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## DEVELOPMENT OF PRODUCTION ECONOMIC SYSTEM IN FOOD SECTOR OF UKRAINE

*The paper has defined the production economic system, identifying the specific features of the system, defined the set of economic relations formed at a certain stage of socioeconomic development of the country, determining the objective economic laws and subjective factors of the system impact and conceptualizing structural elements of the economic system belonging to production processes.*

**Keywords:** production system; mineral water industry; food production; economic system; effectiveness.

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## РОЗВИТОК ВИРОБНИЧО-ЕКОНОМІЧНОЇ СИСТЕМИ ПРОДОВОЛЬЧОГО КОМПЛЕКСУ УКРАЇНИ

*У статті надано визначення виробничо-економічної системи, наведено характерні властивості цієї системи, конкретизовано сукупність економічних відносин, що складаються на певному етапі соціально-економічного розвитку країни, визначено об'єктивні економічні закони і суб'єктивні фактори впливу на систему, схематизовано структурні елементи економічної системи, що віднесені до виробничих процесів.*

**Ключові слова:** виробнича система; галузь мінеральної води; продовольчий комплекс; економічна система; ефективність.

*Рис. 1. Літ. 14.*

Елена М. Азарян, Диана С. Файвишенко

## РАЗВИТИЕ ПРОИЗВОДСТВЕННО-ЭКОНОМИЧЕСКОЙ СИСТЕМЫ ПРОДОВОЛЬСТВЕННОГО КОМПЛЕКСА УКРАИНЫ

*В статье дано определение производственно-экономической системы, определены ее характерные особенности, конкретизирована совокупность экономических отношений, складывающихся на определенном этапе социально-экономического развития страны, выделены объективные экономические законы и субъективные факторы воздействия на систему, схематизированы структурные элементы экономической системы, относящиеся к производственным процессам.*

**Ключевые слова:** производственная система; отрасль минеральной воды; продовольственный комплекс; экономическая система; эффективность.

**Problem setting.** Structural diversity of food production, a range and variety of products and components give an impetus to careful analysis of production economic system, identifying the specific features for the research.

**Recent research and publications analysis.** The issues of economic systems definition as a category, peculiarities of their formation and functioning gained an extended coverage in scientific papers of the native and foreign academic economists – M.V. Alikieva et al. (2012), E.I. Piskun (2010), N.N. Kunitcina (2002), L.Z-G. Kerefova et al. (2013), O. Piankova (2014), T. Sakaiya (1991) and others.

Though it should be mentioned that as of today there is no precise definition of production economic system, there are no objective economic laws and no subjective influences allocated for the system, and the elements of the economic system related

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to production processes are not structured. The key shortcoming is the lack of a competitive component and underestimation of the importance of subcomplexes' identification for the analysis and prospects of their following development.

**The research objective** is the definition of production economic process as a comprehensive whole, development analysis, revealing the specific features, influence of economic laws and subjective impact, singling out structural elements of the economic system referred to production processes.

**Key research findings.** Production economic system can be represented as a complex of production and providing economic elements which create a certain entirety and unity of relations with simultaneous identification of functional features of each structural component, each representing independent economic units based on the principals of progressive technologies, possess own materials, scientific-technological, personnel and financial resources.

Production economic system is defined and therewith depends upon a set of economic relations formed at a certain stage of socioeconomic development of the country under the influence of objective economic laws and subjective factors. The key structural elements of the economic system related to production processes can be distinguished (Figure 1). These structural elements stand as determined subsystems and define the features of an economic system depending on a stage of socio-economic development of the country.

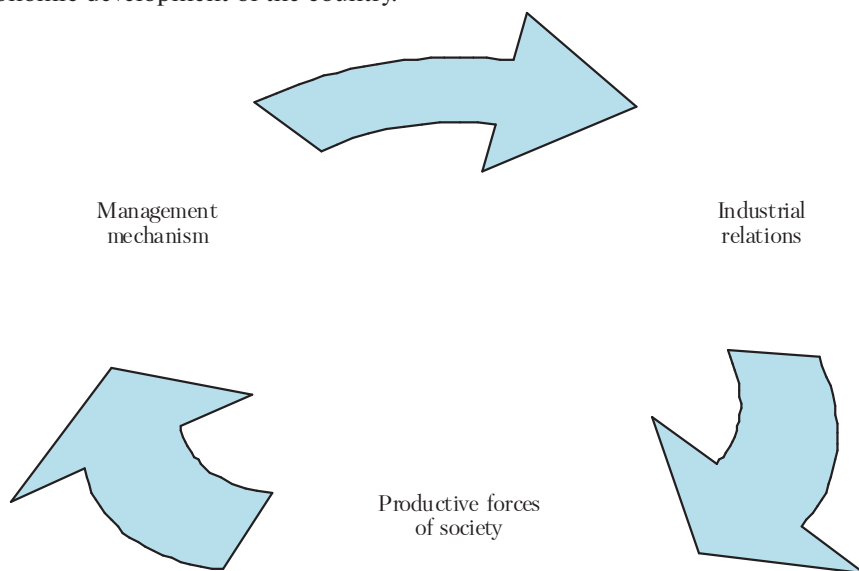


Figure 1. **Structural elements of economic system, authors' development**

The most important part of economic system is production relations which determine a deep layer of each production mode. The degree of development of society productive forces – the level of manufacturers' qualification and technological expansion – defines the efficiency and effectiveness of economic system, the level of labour productivity and ultimately prosperity of population. The contemporary productive forces require balance and synchronism between industries and subindustries of the country's national economy.

Economic management mechanism is a complex of organizational structures, certain forms of economic management and management methods established on the basis of special property relations according to the data of definition of the essence of economic system and its structural elements.

The development of production economic systems depends upon changes occurring in economic environment; improvement of qualitative system properties peculiar to economic structures as well as upon internal alteration of the essence of economic structures. A complex of definite properties which can be expressed in various organizational, social and legal forms are peculiar to each production economic system.

In this regard as economic industrial structures can be referred to the category of production economic systems. This requires the selection of indices which allow defining production economic system. At present quantitative and qualitative indices are defined. According to M. Alikaeva et al. (2012: 8–36) the main qualitative characteristics and properties of economic industrial structures are technological and reproductive constituents.

One of the distinctive features of production economic system is stability, permanent commensurability of communications and relations of its elements as well as dynamism of state changes of production economic system.

This dynamism is expressed in circularity of production process, its changes in time, in structure fluctuations and ties of its elements, variety of external and internal influences. One of the characteristic features of production economic system is its multicriteriality. There is a great variety of criteria and only multivariate estimation of these criteria characterises the system. All subsystems at various levels of hierarchy of production economic system can be characterized by their partial criteria which create a sequence of purposes and criteria in complex.

To economic features of the food market as a comprehensive whole we could refer a considerable number of commodity producers, the barriers for entry into the branch of new commodity producers are too low; products common features; local (territorial) difference for the most types of products, influence of national and international competition and low elasticity of consumer demand for agricultural production (Kurkina, 2007: 174–178).

In general, the process of transformational reorganization of the state's economy and food complex relating to profound systemic crisis is coincided with a certain phase of an economic cycle. The process of technical recovery and growth of various characters has started in food industry branches after recession in 2–3 times. This dynamics is typical for cyclic development of the economy and taking into consideration perceived specificity it is described most adequately by the three-phase model of a cycle: decline – renewing growth – net growth (Ilyanova, 2009: 185). Cyclicity is one of the forms of progressive development and therefrom a cyclic development of the economy can be considered as effective development as presence of a decline phase induces to renewal in the growth phase. And, on the contrary, the suppressed cyclicity of economic systems brakes intensive development and gives rise only to extensive growth.

Assuming that cyclicity stipulates spiral motion we can make a logical guess that cyclicity is one of the forms of progressive development. Therefrom cyclical develop-

ment of the economy can be deemed to be effective as the decline phase induces further renewal in the growth phase. And on the contrary, the suppressed cyclicality of economic systems brakes intensive development and gives rise only to extensive growth.

Food industry being in a phase of decline or rise, as well as the degree of progression within the framework of a phase, defines effective strategy of its further development in many aspects.

One of the features of food complex formation and development is this process activity within the framework of the expressed phases of an economic cycle against the background of a large-scale systemic crisis which has essential effects on dynamics and rates of economic changes (Nakipova et al., 2012: 326–332). The Keynesian theory has shifted the attention from the theoretical research of crisis as such to a broader problem of a cycle in general. Crises were acknowledged to be unavoidable phenomenon in the course of market system development and not only they are dangerous but also "overheating" of market conditions accompanied by inflationary developments which take priority of the next crisis as well. Crises are neither fortuity, nor a result of errors in economic policy or consequence of difficulties of strictly monetary character for the Keynesians. In their opinion the causes of cyclical fluctuations are seated not in external environment, they are incident to market-oriented economy (Shadura-Nikiporetct et al., 2012: 70–75).

The classical cycle theory is exterior (external), it recognizes the main causes of market fluctuations in the action of cyclicality externalities which lie outside economic system. Revolutions, coups, wars, accidents of international unions and other political dislocations, powerful production technique, social disruptions conditioned by epidemics and natural calamities and other causes can be such factors. Any of these factors is able to make negative or positive influence on the economy (throwing it into the state of contraction or prosperity) and it will need some time to return to stable state (Shadura-Nikiporetct et al., 2012: 70–75).

An idea of cyclical development of the world economic activity named as "Kondratiev long waves" deserves particular attention. The essence of this conception is: the dynamics of economic system condition has a cyclical character, and cycles are shown as wavelike changes of the groups of condition indices.

In the middle of the 1970s J. Forrester (2006: 13) developed a mathematical model, the use of which explains the presence of cycles conditioned by super-accumulation or deficit of main production facilities.

Currently escalated change-over of a food complex branches from the phase of renewing growth to the phase of net (innovative-investment) growth requires significant financial and credit investments of state and private capital into technical reorganization, first of all, under reasonable top-priority spheres. It is conditioned by dominant tasks of fast finding a way out of the crisis of the food complex where development in the phase after crisis changes of the economy can be characterized as "renewed growth".

As the food complex is a complicated structural economic system, overcoming the crisis state each of its constituent is carried out gradually and has relatively local character as according to the scope of reconstructions as well as their intensity.

At that specification of a structure of regional consumer market from the standpoint of its subject-material content and organization of actions is important. It

includes a list and relative share of all types of commodities sold at regional market, staff of consumers and buyers, their share in turnover, distribution of supplies of one or other goods of consumer destination between manufacturers, number of wholesale and retail receivers of certain goods and share each of them in the size of consumption.

Similar structural estimation has important analytical significance for termination of elementary territorial structure of a consumer market. The markets of individual commodities, formed in the view of population needs satisfaction, are analyzed at each of these markets.

**Conclusions.** Thereby the food complex is a complicated structural economic system where each constituent is carried out gradually and has a relatively local character as according to the scope of reconstructions as well as their intensity (Borshchevskiy et al., 1994).

Differentiation of labor in various branches and food sectors complex is revealed in different ways. Though in all cases there is a separation of branches and enterprises to which many-sided interdependence and growing rates of exchange are peculiar. Thereby, social differentiation deepening intensifies the objective necessity of inter-branch economic relations development on a widescale. As for the food complex, it represents a complicated socioeconomic system, currently being in the formation stage, providing the complex with production instruments.

Taking into consideration the factor of cyclicity of economic system development, food complex stands as a foundation for the creation of powerful food industry in Ukraine for provision of normal life sustaining activity of population and is tightly linked to declines and recoveries of country's economy in general.

The perspectives for a follow-up study is an analysis of a place and role of the mineral water sector in the production economic system of the food complex taking into account international experience of this sector formation and development.

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### КНИЖКОВИЙ СВІТ



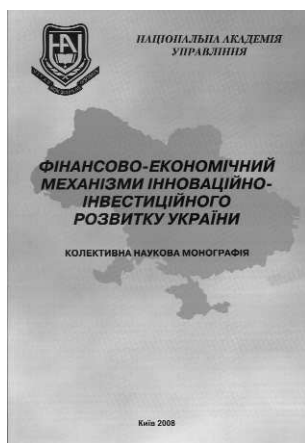
СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА  
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД

## НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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**Фінансово-економічні механізми інноваційно-інвестиційного розвитку України: Колективна наукова монографія / Кириченко О.А., Єрохін С.А. та ін.; За наук. ред. д.е.н., проф. О.А. Кириченко. – К.: Національна академія управління, 2008. – 252 с. Ціна без доставки – 25 грн.**

Монографія присвячена актуальній проблемі світової та вітчизняної економічної науки, викладені теоретико-методологічні питання формування стратегії інноваційно-інвестиційного розвитку національної економіки та формування її фінансово-економічного механізму. В основу викладу матеріалу монографії покладені багаторічні дослідження науковців в галузі економічної теорії, фінансів та банківської справи, які були апробовані на сторінках авторитетного журналу "Актуальні проблеми економіки" в 2004–2007 роках. В монографії обґрунтовано шляхи переходу економічної системи України від підприємства до рівня держави на більш високий цивілізаційний рівень за рахунок створення ефективного фінансово-економічного механізму інноваційно-інвестиційного розвитку.