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TRANSFORMATION OF INNOVATION DEVELOPMENT OF THE FOOD PRODUCTION SPHERE IN UKRAINE: THE ROLE OF GOVERNMENT REGULATION

N.P. Chorna



*PhD, Associate Professor
Ternopil National Economic University*

Role of government control in the modern transformation processes of innovative development of food production sphere in Ukraine is investigated in the article. Structural and organizational-economic aspects of government control on development of agriculture and food retail industry are analyzed. The models of transformation of food production sphere of Ukraine are developed.

Keywords: transformation, innovative development, food production sphere, modeling, government control.

Statement of the problem. Current global trends of innovation development for agricultural development and food industries, as well as key problems of food security of our country, determine the importance of developing and implementing the national concept of innovation development the sphere of food production. Justification of certain provisions of this concepts related to the factors and principles of innovation development in that sphere, in our opinion, is one of the urgent tasks of national economics.

Analysis of recent research and publications. Theoretical-methodological and practical issues of food security often seen in science in the works of Y. Bilyk, P. Borschevsky, V. Geyets, A. Goychuk, L. Deyneko, M. Koretsky, O. Kochetkova, I. Lukinov, P. Markov, G. Mostovy, O. Pabat, P. Sabluk, V. Tregubchuk, V. Shamray, V. Yurchyshyn et al. At the same time, in the works of A. Gonchar, V. Goncharov, M. Dolishniy, S. Doroguntsov, A. Zayinchkovsky, P. Kupchak, O. Onyshchenko, L. Opatska, M. Palamarchuk,

P. Rusnak et al. Ukrainian scientists are outlined the ways of the modern development the food industry in Ukraine in the context of food security. It should be mentioned that an adequate knowledge of problems of transformation of the production of food, combined with study ways to ensure food security in science does not solve priority, in our opinion, the problem – develop and implement an innovative model of development and implementation of appropriate management, organizational, etc. measures.

Based on this, the aim of research is to study trends transforming the production of food in Ukraine in the context of the transition to an innovative model of development with the use of government regulation.

Research methods include methods of system analysis, scientific abstraction, synthesis, analytical and comparative methods.

The main material. According to many experts, no country can develop normally without economically developed sphere of food production, especially its agricultural

component. Accordingly, only the intensification of domestic agriculture development that can provide the greatest multiplier effect compared to other sectors, positively impact on the entire economy, it will facilitate its exit from the systemic crisis and the elimination of chronic shortages of most agricultural products, raw materials and food [7, p. 14].

In particular, according to the International Food Policy Institute [11], an increase in agricultural production only 1% is the overall economic growth of 2.3%.

Enterprises of the food industry also in today's faced with the need introduction of new technologies, solutions and equipment. This trend has significantly increased after the accession of Ukraine to the World Trade Organization, as tough conditions out on the world food market provide for compliance the technical conditions of production, standardization and control of quality and need to move fast food industry of Ukraine to the innovative development model [5]. Use of innovative developments in manufacturing equipment and software products given in such circumstances, the possibility for producers to increase productivity, improve product quality, expand their markets and increase product competitiveness, optimize staff, minimize the impact of human factors on the quality of the finished product, and as a result, the thus, increase the market value of production [1].

Важливим інструментом, що повинен сприяти інноваційному розвитку сфери виробництва продуктів харчування, має бути державне регулювання. У цьому контексті можемо погодитися із М. Мироненком [6] у тому, що між категоріями «державне регулювання» і «державне управління» існують суттєві відмінності, хоча ними у вітчизняних дослідженнях і практиці управління часто нехтують.

An important tool that should facilitate the development of innovative food production should be government regulation. In this context, we can agree with M. Mironenko [6] that between the categories of "government regulation" and "governance" there are significant differences, although they in domestic research and management practice is

often neglected.

In particular, the governance of agricultural production - is a direct managerial influence on the organization of agriculture, carried out mainly through local rulemaking and other methods of administrative influence. The government should limit through the scope of state property and its facilities for which the State is entitled to exercise functions of property management, and operational management functions if its provided by the constituent documents. State regulation of agricultural production should be seen as an indirect impact on the management of socio-economic processes in both the public and private sectors of agricultural production [6].

It is important to note that state influence on the food industry and a number of agricultural sectors in a market economy should be handled in the framework of indicative planning, the basic principles of its are:

- combination of analytical and predictive techniques for the study of social and economic processes, determination the specific objects of government impact;
- widespread awareness subjects of market relations about the prospects and forecasts of socio-economic development for providing them with the necessary guidance in choosing their own economic decisions;
- use mainly indirect controls and standards for all subjects of market relations;
- implementation of the direct impact on the socio-economic processes mainly through the state budget. [2]

However, in order to ensure functioning the areas of food production, according to requirements improve living standards, ensuring the country's food and, in general, the formation of a balanced system of food security of the country, according to foreign experts, is necessary:

- to ensure the balanced functioning of agriculture using expanded reproduction;
- rationalize the structure of foreign trade in agricultural products, raw materials and food, that provides for the maximum satisfaction of internal needs of the country through imports;

- strengthen the territorial and sectoral division of labor in agriculture, actively promote the integration processes in agricultural production, promote cooperation;
- create the necessary legal, organizational, economic and administrative conditions that preclude the criminalization of the production system and especially the marketing of agricultural products, raw materials and food;
- to ensure the effectiveness of state regulation of economic processes associated with the production, sale and use of agricultural products, raw materials and food [8, p. 92].

The combination of market and public support mechanisms and strategic development resource potential of rural areas makes it possible to create the conditions for long-term economic growth, improvement of living standards of the population, forming food security and expanding export opportunities for domestic producers, especially important if Ukraine's membership in the WTO [3].

Effective government regulation also contributes to solving the problems of food

security, in particular through:

- compliance of socio-economic interests of the country;
- creation of economic conditions for solving the major social and economic problems in the regions through their own capabilities;
- assist regions with the worst initial conditions;
- regulation of processes associated with unemployment, regional conflicts, migration [9, p. 300].

However, the effective state regulation of food production areas requires, in our view, a systematic approach, especially for modeling the development of food security of the state. From this point of view, the system of food security can be structured into 6 major subsystems - determine the need for food, forming food resources, food production, distribution of food resources, food consumption, management of food security.

The objectives at resolving of which is aimed the functioning of these subsystems are presented in Table 1.

Table 1

Structure of the food supply system

Subsystems	The main objectives of subsystems
1. Determining the need for food	1. Refinement of food consumption rates for all population groups in different climatic zones of the country and its regions.
	2. Select the basic principle of regionalization for spatial planning needs of the population for food.
	3. Identify factors that influence the need for food.
	4. Meeting the needs of the population in certain foods.
2. Formation of food resources (funds)	1. Making food funds and state food reserves.
	2. Providing the population and special consumers with food.
	3. Reduce imports and increase exports of food products.
	4. Improving storage of products.
3. Food production	1. Growth in agricultural production for food self-sufficiency of the country.
	2. Increased processing of agricultural products, food products.
4. The distributions of food resources	1. Providing a uniform by seasons and areas receipt of necessary food provided range.
	2. Formation of markets for agricultural products and foodstuffs.
	3. Development the system of transport and storage of agricultural products and foodstuffs.
5. Consumption of food	1. Rationalization nutrition and increased his balance.
	2. Improving the range of food products.
	3. Improving quality and achieving food safety.
	4. Consumption of food at a level not lower than the minimum food basket.

	5. Achieving sustainable consumption volume for all major food commodities.
	6. Physical accessibility.
	7. Economic accessibility.
6. Managing food supply	1. Providing interconnected functioning of subsystems.
	2. Shortening terms the formation and movement of goods and food resources.
	3. Organization of information security.
	4. Monitoring compliance with the actual state of the ruling object to regulatory and its adjustments.

Compiled by [4, 10]

It should be noted that the current transformation in food production are carried out in two dimensions (structural and

territorial) on four basic levels – macroeconomic, sectoral, regional and local level (Fig. 1).

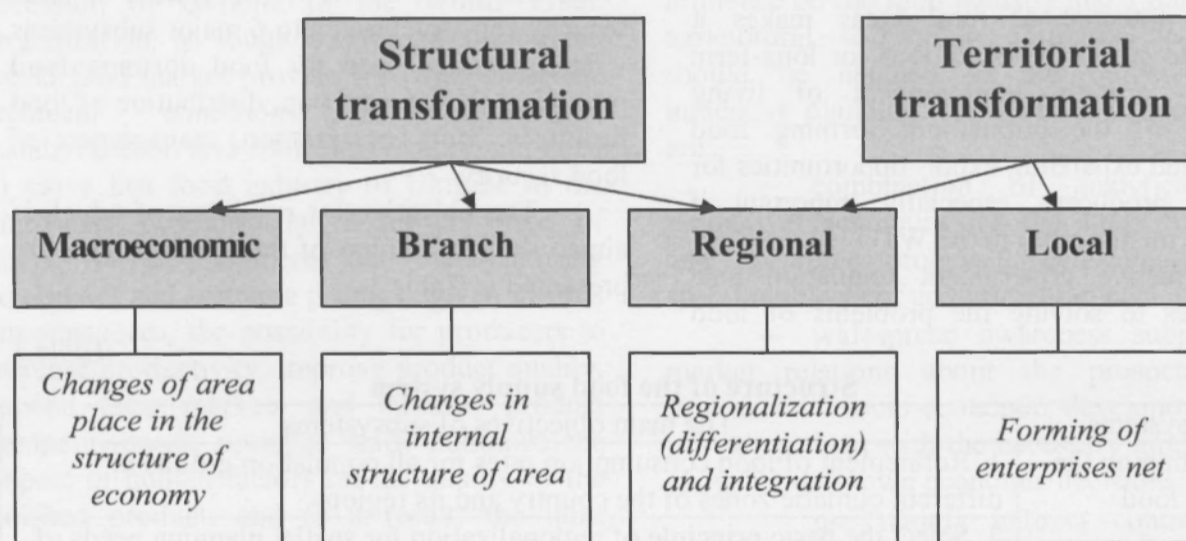


Figure. 1. Directions of transformation in food production

Moreover, regional transformation can be attributed to both structural as well as to local. It is at the regional level, there is a complex interaction of processes of differentiation and integration of the production of food.

The structural transformation of the enterprise of sector in the context of the transition to an innovative model of development can be seen in 5 main areas:

1. Ownership entities (final completion of the privatization process in the subareas that is not a state monopoly, and it can ascertain the nature of non-state).

2. The organizational-legal form of business (accelerated development of private and collective ownership, the transformation of closed joint stock companies in open to external financing in the form of portfolio investments).

3. Size (increase in the process of formation of a competitive environment the proportion of small firms with high organizational and technical level of production, increasing their share in GDP).

4. Financial condition (increase in the proportion of enterprises with strong financial condition as a result of bankruptcy, liquidation or reorganization of unprofitable businesses).

5. Organizational structure (increase in the proportion of enterprises with a complex organizational structure that provides a flexible response to changes in the environment).

Given the results of the carried out component analysis by the areas of food production, its main trends of development and factors enhance innovation processes, we have also developed a scheme of modeling the development of food production (Fig. 2).

Proposed models of the development of food production based on domestic specific of innovation development, but can also be used to analyze the peculiarities of innovation processes in any other country.

Conclusions. The results of our studies of innovative development of the domestic food production are show, priority directions and types of economic activity, which should enhance innovation processes, are:

- creation and introduction in production of resource and energy saving, ecologically safe technologies;
- introduction of modern systems of products certification, methods of quality control and safety of agricultural raw materials and foodstuffs;

- development of necessary for the introduction of modern high technologies of processing of agricultural raw materials technological equipment and its production on the domestic enterprises of food engineering;

- increasing the production of baby food, food health care destination by organizing special primary zones and expansion of environmentally friendly agricultural raw materials.

Enhancing of innovation activities in these areas, however, is impossible without the growth and differentiation of effective demand in the markets of food products – both domestic and international. Moreover, the actual growth in demand for innovative products of domestic producers on the domestic market, in our view, is the main driving force of modern progress the production of food and, consequently, leads to increased competitiveness of national food production in the world market. So, along with the structural, organizational and economic transformation, an important role at this stage of innovation development of national food production sector should play a general rise in the purchasing power of the population is tied to the growth of its income and the change of priorities consumer behavior.

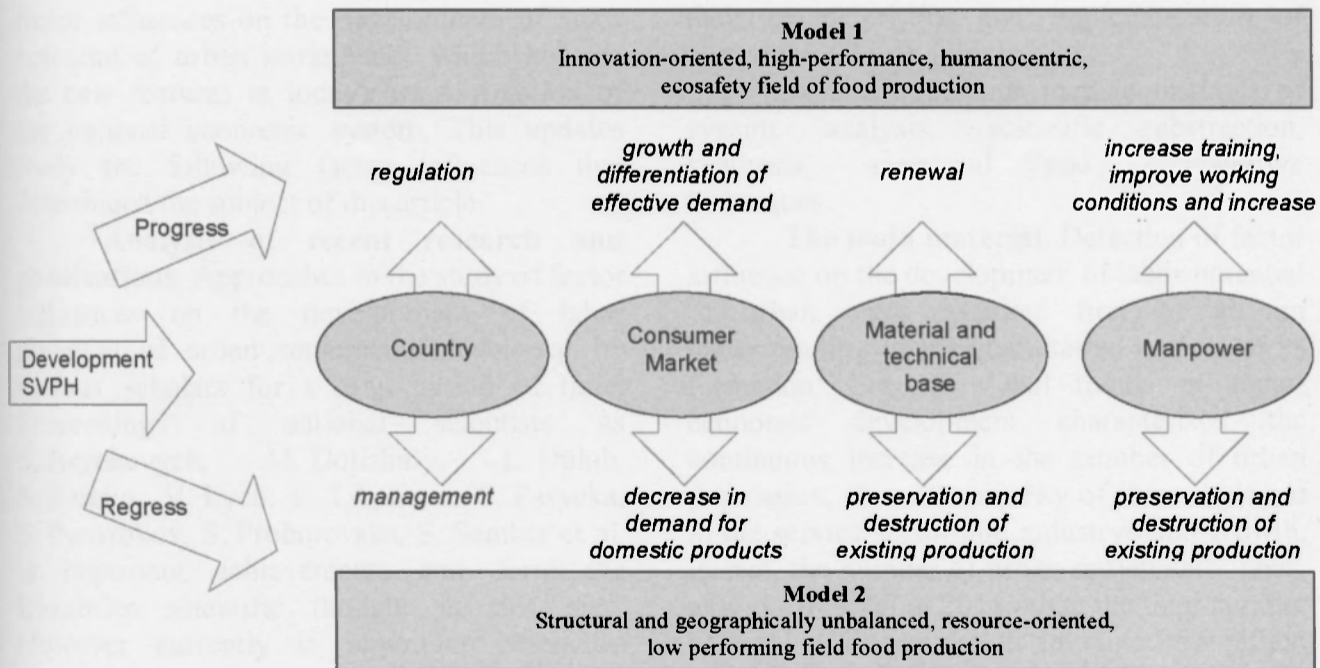


Figure. 2. Modeling the development of food production

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