підходів до оцінки екологічної безпеки в світі та в Україні, запропоновано власний підхід до обчислення інтегрального індексу екологічної безпеки України та її регіонів з опцією міжкраїнного порівняння; розраховано інтегральні індекси екологічної безпеки України за період з 1996 по 2013 роки; здійснено порівняльний аналіз стану екологічної безпеки України та інших країн світу; сформовано систему показників для ранжування регіонів України за станом екологічної безпеки.

Ключові слова: екологічна безпека, оцінка, Україна, інтегральний показник.

Г. Харламова, канд. экон. наук, доц., В. Нестеренко, экономист КНУ имени Тараса Шевченко, Киев

#### ЭКОЛОГИЧЕСКАЯ БЕЗОПАСНОСТЬ: ИНТЕГРАЛЬНАЯ ОЦЕНКА (НА ПРИМЕРЕ УКРАИНЫ)

Экологическая безопасность является актуальным вопросом в разрезе оценки национальной безопасности каждого государства и мира в целом. Отсутствие универсальности в определении самого термина, не говоря уже о технике оценки уровня экологической безопасности, стимулирует исследователей к разработке и совершенствованию методов и подходов оценки интегрального индекса экологической безопасности на уровне страны и ее регионов. К главным научным результатам данного исследования относятся: учитывая анализ сильных и слабых сторон широко известных техник и подходов к оценке экологической безопасности в мире и в Украине, предложено авторский подход к вычислению интегрального индекса экологической безопасности Украины и ее регионов с опцией межгосударственного сравнения; рассчитано интегральные индексы экологической безопасности Украины за период с 1996 по 2013 годы; осуществлен сравнительный анализ экологической безопасности Украины и других стран мира; сформирована система показателей для ранжирования регионов Украины по состоянию экологической безопасности.

Ключевые слова: экологическая безопасность, оценка, Украина, интегральный показатель.

Bulletin of Taras Shevchenko National University of Kyiv. Economics, 2014, 6(159): 66-72 УДК 330.341 JEL Q01

G. Chornous, PhD in Economics, Associate Professor, V. Gura, PhD in Economics, Assistant Taras Shevchenko National University of Kyiv, Kyiv

# ORGANIC PRODUCTION IN UKRAINE: PROBLEMS AND PROSPECTS IN CONTEXT OF SOCIAL ORIENTED ENTEPRENEURSHIP

Practical realization of sustainable development general conception is passing to the organic production, that allows to satisfy society problems, not putting health and future generations' existence under a threat. At this entrepreneurs, which work in the consumer products' field, must displace accents from economic oriented to social oriented entrepreneurship. The article is dedicated to research negative and positive factors that influence on social oriented Ukrainian enterprises in the sphere of organic goods production. The special attention is attended to the analysis of foodstuffs producers' activity, the results of which have considerable direct influence on consumers' health. The value of informative influences on consumers and producers is analyzed. State support directions of organic goods production, creation of internal market ecologically safe products infrastructure are defined. Recommendations are given according to research results in relation to stimulation social responsibility of businessmen and model forming, which combines interests of consumers and producers, environmental preservation, population health refinement and ecological situation improvement.

Keywords: sustainable development, social oriented entrepreneurship, organic product, organic production.

Introduction. Today our world is an environment where innovations continuously are inculcated and realized. Without new products it is impossible to imagine modern life. In this connection businessmen aim to be creative and innovative, because it has become a necessary operating condition at the market. However it should me mentioned that consumer economics brought to changes of climatic terms and various cataclysms, that, in turn, are accompanied by considerable human and economic losses. For this reason entrepreneurship development must take into account conception of sustainable development, that consists in the necessity of balance establishment between satisfaction of contemporary humanity necessities and defence of future generations interests, plugging their requirement in a safe and healthy environment.

Problem of clean environment and healthy life-style is actual enough nowadays among overwhelming majority of Ukrainian population. Such situation was caused by worsening quality of both agroproducts in connection from application a great amount of chemical and mineral fertilizers for productivity increase and harmful influence on people health various foodstuffs through content in them unavailing and dangerous ingredients. In fact meal consumption is the necessary condition of full life and high level of capacity. For this reason businessmen that deal with food field must displace accents from economic oriented to social oriented etrepreneurship.

The problems of research social oriented entrepreneurship and sustainable development are described in numerous scientific works by foreign researchers such as

J.-M.Fortier, B.Huber, A.Lejzerovich, U.Niggli, T.Perris, R.Wiswall [1-2]. Among the Ukrainian specialists it is possible to name such, as Z.Galyshka, I.Komarnutskyi, S.Doroguntsov, V.Tregobchuk. To the range of organic production problems are engage S.Antonec, M.Artush, S.Begej, N.Berlach, V.Gudz, V.Vovk, V.Kisil, M.Kobets, U.Manko, V.Pundys, I.Prumak, M.Rubak, V.Rekynenko, O.Hodakivska, M.Shukyla, I.Shyvar. Role and place of organic production at realization sustainable development main provisions as eurointegration terms and food safety of Ukraine are reflected in researches [3-6], basic factors of global and national levels, which stimulate and restrain development of organic industry in Ukraine are defined in works [7-9].

However questions of organic production development in the context of social oriented domestic entrepreneurship are remained not enough investigated. The modern stage of society development needs elaboration and introduction a new Ukrainian economy model, that envisages combination of consumers interests and products' producers, environmental preservation, improvement of population health and refinement of ecological situation. Organic production in most researches is justly bound to the production of agricultural goods. However organic products are not only foodstuffs. We can also take the wide spectrum of consumer goods, such as cosmetic, clothing, furnitures, hygiene goods and others like that. Therefore the question of input social responsibility touches not only agroproducers, it embraces the representatives of different entrepreneurial activities, a lot of spheres of national economy and must be investigated complex and system.

An aim of the article is research of Ukrainian enterprises in sphere of organic goods production as a display of social oriented business and give recommendations in relation to stimulation entrepreneurship social responsibility and forming a model that combines interests of consumers and producers.

Relationship between sustainable development and social oriented business. Long time there was a widespread idea in Ukrainian society, that home products are useful and safe. However statistical data of the last years testify increasing population morbidity on cancer, circulation of blood system, skin illness, increase amount of inborn anomalies (table 1). Presently almost twice as much as compared to 90th register the cases of malignant new formations, violations in circulation of blood system, defects of development. Important reasons of such negative situation are worsening of environment and also qualities of consumer products, which are used by a person. In turn, it assisted distribution of sustainable development conception among all layers of population, in fact all begin to aim to surround itself safe and useful products the production of that does not harmful for environment.

Sustainable development conception envisages concordance three basic components of society development: economic, ecological and social. Coming out from this conception, modern enterprise needs to function a thus, that its activity brings not only profit, but also benefit to society. Thus activation of social oriented is very necessary and important constituent of further entrepreneurship development, that will assist providing sustainable development in country on the whole. Using the newest scientific and administrative developments gives an opportunity to design, count economic processes, envisage risks, forecast future socio-economic consequences, choose the most optimal variant of actions, not to harm to environment. The social oriented entrepreneurship shows up in social responsibility, that expects the honest business, observance of labour legislation, consumers' protection and responsible relation to environment problems.

Research results of domestic enterprises activity lead to conclusion, that in most cases attention paid only to one component of sustainable development conception. Thus, questioning of respondents from different Ukrainian regions in relation to the presence of social programs on enterprises, where they work, shows next results [10].

Except the main activity, only 50% Ukrainian enterprises engage in social programs realization of different degree scale. Often attention is concentrated only on charity (28% polled enterprises), a bit less is on employees' social defence (22%). Less attention is spared to social infrastructure development (17%) and projects directed to the improvement of ecological situation (14%). Such data testify about incomprehension of importance observance sustainable development conception by businessmen.

Table 1. Dynamics of population morbidity indexes in Ukraine

Years

Index	Years											
Ilidex		1997	2000	2003	2005	2006	2007	2008	2009	2010	2011	2012
Amount of first registered cases: New formations, on 1 million of general population	6355	6848	7728	8229	8629	8822	8725	8755	8820	9094	9240	9489
Illnesses of circulation of blood system, on 1 million of general population	27027	29458	47299	49705	51395	51801	52245	53437	52510	51999	51247	50795
Inborn anomalies, deformations and chromosomal violations, on 1 million of population from 0 to 14 from years		5325	7061	7134	7582	7835	7720	7845	8029	8020	8467	8268

Source: expected by authors from data http://www.ukrstat.gov.ua/

The special place in research questions of social oriented entrepreneurship belongs to foodstuffs' producers, in fact the results of their activity are directly related to influence on consumers health. "We are what we eat", – the well-known ancient Greek doctor Hippocrates said. His wisdom have not lost actuality today.

Imperfection of legislative base and absence of strict control lead to inobservance norms of content hazardous substances for people's health in most food products. It touches as traditional components of foodstuffs, for example, salt, that in Ukrainian bread twice as much than World Health Organization (WHO) recommends, so such dangerous ingredients, as trance-fats and artificial ingredients of synthetic origin. For example, cacao oil is changed on trance-fats in candies of some home producers, as a result their prime price diminishes in 20-25 times. Trance-fats — the worst allowed food component of modern meal, that predetermines inflammation of vessels, increase thrombus formation in them, extends the risk of atherosclerosis considerably [11].

At the market of foodstuffs there is an increase of "unhealthy" products suggestion such, as sausages, pastry wares, sweet carbonated drinks, chips, dried bread. It costs to mark that these products have high demand sufficiently, in fact producers advertise actively them, encouraging people to purchase. Also population do not have motivation to feed correctly. Reason is ignorance of dietology bases and lack of information in relation to harmful influence of "unhealthy" products on the adults and especially children organism. As a result, in Ukraine excessive body weight

have 51,8% adult population. For comparison, the least prevalence of obesity among the Europian countries - in Switzerland, Austria, Denmark, Sweden, Italy, Holland, Romania, most - on Malta and in Czech Republic. Specialists, analyzing the problem of excessive body weight in the USA, paid attention that excessive weight and obesity have mainly Americans with low level of income and education. Among well-educated people with high level of income excessive body weight is observed only in 20% persons. In other words there is a necessity for informing population about negative influence of certain products and encouragement to the healthy life-style. It can be useful experience of Great Britain. Program "Change for the sake of life" operates in the country. Television constantly translates video tapes that propagandize healthy eating: "Shorten the consumption of fat", "Watch after the amount of salt in foodstuffs", "Consume 5 various vegetables and fruit per day, "Throw out products that contain much sugar". Only on the division of "feed", according to this program, in Great Britain 1 milliard pound sterlings is distinguished on a year [11].

However many Ukrainian families aim to conduct the healthy life-style, to feed correctly, to be ecologically conscious. Exactly on such consumers are oriented ecologically clean products producers. Some businessmen offer quality, safe and useful products, the production of which inflict minimum losses to environment or are harmless in general. Market has provided appearance of certificated production process, in that it is forbidden to use chemically synthesized fertilizers and facilities of plants defence, hor-

mones and antibiotics, genetically modified organisms (GMO), synthetic flavours, preservatives, dyes, others like that and also properly marking products – organic.

Practical realization of sustainable development general conception is passing to the organic production, that allows to satisfy society problems, not putting health and existence of future generations under a threat.

Organic production as trend of social oriented business. The idea of organic production (Organic farming) consists in complete abandonment from application GMO, antibiotics, toxic chemicals and mineral fertilizers. It results in increasing natural biological activity in soil, proceeding in balance of nutritives. Renovative properties increase thus, work of living organisms is normalized, increase humus, and as a result increase productivity of agricultural points.

The result of organic production are ecologically safe products without GMO and unusual to the foodstuffs chemical elements. An organic production is now inculcated in more than 150 countries of the world, under it over 37 millions hectares are taken.

As demonstrates undertaken study, the idea of organic production spreads in Ukraine, where organic motion development is engaged by such organizations among them are Organic Federation of Ukraine, Association "Clean Flora", Association "Poltava-organic", International Public

Assosiation of bioproduction participants "BIOLan Ukraine", Club of organic agriculture, Union of organic agroproduction participants "Natureproduct" and some other.

In 2007 it was created the first Ukrainian accredited certification organ "Organic standard" [12] that conducts the certification of organic production in Ukraine.

In general, organic motion arose up in Great Britain in 40th of XX century. Then term "organic" was first used in scientific work of well-known woman-agriculturist and scientist Eve Balfour "Living earth" [13]. Also the necessity of sustainable development is reflected in this work, attention is concentrated that person blights nature as a result of out-of-control activity development, and it can be an inevitable catastrophe for all humanity. In 1972 there was founded one of the biggest and most considerable organization in the world International Federation of Organic Agricultural Movements (IFOAM) [14], that unites participants from more than 100 countries.

In Ukraine in 2012 counted already 164 certificated organic farms, and the general area of the certificated organic agricultural earth laid down 278 800 hectares [15]. Data for 2002-2011 demonstrate stable development of organic production. For ten years (2002 – 2012) the amount of farms increased in 5,3 times, and the area of agricultural earth grew on 70% (table 2).

Table 2. Dynamics of indexes that characterize development of organic production in Ukraine

Index	Years										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Area of the agricultural earth taken under an organic production, hectares	164449	239542	240000	241980	242034	249872	269984	270193	270226	270320	
Amount of farms, that engage in the production of organic goods, units	31	69	70	72	80	92	118	121	142	155	
Middle size of farms that engage in the production of organic goods, hectares	5305	3472	3429	3361	3025	2716	2288	2233	1903	1744	

Source: www.organic.com.ua

Analysing the indexes of table 2, obviously, that, at the same with the dynamic increase amount of farms and earth taken under an organic production, the middle area of one organic certificated farm in the last years diminished from 5305 in 2002 to 1744 hectares in 2011. It is foremost related to specialization of farms expansion of products assortment that produced (fruit and vegetables) by them, and also bringing in to the organic production less after area farms. Such tendency is a positive step to the social orientation entrepreneurship, as possibility appears to work for small and middle farms in this segment. In turn, it creates terms to market entry for small producers that offer quality and well-known organic products in a certain region. The owners of such productions open small brandname stores, where the complete assortment of products is presented. Such method of sales organization is effective, because in consumers consciousness these products are associated as more useful and more fresh. Main advantage is products delivery directly from production to brandname store without mediators.

The most Ukrainian organic farms are located in Vinnyts'kiy, Zakarpat·s'kiy, L'vivs'kiy, Odes'kiy, Poltavs'kiy, Ternopil's'kiy, Khersons'kiy, Khmel'nyts'kiy origins.

It is necessary to mark that organic production answers conception of sustainable development, in other words in the process of economic activity economic, ecological and social effects are arrived. They consist in the following:

economic – predefined by the willingness of consumers to pay a bigger price for organic products, cost lowering of material resources (agrochemicals and fuel-lubricanting materials from 30 to 97%). At the same time, this direction needs considerable investments for production, also prime cost grows through the decline of productivity in a conver-

sion period [16] and in case of not high level of soils' fertility, natural productivity of animals and seeds;

- social predefined by the considerable volume of hand labour that does possible an organic production for small agricultural producers with own labour. For example, in France, where 4,5% farms and 3,6% agricultural earth are organic, in organic farms are hired 2,4 average annual workers, while in traditional 1,5 [17];
- ecological predefined by gradual renewal of landed resources quality, brought over to the production process through the observance of crop rotations, application of green fertilizers and methods of biological fight against wreckers, technologies of soil till, turning to minimum interference, declining of soils compression, and also lowering contamination of reservoirs and atmospheric air through limitation of synthetic agrochemicals application, maintenance local biovariety through prohibition to apply GMO.

The characteristic feature of organic agricultural production is severely regulated terms and rules presence of production process, accordance of which is determined by the certification result of production (can last two years) and periodic inspection (production, processing and turnover of organic products control). At the terms of standards observance of organic production products take title positioned at the market under a brand "organic" [18].

The organic production in the world is characterized by dynamic development. Thus, the amount of organic products producers of the world in 2000-2011 grew in 6 times (from 0,3 to 1,8 millions). More than three fourths of organic producers are in Africa, Asia, Latin America, consumption of organic products in these countries considerably below than

in the Europe and North America. Leaders from the quantity of organic producers are India, Uganda and Mexico.

The world market of organic products demonstrates a positive dynamics. Thus, after 2000-2011 it increased on 44,9 milliards of dollars), or in 3,5 times [21]. Thus 96% incomes from realization organic products are got in totality in North America (50%) and Europe (46%). On the USA is 44% retail turnover of organic products, on the EU countries – 41% (in thereby on Germany – 14%, France – 8%, the United Kingdom – 4%, Italy – 3%), Canada – 4%, Switzerland – 3%, Japan – 2%. On other entire countries of the world is only 6% world retails of organic products [19].

For today in many countries of the world next basic ways of organic production development are formed:

- big wholesale investment provided agricultural organic production (The USA);
- small-scale agricultural or other organic production with subzero investment material well-being, export orientation and high social value of such activity (Africa);
- small, middle agricultural and other organic production at the terms of considerable sponsorship for producer from state institutes (Europian countries, foremost EU);
- mainly organic stock-raising on the pasture system (Oceania and Australia);
- mixed forms, that is determined by favourableness of state support, internal demand (in some countries by tourists demand), export capacities [20].

If we consider situation in Ukraine, then for us an organic production and market of organic products have begun to develop without the proper normatively-legal basis. Only on September, 3, 2013 The Verhovna Rada passed the Law "About production and turnover of organic agricultural products and raw material". In accordance with transitional positions, it has been entered into by January, 09, 2014 [22]. This document determines legal, economic, social and organizational frameworks of organic agriculture conduct, requirement in relation to growing, production, redoing, certification, attaching labels, transportation, storage and realization of organic products and raw material. The settlement of control events and supervision is also statutory after such activity. It is directed to providing just competition and proper functioning of organic products and raw material market, improvement indexes of population health, natural environmental preservation, rational use of soils and recreation of natural resources.

Another obstacle on the way of active development organic production is that national standards are not worked out in relation to this type of production and products. Therefore the organic products of home production, presented at the market, are certified on the standards confessed at the international market. Thus, the Ukrainian certification company LTD "Organic standard" is included to the official list of the certification organs confessed in EU and Switzerland, and carries out certification on standards "BIOLan" (by the private Ukrainian standards). Standards of organic agricultural production and marking of products and foodstuffs "BIOLan" were worked out on the basis of Base Standards of the International Federation of organic agriculture, Resolution of Advice (EEC) № 2092/91 in relation to the organic production of agricultural products and Standards of BIOSWISS (Association of Swiss organizations of organic products producers) [23]. In this connection it is impossible to organize the system of accreditation and bring activity over of certification organs to the only norms. As a result, Ukraine yet could not be positioned on international markets as an exporter of organic products, although it is envisaged (article 5) in the Law.

Main factors of organic production development. It is very important to distinguish external and internal factors that restrain development of organic agricultural production in Ukraine [24]. To external are taken:

- I. Factors of demand (a market capacity, rates of its increase or reduction, pattern of demand on products):
- 1. From 2009 the rates of increasing realization volumes of organic products have begun to go down through financial crisis (for example, in 2009 decline laid down 7,5%).
- Among consumers there is a mistrust to the organic foodstuffs as a result of the illegal marking or unfair competition.
  - 3. Insufficient amount of organic foodstuffs.
- 4. Home market absent of organic vegetables and fruit, meat and diary products.
- II. Factors of competition (amount of basic competitors, commodities-substitutes presence at the market, height of entrance barriers to the market and exit from it, distribution market parts between the basic participants):
- 1. Wide assortment of agricultural products that are grown after the traditional system.
- 2. Plenty of competitors-producers of traditional products at the internal market.
- 3. The developed production and promotion of foreign origin organic products.
- III. Factors of sale (mediators amount, presence of distribution networks, supply condition):
- 1. Difficulties in realization organic products at the internal market over processing and sale enterprises shortage.
- 2. Possible changes of organic products market situation as a result of world food crisis and price advance.
- 3. Deceleration of market increase rates through population standard of living decline.
- 4. Home producers limit access to organic products market, necessity of collaboration with traders.
  - 5. Instability of agricultural produce home markets.
- Exceeding of organic products export above realization at the internal market.
- IV. Economic factors (currencies course, inflation rate, change of population income level, public tax policy and others):
- 1. Price advance on agricultural technique, fertilizers and plants defence facilities.
  - 2. Demand falling through decline population income level.
  - 3. Unstable tax policy in Ukraine.
- V. Political and legal factors (level of political stability in country, level of population legal literacy, level of law-abiding citizens, level of corruptibility):
- 1. Absence of corresponding legislative and normative base of organic agricultural production.
- Absent governmental strategy and programs for organic agricultural production support and development.
- 3. Organic agricultural production does not has the functioning state checking system, that would be accredited on national and international levels and embraced control of both operators of organic sector and products.
- 4. Absent state rules of organic agricultural production conducting.
- 5. Uncompleted land reform and absent transparent and civilized market of agricultural earth.
- VI. Scientific and technical factors (level of science development, introduction of innovations, state support of science development): absent state support of scientific and technical researches in organic agricultural production.
- VII. Social-demographic factors (quantity and sexualage-old structure of population, level of birth-rate and death rate, level of employment):
  - 1. Insufficient level of food provision.
  - 2. Low level of people incomes.

VIII. Socio-cultural factors (traditions and system of society values, existent culture of commodities and services consumption, present stereotypes of people behavior):

advertisement absent of organic foodstuffs, while "unhealthy" products are actively advertised in MASS-MEDIA.

- 1. High level of using alcohol and drugs.
- 2. Prevalence of smoking both among men and women.
- 3. Useless products prevail in the population ration, absence of healthy eating popularization.
- 4. Worsening of nation's psychical health as a result of political and economic instability in our country.
- IX. Natural and ecological factors (climatic zone, environmental condition, relation of public to environment defence):
- 1. To 90% croplands in Ukraine have different level of degradation, that resulted in the decline of their fertility.
- 2. Losses of harvest and products quality worsening though unfavorable weather terms and natural phenomena of catastrophic character.

Internal factors are:

- I. Organization (level of participants qualification, their personal interest in organic production development, presence of cooperation between participants):
- 1. Research, education and advising from organic production questions in Ukraine are on the initial stage.
- 2. Information as to situation and reasons of certain phenomena is insufficient: scale and market potential of separate commodities; lack of home skilled specialists, modern research farms, insufficient system of farmers preparation and inspectors.
- 3. Undeveloped entrepreneurial qualities of producers reduce organic production viability and efficiency.
- 4. Low level of regional and local councils collaboration, research institutes and institutes on questions from organic agricultural production with organizations and public institutions on state and local levels.
- 5. Developed infrastructure absence of organic raw material storage and processing.
- II. Production (production capacities, quality of equipment, quality of produced products, presence of patents and licenses, prime cost, reliability of supplying raw material and materials channels):
  - 1. Reduction of vegetable points productivity.
- 2. Part of area under organic vegetables in Ukraine does not exceed 4,2% from the general area of ploughland with organic status.
- 3. Imperfect methods of the organic plants growing and animals breeding in accordance with natural and climatic terms.
  - 4. Necessary transitional period from 1 to 3 years.
- III. Finances (production cost, capital availability, speed of capital turnover, business profitability and others):
- 1. Home producers don't have enough financial resources for organic production development and introduction of innovative technologies.
- 2. The cost of organic products certification presents from 300 dollars per day and depends on the area of agricultural lands.
  - 3. Low level of vegetable points profitability.
- IV. Innovations (frequency of new products introduction, level of their novelty, terms of money recoupment invested in innovations): statistical null information in relation to: innovations in organic production; their use by domestic producers; transfer of technologies and now-how.
- V. Marketing (quality of products from consumers point of view, trade mark popularity, assortment plenitude, price's level, efficiency of advertisement, producers' reputation, distribution efficiency, qualification of serving personnel):
- 1. Social responsible marketing approach is absent for producers and marketing organizations, salespeople and other participants, that is the mortgage of basic principles

- observance for organic production, which are needed for market relations' establishment, collaboration and others.
- 2. Undeveloped advertisement politics, order of going into market and sale: the national logotype of the Ukrainian organic products is absent; population is not enough acquainted with the aims of organic economy; organic production and organic products promotion is poorly developed; insufficient collaboration with agricultural produce producers, that not well-informed in relation to organic agriculture.
- Consumers and farmers aren't informed about positive influence on environment and wild-life of organic production.
- 4. Internal market and absent state support worsen home producers positions in the world organic products market.
- 5. Prices on home organic products on 50-300% higher than traditional.
- 6. Insufficient qualification of sales personnel in organic products stores.

Without regard to imperfection of the normatively-legal basis in organic production field and existent retentive external and internal factors, in Ukraine there are factors that assist to its development. To them it is possible to take:

- dissatisfied demand on organic products in countries with developed economy that predetermines their personal interest in relation to develop organic production in Ukraine. For example, institutional support of national organic production in Ukraine is got from Switzerland the biggest organic products per capita consumer in the world. In Ukraine projects are realized within the framework of international technical help of Swiss Confederation "Certification in organic agriculture and organic market development in Ukraine" (2005-2011) and "Sustainable development of agrarian production in Ukraine" (2003-2010). In 2012 within the framework of its technical help a new project is begun "Organic market development in Ukraine";
- successful experience of resource saving agriculture in separate domestic agricultural enterprises, that counts about 40 years. Thus, in the Poltava area that is marked old traditions of the ecologically directed agricultural production, in 2010 Center of organic agriculture was created on base of private enterprise "Agroecology" and Poltava state agrarian academy. It tasks are scientific researches and advising from this range of problems, and also directly production of organic goods [25];
- presence of considerable agricultural lands areas suitable for organic production conducting. Agricultural lands on which organic production technologies introduction is ecologically possible and economically expedient present about 8 millions hectares. It, foremost earth of North-Poltavskogo, Vinnytsko-Prykarpats'kogo, South-Podils'kogo and North-Eastern-Luhans'kogo regions [26];
- natural and climatic terms: approximately 40% Ukrainian territory is occupied by fat lands that not contamination to the dangerous limits and where it is possible growing ecologically clean products at the level of the most strict world standards potentially; high maintenance of humus (3-5%) and loamy mechanical composition of black earth, which provides the high productivity, especially grain and oil-bearing crops [24];
- productive potential of Ukrainian agriculture, that is used only on 30%, allows to produce in 10 times more (so-called "Podoluns'kiy Law");
- potentially considerable capacity of internal market. After Organic Federation of Ukraine researches, the internal consumer market of organic products constantly grows: in 2008 it was estimated in 600 thousand euro, in 2009 1,2 million euro, in 2010 2,4 million euro, in 2011 5,1 million euro, in 2012 7,9 million euro. In the last three years there is a tendency of filling internal market by own

organic products due to adjusting organic raw material processing on domestic enterprises. In particular, there are groats, juices, syrups, jams, dried fruits, honey, meat and diary products [15].

- it is necessary to form internal demand In Ukraine exactly on the certificated organic products, the basic potential consumers of which are cities' residents. As in Ukraine traditionally "ecologically clean" products that are produced in rural locality in home economies (its volume presents about 50% in the gross agriculture production). Also it should be mentioned, that our consumers don't ready to pay considerable money for organic products, exception is child's food;
- developed public ecological organic motion. Organic products producers and their organizations are active enough at the market and in informative space, forming demand on marking products: organic products fairs, research and practice conferences, seminars, round table are regularly conducted from the range of organic production development problems, provided participating in exhibition events, distributed information in MASS-MEDIA. Such domestic organizations as International Public Organization "BIOLan", Organic Federation of Ukraine, LTD "Organic standard", LTD "YKRAGROFIN" are the members of IFOAM, Allukrainian public organization "Living planet" is the associated member of IFOAM [14].

Perspective of organic production adjusting in Ukraine is predefined by hard regulation of production process across application certain rules and standards, in particular in relation to the proper animals maintenance, using substances and processes of natural origin, except economic effects, gives an opportunity to attain the aims of maintenance and proceeding natural resources, biological variety, activation of production by small producers. As scientists of The National Institute for Strategic Studies [20] mark, for organic production development of agricultural goods in Ukraine it is necessary:

- to accept a Law on questions of settlement agricultural organic produce and raw material production and turnover;
- to settle the question of accreditation certification authorized organs of organic production, and also certifications, inspections of organic production and turnover organic products process by corresponding Resolutions;
- to initiate making alteration to Laws of Ukraine "About plants defence" (from 14.10.1998 № 180-XIV) and "About pesticides and agrochemicals" (from 02.03.1995 № to 86/95-VR) in relation to settlement application facilities of plants defence and fertilizers in organic production;
- to work out the national rules of organic production on the international requirements and standards basis;
- to enter and provide register of national organic producers with its promulgation on the web site of Ministry and in official print editions;
- to provide specialists' preparation on questions of organic production conducting by input special programs and courses in basic programs from agriculture specialists and managers preparation in profile Ukrainian universities;
- to complement the state statistical accounting in agriculture complex by special forms to reflect positions from production and turnover of agricultural organic produce and food.

To our opinion, similar actions must be realized for development all spectrum of organic production, because basic principles of organic products creation in sustainable development context are general.

**Conclusion.**Thus, for providing social oriented entrepreneurship – producers of consumer goods, which people use every day: meal, clothing, facilities of hygiene and cosmetic, furnitures and others – it is needed first of all:

- 1. To motivate citizens to consume safe and useful products. We are speaking about the necessity of informative influence on consumers' choice to buy "healthy" products. It is necessary to create national ideology of healthy life-style and clean environment thanks to adequate information about correct feed, advantages of using organic products in our everyday life. Realization of special fairs, exhibitions, festivals, conferences will help in this process.
- 2. To stimulate production of organic products both due to creation favourable fiscal, regulator terms by the state and due to informing producers of economic and social values from such type of activity, development systems of organic production technological support, popularization technologies, consultative support for entrepreneurs. To provide a state help to enterprises in transitional period and during realization certification on accordance to organic products requirements. For the decision of such tasks it is necessary to continue developing legislative base that must cover all types of organic activity.
- 3. To create internal market infrastructure of organic products. It is related to strengthening the national system of guarantees organic products for Ukrainian consumers defence and mistrust overcoming.

Entrepreneurship social responsibility will find the display through the maximal use in the productive process organic ingredients, and also on introduction differents events, that provide ecological, social, economically expedient production of quality goods and raw material. The organic production in harmony with nature will provide population by ecologically safe products, will assist the environment guard and people's health maintenance.

#### References

- 1. Fortier, J.-M., Bilodeau, M. and Fleming, S., 2014. The Greenhorn s The Market Gardener: A Successful Grower's Handbook for Small-scale Organic Farming. New Society Publishers.
- Organic Farming. New Society Publishers.
  2. Wiswall, R., 2009. The Organic Farmer's Business Handbook: A Complete Guide to Managing Finances, Crops, and Staff and Making a Profit. Chelsea: Green Publishing.
- 3. Artysh, V.I., 2012. Features of organic agricultural production in the concept of sustainable development of agriculture of Ukraine. Economics AIC, 7 (213), pp. 19-23. (Ukrainian)
- Buha, N., Kulyk, N. and Zuyakova L., 2014. The development of biological agriculture and providing organic production of agricultural products. Economist, 2 (328), pp. 27-33. (Ukrainian)
   Kuzmenko, O.B., 2013. Organic farming as a factor of European in-
- 5. Kuzmenko, O.B., 2013. Organic farming as a factor of European integration of Ukraine. Bulletin of Poltava State Agrarian Academy, 3, pp. 151-155. (Ukrainian)
- 6. Kobets, M.I. Organic farming in the context of sustainable development [pdf] Available at: http://www.undp.org.ua/agro/pub/ua/P2004\_01\_051\_04.pdf [Accessed 15 March 2014]. (Ukrainian)
- 7. Skachek, N., 2011. Statistical support of organic production development. Bulletin of Taras Shevchenko National University of Kyiv. Economics, 129, pp. 38-41. (Ukrainian)
- 8. Chudovska, V.A., 2012. World experience of organic agricultural products. Balanced Nature, 1, pp. 83-86. (Ukrainian)
- Shubravska, O., 2008. The market for organic products and the prospects for its development in Ukraine. Economy of Ukraine, 1, pp. 53-61. (Ukrainian)
- 10. Social programs of Ukrainian business. It is not charity, but not corporate social responsibility [online] Available at: <a href="http://hh.ua/article/14391">http://hh.ua/article/14391</a> [Accessed 10 March 2014] (Ukrainian)
- 11. Shvets, O. Nutritionists warn. Eat for Health [online] Available at: <www.vz.kiev.ua> [Accessed 10 February 2014] (Ukrainian)
- 12. Certification Organ 'Organic Standard', 2014. [online] Available at: <a href="https://www.organicstandard.com.ua">www.organicstandard.com.ua</a> [Accessed 10 February 2014]
- 13. Lady Eve Balfour. Pioneer organic farmer, founder of the Soil Association. [online] Available at: <a href="http://www.ladyevebalfour.org/">http://www.ladyevebalfour.org/</a> [Accessed 15 February 2014]
- 14. International Federation of Organic Agricultural Movements (IFOAM), 2014. [online] Available at: <a href="https://www.ifoam.org">www.ifoam.org</a> [Accessed 10 February 2014]
- 15. Organic Federation of Ukraine, 2014. [online] Available at: <a href="https://www.organic.com.ua">www.organic.com.ua</a> [Accessed 20 February 2014]
- 16. Niggli, U., 2008. Advantages of organic farming: Environment and economical characteristics. [pdf] Available at: < http://orgprints.org/15019/08/niggli-2009-advantages-oa.pdf > [Accessed 10 February 2014]

- 17. Moreau, C., 2013. The French Organic Sector. [pdf] Available at: <a href="http:">http:</a> orgprints.org/22345/13/moreau-2013\_BiofachODN\_french\_market\_AgenceBio.pdf > [Accessed 10 February 2014]
- Kropyvko, M.F. and Kovaliova, O.V., 2010. Ecological diversification of agricultural land in Ukraine. Economy of Ukraine, 7, pp. 78-85. (Ukrainian)
   Willer, H. and Lernoud J., 2013. The European Market for Organic
- Willer, H. and Lernoud J., 2013. The European Market for Organic Food 2011. [pdf] Available at: < http://orgprints.org/22345/19/willer-2013session-european-market.pdf > [Accessed 13 February 2013]
- 20. The National Institute of Strategic Studies, 2014. [online] Available at: <www.niss.gov.ua/articles> [Accessed 10 February 2014]
- 21. Huber, B., 2013. The World of Organic Agriculture: Regulations and Certification Emerging Trends 2013. [pdf] Available at: < http://orgprints.org/22324/7/huber-2013-standards.pdf > [Accessed 10 February 2014]
- 22. Law of Ukraine 'On the production and circulation of organic agricultural products and raw materials'. [online] Available at: <www.zakon2.rada.gov.ua> [Accessed 10 January 2014]
- 23. International Public Association 'Ukraine BIOLan', 2014. [online] Available at: < http://www.biolan.org.ua/uk/biolan-ukraine/today/> [Accessed 10 March 2014]
- 24. Centre for Ecological Agriculture 'South Organic', 2014. Problems and prospects of organic agriculture development in Ukraine. [online] Available at: <a href="http://finance.mnau.edu.ua/finance.mnau.edu.ua/index.php?option=com\_content&view=article&id=177">http://finance.mnau.edu.ua/finance.mnau.edu.ua/index.php?option=com\_content&view=article&id=177</a> [Accessed 10 March 2014]
- 25. Centre for Organic Agriculture 'Poltava Organic', 2014. [online] Available at: < http://poltava-organik.com/> [Accessed 10 March 2014] 26. Chernyshenko, I.I., 1998. Restoration of soil fertility in soil agriculture. Kyiv: Oranta (Ukrainian).

Надійшла до редколегії 12.06.14

Г. Чорноус, канд. екон. наук, доц., В. Гура, канд. екон. наук, асист. КНУ імені Тараса Шевченка, Київ

#### ОРГАНІЧНЕ ВИРОБНИЦТВО В УКРАЇНІ: ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ У КОНТЕКСТІ СОЦІАЛЬНОЇ ОРІЄНТОВАНОСТІ ПІДПРИЄМНИЦТВА

Статтю присвячено дослідженню діяльності українських підприємств сфери виробництва органічної продукції в контексті зміщення акцентів з економічної орієнтованості на соціальну орієнтованість бізнесу. Визначено зовнішні і внутрішні фактори, а також чинники, що сприяють розвитку органічного виробництва. Надано рекомендації щодо стимулювання соціальної відповідальності підприємців та формування моделі, що поєднує інтереси споживачів і виробників.

. Ключові слова: сталий розвиток, соціальна орієнтованість підприємництва, органічний продукт, органічне виробництво.

Г. Черноус, канд. экон. наук, доц., В. Гура, канд. экон. наук, ассист. КНУ имени Тараса Шевченко, Киев

## ОРГАНИЧЕСКОЕ ПРОИЗВОДСТВО В УКРАИНЕ: ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ В КОНТЕКСТЕ СОЦИАЛЬНОЙ ОРИЕНТИРОВАННОСТИ ПРЕДПРИНИМАТЕЛЬСТВА

Статья посвящена исследованию деятельности украинских предприятий сферы производства органической продукции в контексте смещения акцентов с экономической ориентированности на социальную ориентированность бизнеса. Определены внешние и внутренние факторы, а также факторы, способствующие развитию органического производства. Даны рекомендации по стимулированию социальной ответственности предпринимателей и формированию модели, объединяющей интересы потребителей и производителей.

Ключевые слова: устойчивое развитие, социальная ориентированность предпринимательства, органический продукт, органическое производство.

Bulletin of Taras Shevchenko National University of Kyiv. Economics, 2014, 6(159): 72-76 UDC 334.72 JEL O 310

O. Mykytyuk, PhD in Economics, Assistant, O. Honcharova, PhD in Economics, Associate Professor Taras Shevchenko National University of Kyiv, Kyiv

### INNOVATIVE INFRASTRUCTURE OF ENTREPRENEURSHIP DEVELOPMENT

The article deals with the actual issues of such forms of innovative infrastructure development as venture capital and clustered formation. Particularities of their functioning in the market conditions and problems of their existent are analyzed in the article.

Keywords: innovative infrastructure; clustered formation; innovative cluster; venture entrepreneurship; technopolis.

**Problem statement.**Nowadays, one of the main tasks of the modern economics is an activation of innovative processes and a transition to the innovative development in prospect. Development of the innovative infrastructure, reinforcement of competitiveness and innovative activities speed-up are an economics occurrence that allows standing against global concurrency and allows matching the claims of national and regional development.

Clustered formations and venture capital can become the main organizational forms of innovative infrastructure.

Latest research and publications analyses. The problems related to the clustered formations functioning are highlighted in the national scientific literature by the following national scientists: Varnalii Z.S., Hamashova O.P., Yanenkova I.H., Velyka K.V., Dolhova L.I. et al.

**Aims of the article**. The main aim of the article is to research and analyze innovative tools for business entities development in the market conditions, such as clustered formations and venture capital.

**Unsolved part of the general problem.**However, the aspects of innovative infrastructure elements' development in market economy are still not researched.

Main research subject treatment. An economics of post-industrial society is based not only on the telecommunication systems and the Internet, but also on the new organizational forms. Such forms are appeared from unions and complexes and transformed to clustered formations and network structures. Forms and methods of this structures management are different but always determinate by the particular object [1, p.186].

The main task of the clusters formation and support is to increase thelabor productivity with minimal investments. Clustered approach is one of the leading approaches in countries' competitiveness strategy formation under the modern international economics conditions. The main difference between clustered formation and territory-producing complex (one of the organizational forms of producing used on regional level in formed USSR) is the shopfloor initiative. Taking to account the principles of market, it can be efficient only in case of shopfloor initiative, when the