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Determinants of economic development of regional agrarian sector

Today the global processes that strengthen influence of separate factors are main motive forces of economic development of agrarian sector of national economy and regions in particular. Therefore the system analysis of the main determinants that define branch peculiarities should be done before formulating the main objectives in forming strategy for development of agrarian sector. The aggregate of the determinants influences on rates and scales of perspective production growth, increase of its efficiency and quality.

Principles of scientific investigation of the basic determinants that determine economic development of agrarian sector are represented in the scientific works of J.Keynes, A.Marshall, R.Sollow, L.Hoffman, M.Tracey, O.Alimov, V.Andriychyk, V.Heyets, S.Demyanenko, B.Danylyshyn, V.Masel-Veselyaka, B. Paskhaver, P.Sabluk and others. Their fundamental works made a considerable contribution to study of the problem. Being versatile, this issue requires deep investigation, and in particular, the issue of systematization of the determinants according to certain characteristic features demands to be analyzed fundamentally.

Main results of the scientific research. While studying the basic determinants of economic development, the particular attention should be paid to their essence. J.Sey and A. Marshall, initiators of classification of economic development factors, considered labour, capital, natural resources and organization to be the main ones. However, modern economic study considers five factors – land, labour, capital, entrepreneurship (management) and technologies – to be basic and leading, and the ones that can undergo quantitative analysis. Besides this, the level of social division, labour and production co-operation, related economic forms in which certain industrial and economic processes are maintained also play an important role. Diversity of economic development demands taking into account promotional and preventive factors for effective management. They are auxiliary ones – institutions, religions, culture. They create general pre-conditions, appropriate circumstances for implementation of basic factors for economic development [1, p. 65-67].

There are several natural factors, land in particular, which are important for economic development of agrarian sector. They determine main trends in agriculture, agrarian enterprise specialization, and system of agrotechnical, zootechnical and organizational means which to a certain extent influence the development of agrarian sector of national economy in general as well as the separate regions. These determinants are relatively permanent; however they can undergo certain changes because of scientific and technical progress (STP) development effective usage of which can promote economic development of

this sector.

Next component is capital; it substantially depends on labour and is connected with and caused by technical progress, as Kharod says. In fact technical progress is closely related to the capital investments; it promotes a capital-labour correlation and facilitates labour productivity increasing [2]. The peculiarity of the main means of agrarian sector is seasonality of production, which results in the increase of capital-intensity of production that is reflected on the production costs.

Alongside with the factors of development mentioned above – land, labour and capital – in terms of globalization and transformation of market exchange relations, entrepreneurial capability and scientific and technical progress should be regarded as categories of economic resources. An important role is paid to “knowledge” which can be interpreted as technology, science, information [3, p. 54]. With its help new effective methods of production can be found – capital-saving, labour-saving and neutral.

Many scientists claim that technical progress is a motive force for economic growth that includes new forms of management of production (knowledge that allows using new combinations of the resources to increase production volume).

There are several principles according to which one can systematize determinants of economic development: economic and non-economic; quantitative and qualitative; extensive and intensive; objective and subjective; organizational, managerial, structural; scientific, technical, resource; direct and indirect; internal (endogenous) and external (exogenous) which are inter connected and determined. Systematization can also be done according to character of growth – intensive and extensive. Thus quantitative and qualitative factors are taken into account.

Economic phenomena and processes which determine increase of efficiency and quality of growth can be divided into direct and indirect according to the character of influence. The direct ones determine the potential of national economy growth while indirect ones influence on possibility of becoming this ability a reality. They promote or limit implementation of the potential of direct factors, to which the following items belong: quantity and quality of raw materials, power and natural resources; number of population, its education and professional level; volume of fixed capital and level of its usage; STP and level of its influence on economy [4, 50-56].

Institutional, cultural, political, social and psychological factors of economic growth that promote economic development belong to indirect factors. It is difficult to calculate their influence, but their role in economic development grows constantly.

There are the mentioned three groups of factors (supply, demand and distribution) in

economic texts of leading economic countries. The first group of factors characterizes physical capacity for economic growth (quantity and quality of labour force that improve labour productivity). The amount of man/hours that allows taking the total expenses of working hours into account belongs to quantitative indexes. The quality of labour force belongs to qualitative indexes. While studying and training a worker gains new knowledge and skills which improve level and rates of economic growth due to increase of labour productivity growth. Fixed capital (i.e. industrial buildings, dwelling, commodity supplies), level of STP technologies (new technologies, forms of production management and organization, modern information technologies), amount and quality of natural resources belong to qualitative indexes as well.

The factors of demand determine degree of commodity consumption on which GDP realization depends.

The third group of factors displays the necessity of optimum commodity distribution with the purpose of its fast selling in markets. To our opinion, determinants should be divided into those of external and internal influences. To determine components of external influence group one should analyze external conditions, on the base of which a SWOT-matrix can be made, showing potential threats and possibilities that appear.

To the factors of external conditions belong the following items: regions-competitors; transport enterprises; foreign consumers; foreign suppliers; financial institutions; general economic, general political, scientific and technical, natural and ecological, demographic factors.

Geographical conditions, cultural and religious traditions, institution system, structure of the regional market, labour forces of a region, strategy for development of a region, the regional budget are the components of internal influence group. Law, tax system, the level of macroeconomic stability, bank system, labour-market and income policy belong to this category, too.

Under the circumstances of world economy globalization there appears the necessity of systematization determinants that are motive forces of economic development of agrarian sector of national economy and of a region. Basic groups of these determinants are divided into economic, resource, managerial, legal and political, social and psychological, innovative ones.

The group of economic factors which affect economic growth and undergo minimum influence of human economic activity can influence by means of prognostication and planning, economic relations, economic production and labour stimulation, production co-operation and integration, investment, inflation rates, taxes, the level of employment, solvency, and dynamics of change of solvency of demand for products and services.

The influence of resource factors is displayed in the improvement of land cultivation system and structure of acreage under crops, selection of new agriculture sorts and hybrids, funding, attraction of investments, improvement of logistical supplies, effective use of labour force, studying of scientific principles of agriculture development and location.

Managerial factors influence on managerial and production structure of all the levels, defining the functions of control authorities, labour organization at enterprises and efficient management and control, staff training and re-training.

Legal and political factors determine the main tendency of development of national economy, the branch and a region. They influence by means of modern policy formation with measures of branch development; legislation that takes into account all the aspects of market management in the conditions of world globalization, foreign economic relations.

The influence of social and psychological factors displays itself in nation mentality formation, morality, psychophysiological peculiarities, level of social consciousness and entrepreneurial capabilities.

Innovative factors influence by means of level of science development, ecological safety, production technologies, system of innovations.

All these determinants are interconnected because of investments, production technologies; they cause appearance of new factors and influence on economic development of national economy.

Conclusions. Thus, having done the system analysis of main determinants of economic development of agrarian sector of a region according to certain characteristic features, we can define degree of their negative and positive influence. They help to define degree of their interdependence and interplay that can form the strategy of development of agrarian sector for a long time.

References

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