

2nd

**International
Scientific
Conference**

1-3 June, 2017
Vrnjačka Banja, Serbia

2

0

1

7

**TOURISM
IN FUNCTION OF DEVELOPMENT
OF THE REPUBLIC OF SERBIA**

Tourism product as a factor of competitiveness of
the Serbian economy and experiences of other countries



**THEMATIC
PROCEEDINGS**

II



**UNIVERSITY OF KRAGUJEVAC
FACULTY OF HOTEL MANAGEMENT
AND TOURISM IN VRNJAČKA BANJA**



THE DIVERSIFICATION OF THE RURAL ECONOMY AS A TOOL FOR LEVELING THE IMBALANCE OF RURAL DEVELOPMENT

*Svitlana Belei*¹

Abstract

The paper considers disparities of rural western regions of Ukraine. The institutional, legal, organizational psychological aspects of this issue are revealed as well as the dependence between the degree of economic diversification of rural areas and the rural development.

The aim of the study is a comprehensive assessment of the economic diversification and development of rural tourism as a promising alternative direction for rural development.

The method (methodology). The specifics of research methodology is composed of a set of methods and techniques of systematization and synthesis of existing scientific views on selected issues, and research of specific features of solving the tasks and grounding conceptual foundations for achieving the objectives of the study.

The study determines the substantive provisions to the activation of tourism development as a priority of diversification of economy of rural territories of the Western regions of Ukraine. It investigates the features of the main types of tourism that are in demand. The study also proposes a complex set of leveling measures for rural development imbalances.

Key words: rural areas, disparities of development, the rural economy, diversification, rural green tourism.

JEL classification: R 120

Introduction

Under the powerful influence of globalization, the characteristic features of the world system of the XXI century are a rapid development of integration processes between countries, harmonization of standards and the creation of new markets This, above all, is the movement of

1 Svitlana Belei, Assoc.prof. PhD, “Yurii Fedkovych” Chernivtsi National University (CHNU), Chernivtsi, Ukraine; +380507293487; svitlana.belei@ukr.net

investments and technology, labor, intellectual and financial resources, the development of management and marketing, and others. Globalization is in the expansion of international trade and investment, diversification of global commodity, financial and labor markets, significantly increasing the role of liberalization in global processes, exacerbation of global competition. That global economic space develops organic complex combination of all its business units. Of course, the industry is the leading sector of material production in the modern globalized world, but the exclusive role belongs to agriculture. World agriculture occupies about 5% of world product. It also now occupies almost half of the economically active population. We know that developed agriculture contributes to the improvement of the macroeconomic situation. Its value is further enhanced through the food problem, which is exacerbated with population growth on the planet.

Goal

The aim of the study is a comprehensive assessment of the economic diversification and development of rural tourism as a promising alternative direction for rural development.

Methods

The specifics of research methodology is composed of a set of methods and techniques of systematization and synthesis of existing scientific views on selected issues, and research of specific features of solving the tasks and grounding conceptual foundations for achieving the objectives of the study.

Research results and discussion

The global transformation of the world economy has a decisive impact on the development of agriculture. The current stage of its operation is formed taking into account the challenges of a global nature. The period of socio-economic transformation in the post-crisis conditions was extremely difficult for world agriculture. Failure to quickly overcome the crisis demonstrates the discrepancy of existing principles and mechanisms of regulation of economic processes to new realities. There is a general tendency to reduce the number of employees in agriculture. Modern agriculture world is facing many challenges and opportunities of development. Modern agriculture world is facing many challenges and

opportunities for development. It concerns the industrialization of agriculture and processes in the field of biotechnology, changing climatic conditions, opportunities, creating the era of information economy and globalization. These circumstances differ radically in modern ideas about the development of agricultural economy from the classic ones.

Global trends are objective, logical and natural and need to find an adequate tool for adapting agriculture to the world economy. Given the dynamics of the environment, there is a need to study new factors, forms, conditions and parameters of activity of the rural economy to create priorities and mechanisms for the effective functioning of the agricultural sector in the context of globalization. Dynamism of globalization processes is connected with aggravation of the food problem. In this situation on the global agricultural markets the role of Ukraine is updated, which has great potential in the production and implementation of agri-food products. However, it can not be implemented under the crisis conditions in the agricultural sector, which, among other things, were caused by the decline of rural areas, which negatively affects the socio-economic system security.

In most developed countries, agribusiness companies provide 90% of the needs of population in food and 60-75% of the total turnover of the country. It confirms the crucial areas of the economy in solving the problems of inflation, financial recovery, commodity saturation state of trade, transport and so on. This applies worldwide the pattern of our country. However, modern agriculture Ukraine faces trends of losing its importance as a generator and catalyst of employment, income, economic activity.

The leading role in the development of agricultural economy belongs to rural areas. On average in the world they represent 75% of the total area, where 51% of the population reside and produces 32% of world GDP. Without overcoming the negative trends in rural development, Ukraine can not effectively compete with the economies of other developed countries. Considering the role and importance of rural development, there is an urgent task of finding ways to effectively use the potential of rural areas.

Rural development is a system of interaction between national, economic and social spheres, the operation of which is subject to the interests of farmers, industry and society. Speaking about the development of rural

areas and its livelihoods institutions, it is not considered to speak about rural area only from the standpoint of the ways of organizing the economic life of the rural population. It should be the economic life of the rural population to be understood in terms of the dominant culture, intellectual and civilization values.

In terms of social justice and market economy principles, the theory of rural development and support living standards in rural areas by L. Balcerowicz deserves attention. The views represented by L. Balcerowicz were based on comparative studies of different economic systems, as well as their interpretations of modern economics theory, including the theory of economic development (development economics). (Baltserovich, L., & Zhontsa, A., 2013)

Changing values means the transition to a new type of rural areas, which are certainly much more difficult to organize than the previous ones. To recognize and understand the complexity of the organization of rural areas can from the perspective of their development be seen as a self-developing system. In this context, synergy is the methodological basis for the development of rural areas as fills the term "development" with new content, new understanding. Synergetic (joint, coordinated action) stressed the exclusive role of collective interaction in the genesis and maintenance processes of the development in rural areas. The analysis of the problems that are important for socio-economic development of rural areas, must take into account the synergistic nature of the processes of economic globalization.

It should be noted that the basic elements of a synergistic vision of rural development can be correlated with some ideas of Plato and Aristotle. According to Plato, "the nature of this essentially is that accepts any prints while moving, changing shape under the influence of what it includes, and so it seems as if it is a different time is different; and things in and out of it - it is an imitation of everlasting, prints these samples taken strange and unexplained manner" (Platon, 1971). Synergetic approach to rural development provides an opportunity to explore their development by means of the parameters order and their hierarchy in communion with the hierarchy of markets; as attractors of the systems in terms of their approach to equilibrium or stability point; system "reverse time - not reverse the time".

In order for the system (rural areas) to have the opportunity to progressively develop, it must meet the following requirements. First, the system should be open, to exchange with the environment the results of labor, energy and information. Secondly, processes should be corporate, an action of its components must be coordinated with each other. Third, the system must be dynamic and fourthly, to stay away from equilibrium. All these requirements also characterize the "openness" of rural areas that are in motion, the self-development. Synergy lets you see the rural area with "other coordinate system" because it is based on openness.

Like any evolutionary system, rural areas are always exposed to certain external and internal forces. When external parameters that affect the behavior of the system are of certain critical value, such a system may have a sudden change of structure - chaos. Therefore, we believe that rural development must be managed and its performance largely depends on ongoing public policy. State agricultural policy must take into account, on the one hand, the diversity of theories about the place of the state in the economy, and on the other, to be based on a thorough analysis of the factors and causes that resulted in different countries at different stages of changing scientific statements that were taken as a basis for implementing agricultural policy and determine where state.

Effective government regulation of rural development is possible with a comprehensive application of economic, administrative, social and economic impact of bearers. The basis rural development is a complex of measures which, on the one hand, eliminate the deficiencies and reduce the impact of negative factors and, on the other, contribute to the improved productivity. Violation of these provisions hampers the development of rural areas. Therefore, it is necessary to have a strategy for rural development. The new economic and social system of the agricultural production must meet national traditions and interests for effective development of the most important national economic sectors with the realities of today in it with exhaust forecasts of its development in medium and long term.

To achieve positive synergistic effect on rural areas a coherent system of goals is necessary. An important role is played by the strategy and structure of reproductive potentials. Therefore, the concept of rural development and its elements should immediately check on all possible disharmonies to prevent inefficient use of existing capacity, as the pooling of resources, factors of production processes possible and based

controversy in which they may not be consistent and interfere with each other, creating a negative synergy. This effect can not fully meet the national and regional interests, diversification will lead to multiple, in some way contradictory, requirements for reproductive capacity and so on.

The basis for the formation and development of the reproductive potential should be structurization and improvement of the defining elements (with the development of the rest), aimed at rural adaptation to environmental conditions, ensuring sustainability (Belei, 2015). The positive synergistic effect between the components of reproductive capacity is ensured by the coordinated interaction of local potentials given in Table 1.

Table 1: *Components which provide a synergistic effect of the reproductive potential of rural areas*

The local potential of rural areas	Components
Management	Natural abilities (intuition, precognition). Training (education, self-education, qualification). Creativity.
Technological	Labor-, energy-, material-, capital-, R&d xpenses. Resource conservation
Natural	The optimal use. Playback. Sustainability. The optimal use. Playback. Ecology
Biological	Creation of conditions. Maximum use of the resource potential. Playback.
Information	Computerization. Innovative information. Marketing information. Logistics.
Financial	Security. Strategy development.
Business	Information. Innovation. Initiative. Risk.

Source: *author's elaboration*

The dynamics and direction of the rural areas development depend on the structure of reproductive potential of rural areas, the main components being the financial and economic subsystem, social subsystem, a natural subsystem, and others. Considering the system, rural development contributes to understanding the essence of the social process that occurs within rural areas (Fig. 1).

Figure 1: *The structure of the reproductive potential of rural areas*

REPRODUCTIVE POTENTIAL OF RURAL AREAS				
The social subsystem	Natural subsystem	Technical and technological subsystem	Financial-economic subsystem	Organizational and management subsystem
Human potential	The potential of rural areas	Technological potential	Intellectual potential	Information potential
The potential of the rural resident	Potential climate	Material-energy potential	Investment potential (long term financing)	Motivational potential
	The potential of plants			State institutions
	The potential of animals	Operational financial potential (own and attracted funding)	Professional institutions	
				Public institutions

Source: *author's elaboration*

Carpathian region area is 137.305 thousand sq. km and the population as on 1 January 2016 totals 6,085.5 people. The region consists of Zakarpatska, Ivano-Frankivsk, Lviv, Chernivtsi region. The level of economic development and economic performance of all business entities of Carpathian region is characterized by gross regional product (Table 2).

It is the main source of decent living standards and community development is the gross domestic product. In Ukraine alone, over the last decade it has increased 2 times (if calculated at current prices). Therefore, it is theoretically possible to assume that the living conditions of the rural population have improved over the period.

However, the actual impoverishment of peasants requires research, except the size of the gross regional product and other factors affecting the quality of life of rural communities and their sustainable development. The basis for the development of rural areas is a modernized agricultural sector. According to the nature in the Carpathian region a system of

farming was formed. Agricultural production in the study region has diversified character.

Table 2: *Gross regional product*

in actual prices, mln UAH

Region	2009	2010	2011	2012	2013	2015	2015 to 2009, %
Ukraine	913345	1082569	1302079	1459096	1522657	1586915	The increase in 1,74
The Carpathian region	74222	87292	108878	128818	131682	149735	The increase in 2,01 p
<i>The share of the Carpathian region, %</i>	8,1	8,1	8,4	8,9	8,6	9,4	+0,3
<i>Oblasts Carpathian region</i>							
Zakarpatska oblast	12542	15299	18054	21404	21400	24120	The increase in 1,92 p.
Ivano-Frankivska oblast	17241	20446	26752	32286	33196	37643	The increase in 2,18 p.
Lvivska oblast	35955	41655	52103	61962	63329	72923	The increase in 2,03 p.
Chernivetska oblast	8484	9892	11969	13166	13757	15049	The increase in 1,77 p.

Source: *author's own processing (Zhuk I., 2016).*

In 2015, agricultural producers of the Carpathian region received 23.1 billion of gross agricultural output (in constant prices of 2010), which is 5.3% less than in 2014 (Table 3).

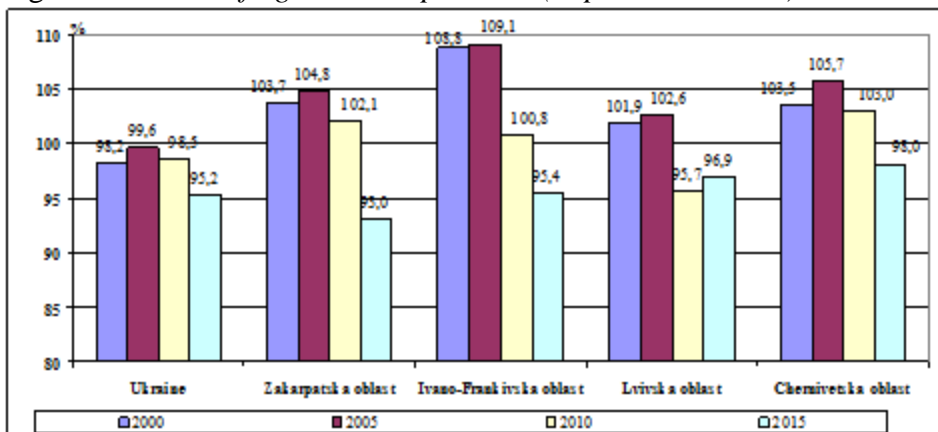
Table 3: *The gross output of agriculture by region in 2015*

Region	Gross production		Including			
			<i>crop production</i>		<i>animal production</i>	
	<i>mln UAH</i>	<i>% to 2014</i>	<i>mln UAH</i>	<i>% to 2014</i>	<i>mln UAH</i>	<i>% to 2014</i>
Ukraine	239467,3	95,2	168439,0	94,8	71028,3	96,3
The Carpathian region	23105,5	94,7	12918,7	93,3	10186,8	96,9
Zakarpatska oblast	4095,9	95,1	2099,3	95,4	1996,6	94,7
Ivano-Frankivska oblast	5697,3	95,5	2709,4	93,8	2987,9	97,1
Lvivska oblast	9024,9	97,1	5471,5	96,3	3553,4	98,3
Chernivetska oblast	4287,4	91,1	2638,5	87,5	1648,9	97,6

Source: *author's own data processing (Zhuk I., 2016)*

The indices of agricultural production in the regions of the Western region and on Ukraine are given in Figure 2.

Figure 2: *Indices of agricultural products (in percent to 1990)*



Source: *author's data processing (Zhuk I., 2016)*

The level of efficiency of agricultural production index shows the volume of agricultural production in per capita (tab. 4)

Table 4: *agricultural production per capita*

(in 2010 prices; hryvnya)

Region	1995	2000	2005	2010	2015	2015 to 1995, (+, -)	Ratings of regions in 2015
Ukraine	3570	3071	3813	4308	x	x	x
Ukraine					5589	+2019	x
Oblasts Carpathian region							
Zakarpatska oblast	2597	2592	2999	3080	3252	+655	21
Ivano-Frankivka oblast	3045	2829	3056	3309	4121	+1076	19
Lvivska oblast	2506	2617	2761	2894	3559	+1053	20
Chernivetska oblast	3643	3273	3745	4312	4712	+1069	16

¹excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol, data for 2014-2015 also excluding the part of the anti-terrorist operation zone.

Source: *author's data processing (Zhuk I., 2016)*

The efficiency of agricultural production depends largely on the efficiency of labor resources. The main characteristic of human resources is the ability to work. The most important feature is its labor productivity. Productivity is crucial to improve efficiency and competitiveness of agricultural production. The dynamics of the efficiency of labor costs in the production process are given in Table 5.

The level of productivity in agricultural enterprises in Ukraine as a whole and in the regions of the Carpathian region since 1995 until 2015 increased. Namely, 7.4 times in Ukraine, in Ivano-Frankivsk region 15.8 times, in Lviv region 14.2 times, in the Transcarpathian region 8.4 times, in Chernivtsi - 6.5 times.

Table 5: *Labor productivity in agricultural enterprises*

(per 1 employee on agricultural production, in 2010 prices; hryvnya)

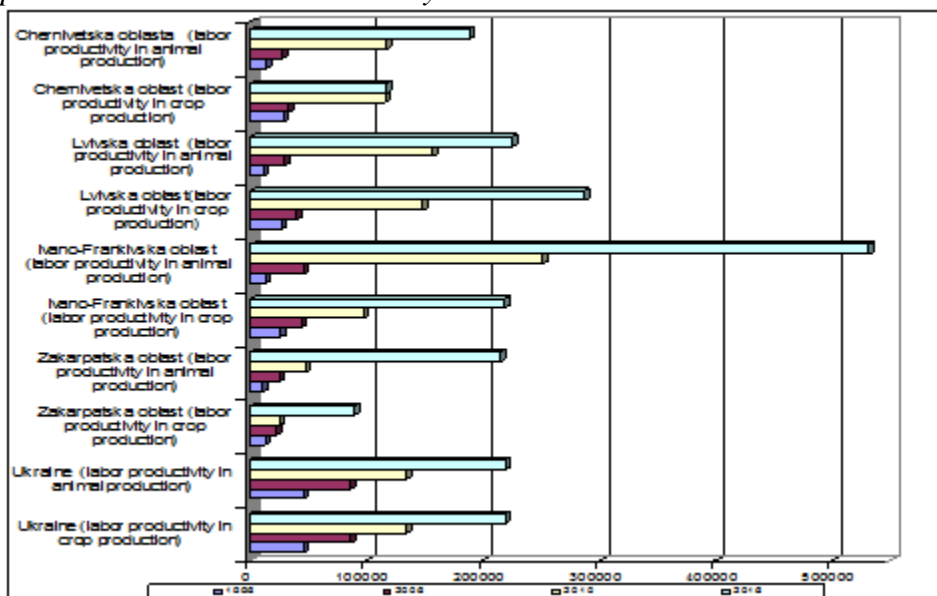
Region	1995	2000	2005	2010	2015 ¹	2015 to 1995, %
Ukraine	30254,8	27066,9	72621,9	132680,4	223309,9	The increase in 7,4
Oblasts Carpathian region						
Zakarpatska oblast	12254,5	9068,2	23007,5	31290,6	103424,4	The increase in 8,4
Ivano-Frankivska oblast	20291,7	13703,1	44964,6	161808,6	321268,8	The increase in 15,8
Lvivska oblast	18661,3	11123,3	35212,8	151682,0	261777,4	The increase in 14,2
Chernivetska oblast	20820,4	14539,8	30998,9	116675,9	135404,5	The increase in 6,5

¹excluding the temporarily occupied territories of the Autonomous Republic of Crimea, the city of Sevastopol and part of the anti-terrorist operation zone.

Source: *author's data processing (Prokopenko, O., 2016)*

It should be noted that labor productivity has increased both in crop production and in animal husbandry (Tab. 5, Fig. 3).

Figure 3: *Labor productivity in agricultural enterprises in crop production and animal husbandry since 1995 until 2015.*



Source: *author's own processing (Prokopenko, O., 2016)*

The crisis of 2014-2015 had a devastating effect on the financial condition of enterprises in Ukraine. In total profitability of the entire national economy changed towards unprofitableness. However, as we see, there is an exception, the agriculture, where in 2015 there was a fabulous rise of yield and profitability: the absolute size of profits - more than a fourfold increase in profitability - almost three-fold increase (Tab. 6).

Table 6: *Financial results of activity of agricultural enterprises of Ukraine*

Indicators	2005	2010	2011	2012	2013	2014	2015	2015 to 2005, %
The official rate for 1 USD, UAH	5,1247	7,9356	7,9676	7,9910	7,9930	11,8867	21,8447	The increase in 4,26
Net income (proceeds) from the sale of agricultural products in actual prices, million UAH	19683	73178	93726	118733	117199	162290	318461	The increase in 16,18
- in dollars USA, million dollars	3841	9221	11763	14858	14663	13653	14578	The increase in 3,8

Profits from the sale of agricultural products in actual prices, million UAH	1253	12750	19926	20199	11804	33284	90231	The increase in 72,01
– in dollars USA, million dollars.	244	1607	2501	2528	1477	2800	4131	The increase in 16,93
The profitability of agricultural production, %	6,8	21,1	27,0	20,5	11,2	25,8	39,2	+32,4

Source: *author's own processing (Prokopenko, O., 2016)*

After the record in 2015, the second in magnitude figure in the history of agriculture in Ukraine over the last 22 years was in 2016. In comparison with 2015, the profitability of the industry fell by 8.3% - from 45.6% to 37.3%. Thus, in crop production this indicator decreased only by 6.3% - from 50.6% to 44.3%, while in animal husbandry - by 14.4% (from 22.1% to 7.7%). The level of profitability of livestock production was the lowest since 2010. The level of profitability of production declined in almost all major types of crop products, including corn and sunflower, and potato production became unprofitable: -3.2% vs. 24.2% in 2015 in particular, in grains and legumes profitability decreased by 5, 4% - from 43.1% to 37.7%, sunflower - by 18.6% (from 80.5% to 61.9%), vegetables of open ground - almost in 2.5 times (from 47.5 % to 19.4%).

The profitability of production increased only in soybeans: by 13.2% - from 38.6% to 51.8% and remained at the level of 2015 for rape - 44.3% and 45.0%, respectively, the academicians said. In animal husbandry production has become profitable in the area of poultry meat (without industrial processing). The level of profitability was 4.9%, while in 2015 it was -6.1%. Also, the profitability of milk increased - by 5.8% (from 12.6% to 18.4%). Instead, it became unprofitable production of pig meat. In 2015, it had a rate of 12.7% return, and in the last year was - 4.6%. Hardly anything has maintained positive result the production of eggs. Last year, the level of profitability was only 0.6% versus 60.9% (!) in 2015. Increased production losses in cattle for meat - from -17.9% to - 24.9%, and sheep and goat meat - from -29.6% to -35.3%. In wool production losses slightly decreased - from -61.9% to -31.8%. Profitability of 2016 was formed under the influence of a substantial cost growth of most products (by 11-38%) against the background of much slower growth in prices of agricultural products, which in 2016 was

109%, and animal husbandry products - only 101.7%. Cost decreased only on production of wool (10.3%), slightly increased for soybean (1%).

Ensuring remunerative agricultural production will continue to depend on the price situation and containment of the growth of production costs, including inflation. The high rates of profit and profitability reduced, but the problem of loss was not eliminated. In 2015, the year ended with a loss of 11.1% of total farms, more than 5 thousand. In general, in the totality of enterprises are unprofitable industry of meat cattle and sheep breeding. To reduce losses, mechanism of state support of agrosphere are intended, but some number of failed executives can be eliminated. We must realize that a certain bankruptcy of few amounts is normal and necessary phenomenon of market relations. When analyzing profitability as evaluation criteria, there appear three methodological issues: adequacy, sustainability, intersectoral parity.

The criterion of adequacy is a recognized indicator of profitability. The explanation of this phenomenon lies in agricultural holdings. According to official statistics, it is the most cost-effective forms of management in the agricultural sector. However, high efficiency is achieved by crop production for which there is demand in the global agro-food market. Growing mainly cereals, sunflower and rapeseed, agricultural holdings do not address specific conditions of agro technological regions. This example demonstrates the growth of sunflower crops in areas of the Carpathian region, which deplete the soil. Thus, traditional cultures cultivation area decreased significantly (Table 7).

Table 7: Dynamics of cultivated areas of major crops

thousand hectares

Plants	Region									
	Ukraine					Carpathian region				
	1990	2000	2010	2015	2015 to 1990, %	1990	2000	2010	2015	2015 to 1990, %
Grains and legumes	14522,2	12586,8	14575,7	14640,9	100,8	644,36	555,5	1566,9	3360,8	The increase in 5,2
Sugar beet	1605,4	747,0	492,0	237,0	14,8	97,2	47,0	21,9	13,2	13,6
Fibre flax	169,4	19,8	1,0	1,4	0,8	42,2	4,9	0,1	0,0	Reduction in 42,2
Sunflower	1626,3	2841,6	4525,8	5166,2	The increase in 3,17	1,4	8,1	11,8	36,2	The increase in 25,9
Soybean	87,8	60,6	1036,6	2135,6	The	3,7	0,3	38,4	138,0	The

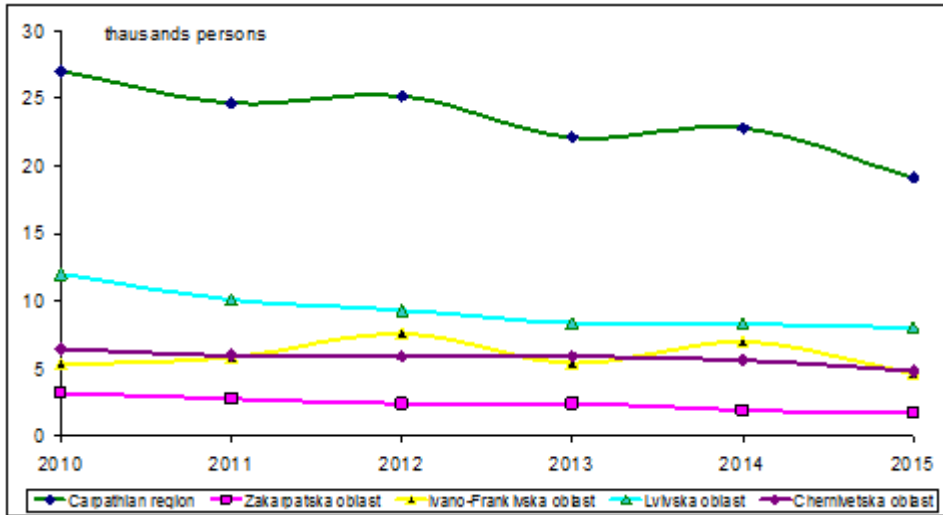
					increase in 24,3					increase in 37,3
Rape and colza	89,6	156,7	862,5	671,1	The increase in 7,5	17,6	25,4	59,9	87,5	The increase in 5
Potatoes	1432,7	1631,0	1411,8	1291,0	90,1	169,4	233,9	224,0	222,0	The increase in 1,31
Vegetables	447,2	518,6	467,8	447,1	99,9	32,9	51,2	57,6	60,4	The increase in y 1,84
Fruits and berries	679,8	378,0	223,2	206,0	30,3	82,0	50,8	45,7	51,5	62,8

Source: *author's own processing (Prokopenko, O., 2016)*

Profit maximization of agricultural producers by instituting crop rotations and traditional specialization of regions in the near future will lead to environmental disaster. Its consequences have to be at their own expense to eliminate rural communities, because there is no effective system of compensation for environmental damage in our country. Thus, the production structure needs to be improved, in particular, optimum concentration of areas of production of crops, sugar beet, sunflower, soy, grasses, etc. needs to be determined to ensure the compliance rotation.

There is a perception that agricultural holdings create the new jobs and contribute to solving the problems of unemployment in rural areas. However, as evidenced by research of employment in agriculture, the number of employees continues to decline steadily (Fig. 4). The situation in the near future will not change significantly because agricultural holdings cultivate mainly products whose production can be mechanized and requires considerable labor costs. The production line of agricultural enterprises gained a clear focus on the development of those industries that require the least labor costs and funds and can guarantee the profitable activity. Such transformations in the structure caused not only reducing the need for labor, but also led to increasing seasonality of work, helped to spread part-time farm workers.

Figure 4: Average annual number of employees in agricultural enterprises, thousands persons



Source: author's own processing (Prokopenko, O., 2016)

Targeting large farms for export, increasing cultivation of fast-payback, and less labor-intensive crops (which deplete the earth), the monopolization of regional procurement lead not only to higher food prices and low domestic market certain foods, but also to the constant release of employees in the agricultural sector citizens and reduce their income. Agro holdings actively reduce the number of employees (providing employment only by one fifth of the working rural population) and lower labor costs. The proportion of the annual payroll in the cost of agricultural enterprises - by 9.7% (if the return is not less than 50% - 4.7%) (Table 8).

Table 8: Average monthly nominal wage in agricultural enterprises

Region	2013		2014		2015		2015 to 2013p, %	
	hryvnya	dollars	hryvnya	dollars	hryvnya	dollars	hryvnya	dollars
Ukraine	2269	283,8	2476	208,30	3140	143,74	138,39	73,41
<i>Oblasts Carpathian region</i>								
Zakarpatska oblast	1565	195,8	1733	145,79	2023	92,47	129	47,23
Ivano-Frankivska oblast	2374	297,01	2661	223,86	4358	199,50	183,57	67,17
Lvivska oblast	2353	294,38	2632	221,42	3934	180,09	167,19	61,18
Chernivetska oblast	2000	250,22	1966	165,40	2537	116,14	126,85	46,42

The official rate for 1 USD, UAH	7,9930	11,8867	21,8447	x	x
----------------------------------	--------	---------	---------	---	---

Source: *author's own processing (Prokopenko, O., 2016)*

An important aspect of income of the rural population is wages. Average monthly nominal wage of a staff member of the agricultural enterprises in Ukraine in 2015 compared to 2013 increased by 38.39% and amounted to 3140 UAH. However, real wages declined, if in 2013 amounted to 283.8 USB, in 2015 - 143.74 USD, it means decreased by 25.49%. In terms of regions, in the Carpathian region the situation is even worse. It should be added that wages in agro holdings is often paid "in envelopes" often happens arrears of wages more than a month. Bonuses may be provided, but at the same time, also a common system of penalties. If this neglect to consider before taxes and investing in social services communities in whose territories they operate, we can see the obvious negative impact of modern integrated formations on creating favorable living environment in rural areas.

Structural changes in the agricultural sector adversely affected the living standards of the rural population. Based on the theory of comparison shopping preferences formulated by D. Ricardo, agricultural production by some rural areas are unprofitable because of high costs. This does not mean you have to eliminate the farms and switch entirely to agricultural holdings. A negative factor for its actions is a gradual replacement of the agrarian market of other economic operators (farms, individual entrepreneurs), as a result, reduced tax payments to local budgets (agro corporations pay taxes at the place of official registration of the parent company); reduced level of rural employment (industrial process of agro corporation usually highly mechanized and has lower complexity, reducing the need for labor); reduced funding for social infrastructure development in rural areas (agro corporations are businesses whose activities are primarily focused on obtaining economic benefits). Reflecting the negative impact on socio-economic development of the village, is also a reduction of diversification level of production of monoculture (Belei, S., Zybarieva, O., 2015).

As a result, rural areas of Ukraine faced a number of challenges due to the destruction of social and communal infrastructure deterioration of human capital build-up of social and demographic disparities, insufficient effective use of available natural resources, ecological deterioration of economic conditions. Ukrainian peasants in most cases that not build their

villages, but at least preserve them from destruction are not possible. There is an active migration from rural to urban areas and abroad, which in turn further reduces the potential for innovative rural development area through the leaching of human capital and the resulting deterioration in quality.

Practice shows that the developed countries, in overcoming these negative trends, non-agricultural activities can play a significant role, especially those that do not require public investment, and can be satisfied by using the existing rural private housing, material wealth.

Therefore, the model of rural development should be based on consumer behavior. The instrument of smoothing differences between the more developed and urbanized regions and less developed ones stand the country tourism. The basic idea of rural tourism is a personalized approach on the provision of services location, accommodation, food in rural areas, introduction of the way of life, culture and lifestyle. The specific of rural tourism as an economic activity is not only to meet the needs of consumers in rest and in the implementation of important influence on other sectors of the rural economy through diversified communications.

Rural green tourism is multifaceted phenomenon. One of its aspects (considering the current state of rural development) is a social one, because it contributes to social and economic development of the village. The second aspect is to obtain additional opportunities for farmers, which is the basis for the recognition of rural tourism as socially valuable and useful area of relationship that deserves full support from the state. It has the potential to provide a significant contribution to the rural economy in the form of new jobs, increased revenues from foreign trade, replenish the state budget through taxes, promoting the reduction of imports and intensify the use of local raw materials.

Rural green tourism is the industry of exports, which differs from other exports by one important aspect: most exporters take out products of the country to the consumer, and the consumer in tourism comes into the country to buy and consume produced products and services. This creates additional income to the agriculture budget. In addition to direct owners, who provide services of rural green tourism, most of the village population, who are engaged in embroidery, weaving, carving, painting

eggs, blacksmithing, horticulture, gardening, beekeeping, animal husbandry, including breeding, may get jobs.

Thus, systemic exposure of rural tourism on the economy of rural areas occurs because of systemic effects (economic, social, ethnic, cultural, personal and environmental) and systemic links with other subjects of economic activities (farms, food producers, shops, accommodation, construction companies, craftsmen, carriers, hunting, fishing and horse farms, etc.). As a result of these influences, a synergy of rural tourism is formed, providing the multifunctional (diversified) socio-economic development of the rural economy. The process of developing synergies of rural tourism carries incremental character, involving to the creation of complex tourism products increasingly number of participants. The maximum positive impact on rural areas can be provided under conditions of sustained, focused and systematic cooperation of all stakeholders - the subjects of tourism entrepreneurship, government and local government, i.e. the process of structuring economic relations and the establishment of formal institutions interaction (NGOs, clusters, associations, etc.) in the field of rural tourism.

Conclusion

Despite the prolonged nature of transformation of agricultural development, studies show that in its majority is not taken into account a social component which is extremely important - the interests of the farmer, not only as a producer of wealth, but also as a carrier of values of rural life, culture, knowledge and skills. Also, until now there has been increasing differentiation of economic development and quality of life in urban and rural areas. Given the disharmony in the field of agriculture and rural areas, taking into account national peculiarities and trends to improve the welfare of peasants and providing real results of economic growth to address effectively problems associated with rural development, it is appropriate to continue close cooperation between the public, private and public sectors. With this partnership a significant role for rural tourism also has an initiative activity of villagers, mobilization of local potential, including financial, logistical, and natural potentials of agricultural enterprises and peasants living in rural areas, within the given, based on rational use of local resources, forming diversified and competitive versatile farming, diversified rural economy, favorable agricultural landscapes, through the development and growth of human

and social capitals, development of partnership between government, business and communities.

Rural development based on the synergistic effects that manifest as a result of integrative interaction of rural areas elements will lead to qualitative change in its status, and ways to develop a dynamic equilibrium of the economy with a stable path of development, i.e. trinity position: performance of economic functions of rural areas; growth of the level and quality of life of the rural population; maintenance of the ecological balance in the biosphere.

References

1. Baltserovich, L., Zhontsa, A. (2013). *Puzzles of economic growth: Driving forces and crises — comparative analysis*. (Yu. Chaynikova, Trans). Moscow: Idea. [In Russian].
2. Platon, (1971). *Works: (Vols. 1-3).*. Moscow: Idea. [In Russian].
3. Zhuk, I. (Eds.). (2016). Statistical yearbook of Ukraine for the year 2015. Kyiv: State statistics service of Ukraine. [In Ukrainian].
4. Prokopenko, O. (Eds.). (2016a). Agriculture of Ukraine: Statistical yearbook for the year 2015. Kyiv: State Statistics Service of Ukraine. [In Ukrainian]
5. Prokopenko, O. (Eds.). (2016). Crop production of Ukraine. Statistical yearbook for the year 2015. Kyiv: State statistics service of Ukraine. [In Ukrainian].
6. Prokopenko, O. (Eds.). (2016). Main economic indicators production of agricultural products in the agricultural enterprises. Statistical Yearbook for the year 2015. Kyiv: State Statistics Service of Ukraine. [In Ukrainian]
7. Prokopenko, O.M. (Eds.). (2016c). Livestock of Ukraine. Statistical Yearbook for the year 2015. Kyiv: State Statistics Service of Ukraine. [In Ukrainian]

8. Zhuk, I. (Eds.). (2016). National accounts of Ukraine. Statistical yearbook for the year 2015. Kyiv: State statistics service of Ukraine. [In Ukrainian].
9. Belei, S. (2015). *The conceptual framework of the reproductive potential of rural areas*. Scientific and educational journal. Geneva: Publishing Center of The international scientific association of economists "Consilium", Vol. 1, 127-130. [In Ukrainian].
10. State and prospects of infrastructure development of regions of Ukraine. Retrieved from <http://www.fes.kiev.ua/new/wb/media/InfrASTRUKTURA.pdf> [In Ukrainian]
11. Sil's'ke hospodarstvo Ukrayiny [Agricultural Ukraine]. Retrieved from <http://www.ukrstat.gov.ua/> [in Ukrainian].
12. Pidvyshchennya yakosti zhyttya na seli maye buti pid postynoyu uvah derzhavy [Improving the quality of life in rural areas should be under constant attention of state]. Ofitsiyne Internet- predstavnytstvo Prezydenta Ukrayiny. Retrieved from <http://prezident.gov.ua> [in Ukrainian].
13. Belei, S., Zybarieva, O. (2015). *Prospects of development of rural territories in the context of Ukrainian-Romanian cross-border cooperation of Euroregion "Upper Prut"*. Lviv: DU "Instytut rehionalnykh doslidzhen imeni M.I. Dolishnoho NAN Ukrainy". Vol. 6 (116), 31-37 [In Ukrainian]