

# The importance of the agrarian sector in the socio-economic systems development: methodological aspect

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**Abstract.** When solving problems of the socio-economic development, coordination of interaction between various organizational systems becomes relevant. The quality of the socio-economic process in the system is determined by the presence of elements in it that ensure the implementation of interests at the level of general, private, individual, both in the present and in the future, where the driving force is the needs, and the basis for satisfying the interest is material production. Methodological aspects of the agricultural sector impact on the socio-economic process in the region are related to the provision of foodstuffs to the population. The nature of interaction between the agrarian sector and the socio-economic system represents a multi-level structure of interaction between the production, social, and environmental subsystems of the public economy. Hence, the importance of coordinating development between different systems in order to achieve a focused useful result becomes indispensable. The significance of the agrarian sector as a local system in the socio-economic process is clarified in the article based on the positioning of functional relationships, features of functioning, elements of the agrarian sector (territorial community, natural environment, material and technical resources included in the agro-industrial complex). The levels of spatial localization coverage including the mechanism of interaction, regulatory elements, indicative indicators that reflect the implementation of economic interest are revealed. The organization of the socio-economic process according to the phases of solving a practical problem allows to coordinate the interaction of local governments and business structures.

## 1. Introduction

The implementation of the goals of the national economy development and the state as a whole has now acquired a new content from the position of clarifying and expanding concepts, categories, laws, building theories of the organization of new knowledge aimed at improving the population's life quality. The lack of a coherent understanding of the territories socio-economic development management does not allow to ensure the optimal proportions in the development and obtain a synergistic effect from the implementation of management actions of government different levels. Management of organizational systems involves the process of searching for life options in systems. The modern search is based on the socio-economic development of systems based on the scientific and technological policy, which opens up horizons for expanding the innovative susceptibility of different levels of systems. The modern development and functioning of systems is based on Federal Law No. 131-FL "On general principles of local self-government organization in the Russian Federation" of October 6, 2003 and Federal Law No. 172-FL "On strategic planning in the Russian Federation" of June 28, 2014 (edited on December, 31,



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2017). New conditions for managing organizations require a comprehensive understanding of the hierarchy of systems interaction on the territory of settlements. The peculiarity of such development is that a person directly or indirectly uses the surrounding systems in order to realize interests, being not only the owner of a labor resource, but also an object involved in the socio-economic development.

The social orientation of the economic growth theory can be used in the development of a strategy for the territories development which is based on the search for opportunities and the formation of their effective combinations in real economic conditions. We consider the developing system to be not only a mechanical set of elements, but a complex of interacting elements that give rise to new properties, processes, technology and innovative products. The introduction of novelties and overcoming the resistance has not so much economic feasibility but the social value – a change in the usual type of thinking and lifestyle. Along with technological changes, the transition to each new technical and economic structure is accompanied by a transition to a new stage of economic growth, which leads to the creation of new interaction forms.

## 2. Main part

The process of socio-economic development of organizational systems at the regional level allows to identify the contradictions between the content of interaction and the organizational form of implementing interests in the space. In our opinion, the socio-economic development is based on scientific and practical experience. The construction of socio-economic interaction is provided by the methodology of systems cognition and is presented by a number of researchers [1, 2, 3, 4] as a logical sequence:

- structuring the existing knowledge (assessment of contributions to the study of phenomena);
- clarification of concepts, categories, laws, development of theories;
- organization of new knowledge (building mechanisms, approaches, techniques, tools for implementing new knowledge).

Characterization of the systems interaction from the perspective of different levels of social development of the economy (micro - and macro-) and coverage levels allows to determine their impact on socio-economic development based on the scale of spatial localization. The nature of interaction of the agricultural sphere as a system with the external environment is described by the “input – process – output” relationship. This position can be confirmed by the words of A. A. Nikonov [5], who, describing the agricultural sphere, noted that it “...like any other system, consists of separate parts, each of which performs certain functions that differ from the general function of the entire system. All components within the system are in certain relationships and mutual relations; in addition, the system is connected to other systems, having both “input” and “output”. If the “input” has such natural factors as the radiant energy of the sun, soil, water, minerals, as well as technical and other means of industrial production, then the “output” has food and other crop and livestock products”. We are talking about an adjusted and coordinated response of a group of objects to reflect the goal of their joint interaction – to get a focused useful result. The quality of the system functioning is determined by the presence of elements in it that ensure the implementation of interests at the level of general, private, individual, both in the present and in the future, where the driving force is the needs, and the basis for satisfying the interest is material production.

In our opinion, support for the planned operation mode of a variety of systems at different levels and contents, united in a single whole by the common quality of the existence of links and relationships designed to maintain integrity, to promote movement along the planned trajectory, remaining relatively unchanged for a certain period. In this regard, it is interesting to define a “system” that is focused on the implementation of socio-economic orders and is the product of “man-made” activities of people. The socio-economic system of the region is part of the national economy and other more complex forms of spatial organization of systems. On the other hand, it is isolated and geographically localized, because it has the system quality of its elements and its own potential for functioning and development. In

considering the level of interaction in the socio-economic system, we adhere to the dialectical unity of the concepts of general, special and individual. According to researchers [6, 7], the organization of cooperatives, business zones, and credit institutions on the territory of a municipality can guarantee the economic independence of local self-government. In our view, the socio-economic system is an ordered interaction of elements in a separate structure, the scale and methods of construction of which are determined through the organization of the national economy, the resource potential of territories, the level of development of economic relations. Social interaction between the population and organizations is based on the appropriate infrastructure, which forms stable social communications that are localized in the social sphere of the region.

### 3. Research results

The agrarian sector in the socio-economic system solves the problems of providing the population with food, and the factors that determine its functioning determine the following indicators: production, social and environmental. The peculiarity of the agrarian sector functioning is the presence of external and internal relationships that determine the structure of the socio-economic system of the region. In our view, the agrarian sector is an integrated local system of public economy that produces goods based on the reproduction of the territorial community, the natural environment and material and technical resources included in the agro-industrial complex [8, 9]. Based on the localization of the region's space, we have clarified the concept of the agrarian sector as a local system that affects the potential of socio-economic development of the region. The feedback between local systems acts as a source of influence of the control system on the controlled subsystem, which is the main reason for the movement of processes and phenomena that reflect dialectical unity. This approach allows to form differentiated approaches to the organization and management of the development of the socio-economic system based on the positioning of economic relations, the mechanism for regulating interaction, regulatory elements, and indicative indicators that reflect the implementation of the economic interest of interacting subjects in the economic system (table 1).

The macro-level characterizes the results of joint work of the economic agents. Therefore, the only way to achieve the effect of the socio-economic system is to form macro-conditions, "rules of the game" common to all economic agents, which reflect the degree of interaction in the production of gross regional product. The macroeconomic level is of great importance for the processes and phenomena whose scale and speed determine the development of markets. Today, state macro-economic policy is of a strategic nature, aimed at the interaction of the national economy within the world economy. Overcoming crisis phenomena in the economy is solved by forecasting medium-term development trends and coordinating long-term strategies and development programs of the Russian Federation. Economic agents have different types of economic behavior and are real producers and consumers, interact in different markets.

The micro-region represents the area of the municipality activity. Such localized systems have the potential for administrative isolation within districts and can influence the development of economic entities and corporate formations. The municipality as a socio-economic system is forced to constantly adapt, transforming economic relations, thereby providing a new qualitative state of the system of the highest order in the regional economic system. As a rule, the development of such systems represents irreversible qualitative changes, usually accompanied by changes in the relationship between its elements and the strengthening of some links and the weakening of others, i.e., the development can be stable and unstable. Becoming a subject that harmonizes its development through self-government, self-organization, unites the population in interest groups (public organizations, associations, unions, etc.).

The local level serves as the basis for economic zoning of sectoral systems in the regional socio-economic system. Based on the interaction of agricultural organizations with households, taking into account natural and climatic conditions, animal husbandry and crop production systems, problems of a technological nature are solved.

Modern practice shows that it is necessary to coordinate the interaction of local governments and business structures in order to improve the efficiency of the property complex operation in accordance

with environmental standards and increase the investment attractiveness of rural areas.

Completion of the cycle of management activities (socio-economic project) and is determined by three phases:

- *project phase* (planning phase), building a new model of management impact;
- *technological phase* (implementation phase), which results in the implementation of control actions based on new norms, standards, technologies, and innovations;
- *reflexive phase* (phase of scientific and practical search), the result of which is to evaluate the results of management activities and determine whether it is necessary to further correct it, or “launch” a new project, i.e., build a new system of interaction.

**Table 1.** Levels of interaction in the socio-economic system<sup>a</sup>.

Level of coverage in the socio-economic system, interaction goal	Positioning of functional relations	Interaction mechanism	Regulation tools	Indicative indicators, reflecting the implementation of economic interest
<b>I. Macro-level</b>				
1.1. Federal (ensuring food security)	Ministry of economic development of the Russian Federation	Federal legislation, tax benefits, customs mode	National projects, target programs, concepts Public	1. The amount and structure of income per capita. 2. Size and structure of population consumption
1.2. Regional (establishment of equivalent proportions between industries, areas of territories in order to provide foodstuffs and improve the population’s life quality)	Ministry of agriculture and food policy of the region	Regional legislation, local regulations by industry. Tax Code	procurement, leasing, lending	1. Concentration and specialization of production. 2. Structure of income of the population. 3. Life span. 4. Unemployment rate. 5. The level of social tension. 6. The level of food consumption per capita. 7. Living standard.
<b>II. Micro-level</b>				
2.1. Municipal (stability of the socio-economic system, harmonization of the environment)	1. District agriculture departments. 2. Processing enterprises.	Development budget, the concession agreement	Taxes, budget autonomy	1. The tempo of introduction and development of material production. 2. Capita income. 3. Housing. 4. Volumes of introduction of social objects.
	3. Agro-industrial formations (associations)		Taxes, profit size	5. The share of commodity products of agricultural organizations in the total volume of products sales by type of activity. 6. Change in the value of aggregate demand for products and services of the territory.
2.2. Local	1. Local authorities. 2. Collective agricultural organizations.	1. Production program of socio-economic development.	Social guarantees, economic incentives	1. The intensity and payback of the production. 2. Availability of social facilities. 3. The tempo of introduction of auxiliary industries and crafts.

		2. Investment projects.		4. The growth rate of investment per capita.
Intra-economic (production efficiency, soil fertility preservation)	1. Tractor-field and livestock teams. 2. Repair shops and machine yards, etc.	Contract for production of goods and services	Commercial income	1. Products realization volume. 2. Sales volume. 3. The amount of added value. 4. The amount of balance profit. 5. Commercial efficiency. 6. Labor productivity. 7. Profits per employee. 8. Profitability (of production, products, and assets). 9. Profits per employee. 10. Material capacity of the product. 11. Energy intensity of products.
Individual (preservation and increase of the property object)	1. Peasant (farmer's) economy. 2. Farms of the population. 3. Entrepreneurs	Partnership agreement with an investor	Comfortable conditions for economic activity. Social guarantees	1. Profitability (production, products, assets). 2. Profits per employee.

<sup>a</sup> Authors' selection of the coverage levels of spatial localization of the agrarian sector influence.

The organization of the socio-economic process according to the phases of solving a practical problem allows to clarify the importance of the agrarian sector in the rural territories development. The quality of the socio-economic process is determined by the development of economic relations that ensure the implementation of interests at the level of general, private, individual, both in the present and in the future, where the driving force is the needs, and the basis for satisfying the interest is material production. The agrarian sector as a structural determinant of the socio-economic process is a multi-functional, multi-level structure of spatial organization. Hence, the fundamental importance of managing the coordination of the socio-economic process in order to obtain a focused useful result from the functioning of production, social, and environmental subsystems becomes obvious.

Under the influence of the contradictions that have arisen in the socio-economic development, today it is necessary to make a choice in the direction of high technologies and innovative susceptibility of labor collectives. The system of market mechanisms is not able to resolve the contradiction of social production – the confrontation of productive forces and production relations, regularly exposing the crisis phenomena of the development and functioning of the subjects of material production. In such a situation, in our opinion, it is necessary to build the following functional relationships by dividing the levels of management coverage:

- Management of the socio-economic process is based on vertically integrated interaction between business entities and municipal authorities.
- Organizational and managerial construction of branch systems should be carried out on the basis of reproduction of territorial community and public economy, observing the realization interests.
- It is necessary to put qualitative indicators of territorial and sectoral systems in the economic models of material production development.

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