METHODOLOGY OF ECONOMIC GROWTH AND DEVELOPMENT OF THE UKRAINIAN FOOD COMPLEX

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Abstract. This paper is devoted to analysis of methodological approaches regarding economic growth of the Ukrainian food complex considering its evolutional development; rates specifics and dynamics of sectorial changes in the structure and nature of relations in production, sale, distribution and consumption has been substantiated; the multiple-aspect study of economic growth problematic in food complex oriented at synergetic effect has been carried out; the mineral water branch development has been emphasized. Prospects for further analysis and research is the development of schemes of recurrence of food complex as industrial and economic system, separation of structure elements the field of mineral water monitoring, assessment of foreign experience in the formation and development of the selected area, strategic development model.

Keywords: economic development, Ukraine, food industry, economic growth, structure of production.

Introduction

The contemporary stage of national economic development is characterized by certain changes in the structure of national economy, specifics in rates and dynamics of sectorial changes, in the structure and nature of relations in production, sale, distribution and consumption. Market reconfigurations in the national economy system of Ukraine are aimed at solution of a series of strategic tasks, one whereof is to create in Ukraine a powerful food industry comprising the mineral water branch ensuring normal life activity of population, health recovery and promotion thereof.

The mineral water branch is being formed and developed in conjunction with general economic changes occurring in the Ukrainian food complex, which determines a complicated economy system ensuring close interaction of market regularities, numerous regulating state institutes and availability of mass consciousness.

The carried out analysis of scientific research results of Ukrainian and foreign scientists О. Azaryan (2008), T. Bliznuk (2008), Р. Doyle and P. Stern (2006) became a ground for the conclusion of necessity to create methodological tools for the Ukrainian food complex development within the context of economic growth cyclic recurrence.

Economic stability of the country depends on correct determination of tendencies and regularities of food complex development, definition of factors influencing this development, diagnostics of condition of each branch being a part of the food complex.

Nowadays the food complex is one of the most important components of the all-national system, as the degree of covering the needs of population in quality and affordable food products, as well as food self-sufficiency of the state in general, depend on the state thereof.

The purpose of this paper is to provide a methodological grounding to the economic growth of the Ukrainian food complex considering its evolutional development, grounding of rates specifics and dynamics of sectorial changes in the structure and nature of relations in production, sale, distribution and consumption, study of economic growth problematic in food complex oriented at synergetic effect, mineral water branch development analysis.

The tasks have been formed as follows:
- grounding of theoretic experience regarding grounding of a notion of food complex,
- creation of methodological development tools of the Ukrainian food complex in the context of economic growth cyclicity,
- development and organization of the Ukrainian food complex structure.
Method
In the process of research there were used: methodological grounds regarding food complex development tools, system analysis allowing improving the food complex organizational structure consisting of interacting elements, analytic aspects in order to analyze the current methods.

Results
The food complex economic growth problem takes a leading place in general issues regarding social and economic development of the society as a whole and issues aimed at the more complete satisfaction of population needs in food products. Importance of the problem formulated is also reasoned by the fact that its solution directly influences the quality of population life, improvement (or decline) of demographic situation, food safety state of the country, its competitiveness in the global universe. The food complex condition influences the country’s provision with food products greatly.

It should be also noted that the food complex is a multiplier of other national economy branches growth that emphasizes its importance in the general sectoral structure of the country. The food complex includes a whole of interdependent branches and enterprises united by the same functional task, i.e. covering the population needs in food products.

The carried out multiple-aspect research of food complex economic growth problematic is aimed at synergic effect; it is destined to facilitate solution of the basic social and economic task – increase in food status and life quality of population, as well as worthy positioning of the country in transformed world community. Important condition for this task to be solved is elimination of the existing imbalance in development of food complex branches and associated rough manufacturing, including at the account of cooperation and integration production and financial formations.

System analysis allows considering the food complex in two aspects. Firstly, the food complex is a certain organizational structure consisting of the interacting elements: manufacturers, buyers and market infrastructure. Secondly, the food complex is a certain production and economic system as it combines a totality of production and sustaining economic elements that form a definite integrality and unity of relations finally aimed at achievement of the primary target – provision of population with food products in sufficient quantity, assortment and appropriate quality.

The backbone elements of food complex are agricultural enterprises of various property forms, husbandry (farming) enterprises, processing and food industry enterprises (powder and cereal, baking, meat and milk processing, dairies etc.), and market infrastructure enterprises. Comparative and system analysis of the food complex organizational structure allow singling out the three components: food industry enterprises, processing industry enterprises, market economic entities and market infrastructure.

The first component of the food complex, according to the organizational structure thereof, is the production one, whereto the husbandry (farming) enterprises and their associations and individual household plots of population belong.

Husbandry (farming) enterprise is a form of business activity of citizens for the purpose of production, processing and sale of marketable agricultural products. The husbandry (farming) enterprise may not consist of the members working thereat under the labor contract (agreement). Relations connected with creation and activities of husbandry (farming) enterprises are regulated by the Law on husbandry (farming) enterprise and other laws.

The production component of the food complex organizational structure also includes individual husbandry plots of population, which remains one of the principal manufacturers of agricultural products and the main source of survival of rural population in Ukraine. They are peculiar for the fact that these are mainly the family-type husbandries that manufacture, consume and sell agricultural products; in this respect the business entity is in individual ownership, personal use, where the owner-entrepreneur and the worker are one and the same person (Voynicha, n.d.).

The second component of the food complex organizational structure is a purchase one that combines the enterprises of food and processing industry and procuring organization. These are the enterprises that buy agricultural products from the direct manufacturer – husbandry (farming) and individual household plots and transform them into the food products.

In order for the manufactured food products to be received by the consumer it is necessary to ensure the sales process at the consumer market. That is why the sustaining component is distinguished in the
organizational structure of food complex, where to various selling enterprises, financial and credit institutions and servicing and auxiliary organizations are related.

Presently 80% of basic production assets of husbandry are created at the account of industrial supplies. 90 branches and sub-branches take part in supplying the agricultural sector with means of production. Connections of agricultural sector with processing industry develop based upon diversification of food products assortment that results in establishment of new branches of food industry. A growing part of agricultural raw material is subjected to industrial processing before they get into the consumption sphere analyzes Shevchenko O. (2007).

Considering the fact that all participants of food complex functioning pursue their own aims and are forced to make decisions in conditions of restricted access to full information, there appears an objective necessity to accommodate their interests in order to achieve maximum balanced satisfaction of needs of all entities: producers, consumers and the state.

For a new production cycle to start the manufacturer must sell his products considering that the buyer makes his own decision regarding the purchase having no other possibility. That is why he has to orient himself at demands and possibilities of the buyer and take into account their priorities. In such circumstances there occurs economic dependence of the manufacturer on the consumer and a mechanism of the consumer’s control over the producer is formed.

Considering the food complex from the point of view of the branch structure, certain sub-complexes should be distinguished.

A sub-complex is an aggregation of branches, sub-branches, kinds of activity interrelated in economic, technological respect in the process of final products manufacturing. Being a complicated production and economic system, the product sub-complex is a totality of economic relations that are displayed in form of interrelations between relatively detached branches regarding production of a certain kind of agricultural products, processing thereof into the final products and their supply to the consumer.

The product sub-complexes are distinguished based upon the following criteria considering:
- regional peculiarities in development of any particular branches;
- homogeneity degree of final product manufacturing related to using a certain kind of agricultural raw material;
- availability of close technologic and economic relations between vertically-integrated branches.

In the context of the crisis state of economics the main factor that determines the degree of state interference is the food safety level. The general economic crisis, considerable decline in production of agricultural products, back payments on salaries and pensions, lack of financial and material resources, their rising costs adversely affect the results of food industry enterprises operation. In particular, last year in Ukraine the volume of food products was by 14.6% less than in the previous one. Production volumes reduced in all regions, except for the Sumy one. Production of sugar, butter, margarine products, bread, bakery and macaroni products, powder, groats, as well as baby food products reduced significantly. As a result, consumption of the main food products per capita reduced.

The question of consumer market normalization is rather urgent nowadays. At present stage of economic development there appear a complicated scientific and at the same time practical problem regarding ensuring a high level of welfare of citizens considering the transformation processes in the world economy. Together with analytic assessment of food complex state, solution of this problem requires paying attention to forecasting of the food complex development in the country.

Discussion

As already was mentioned, the most important component of food complex is ensuring stable growth of agricultural production – a base for providing the population with food. At the same time, stability of production dynamics may be achieved only based upon implementation of scientific-technological progress achievements in the agrarian sector, as well as in the branches supporting it. Introduction of progressive technologies requires high provision of agriculture with material and technical means and, as a rule, a wider nomenclature thereof.

All these requires certain relations of agricultural production with other branches both regarding material and technical means supply, and agricultural raw materials sale and processing.
The prospects of follow-up studies are to analyze the development cyclic recurrence of food complex being a production and economic system, development of the structure of elements, monitoring of the mineral water branch, assessment of foreign experience in formation and development of the branch selected, and strategic development.

References