.

As we can see, transformation involves significant changes that lead to new states, functions, or forms of existence. Fig. 2 presents the content of the concept of "transformation."



**Rice. 2 The content of the concept of "transformation"** Source: developed by the author based on [1, 3, 6, 11]

In view of the study, we propose to understand rural area transformation as the process of significant changes that occur in the socio-economic, environmental, and infrastructural spheres of these territories. This process can have different directions and manifestations depending on the specific circumstances and needs of the region.

The analysis of scientific sources on the issues under study [7, 2, 6, 14, 15] provides a foundation for our collective understanding of the concepts for the transformation of rural areas, as presented in Table 1.1. These modern concepts, a result of collaborative efforts by different researchers, are based on the elaboration of relevant processes of change in different countries of the world.

The presented concepts of rural area transformation cover recreational and cultural functions, production relations, specialization of labor force, etc.

Table 1

## Modern Concepts of Rural Transformation and Their Implications for the Activities of Agro-Industrial Enterprises

Litter prises			
Concept Name	The essence of the concept	Key Benefits	Main disadvantages
Post-production	Transition from an agricultural	Development of innovations and	The Loss of Traditional Crops and
	economy to more diverse forms of	new economic opportunities,	the Emergence of Socio-Economic
	activity and economy	creation of environmentally friendly	Challenges
		forms of management	
Deagranization	Rejection of agrarian models of labor	Stimulating the development of new	Loss of traditional occupations and
	organization in the countryside	types of activities, diversification of	cultural values
		the economy	
Cultural Economy or	Considers cultural values and	It draws attention to the unique	The Problem of Commercialization
Neoendogenous Rural	resources as a key factor for rural	cultural resources of rural areas,	of Cultural Values of Agro-
Development	development	contributes to the development of	Industrial Enterprises
		tourism and cultural industries	
Global Countryside	An approach that views rural areas as	Highlights the importance of global	May stimulate the degradation of
	part of a global system and network	connectivity and networking for	local cultures and resources
		rural development	through globalization and
			standardization
Amenity migration	It is a process where people move to	It attracts highly qualified	Changes in the socio-cultural
	rural areas because of accessibility or	personnel, strengthens the	environment and the increase in
	quality of life	infrastructure and economy of rural	real estate prices, which can cause
		areas	an imbalance in society
Agrarianization	restoration and development of the	Contributes to the development of	May stimulate the growth of
	agricultural sector and structures in	the agricultural sector and can	monocultures and negative
	rural areas	ensure food security	environmental impacts

Next, we will consider the structure of transformational changes in rural areas as a factor influencing the management of an agro-industrial enterprise, namely:

1. Economic changes include diversification of the economy, investment, and the creation of new jobs.

2. Social changes (migration of the population, improvement of the quality of life through the development of social infrastructure, public initiatives, preservation and popularization of local traditions and crafts, involvement

Scientific journal «DEVELOPMENT SERVICE INDUSTRY MANAGEMENT»

of young people in work in rural areas through training, support for agri-entrepreneurship and innovation).

3. Technological changes related to the introduction of new technologies and digitalization.

4. Environmental changes (sustainable development, adaptation to climate change, eco-tourism, renewable energy, etc.).

5. Infrastructural changes (transport network development, energy systems, improvement of utilities for agroindustrial enterprises and the population, information development to improve business efficiency and quality of life).

Therefore, we are convinced that economic, infrastructural, environmental, social and technological transformations are taking place in rural areas. These changes are not just about catching up with urban development, but about creating a balanced and harmonious system that combines economic development, environmental protection and improving the quality of life of residents. This potential of rural areas is a reason for optimism and hope.

In our study, we consider it appropriate to pay attention to another factor that plays a vital role in transforming rural areas – the mentality of the rural population. It is a complex set of beliefs, values, traditions, and behavioral stereotypes that are formed over many generations. It can be described in terms of commitment to tradition, family values, and community, skepticism of innovation, self-reliance, independence, commitment to the land and nature, communicative openness and mutual assistance, and orientation towards stability. Understanding the mentality of rural populations is critical to effective rural transformation. It is essential to consider these features when planning and implementing new business initiatives to achieve sustainable and prosperous development.

In contrast to this mentality, stereotypes about rural residents also form, mostly in the minds of young people. These stereotypes are influenced by various factors, such as history, culture, media, and personal experience. They can be both positive and negative and affect urban dwellers' perceptions of the rural population.

Historically, rural areas have been associated with hard physical labor, simplicity of life, and proximity to nature. This created a perception of rural people as industrious but less educated and less culturally advanced. A villager's low level of education and intellectual development is one of the most common stereotypes.

Urban dwellers often perceive the culture and traditions preserved in rural areas as archaic or backward. This can lead to stereotypes that rural residents must be more open to change and innovation.

The media, including television, films, and literature, often portray rural life in a particular light, which can perpetuate stereotypes by portraying rural people as naïve, simple-minded, or even comical characters. In addition, people with limited experience with rural people often form their ideas based on individual incidents or other people's stories. This can lead to generalizations and simplistic perceptions. The stereotype that rural life is devoid of modern conveniences and technologies contributes to the idea of the primitiveness of rural life.

### **CONCLUSIONS**

The transformation of rural areas is of great importance for the sustainable development of both the territories and the national economy. It contributes to employment growth, raising the population's standard of living, preserving the environment, and creating favorable conditions for doing business. The expediency of considering the transformation of rural areas as a process of changes taking place in rural areas under the influence of economic, social, technological, and environmental factors. This process includes a number of aspects that affect the structure, functioning, and development of agro-industrial enterprises in rural areas.

It is proved that the formation of stereotypes about rural residents has a profound impact on the transformation of rural areas. Negative stereotypes can influence the decisions of investors and government agencies to finance rural development. They may underestimate the potential of these regions, leading to underinvestment in infrastructure development. Due to stereotypes, rural children may have limited access to quality education and opportunities for professional development. It can cause an outflow of young people to cities and contribute to the depopulation of rural areas, which generally undermines the basis for agribusiness development. However, these stereotypes should not be seen as barriers, but as opportunities for transformation. Their rethinking will not only help improve the perception of agribusiness, but also contribute to the sustainable development of rural areas, increasing their attractiveness and economic capacity. This emphasis on transformation will leave the audience feeling motivated and inspired.

#### References

1. Hrazhevska N. I. Evoliutsiia suchasnykh ekonomichnykh system : navch. posib. Kyiv. nats. un-t im. T. Shevchenka. K. : Znannia, 2011. 287 s.

2. Didur S., Trunina I., Bilyk M. Transformatsiini protsesy ahropromyslovykh pidpryiemstv v umovakh viiny ta u pisliavoiennyi period. Ekonomika ta suspilstvo. Vyp.. № 53. 2023. DOI: https://doi.org/10.32782/2524-0072/2023-53-5

3. Ekonomichna entsyklopediia : u 3 t. T. 3. (Poruchnytstvo) Ya (Iaponskyi tsentr produktyvnosti). P – Ya / red. : B. D. Havrylyshyn, S. V. Mochernyi. K. : Akad. ; T. : Akad. nar. hosp-va, 2002. 952 s.

4. Ivchenko Ye. A. Transformatsiia yak poniattia ta pidkhody do yoho rozuminnia v ekonomichnomu konteksti. Efektyvna ekonomika. № 12, 2015. URL: http://www.economy.nayka.com.ua/?op=1&z=5827

5. Malik M. Y. Do pytannia staloho rozvytku silskykh terytorii. Ekonomika APK. 2008. № 5. S. 51-58.

6. Markovych I. B. Rozkryttia sutnosti poniattia transformatsii ekonomichnoho prostoru v systemi katehorii rozvytku natsionalnoi ekonomiky. Ekonomika rozvytku. 2014. № 2. S. 77-81. URL: http://nbuv.gov.ua/UJRN/ecro\_2014\_2\_16

7. Pyvovar P. V., Pyvovar A. M., Kostiuk L. P. Suchasni kontseptsii transformatsii silskykh terytorii. Ahrosvit. 2021. № 17. S. 28–33. DOI: 10.32702/2306-6792.2021.17.28

8. Pro silskohospodarsku doradchu diialnist: Zakon Ukrainy. URL: https://zakon.rada.gov.ua/laws/show/1807-15#Text

9. Pro skhvalennia Kontseptsii rozvytku silskykh terytorii: Rozporiadzhennia Kabinetu Ministriv Ukrainy vid 23.09.2015 № 995-r. URL: http://zakon0.rada.gov.ua/laws/show/995-2015-%D1%80.

10. Pro planuvannia terytorialnoi infrastruktury silskoi mistsevosti: Proiekt Zakonu Ukrainy vid 07.04.2005 № 7334. URL: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\_2?id=&pf3516=7334&skl=5.

11. Toffler E. Tretia Khvylia. per. z anhl. A. Yevsa; red. per. Shovkun. K.: Vyd. dim «Vsesvit», 2000. 475 s.
12. Filippova S. V., Dobrulia O. Finansovi problemy transformatsiinykh protsesiv u promyslovomu sektori ekonomiky Ukrainy. Visnyk Natsionalnoho universytetu «Lvivska politekhnika». 2007. № 666. S. 430–434.

13. Khomiuk N. L. Osoblyvosti formuvannia katehorii «silski terytorii». Mizhnarodni ekonomichni vidnosyny ta svitove hospodarstvo. Vypusk 17, chastyna 2. 2018. C. 117-120. URL: http://www.visnyk-econom.uzhnu.uz.ua/archive/17\_2\_2018ua/28.pdf 14. A new profile of the global poor / A. Cas& taneda et al. World Development. 2018. Vol. 101. P. 250-267.

15. Woods M. Family farming in the global countryside. Anthropological notebooks. 2014. Vol. 20, № 3. P. 31-48