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REGULATION MECHANISMS IN THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES

The article carries out a comparative analysis of the approaches to studying the impact of mechanisms of state and market regulation upon the development of agricultural enterprises. The necessity of their integration is grounded.

Keywords: mechanism; state and market regulation; development of agricultural enterprises.

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МЕХАНІЗМИ РЕГУЛЮВАННЯ РОЗВИТКУ СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВ

У статті проведено порівняльний аналіз підходів до вивчення впливу механізмів державного та ринкового регулювання на розвиток сільськогосподарських підприємств. Доведено необхідність їх інтеграції.

Ключові слова: механізм, державне та ринкове регулювання, розвиток сільськогосподарських підприємств.

Рис. 1. Літ. 12.

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МЕХАНИЗМЫ РЕГУЛИРОВАНИЯ РАЗВИТИЯ СЕЛЬСКОХОЗЯЙСТВЕННЫХ ПРЕДПРИЯТИЙ

В статье проведен сравнительный анализ подходов к изучению влияния механизмов государственного и рыночного регулирования на развитие сельскохозяйственных предприятий. Доказана необходимость их интеграции.

Ключевые слова: механизм, государственное и рыночное регулирование, развитие сельскохозяйственных предприятий.

Problem statement. Disparity that constantly exists between functioning of mechanisms of state and market regulation of agricultural enterprise, in the opinion of leading Ukrainian scientists, is caused, on the one hand, by non-transparency of support mechanism, inaccessibility of budget funds for small and medium economic formations, influence of informal institutions on distribution of funds and, on the other hand – by negative influence of low prices of commodity producers and structural problems in the food and agriculture sector that far exceeds the effects of such regulation (Borodina et al., 2008).

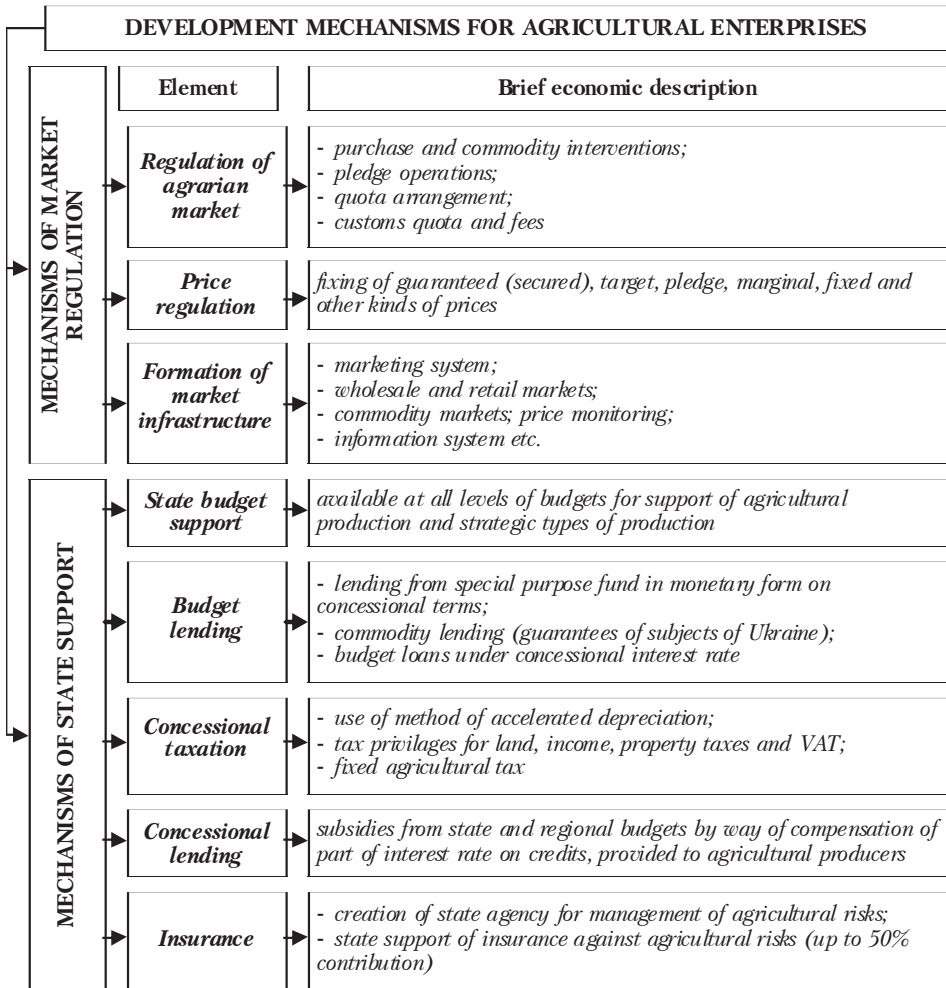
We consider that the selection of logically relevant, self-consistent system of approaches, methods and leverages that would provide realization of objective economic laws of development of agricultural enterprises is the most important factor in this process.

Analysis of the latest researches. Considerable contribution into the theory and methodology of mechanisms of state and market regulation of dysfunctional development of agricultural enterprises belongs to O. Borodina et al. (2008), A. Dibrova (2009), Y. Luzan (2011), V. Mykytyuk, Y. Khodakivsky and O. Yatsenko (2012), O. Shpychak et al. (2012) and others. However, nowadays, more attention should be paid to such a combination of economic and ecological instruments of regulation that

can save equal competitive abilities for different organizational forms of business patterns and biological progress.

Research objective is the necessity to revise combination of mechanisms of state and market regulation depending on target-oriented development of agricultural enterprises.

Main research results. Two approaches to studying mechanisms of regulation of development of agricultural enterprises dominate in the contemporary literature: the first – production regulation (Dibrova, 2009; Luzan, 2011); the second – market regulation (Shpychak et al., 2012; Chmielewska, 2009) (Figure 1). In our opinion, these approaches are somewhat one-sided, preventing from complex solving of the problem of equation of production possibilities for agricultural enterprises and satisfaction of market demand for quality agricultural products.



Source: Authors' own construction.

Figure 1. Main elements of the system of regulation of agricultural enterprises' development

The drawback of the production approach is that regulation is investigated from the perspective of use of enterprises manufacturing capabilities to the full extent and assurance of production expansion without regard to its environmental and payment capacity in agricultural production. Research is related to regulation of agrarian market, the emphasis is upon balance between supply and demand and price formation but insufficient attention is paid to the problem of regulation of rational use of available production factors, their timely recovery in valuable and natural form related to changeable needs.

To our opinion the biggest problem related to the development of agricultural enterprise is, first of all, associated with immaturity of market relations in the country, thus, originates disproportion in the development of such elements as legal mechanics; commodity and purchase interventions; pledge operations; fixed and target prices; production quotas; systems of wholesale and commodity markets, banks and exchange markets; information system etc.

We consider that imperfection of real market compared with its ideal theoretical model requires activation of market mechanisms from the state provision to enterprises economic self-reliance in solving production tasks, gradual, phase-by-phase price deregulation with adequate participation of the state in economy via program target-oriented regulation of economic development: investing, subsidy, monitoring of activity etc. Under the optimistic scenario of development (growth or rise) measures of market regulation are developed and leverages of centralized influence are lessened. In the first place, it is because regulation is the function of control that guarantees functioning of the controlled processes within the framework of present parameters (Azriliyan et al., 1999). According to the Ukrainian Soviet Encyclopaedic Dictionary, regulation is ordering, adjustment, bringing something in compliance with enforceable standards, rules (Bazhan, 1968). So, the problem is the necessity to develop such strategy of market regulation that would allow minimizing its weak points and preserving advances.

In spite of the availability of sufficient legislative regulation for state support of agricultural production, the existence of problems is typical for as it is mentioned in the analytical note "Regarding building of mechanisms of state support for agricultural production in Ukraine" represented by National Institute of Strategic Research under the President of Ukraine, the main problems are: (Sobkevych et al., 2012).

State and market mechanism of regulation of the development of agricultural enterprises helps to eliminate the said drawbacks and combine advantages of methods of influence on the development that considerably differs by the stages of development of agriculture and agrarian and food market, namely, by peculiar features of formation of market prices on agricultural products and dynamics of the development process. Market is the best pattern of economic organization known in history, nevertheless, it does have its drawbacks. Pure market regulation, for example, is involved with severely unreasonable differentiation of incomes that depends not only on put-in labour and capital, but also economic conditions, circumstances and producer's talent. It is a common knowledge that market equilibrium is established only through constant deviation from equilibrium which brings to indispensable fall of price below market (production expenses + average income) in agriculture. It demonstrates that even the best agricultural producers fail to reimburse for all their expenses. Moreover,

in other spheres of AIC where price rises above the equilibrium level enterprises receive additional profit exactly at the cost of agricultural enterprises.

Fundamental breakthrough in the unbalanced analysis of economy was done by the Russian scientist V.K. Nusratullin. He suggested the following starting conditions for unbalanced model construction and explained the dynamics of the extended reproduction in structural section of economy (Nusratullin, 2006):

- there are no equal expenses on production of goods even of the same kind produced by different producers;
- market price is not a result of concurrence of cumulative supply and demand, each separate market price is a result of individual act of interchange between the seller and the buyer of goods, according to the agreement between them about combined benefit;
- there is endless variety of individual market prices existing in economy that do not tend to equal level, thus to equilibrium, so unique equilibrium market price can not exist at the market.

Russian scientists S.P. Kapitsa, S.P. Kurdyumov, G.G. Malynetskyi noted that main methodological effect of equilibrium principle from the very beginning requires refusal from regulation of any economic processes, as they automatically accept optimal parameters of its development (Kapitsa et al., 1997).

Followers of market fundamentalism of agrarian sphere V.M. Mykytyuk, Y.I. Khodakivskyi, O.M. Yatsenko believe that regulation should be provided to equilibrium, that according to postulates of synergetics, is never stable. This theory is critical for regulation of national market equilibrium. Especially in critical and depressive phase of economic cycle (Mykytyuk et al., 2012). We consider that precondition for such regulation should be well-developed strategic planning, because operation of market laws in agriculture has significant limitations, in the first place in the social and ecologic spheres.

Especially inability and imperfection of market mechanism as mentioned in fundamental work "Efficient Economy" of famous Swedish economist K. Eklund appears in settlement of issues connected with collective benefits, external effect and social justice (Eklund, 1991). Expediency of state regulation of development of agricultural enterprises for said problems admit practically all Western economists. Defining borders for subsidies, loans, tax and credit concession has only correctional characteristics regarding functioning of market automatic mechanisms and control of production (supply), supply (demand), or prices destroy market mechanisms and replaces them by directive means of placement of resources and agricultural products.

Estimating the process of development regulation of agricultural enterprises abroad it is necessary to pay attention to the fact that centralized interference in the sphere of agribusiness in Western Europe is absolutely different from Ukrainian reality. It is evidenced by study of French experience of regulation of economic and ecological development of agrarian sector within the framework of Ukrainian-French program of scientific and educational cooperation "Programme de Technicien superieur en Gestion agricole et Agroalimentaire" carried out by Zhytomyr State Technological University and state educational institutions for professional training of specialists in the sphere of management of agricultural enterprises and enterprises of food industry "La Saussaye" (Shartr, France) and training of specialists in ecology,

management and commercialization of products of forest industry (Vic-en-Bigorre, France). This program was realized with the assistance of French agroindustrial association "KI-France" with the support of the Embassy of France in Ukraine. The aim of cooperation was the two-sided study of topical issues of management of agricultural enterprises and food industry enterprises, constant development of agriculture, food safety and protection of water resources.

Based on the results of our research it was ascertained that main elements that determine the development of agrarian sector in France are: agrarian policy, education, motivation, information and management. Primary role in active development of agrarian sector the French assign to active agrarian policy of the state. Thus, France occupies the first place among all European countries in agricultural production.

It is necessary to underline that in developed countries centralized support for agrarians has absolutely different nature in comparison to Ukraine. It corresponds to the so-called "green basket" recommended by the World Organization of Trade for preferable use for market system. These measures do not distort functions of market trade and do not impede free development of production and agrarian business, they only mediately contribute to progressive development. Subsidy assistance to the agrarian sphere in France, as well as in the European Union – by no means is allocating investment support for production and compensation of unprofitability of agrarians. In developed countries of Western Europe production-sales activity of agricultural producers is carried out totally in terms of self-financing and self-management, and budget funds are committed and distributed exclusively under target-oriented programs and projects that have long-term legal nature and in most cases fulfil the supporting role. It is first of all related to compensation of expenses of farmers incurred as a result of suppression of production, or establishing strict quotas in order to avoid excess production; coverage of suspected expenses of commodity producers connected with taking the productive land from use within the framework of programs of intensification of agriculture ecologization; state support of ecologically challenged areas; subsidy assistance to professional training, advanced training of personnel and consulting activity; financing of agrarian science; concession crediting; stimulation of long-dated retirement of farm owners and transfer of agribusiness to young successors.

Conclusions. In Ukraine peculiar feature of the regulation mechanism of agricultural enterprises development is excessive liberalization of market relations. Interests of agricultural enterprises and commodity producers in these conditions had become secondary. And this is exactly where the primary product is produced, that further determines the efficiency of all production-sales and management hierarchy. It is known that inefficiency of state and market regulation of the whole system of end-to-end control is determined by the inefficiency of the direct production and sale of raw material for processing as well as of ready food products. Inputs for agricultural production and ultra-low productivity of labour are inexcusably high. This is what exactly prevents agricultural enterprises from forming necessary owned capitals for self-development. We consider that the main problem in regulation of the development of agro-industrial complex comes from the fact that the most important ele-

ment of the complex – agricultural enterprises – is often disregarded by scientists and practitioners.

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