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Larisa Shaylska, D.Sc (Economics), Professor, Professor, Head of the Faculty of Economics of Vasyl' Stus Donetsk National University

Serhii Kozlovskiy, D.Sc (Economics), Professor, Professor of the Department of Personnel Management and Labor Economics of Vasyl' Stus Donetsk National University

CONCEPTUAL APPROACH TO ENSURE THE SUSTAINABILITY AND DEVELOPMENT OF THE AGRICULTURAL SECTOR IN THE REGION OF UKRAINE

The problems of ensuring the sustainability of the agricultural sector in the region are defined. The author's interpretation of the categories "economic sustainability of the region" and "economic sustainability of the agricultural sector" are proposed. The classification of category "sustainability of the agricultural sector in the region" supplemented with an intellectually-innovative component. The measures of legal regulation of sustainable development of the agricultural sector in crisis regions.

Keywords: steadiness, region, agrarian sector, management, state, development.

Fig. 4, Ref. 12.

Л.В. Шаульська, С.В. Козловський

КОНЦЕПТУАЛЬНИЙ ПІДХІД ДО ЗАБЕЗПЕЧЕННЯ СТІЙКОСТІ ТА РОЗВИТКУ АГРАРНОЇ ГАЛУЗІ РЕГІОНУ УКРАЇНИ

Визначено проблеми забезпечення стійкості аграрної галузі регіону. Запропоновано авторські тлумачення категорій «економічна стійкість регіону» та «економічна стійкість аграрної галузі». Класифікацію категорії «стійкість розвитку аграрної галузі регіону» доповнено інтелектуально-інноваційною складовою. Розроблено заходи нормативно-правового регулювання стійкого розвитку аграрної галузі регіонів в умовах кризи.

Ключові слова: стійкість, регіон, аграрна сфера, управління, держава, розвиток.

Рис. 4, Літ. 12.

Л.В. Шаульская, С.В. Козловский

КОНЦЕПТУАЛЬНЫЙ ПОДХОД К ОБЕСПЕЧЕНИЮ УСТОЙЧИВОСТИ И РАЗВИТИЯ АГРАРНОЙ ОТРАСЛИ РЕГИОНА УКРАИНЫ

Определены проблемы обеспечения устойчивости аграрной отрасли региона. Предложено авторские толкования категорий «экономическая устойчивость региона» и «экономическая устойчивость аграрной отрасли». Классификацию категории «устойчивость развития аграрной отрасли региона» дополнено интеллектуально-инновационной составляющей. Разработаны мероприятия нормативно-правового регулирования устойчивого развития аграрной отрасли регионов в условиях кризиса.

Ключевые слова: устойчивость, регион, аграрная сфера, управление, государство, развитие.

Рис. 4, Лит. 12.

Formulation of the problem. The current stage of the national economic development is characterized by the intensification of the process. The transition to a social-market type of regional policy, focused on accelerating the pace and improving the quality of economic growth. Regional specialties of the farmer's production and strengthening social and economic importance of the agricultural sector to encourage the necessity of development and justification, methodological positions aimed at solving multifaceted and different issues of ensuring sustainable development of the agricultural sector at the level of regional structures.

Analysis of recent research and publications. Problems of sustainable development in the agricultural sector are devoted to the classic works of F.O. Batalin, M.I. Vavilov, S.U. Witte,

V.V. Dokuchaeva, M.D. Kondratiev, Y.S. Paskhavera, O.F. Fortunatova, B.S. Yastremskyi. Pledged by them conceptual positions of sustainability and stability were further developed in researches of V.M. Afanasyev, I.P.Boiko, I.B. Zahaitov, P.D. Polovinkin, A.I. Manel and others. The problems of the scientific bases formation of sustainable development of the agricultural sector also was reflected in the works of many Ukrainian scientists and economists: V.V. Vernadskyi, B.M. Danylyshyna, M.I. Dolishnii, S.I. Doroguntsov, G.B. Ivanytska, O.L. Kashenko, M.F. Kropyvka, G.M. Kaletnik, L.V. Melnyk, E.V. Mishenina, M.N. Palamarchuk, S.A. Podolynskyi, A.M. Trehobchuk, G.V. Cherevko and others.

The issue of reproduction and rational use of resource potential in the agrarian sphere investigated P.P. Borschevskyi, I.I. Lukinov, A.G. Mazur, O.V. Moroz, S.V. Martynov, O.S. Onyschenko, G.M. Pidlisetskyi, P.T. Sabluk, O.V. Skydan, P.I. Trynko, M.M. Fedorov, O.M. Tsarenko, A.V. Chupis, V.V. Shyian, O.G. Shpykulyak, V.V. Yurchushun. At the same time issues of ensuring sustainable development of the agricultural sector at the level of a separate region is still insufficiently investigated and also are very sharp.

Purpose of the article is to investigate the theory and essence of the concept of "sustainability of the agricultural sector in the region," the interpretation of the terms "economic sustainability of the region" and "economic sustainability of agricultural sector in the region," improving the category of "development sustainability of the agricultural sector in the region", singling out its levels, development of its management model, defining the state's functions in ensuring the development sustainability of the agricultural sector, forming of a functional model of management of the sustainability and development of the agricultural sphere of the region based on the indicative planning.

Research results. In ensuring of the economic development the sustainability of the agricultural sector plays a special role. "Food production - Karl Marx wrote "is the first condition of living of direct producers and all production in general"[1]. Moreover, this process should be continuous and steadily growing, not only because people cannot stop consumption of produce, but also the need to increase the volume and improve the quality of produced products because of the growing demand and population. Solving this problem is very actual; because a phenomenon in the history of humanity – Starvation is a constant problem in the world.

The analysis of macroeconomic indicators of Ukraine's economy shows that currently its agricultural sector is probably the only one that actually pulls the whole economy of the country. According to the IMF, in 2013 Ukraine's GDP per capita was US \$ 3862, which is lower than in Albania or Mongolia. Overall, it shows a critical state of the national economy, especially in light of the events that took place at the beginning of 2014 that led to the outflow of investment capital from Ukraine, devaluation of national currency, reduction of real incomes and termination of production capacity because of supply contracts cancelled, increasing inflationary processes and so on. At the same time in 2013 the domestic agro-industrial complex accounted for the largest share in total export performance: Ukraine exported agri-food products worth US \$ 17 billion., while import increased by almost 9% and amounted to US \$8.2 billion; 2/3 agro-food exports goods provided 5 types of products: corn - 13%, wheat - 11% rape seed - 7%, sunflower oil - 19% and sunflower meal - 5%.

According to the State Information and Analytical Center of External Commodity Markets Monitoring, priority direction for Ukraine in the structure of export, trade turnover in 2013 was the CIS countries, where about 36% of goods were exported; 10% less products went to the EU. Among the leading importers of Ukrainian products are also countries of the near and Far East, where buy, respectively, 18% and 8% were exported goods. Approximately the same structure of imports to Ukraine, its largest volume (37%) - from the CIS, then the EU (35%), Far East (15%) and Near East (3%).

Negative in this process is that the exported goods have low added value. It is appropriate

to note that in the years 1660-1685 in England at the time of King Charles II a law was passed forbidding export of raw materials because after processing it abroad it was then imported into the country at higher prices. Ukraine also has to diversify its export structure of agro-food products and to increase export of goods with high added value. As a result, the importance of the agricultural sector in the economy will grow.

The domestic agrarian sector will become "a locomotive" for the modernization of state and the source of the national economy through the multiplier effect of its various spheres (food industry, machinery, etc.).

The problem of ensuring the sustainable development of the agricultural sector is not new, but its implementation directions under conditions of modern economic relations are significantly different (Fig. 1).

Firstly, agriculture continues to be a major food producer and a major source of human activity. Any violation of its development leads to destabilization and imbalance of production and consumption. Structural changes in the sector under conditions of transformational economy is mainly focused on the production of the products which provides the maximum profit that in the agricultural sector is not always justified in terms of sustainability of production, ensuring food security in society and preserving soil fertility.

Secondly, market conditions determine the processes of narrow specialization of agricultural enterprises it means production that gives the highest profit.

However, changeable competition and world market conditions align prices and the profitability of producers which eventually leads to underutilization of production potential of the agricultural sector, decline in production and sustainability, aggravation of social problems [2].

Thirdly, environmental factors significantly affect all processes in agriculture. Their partial regulation by melioration, chemicalization, mechanization, seed production organization on a scientific-substantiated level requires large investments, which agricultural producers and the state have an insufficient amount of investment capital, causing instability in the main produce.

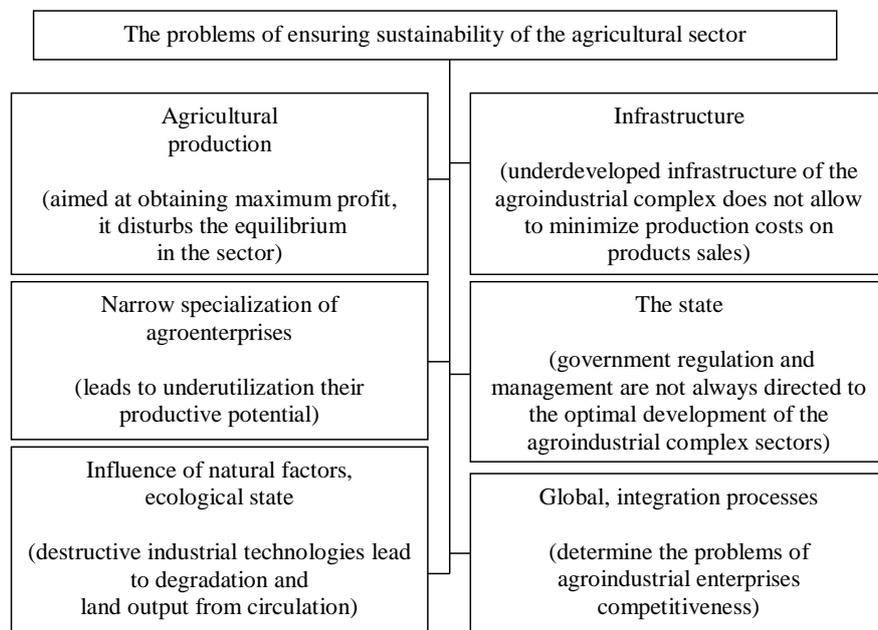


Fig. 1. The problems of ensuring sustainability of the agricultural sector

Fourth, an important condition of the agricultural sector sustainability serves developed infrastructure of agro-industrial complex and agricultural market first of all. With the transition

to a market economy its formation and normal functioning is complicated, which increases the costs for promoting products to consumers, causes significant price variations, which also generates instability in agricultural development.

Fifth, the sustainability of agricultural production and interrelated sectors of the economy largely depends on the regulatory role of the state. But its impact at this time is insufficient. It disrupts the normal course of the reproduction process, and damage from instability in the agricultural sector significantly exceeds the losses in other sectors.

Sixth, the threat of sustainability of Ukraine's agricultural sector under conditions of world integration processes determined by the inability of most companies to produce products that meet international standards.

All of this enhances the attention of modern researchers [3] to the problem of production sustainability and agricultural development. At the same time basic approaches to the disclosure of this concept and development measures that will ensure dynamic development are determined primarily by the need to overcome crisis state of agricultural production. A retrospective review of theoretical aspects of the agriculture sustainability problem shows that over many years it is among the most urgent for the state. However, despite the significant number of scientific publications on improving the sustainability of production in general and agriculture in particular, it should be noted that the sustainability of the agricultural sector development is a new and still not enough disclosed category in terms of both the essence and research methodology.

Nowadays there is no single generally accepted definition of "sustainability development of the agricultural branch (sector)" which is caused by underdevelopment and is contradictory of sustainable development concepts, lack of information for the quantitative measurement of the sustainability degree. Some authors under sustainability, of farming in particular, understand the ability to withstand negative influences, mainly - elemental forces of nature, prevent or weaken decline in production; the second – consider it as sustainability of average level of dynamic row; the third – interpret it as sustainability of evolution, development of investigated phenomenon. However, only by this concept of sustainability is not confined. Sustainability of agrarian development - is not only possible to overcome the adverse effects for agriculture, but the ability to use them with the greatest effect.

To develop a management model of the sustainable development of the agricultural sector in the region it is necessary to define the interpretation of the concept of "economic sustainability of the region" and "economic sustainability of the agricultural sector." Considering the research conducted by individual scholars [4; 5], accept that:

- the economic sustainability of the region — is the ability of its economy after some disturbance (changes in external or internal factors of development) to quickly return to a state not worse than the previous, keep it arbitrarily long time, and improve its subject to positive changes in the economy of the region;
- the economic sustainability of the agrarian sector — it is the ability to withstand external and internal influences and save stable equilibrium for a sufficient time.

The transition to the sustainable development of the regional agrarian sector — it's quite a long process that requires solving complex economic tasks. With promotion towards the sustainable development the very idea of it will change and clarify, people's needs - will rationalize according to existing constraints, and the means for meeting those needs - will improve. Therefore, implementation of the principles of sustainable development should be considered in stages. Moreover, only for a relatively early stage some programs and forecast documents can be developed.

The region is, on the one side, a complex socio-economic system, internal environment of which are economic, social and ecological subsystems, on the other — it is a subsystem of a higher hierarchical level.

A variety of approaches to the definition of sustainability in the agricultural sector in the region are caused by the multifaceted problem, extreme complexity of the object and a set of tasks solved by this sector as a whole and its components in particular. The search for new directions and ways of agricultural activities development, which reduce its negative impact on the environment, defined the emergence of a new interpretation of agricultural production sustainability as production, based on the quality of food, quality of life and environmental safety, preservation of conditions for sustainable food ensuring of humanity in the long term. In this general ecological approach to the concept of "sustainability of agrarian sector development of the region" distinguish the following categories: ecological, productive, economic and social. It is appropriate to supplement them in an intellectual and innovative component [5,6] (Fig. 2).

There is no clear definition of "intellectual potential". Scientists consider "intellectual potential" as unity of creative and individual labor potentials of employees, which characterize their ability to the production of material goods using materialization of knowledge and their adequacy of management requirements.

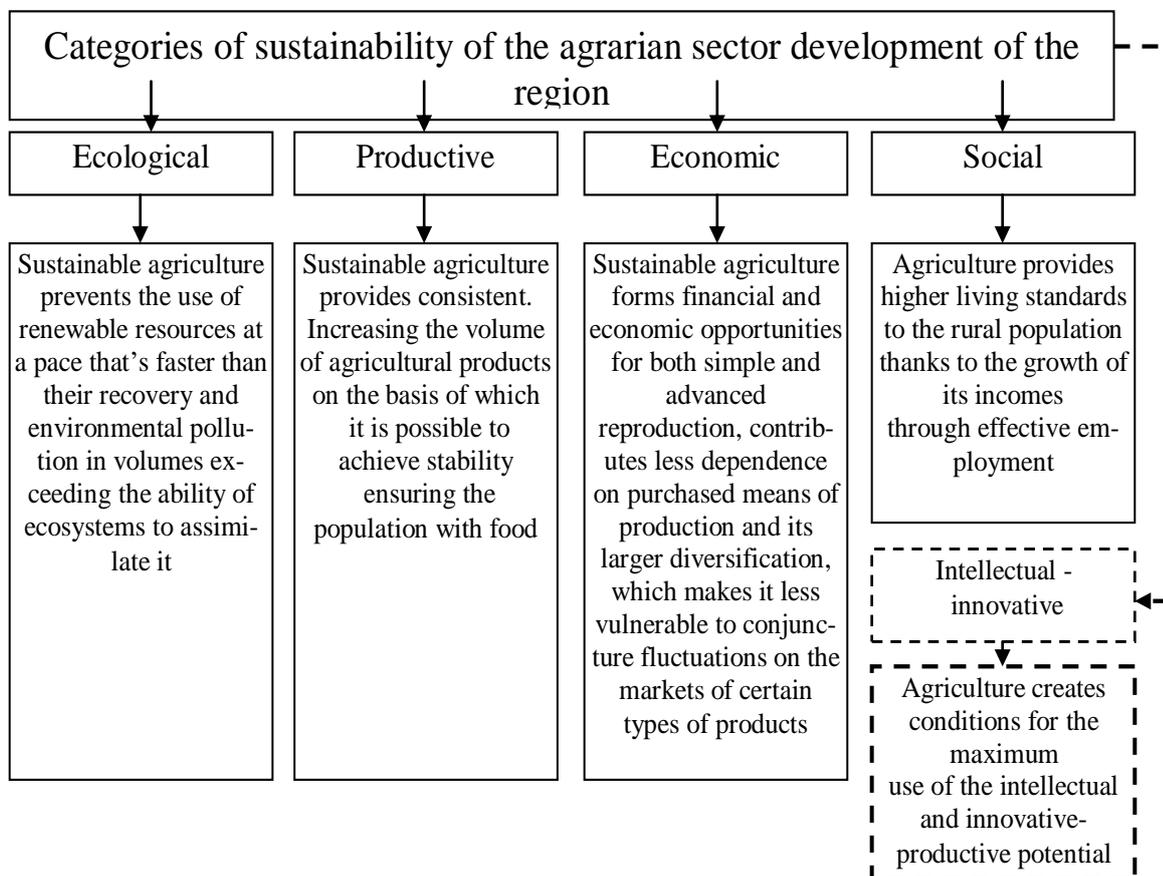


Fig. 2. The concept of categories "sustainability of agrarian sector development of the region"

Innovative potential is the totality of all kinds of informational, intellectual, technological, and scientific-production resources, including technical documentation, patents, licenses, business plans, and innovative programs and so on. Choice of one or another development strategy depends on the state of innovative potential; innovative potential in this case can be considered as "degree of readiness" of the economic system to fulfill the goals of development.

The system of sustainability of the agricultural sector of regions is structuring the element

of the economic system at the national level and the main link in the complex of measures to ensure the population has food.

Considering agriculture (agrarian sector of economy) as the sole economic, ecological and social system that has certain goals. Structurally united features and functional relationships, in the modern period importance is given not just to the actual growth of agricultural production, but also to increase its economic efficiency which provides sustainability in general. Thus, increasing the volume of livestock production without radically enhance its profitability (which is much lower than in crop production) which can lead to aggravation of reproduction problems in the agrarian sector. The same time, efficiency gains, which is not accompanied by an increase in production, insecure strengthening of the country's dependence on food imports and may cause growth of unemployment in rural areas and the expansion of poverty.

The approach to achieving social goals of sustainable development of the agrarian sector requires an explanation. The fact is that improvement in living conditions of agricultural workers extends beyond the agrarian sector and largely connected with a complex development of rural areas (regions). Therefore, there is a clear interdependence of sustainability in the agricultural sector and level of rural development. The close relationship of agriculture development with rural development as a social and territorial subsystem of society, where the sector dominates, it's the most important component of the research methodology of agrarian sphere sustainability problems. This approach was declared at the session of FAO in Rome in 1996, in the materials was said: "The main task of the program of sustainable agriculture and development is a stable raising the level of food production and ensuring food security".

Thus, the essence of a systematic approach to the interpretation of sustainability of the agrarian sector development of the region is a balanced combination of productive, economic, social and ecological goals. Using a systematic approach and relying on identified essential features of the investigated category, sustainability of development of the regional agrarian sector is a dynamic transition process of the system to a qualitatively new innovation level, aimed at ensuring economically grounded, ecologically safe, socially oriented expanded reproduction, at increasing the level and improving the quality of rural population living under the influence of internal and external environment factors. The process of transition of agrarian sector to sustainable development involves the implementation at several levels (Fig. 3) [7, 8].

The first, lower, the level of development involves scientific compliance of crop rotation, the use of windbreaks and modern land melioration, optimally conditioned observance saving technologies in crop growing, forming productive herd, transition to biological methods of crop protection from pests, reducing the use of agrochemicals and pesticides.

The second, average, the level of agriculture sustainability involves, along with characteristics above, a number of additional measures — improving soil fertility and natural resources of rural agrarian landscapes, the use of advanced diagnostic soil cover analysis and the health of farm animals, constant monitoring of pests and diseases of plants and animals.

On the third, higher level, attention should be given to the formation and organization of farms which produce ecologically clean crop and livestock production, focused on implementing the most progressive, safe and non-waste technologies in the field of immune, genetic engineering and remote sensing of agricultural complex objects. Particular importance should be given to practical use of the agro-marketing principles and entrepreneurship. It is also envisaged that complex measures of mitigation and prevention of unemployment in rural areas, employment regulation in the context of all types of business entity, creating conditions for increasing incentives for highly productive labor in agriculture production, including through the extensive development of different types of farms in non-agricultural production. Ultimately, this will facilitate sustainability of development in the agricultural sector in terms of improving the economic, social and labor sphere in rural areas, increasing incomes and social

protection of the rural population.

To ensure the sustainability of development of the agrarian sector great importance has to be given to the management of processes which occur in its system forming elements. Indeed, any existing organizational structure must comply with an adequate system of state management, because no country can be without it. In our country such a management body is the Ministry of Agrarian Policy and Food of Ukraine and its regional divisions.

For the implementation of management impacts on the agricultural sector of the region to apply a general cybernetic method is appropriate, proposed by the founder of cybernetics Norbert Wiener [9], this had been successfully used in agriculture by A.F. Chudnovskyi [10]. Under this approach for management of sustainability of the agrarian sector development it's expedient at first to determine: input and output information flows of agrarian economic system of the region; the principles of construction and functioning of the management model of sustainability of agrarian economic system development of the region; the objective function, types and tasks of management of sustainability of the agrarian economic system development of the region [11].

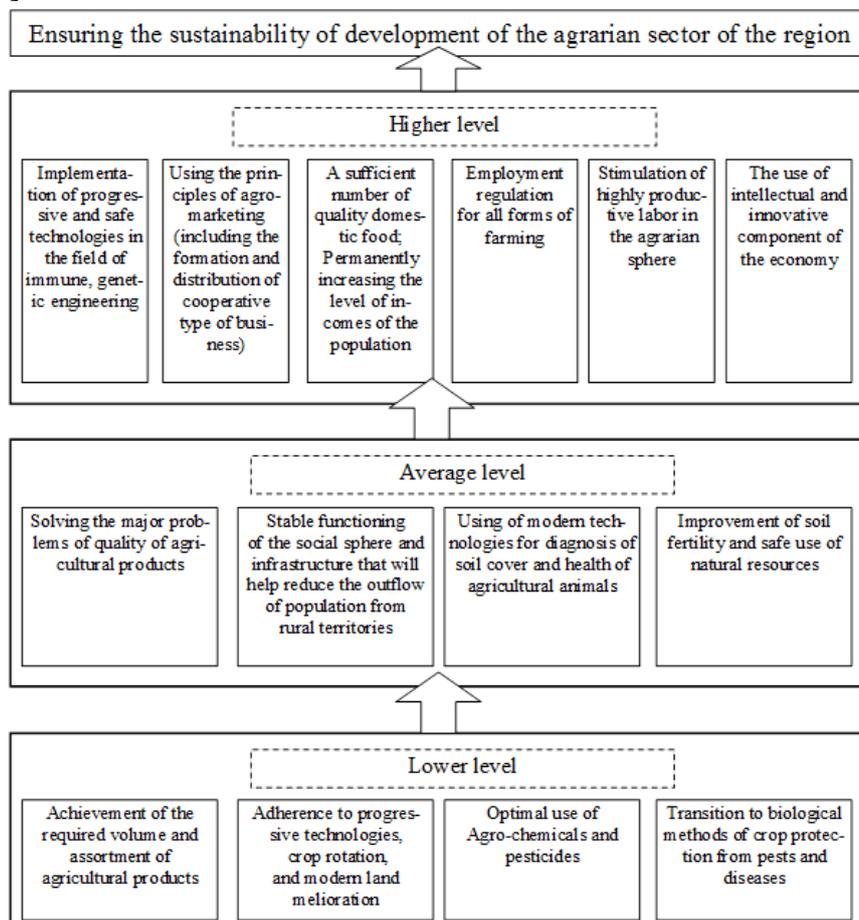


Fig. 3. The levels of sustainability of the agricultural sphere of the region

In the period of instability, development of the agricultural sector within the region legal regulation requires special importance. It is necessary to develop and adopt at legislative, regional level, rules and regulations for all participants of market relations, legal and regulatory framework of interregional wholesale markets functioning, exchange trading, organization and conducting competitions of procurement agricultural products in state and regional funds, conducting commodity and procurement interventions, pledge operations, etc. In addition to developing new legal and regulatory documents it seems necessary to verify agrarian

legislation, removing contradictory norms, uncertainty and also to ensure relative stability of laws and control of their implementation. Particular importance of legal and normative regulation in the agrarian sector become issues that shown in Fig. 4.

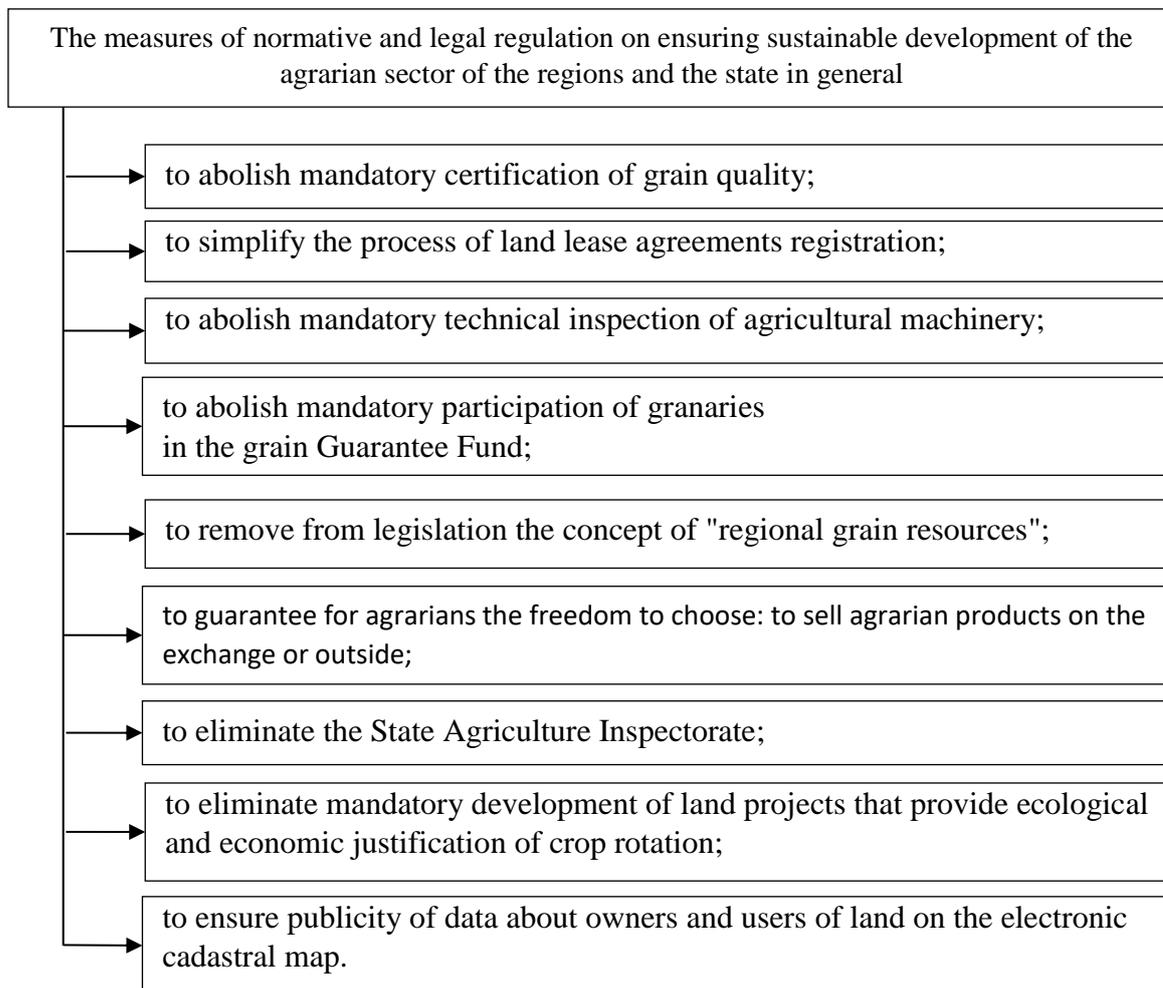


Fig. 4. The measures of normative and legal regulation on ensuring sustainable development of the agrarian sector of the regions

Some measures have been adopted by the Verkhovna Rada of Ukraine as Law of Ukraine №2436a from 04.09.2014 year [12]. This law is aimed at improving conditions for business activity by eliminating unnecessary restrictions in the conducting of economic activity by reducing the amount of allowing documents.

Conclusion. Increasing the sustainability of the agricultural sectors development is not possible without a significant course correction of agrarian reforms. Important to note is that issues of sustainable development of the agricultural sector of the regions is a part of the general problem of stabilization and development of agricultural production. Therefore, such a system should be a complex of interrelated administrative and organizational, legal and economic mechanisms.

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