



---

# **PLANNING OF SOCIO-ECONOMIC DEVELOPMENT OF THE TERRITORIES (EXPERIENCE OF EUROPEAN UNION)**

**Liudmyla M. Akimova**

National University of Water and Environmental Engineering, Rivne, Ukraine

**Nataliia L. Khomiuk**

Lesya Ukrainka Eastern European National University, Lutsk, Ukraine

**Ivan M. Bezena**

Communal Institution of Higher Education “Dnipro Academy of Continuing Education” of  
Dnipropetrovsk Regional Council, Dnipro, Ukraine

**Iryna L. Lytvynchuk**

Zhytomyr National Agroecological University, Zhytomyr, Ukraine,

**Olha Petroye**

National Academy for Public Administration under the President of Ukraine, Kyiv, Ukraine

## **ABSTRACT**

*In the course of the research it has been revealed that each country in the world most frequently provides support in the sphere of socio-economic development of territories among other areas of activity. Herewith, it has been established that a significant place in this direction also belongs to supporting the development of rural territories. The aim of the scientific article is a thorough study of key aspects concerning planning of the socio-economic development of territories on the example of European Union Member States with transition economy. The research methods such as comparison and grouping have been used to study the features of planning of socio-economic development in the territories of Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia and the Czech Republic. Theoretical aspects of socio-economic development's planning of territories have been considered. The practical aspects of socio-economic development's planning of the territories of Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia and the Czech Republic have been analyzed, which are presented through such indicators as: average life expectancy; employment of the population; economically active population; number of enterprises actively engaged in activity; indicator of agricultural labor. According to the results of the studies conducted and the key takeaways of practical aspects of socio-economic development's planning of territories,*

*it has been established that in such countries of the European Union as Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia and the Czech Republic various measures are individually implemented to increase socio-economic development of territories, including rural areas.*

**Keywords:** Territory, Rural territory (area), Socio-economic development, Strategy “Europe 2020”, European Union

**Cite this Article:** Liudmyla M. Akimova, Nataliia L. Khomiuk, Ivan M. Bezena, Iryna L. Lytvynchuk and Olha Petroye, Planning of Socio-Economic Development of the Territories (Experience of European Union), *International Journal of Management*, 11 (4), 2020, pp. 567-575.

<http://iaeme.com/Home/issue/IJM?Volume=11&Issue=4>

---

## 1. INTRODUCTION

The problems of ensuring sustainable development of territories has become rather important in the context of the transformation of modern economic systems into the global economic space. It should be noted that every country in the world most frequently provides support in the sphere of socio-economic development of territories. Herewith, a significant place in this direction belongs to supporting the development of rural territories. This, in turn, will increase the standard of living and employment of the population in rural areas and ensure a proper level of competitiveness in agricultural sectors.

Thus, the relevance of the topic of this article, based on the socio-economic problems of each country, aimed at a thorough study of the key aspects of planning and ensuring the socio-economic development of territories.

## 2. LITERATURE REVIEW

A review and analysis of the scientific literature, connected with subject matters of the socio-economic development of territories on the example of European Union countries has revealed a wide range of studies conducted by various academic economists and scholars.

So, for example, in [1] is defined the essence of the concept of “territoriality”, under which they consider the strategy for managing spatial development. Scientists also investigate the features of Finland’s regional development zones and conclude that these zones can serve as tools for the interconnection of modern territorial development concepts of European Union countries and post-structural spatial planning theories with a focus on spatial development management practices [1]. Researcher in [2] investigates key aspects of using integrated approaches in territory development; the basic aim of its application centers around reducing differences between regions and strengthening their development and competitiveness. The scholar also analyzes the application of integrated approaches in the Czech Republic through the designed system of comprehensive urban development plans, which is a key component of the framework of structural funds [2].

At the same time, in [3] was identified the tools necessary to assess the sustainable development of territories based on cluster analysis. Taking into consideration this fact, the key indicators of quantitative assessment of sustainable development of territories are: budget; economic infrastructure; social infrastructure, transport infrastructure [3].

Authors in [4] refer to analysis methodology and development of social stability and social security of territories. Scientists propose to analyze the social stability of territories through indicators of social security of territories, including: in the spheres of demography, health, accessibility of health care, employment and income of the population, education and

availability of education, inequality and accessibility of well-being, living conditions, security, etc.

In [5] was analyzed the tendencies of strategic development of Latvia's territories, which are primarily facilitated by the assistance of European Union through the allocation of funds from structural funds (EU Structural Funds). However, according to the results of the research, scientists have established large regional imbalances in Latvia, primarily due to the unequal allocation of funds from the structural funds of European Union.

At the same time, in [6] was considered the formation peculiarities of management system of economic, social and ecological development of rural territories on the basis of using the experience of European Union countries. Scientists also claim that global trends, guiding the development, should be taken into account in the context of ensuring sustainable development of rural areas. In addition, it has been established that the determining factor is the agricultural production in order to ensure the sustainable development of rural territories, but, at the same time, attention should be focused on alternative types of economic activity [6].

Author in [7] investigates the issues of neo-endogenous rural development in European Union; he discovers that it is possible to achieve socio-economic well-being in rural areas by restructuring public intervention not in specific areas, but especially in the development of regional (local) territories. At the same time, the scientist determines that the authorities of the local territory should be directly involved in the socio-economic development of their territory, as well as they should be responsible for their actions [7]. Also, author examines the subject matters of rural development in European Union; he establishes that rural territories in EU are being developed, focusing on sectoral and territorial policies [7].

So, was provided an assessment of the sustainability of rural development in European Union countries by economic, environmental and social indicators [8]. According to the results of calculations it has been revealed that such countries of European Union as Hungary, Bulgaria, Cyprus have the highest level of sustainability of rural development, while Latvia, Romania and the United Kingdom have a low level of sustainability [8].

Herewith, in [9] is noted that the solution of the problem concerning ensuring the rights and freedoms of citizens and their greater democratization lies in the context of ensuring interaction between the state and society; it will substantially contribute to the development of territories. Such actions will raise the living standards and achieve stability, based on the development peculiarities of each territory (region) of the state.

Then, was provided the state estimation of the territory (environment) development based on the use of a balanced system of economic and environmental indicators in order to manage existing and potential investment projects [10].

### **3. MATERIALS AND METHODS**

The research methods such as comparison and grouping have been used to study the features of planning of socio-economic development in the territories of Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia and the Czech Republic.

The practical aspects of planning of the territories' socio-economic development of European Union countries are presented through such indicators as: 1) average life expectancy of the population; 2) employment of population; 3) economically active population; 4) the number of enterprises actively engaged in activities; 5) indicator of agricultural labor.

### **4. RESULTS AND DISCUSSION**

In the course of the study it has been established that a number of special programs were developed and implemented in order to ensure regional development and regional imbalances

in the countries of European Union, among which it is worth noting the following basic directions of their focus, namely: a) assistance to the development and structural alignment of regions lagging behind in socio-economic development; b) ensuring the transformation of non-industrialized regions; c) ensuring the development and structural alignment of rural territories (districts); d) ensuring the development and structural alignment of the northern regions [11].

In addition, the identification of regional development in the European Union is carried out by a properly developed NUTS system. This system consists of the nomenclature-territorial units necessary for statistics. Therefore, NUTS is divided into:

- NUTS-1 (lands of the Federal Republic of Germany are an example of the level of development);
- NUTS-2 (the voivodships of Poland are an example of the level of development);
- NUTS-3 (rural regions are an example of a level of development) [11].

At the same time, some countries of the European Union also use NUTS-4 and NUTS-5 to establish the development of their territories.

Taking in consideration the above, the implementation of regional development programs should be based on the principles specially established by European Union. Therefore, the essence of these principles is as follows:

- ensuring territorial integrity due to more balanced socio-economic development of the regions and in the context of increasing their competitiveness;
- provision the development of regions by fulfilling the functions of the city and improving the rural-urban relationship;
- modernization of connections between cities and villages of different size;
- ensuring the availability of information and necessary knowledge;
- reducing the negative impact and damage to the environment;
- strengthening the protection of natural resources and natural values;
- increasing the scale of cultural heritage, which is an important social factor in the development of territories;
- rational use of energy resources;

It should also be noted that European Union pursues a policy of regional cohesion. The essence of this policy is to ensure the harmonization of the development of EU regions. Cohesion policy implementation features are laid down in Strategy “Europe 2020”. At the same time, the main objectives of the Strategy “Europe 2020” are as follows: 1) to promote the growth of regions by increasing their competitiveness (in particular, those regions that are less developed); 2) to promote inclusive growth by increasing employment and improving the well-being and quality of life of the population; 3) to ensure the protection and quality upgrading of the environment.

The European Commission has developed the European Social Progress Index in the context of determining the development level of the regions of each European Union’s Member State. The essence of this index is to measure the level of social progress for each of the regions of European Union countries, whereas this index acts as an addition to determining the level of economic progress. It should be noted that this index has been formed according to the position of the Global Social Progress Index and is based on fifty indicators, which are primarily determined by Eurostat [12].

Within the scope of disclosure of the article subject, it is necessary to pay attention to the dynamics of such socio-economic indicator as life expectancy of the population. Considering that, an analysis of the dynamics of average life expectancy for each of the countries of

European Union with a transition economy gives reason to note that such countries as the Czech Republic, Estonia and Croatia have the highest indicators of average life expectancy of men and women. At the same time, a low average life expectancy is observed in Bulgaria, Latvia and Romania, where on average men and women live 2 to 3 years less, in contrast to countries with the highest rates. An analysis of Table 1 shows that in almost every European Union Member State with a transition economy there was an increase in the average life expectancy of the population in 2018, compared with previous years (except for Poland) [13-15].

**Table 1** Average life expectancy of European Union Member States with a transition economy, years [12]

No.	Countries	2014	2015	2016	2017	2018
1	Bulgaria	74,5	74,7	74,9	74,8	75,0
2	Estonia	77,4	78,0	78,0	78,4	78,5
3	Latvia	74,5	74,8	74,9	74,9	75,1
4	Lithuania	74,7	74,6	74,9	75,8	76,0
5	Poland	77,8	77,5	78,0	77,8	77,7
6	Romania	75,0	75,0	75,3	75,3	75,3
7	Slovakia	77,0	76,7	77,3	77,3	77,4
8	Hungary	76,0	75,7	76,2	76,0	76,2
9	Croatia	77,9	77,5	78,2	78,0	78,2
10	The Czech Republic	78,9	78,7	79,1	79,1	79,1

A significant indicator of planning of territories' socio-economic development is also an indicator of population employment. According to the data in Table 2, in 2018, compared with the beginning of the analyzed period, the highest rate of increase in employment was observed in Hungary (by 9, 6%), Slovakia (by 8, 1%) and Estonia (by 6, 8%). On the other hand, the employment of the population slightly increased in Romania (by 0, 2%), Bulgaria (by 2, 5%) and Latvia (by 2, 6%).

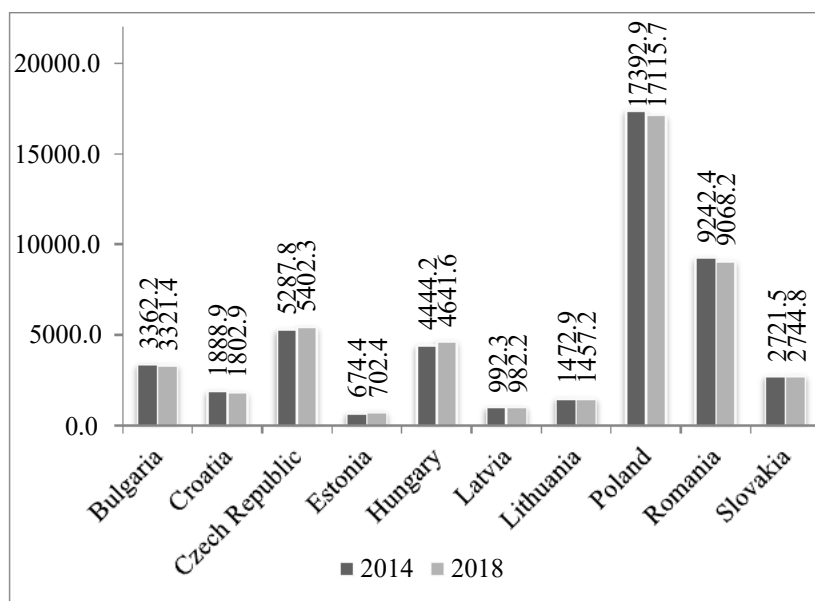
**Table 2** Employment of population in European Union Member States with a transition economy, thousand people [12]

No.	Countries	2014	2015	2016	2017	2018
1	Bulgaria	3434,2	3446,2	3463,4	3525,4	3521,6
2	Estonia	605,5	622,9	624,7	641,5	649,5
3	Latvia	876,6	889,0	886,3	886,0	900,2
4	Lithuania	1322,8	1341,3	1371,8	1361,9	1380,6
5	Poland	n. d. a.	n. d. a.	16099,7	16315,0	16403,7
6	Romania	8634,6	8525,7	8429,6	8631,2	8651,4
7	Slovakia	2223,2	2267,1	2321,1	2372,3	2419,9
8	Hungary	4219,0	4312,8	4472,9	4559,0	4666,6
9	Croatia	1575,0	1594,6	1599,2	1634,4	1664,4
10	The Czech Republic	5109,0	5182,0	5264,0	5346,0	5418,0

**Note:** n. d. a. – no data available

For the matter of the dynamics of economically active population in European Union Member States with transition economy, the most active population has been observed in Poland, Romania and the Czech Republic in 2014 and 2018 (Figure 1). Despite rather high positions in the number of economically active population among European Union Member States with transition economy, the values of these indicators fell in 2018 by 1,6% and 1,9%,

respectively in Poland and Romania, compared to 2014. The studies also prove that a significant increase in the economically active population in 2018 compared to 2014 took place between countries that are outsiders among European Union Member States with transition economy. Therefore, the increase was recorded in Estonia (by 4, 0%) and Slovakia (by 0, 8%) [13-15].



**Figure 1** Economically active population in European Union Member States with a transition economy, thousand people [12]

In the course of the study it has been established that assessing the dynamics of enterprises that are actively operating in the countries of European Union is equally important in the process of planning of the socio-economic development of territories.

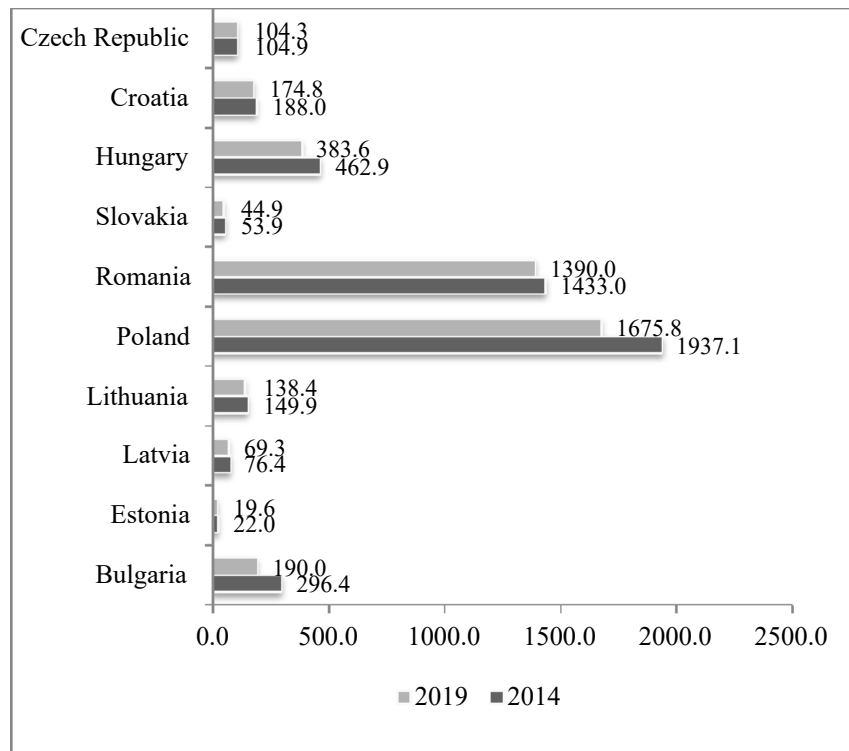
Taking this into consideration, and also taking into account the partial availability of data on this indicator, it was revealed that numerous enterprises functioned actively during 2014-2017, with an increase in 2017 compared to 2014; these enterprises were concentrated in the Czech Republic (an increase by 1,8%), Romania (7,1%) and Hungary (8,2%) (Table 3).

**Table 3** Number of enterprises actively operating in European Union Member States with a transition economy, thousand people [12]

No.	Countries	2014	2015	2016	2017
1	Bulgaria	389726	398167	409247	410003
2	Estonia	n. d. a.	96421	100046	104628
3	Latvia	n. d. a.	n. d. a.	152742	148447
4	Lithuania	214274	225220	240687	250283
5	Poland	n. d. a.	n. d. a.	2388936	2478566
6	Romania	766167	770772	799949	824817
7	Slovakia	476839	486337	495373	524869
8	Hungary	630767	644830	654995	686888
9	Croatia	162032	161754	163109	168168
10	Czech Republic	1141610	1147507	1160661	1162812

**Note:** n. d. a. – no data available

At the same time, as stated above, the development of rural territories is one of the directions of socio-economic development of territories. Herewith, it was established that in 2014 and in 2019 Poland and Romania made the largest total contribution of labor to agriculture among the countries of European Union with transition economy. However, in 2019, in contrast to 2014, the labor force contribution indicator for agriculture in Poland and Romania decreased by 15, 6% and 3, 1% respectively. A reduction labor force contribution indicator for agriculture also took place in other EU Member States. In particular, Bulgaria was the country, where the reduction was very significant; it amounted to more than half of the deposit amount (56, 0%) (Figure 2).



**Figure 2** Dynamics of agricultural input in European Union Member States with a transition economy (1 000 units of labor per year) [12]

Therefore, in the context of the analysis of socio-economic development features of rural territories in European Union Member States with a transition economy, it has been established that such countries as Poland and Romania actively implement various measures to improve socio-economic development of rural areas, as evidenced by relevant statistical information. On the other hand, other European Union Member States with a transition economy should follow the example of these countries and develop rural areas more promisingly.

According to the results of the studies and the takeaways of practical aspects of planning of territories' socio-economic development in European Union Member States, it has been established that each member state of European Union with a transition economy individually implements the task of socio-economic development of the territories. However, in the process of forming practical recommendations on planning and implementing measures for the socio-economic development of territories, such member states of European Union as Bulgaria, Estonia, Latvia, Lithuania Poland Romania, Slovakia, Hungary, Croatia and the Czech Republic should observe the key principles defined by the Strategy "Europe 2020", as well as the principles of sustainable spatial development policies defined by the Council of Europe [13-15]. As regards the socio-economic development of rural areas, it should be noted that such

European Union Member States with a transition economy as Poland and Romania, have intensified their activities. In the course of the study it has been established that both Poland and Romania are actively implementing various measures to improve the socio-economic development of rural areas, as evidenced by the relevant statistical information. On the other hand other European Union Member States with a transition economy, such as: Bulgaria, Estonia, Latvia, Lithuania, Slovakia, Hungary, Croatia and the Czech Republic should take into account the particularities of planning and implementing the policy of socio-economic development of rural territories of Poland and Romania, which will make it possible to develop rural areas more promisingly.

## 5. CONCLUSION

Thus, in the framework of the study conducted, the practical aspects of planning of territories' socio-economic development of European Union Member States with a transition economy have been analyzed which are presented through indicators such as: average life expectancy of the population; employment of the population; economically active population; number of enterprises actively engaged in activity; indicator of agricultural labor.

The results of the conducted research and the conclusions of practical aspects of planning of territories' socio-economic development in such countries of European Union as Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia and the Czech Republic form the basis to state that each European Union Member State implements various measures to improve the socio-economic development of the territories, including rural territories.

## REFERENCES

- [1] Jauhiainen, J. S., Moilanen, H. Towards fluid territories in European spatial development: regional development zones in Finland. *Environment and Planning C: Government and Policy*, **29(4)**, 2011, pp. 728-744.
- [2] Škorňa, D. The usage of integrated approaches in development of territories. *Regionální studia*, **2**, 2011, pp. 58-70.
- [3] Ferova, I. S., Lobkova, E. V., Tanenkova, E. N. and Kozlova, S. A. Tools for Assessing Sustainable Development of Territories Taking into Account Cluster Effects. *Journal of Siberian Federal University. Humanities & Social Sciences*, **4**, 2019, pp. 600-626.
- [4] Bela, B. and Rasnaca, L. Social sustainability and social security of territories: methodology of analysis and relevance for development. Proceedings of the 2015 International Conference: *Economic science for rural development*. Jelgava: LLU ESAF, 2015, pp. 71-80.
- [5] Cingule-Vinogradova, S. and Latviete, I. Allocation of the EU Structural Funds – Promotion of Strategic Development of Territories in Latvia. *Economic Science for Rural Development*, **25**, 2011, pp. 58-66.
- [6] Gorb, O., Yasnolob, I., Dedukhno, A. and Kaliuzhna, Yu. The formation of the management system of ecological, social, and economic development of rural territories using the experience in European Union. *Journal of Environmental Management and Tourism*, **3(19)**, 2017, pp. 516-528.
- [7] Gallardo-Cobos, R. Rural development in the European Union: the concept and the policy. *Agronomia Colombiana*, **28(3)**, 2010. [http://www.scielo.org.co/scielo.php?script=sci\\_arttext&pid=S0120-99652010000300014](http://www.scielo.org.co/scielo.php?script=sci_arttext&pid=S0120-99652010000300014)
- [8] Siudek, T. Estimation of the economic and financial performance of the cooperative banks in Poland by employing the complex indicator. *Acta Scientiarum Polonorum. Oeconomia*, **3**, 2016, pp. 101-113.
- [9] Holovatyi, M. The state and society: The conceptual foundations and social interaction in the context of formation and functioning of states. *Economic Annals-XXI*, **9-10**, 2015, pp. 4-8.



- [10] Shvets, V. Y., Rozdobudko, E. V. and Solomina, G. V. Aggregated methodology of multicriterion economic and ecological examination of the ecologically oriented investment projects. *Naukovyi Visnyk Natsionalnoho Hirnychoho Universytetu*, **3**, 2013, pp. 139-144.
- [11] Majboroda, Gh. M. Polityka vyryvnyuvannja rozvytku rehioniv JeS. *Geograf*, 2020. <http://www.geograf.com.ua/geoinfocentre/20-human-geography-ukraine-world/497-politika-virivnyuvannya-rozvitku-regioniv-v-es>
- [12] European Union Member States. *Eurostat*, 2020. <https://ec.europa.eu/eurostat/>
- [13] Europe 2020 – Overview. *European Commission*, 2020. <https://ec.europa.eu/eurostat/web/europe-2020-indicators>
- [14] European Social Progress Index. *European Commission*, 2020. [https://ec.europa.eu/regional\\_policy/en/information/maps/social\\_progress](https://ec.europa.eu/regional_policy/en/information/maps/social_progress)
- [15] European Regional Policy: inspiration for non-EU countries? *European Commission*, 2020. [https://ec.europa.eu/regional\\_policy/sources/docgener/presenta/international/external\\_uk.pdf](https://ec.europa.eu/regional_policy/sources/docgener/presenta/international/external_uk.pdf)
- [16] Dr. Sasmita Samanta and Ajaya Kumar Nanda, Financial Literacy Lead to Empowering the Socio-Economic Condition of Tribals Through Information Technology, *International Journal of Civil Engineering and Technology (IJCIET)*, 10 (1), 2019, pp. 327–341
- [17] Mamaev O. A., Panov S. A., Shepelev V. V., Concept of Modernization of Socio-Economic Programs in the Region, *International Journal of Mechanical Engineering and Technology* 9(13), 2018, pp. 1482–1488
- [18] Aravind S, K V Ramesh and Shambavi Kamath M, Modelling the Impact of Socio-Economic Dynamics on Urbanization Over Hyderabad, *International Journal of Civil Engineering and Technology*, 8(4), 2017, pp. 368–375.
- [19] Ekaterina Alexandrovna Pogrebinskaya, Natalia Yurevna Zubenko and Natalia Sergeevna Murodhodjaeva, University and City: Evolution and SocioEconomic Features of Development, *International Journal of Civil Engineering and Technology*, 9(11), 2018, pp. 2444–2451