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## CONCEPT OF GUARANTEE INDUSTRIAL ENTERPRISES THEIR QUALITATIVE MUNICIPAL SERVICES

**Annotation.** *In the article the essence, the importance of innovative enterprise development. The features and differences of services in relation to the production. Studied and proposed stages of concept development of innovative enterprises in the context of municipal service and industrial maintenance.*

*Implementing the concept will improve the efficiency and reliability of enterprises will improve the quality of public services industries, population, efficiency and reliability the systems of gazo-, electricity, heat and water supply, drainage and as a result their investment attractiveness.*

**Keywords:** *innovative development, services, enterprise service-providing production, concept, information.*

### Introduction.

Given the constant revitalization of economic globalization, innovation processes that have engulfed the Ukrainian economy, actively implemented in the scope of the service industries. Today the service sector, more than any other, focused on consumer needs, to improve the quality of life, so one could argue that a prerequisite for successful and effective development of any country is the development of services. In the context of European integration to improve efficiency of services essential areas owned by activation of innovative management and the formation of an economically viable enterprise innovation policy, as this is not possible without the formation of progressive structural changes, technical and technological innovation, sustainable development of services.

Research problems of the service industries paid great attention to the works of many domestic and foreign scientists: B. Adam B. Andrushkiv, B. Danylyshyn, V. Kutsenko, Alexander Lukyanchenko, A. Pohaydak. Analyzing the work of scientists, one could argue that they paid much attention to interpreting services, classification services, presented different approaches to addressing performance management and innovative development of the enterprises. Despite the great interest in the issues of innovative development in a market environment remain unresolved the formation of the current system of innovative development.

The function on the path of development through innovation factors require adapting existing management systems to rapid changes in both the external and internal environment of operation.

### Setting objectives.

The study is theoretical positions and practical recommendations for formation of the concept of innovative enterprises in the service and industrial contexts of services.

### Research results.

Current practice and international experience suggest that some businesses which engaged innovative activity in services is 55% in Germany and 25% in Spain. But, almost in all European Union countries the share of innovative enterprises in services is lower than the number of innovative enterprises. In Germany innovation engaged 65% of industrial enterprises while in the service sector 55% tax; in Ispaniyi – 40% of industrial enterprises and only 25% of companies in the service sector [3].

Innovation activity in services should not only cover the scope of production services consumption in general, but also track features specific customers, which ultimately necessitates a programmatic approach that provides forecasting, selectivity, targeting, rational use of all types of resources and taking into account the specific characteristics of services [5, p. 132]: intangibility services, which is the difficulty for producer services explain and specify the service and evaluate it from the buyer; the buyer is often directly involved in the production services; services – an activity (process), so service can be tested before it buy the buyer; service often consists of a system of smaller services, and buyer evaluates these services; quality and attractiveness of providing services depend on the ability of the buyer to evaluate their results. Utilities service-production services, which are aimed at meeting the primary needs of the population and creating the necessary conditions for the functioning of all branches of the national economy, is an integral part of services. In particular, enterprises water, gas, heat supply are among the main utilities sector, providing services for industrial enterprises and livelihoods bridge [1, p. 98].

This causes the severity and urgency of the problems of innovative development utilities service-production services at market conditions. The importance of an urgent solution related economic and social issues, priority need for comprehensive scientific research as the general theoretical aspects of utilities, economic and legal management principles and problems of investment and innovative model of development.

Effectiveness innovation service industries is determined, above all, the necessary internal and external sources of innovation, the ability to their rapid mobilization, investor interest in supporting innovative development [7, p.56].

Unfortunately, the current state of the services sector in Ukraine is characterized by a number of negative factors: the the crisis state of infrastructure; increase in utility

3. Avoid repetition of the same legal standards in several regulatory acts.
4. Declare invalid the regulatory acts, which do not meet the requirements of the European Administrative Space.
5. Introduce an effective mechanism to check departmental regulatory acts for conformity to *acquis communautaire* and requirements of the European Administrative Space.
6. Make legal provisions for procedure of drafting legal acts, which, according to their legal regulation subject, belong to priority adaptation spheres.
7. Create a proper institutional mechanism for legislation adaptation.
8. Ensure improvement of foreign language competence of civil servants of all tiers of public authorities.
9. Expand and intensify scientific research of the adaptation problems and introduce scientific recommendations into the actual practice.
10. Raise the awareness of the basic adaptation processes of both public administration officials and the general public.

Thus, the country that is seeking integration with the EU has to develop its strategic model for aligning the national legal system with the EU standards, at the same time advocating its own interests with regard to the country's political, economic, and social situation. A properly organized work of public authorities dealing with the Eurointegration issues, in particular adaptation of the national legislation to the EU *acquis communautaire*, affects the country's capacity for efficient fulfillment of tasks that are entailed by commitments to the European Union undertaken in respect of European integration.

Besides, it is worthwhile to remember that all actions and efforts of the Ukrainian power authorities are going to be futile unless they are realized and supported by the public legal consciousness. That is why an issue of no less importance, which should be resolved without delay, is raising public awareness of the value of law, enhance its prestige in the society, and improve the efficiency of the mechanism for human rights and freedoms protection.

The scientific novelty of the present research consists in substantiation of the lines of improving the mechanisms for adaptation of the legislation of Ukraine to the requirements of the European Administrative Space (with account of the experience of the Baltic countries). Prospective research in the field will deal with improvement of coordination of the process of Ukrainian legislation adaptation to the law of EU. This will help fulfill effectively the current tasks of adapting legislation as well as meet future targets after the Association Agreement comes into effect.

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institutional mechanism. In Ukraine, unfortunately, there is no single clearly-defined public authority that would be responsible for the procedure of association with the European Union. In this context, an example set by foreign countries is very interesting. The experience of the Baltic countries is especially useful. Thus, for example, in January 1996 Estonia created a government agency intended to coordinate preparatory measures for association with the EU at the national level – the State Chancellery Office of European Integration with a staff of 20 people. In the opinion of its Director of that time Henrik Hololei, that number of personnel is optimal, since there is no need to duplicate the work of ministries. The Office worked for nine years with five Prime-Ministers of eight governments, which fully supported association with the EU as an important priority of state policy. There was a strong political support that gave the Office an opportunity to work efficiently and exert a large impact. As an example, the Office Director has the rights to participate in government meetings and to influence decision-making. These rights ensure his high status in relations with his colleagues, and open the possibility for high-ranking officials of Estonia to head the the Council of Europe [11, p. 197].

As regards Lithuania, it is important to notice that, for instance, a key factor in the country's gradual reformation of its public administration system, including administration of the Eurointegration process, and particularly the national legislation adaptation to *aquis communautaire*, was speeding-up the process of European integration [12] which is an urgent imperative for today's Ukraine.

Serious challenges are entailed by faults in official translations of the European Union legal acts. In practice this causes collisions and controversy of scientific interpretation and administration of law by the Ukrainian public authorities, citizens and other legal entities compared to their European colleagues.

It is of interest to note that formerly (2008-2010) public administration entities used to get annually from the Ministry of Justice of Ukraine recommendations as to introduction of the EU legal provisions into the national law, and questionnaires, which include questions whether it is expedient to consider certain acts, and when they are expected to be implemented. Over the recent decade, among the suggested acts, there constantly appear those already elaborated, adopted, and registered by the Ministry of Justice of Ukraine [5, p. 23].

#### IV. Conclusions

Drawing conclusions of the research, we must point out that Ukraine faces a number of problems, which should be addressed urgently to achieve the goal of the society; in particular the country has to:

1. Overcome the unsystemic and fragmentary character of adaptation of the legislation of Ukraine to the law of the European Administrative Space.
2. Provide systematization of the actual regulatory framework reducing it to a unified well-ordered system by accommodating differences and rendering coherence to administrative and legal regulation.

tariffs; lack of competitive environment; imperfect mechanism of formation of prices and tariffs for products and services of utility companies and others.

In the conditions of European integration economic reforms, reducing the impact of political expediency and growing importance of economic indicators in the governance process, the transition from a centralized cash management utilities to significantly alter the decentralization of control mechanisms. The transition to a market economic system requires these companies a significant change of their internal control systems with the use of adaptive approaches and mechanisms at the strategic level [2, s.259].

The formation of the concept should be implemented together by performing the following steps.

At the initial stage is usually formed working group will be to develop the concept. Here it is important that the working group included all possible specialists as practice and academia. That working group should be formed by representatives of the executive authorities, MPs, schools, and professionals directly utilities service-production services, as well as representatives of potential investors.

Overall, the next stage, namely the formation and analysis of information database for concept development is critical and very complex and includes a large number of works. It should be noted that the results of the analytical phase is a request for information, which must be drafted so as to obtain not only the original source data (based in particular on the official statistics), but also analytical projections, program, project documents, and regulatory legal, administrative acts of public authorities and local governments, which contain advice, assessment, conclusions, proposals, recommendations, instructions for individual areas and the problems of communal areas.

In step forecasting and analytical work related to the formation of the actual project development concept under development of standards in accordance with the goals of social development. Also developed predictive estimate of expenditure required to implement promising development goals. At the final stage of conception should assess the resources needed to achieve the objectives of the strategic development utilities service-production services and the formation mechanism of attraction and use.

Application of these steps allows creating conceptual foundations of utilities and the mechanism of its implementation. Certainly the development of innovative concepts utilities service and production service that is not a panacea, but it could be the first stage of study strategies and identifying key areas of local government to provide municipal services to citizens and businesses of the city [1; 4].

The implementation of the concept is to ensure efficiency and reliability of utilities service-production services, sustainable development to meet the needs of economic complex and the population in public services according to established standards and national standards and ensure its attractiveness. Under the strategic goal of implementing the concept is to ensure the stability and reliability of municipal service and manufacturing service industry, improve the quality of services, reduce the cost of communal services, introduction of saving technologies, improvement of environmental performance.

Based on the analysis of the situation in the utility sector, should include the allocation under the strategic goal of implementing the concept of objectives: the formation of effective mechanisms of public services and the environment for investment; organization

of effective management in the production and provision of public services; deepening of monopolization in the utility sector, creating a competitive market of public services; technical re-equipment of communal property, proximity to the European Union proposed the use of energy and material resources, production utilities [6, p.72].

Evaluation of communal enterprise service and production service, indicates saving considerable share of unprofitable enterprises and organizations in the industry, whether they have payables on payments to the budget. The main objective of reforms in public utilities should be to ensure quality service as the industry and the population while reducing their costs.

Engineering infrastructure development program should be aimed at ensuring the reliable operation of plumbing system, water supply continuity and quality of drinking water, improved sewage treatment. She certainly should include the following tasks: improving water treatment technologies and increase its purification through modernization of water treatment plants; longer service life of pipelines through their recovery based coating on the inner surface; reconstruction of sewer networks; improve wastewater treatment technologies by introducing additional capacity secondary clarifiers and application of new filter elements in wastewater purification; modernization of sewage pumping stations.

Scientific and technical development of utility companies should include: conducting scientific and technical research on issues of operation and maintenance of facilities, public welfare, etc; development and implementation of new technologies and equipment aimed at technical re-equipment of enterprises of communal service and service production and reduce unit costs of energy and material resources; setting up of new samples municipal machinery and equipment for the needs of this sector; creation of monitoring system utilities service-production service and its reform, relevant databases; development and implementation of programs of public utilities; the formation of energy service companies in the utility sector; development and implementation of programs to stimulate economic usage of drinking water consumers and thermal energy [6, p.73].

The implementation of the concept of utilities service-production service is usually not possible without legal, informational, personnel and organizational support. Work on legal support concepts appropriate to carry out the following areas: the gradual development of legal acts on regulation of mutual relations utilities service-production services and industry; harmonization of national standards and other regulations in the area of public services in the European Union; optimization of the powers of the state executive and local authorities in the field of public utilities.

Information management concept involves the following tasks: a regional computer network utilities; creating databases together to implement the objectives of the concept; creation of analytical software for monitoring the state of reform and development utilities service-production services; creation of information portals for coverage of utilities service and production service, state of reform and development.

In summary it can be argued that conceptual directions of innovative development communal enterprise service-production services include complex provisions of the economic and organizational support, namely: economic (pricing, tariffs), legal (separation of powers), organizational (reorganization, forming the optimal structure), financial (budgets, transfers, loans), information (communication, computer technology) investment and innovation (resource), social (the balance of interests of participants).

Europe. In its activity, ECHR combines the elements of both the laws, making an active use of the case law [8, p. 89].

It is often stated that signing the European treaties is one of the most significant components of the mechanism for aligning the legislation of Ukraine with the law of the European Union. Indeed, this line is correct, provided the provisions of the signed and ratified treaties are introduced adequately into the national legislation. However it should be remembered that the European treaties do not contain general provisions as to a time period, within which adaptation of the national legislation to the law of the European Community should be realized. In general, few treaties contain specific requirements pertaining to adaptation of the national legislation to the European Union law.

Furthermore, the major difference between the legislation of the European Union and the national legislations of its Member States lies in the fact that, as a rule, there are no laws issued at the EU level; instead, there are directives, which apply to specific legal fields and must be executed through the instrumentality of the national legislation. What should also be mentioned is that the EU rarely establishes absolute legal standards. Generally, its directives harmonize specific aspects of legislation by means of setting minimum standards at the level half-way between the legal standards of a member state with the highest value of regulation 30 and the one with the lowest level. That is why any strategy for approximation of the legislation of the third countries, including Ukraine, to the EU law has to take into account this specificity of the legal system of the European Union [5, p. 29].

Apropos of the problem aspects of the mechanism for legislation adaptation, it can be noted that today one of the biggest problems is unmethodical approach to the adaptation, lack of understanding about its needs etc.

As researcher I.Hetman fairly puts it, it should always be kept in mind that the so-called «euphoric» attitude to the adaptation processes is unacceptable; so is inconsiderate following the European law standards and institutions [9, p. 45].

The country's political situation has a considerable impact on the adaptation process. Indeed, the representatives of different branches of power persist uncompromisingly in their stand on some issue of other, neglecting the fact that to reach political coordination facilitates the adaptation process. Additionally, timely familiarization with new developments in the EU law and due regard to their specific form and content, when planning particular adaptation measures or revising the actual adaptation plans, should become a priority task for all the Ukrainian public authorities, engaged in the process [7, p. 75].

However, the adaptation process can not be limited to a mere implementation of formal measures aimed to align particular Ukrainian legal norms with the laws of the European Union, but should presuppose a complex approach to reforming the legal system of Ukraine in general. A key element of reforms is adaptation of the judicial branch of government to functioning under realization of Eurointegrational and procedural mechanisms [10, p.53].

One of the reasons for imperfection of the mechanism for adaptation of the legislation of Ukraine to requirements of the European Administrative Space is lack of a proper



legal nature, denoting, in fact, the EU legal system that includes but is not limited to the legal acts of the European Union [5, p. 12]. However in practice, the term is used in a sense larger than 'approximation of legislations', covering not merely harmonization and unification of measures necessary to bring the Ukrainian laws in compliance with requirements of the EU regulatory acts [6, p. 57]. When characterizing the current state of adaptation of Ukraine's legislation in terms of European integration, it should be noted that in the course of genesis of the Ukrainian 'adaptation of legislation' concept, the sense of the adaptation process has narrowed from reforming the country's legal system as a whole to a stage of reforms related to the Ukrainian law harmonization with the EU acquis [7, p. 74].

To our mind, the mechanism for adapting the law of Ukraine to the requirements of the European Administrative Space can be divided into two aspects: theoretical and practical.

The theoretical aspect consists of the following elements:

- identification of the adaptation target i.e. outlining that part of the regulatory framework of the European legislation, which is to be introduced and adapted in an active manner;
- a comparative analysis of the active law of Ukraine pertaining to administrative regulation and the European acts in the same domain;
- getting theoreticians involved in each stage of the adaptation process.

As regards the second, practical aspect, we believe that, according to the Concept of the State Programme for Adaptation of the National Legislation to the EU Law, the key elements of the mechanism for adaptation of the legislation of Ukraine to the requirements of the European Administrative space are as follows:

- identification of administrative and legal acts of *acquis communautaire* and bringing provisions of the national administrative law into conformity therewith;
- working out recommendations to bring the law of Ukraine into conformity with *acquis communautaire* and requirements of the European Administrative Space;
- making a quality legal translation of the specified acts into Ukrainian, bringing them to the attention of public administration entities and the general public;
- conducting expert examination of legislative acts in the sphere of administrative and legal regulation;
- exercising regular control over the process of legislation adaptation;
- adoption of a unified integrated regulatory act, which would specify every public-administration entity's actions, aimed at meeting the requirements of adaptation of the legislation of Ukraine to the EU law.

An important component of the mechanism for adaptation of the Ukrainian legislation to the law of the EU is awareness of the ideology and systemic nature of building up a legal system as a whole.

Thus, it is important to keep in mind that a specific feature of the European law is that it originated and is growing rapidly on the basis of both the continental and common law. For instance, the issues of protection of human rights and freedoms are the responsibility of the European Court of Human Rights acting as part of the Council of

The introduction of the concept in practice create preconditions for achieving sustained development, improve the efficiency of the city economy and industrial activities based services to meet the needs of communal enterprise service and production service.

### Conclusions.

Thus, we have reason to conclude that the steady, balanced and sustainable development of utility companies is possible only through the development and implementation of relevant concepts, strategies and taking into account the characteristics of the operation, identification and involvement reserve economic development utilities, use of the marketing mix of urban services, make informed solutions based on the use of information technology, choice of rational methods of disposal of municipal property and methods of budget allocation for investment innovative projects that will contribute to solving problems of social and economic development of a clear and uninterrupted public service enterprises. However, implementation of innovative measures to improve the quality of services and the intensification of enterprises should be, above all, on the basis of objective factors inherent in serving businesses that contribute to increasing requirements for quality of service using the lessons advanced foreign and domestic experience.

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## TRANSACTION COSTS AS A NEW VISION OF THE CONCEPTUAL BOUNDARIES OF AGRO-INDUSTRIAL MANAGEMENT ACCOUNTING

*The article considers the transaction cost theory and a new vision of these costs in agro-industrial management accounting. The accounting of the environmental component in the production process is particularly important for agro-industrial complex, where the nature is both a subject, means of labor and a production environment. Land is a basic factor of development in agriculture and the main means of production. The involvement of specific assets, transaction costs in management accounting breaks its «shell» as «production accounting» because the accounting items are not identified with production costs and results. The increasing impact of an economic activity on the natural environment and reverse impact of the natural environment on the economic activity requires a joint analysis of the environmental and economic problems. The mechanism of natural resource management must be based on creating a multi-level system for accounting of natural resources.*

*Keywords: new institutional economic theory, transaction cost theory, management accounting, information basis, specific assets.*

*Research Urgency. Despite the fact that the XX century introduced such new branch of economics as «transaction costs» there is a lack of constructive interaction between fundamental and applied sciences within institutional, structural, price, tax, financial, credit banking branches of economics.*

The new institutional economic theory offers a unique opportunity to study comprehensively economic, legal, organizational, informational aspects of institutional structure of market economy at different stages of development and with different level of government interference.

Oliver E. Williamson believes that «the new institutional economics proceeds from two starting judgments: firstly, from the fact that institutes are of great importance in economic life, and secondly, from the fact that they can be analyzed economically» (Williamson, 1996, p. 17). The development of the abovementioned theory started in 1930s when astonishing results within the frameworks of legal, economic and organizational sciences were achieved. The followers of modern institutionalism schools of thought tried to ex-

for upgrading the procedure of preparing annual proposals as to amount of financing of the legislation adaptation measures from the State budget of Ukraine.

While making important strategic decisions that are supposed to shape the future of the state or adopting particular legal acts, the Ukrainian government is fully guided by the standpoint of the European Community representatives. This situation causes political contradictions and conflicts both at the level of public administration entities and among the general public in Ukraine. Yet, a unanimous stand on this subject is hardly possible, as the country can not disregard external factors. On the contrary, having entered the path of European integration, Ukraine must accept the values of the European Community and apply the international experience in a comprehensive way.

However, in this case it is essential to remember that harmonization of both the legislation and the entire EU law with the national legal systems is achieved not through a compulsory adjustment of the relevant legal norms, but rather by way of the Member States' voluntary rejection of part of their authority in the field of economic and political activity. According to some scholars, this approach leads to a reasonable distribution of legal authority and responsibility among the national and supranational structures [2, p. 157]. For another thing, the European Community, for its part, proclaimed its interest in developing the European vector of our state's foreign policy. No small role in the process is played by the Council of Europe. It started working out the relevant legal aid projects immediately after Ukraine applied for a CoE membership. Thuswise, the leading experts of the Council of Europe, within the framework of their annual plans and programs, got directly involved in conducting expert examination of the draft laws drawn by the Ukrainian lawyers, carrying out mutual consultations, holding workshops etc. [3, p.89].

In view of the situation, the scientific community has increasingly addressed the matter of Europeanization and adaptation of Ukraine's legislation to the European Union law. This is done by both analysis of general Eurointegrational issues and a narrowed research into specific problems.

For the present research purposes, it is expedient to define the key notions.

K. Demke interprets the term of 'Europeanization' to mean a process involving certain political, economic, legal, and cultural effects for the Member States [4, p. 52]. The notion of 'adaptation' is interpreted in different ways. The Concept of the State Programme for Adaptation of the National Legislation to the EU Law defines adaptation as a process of bringing the Ukrainian laws and other regulatory acts into conformity with *acquis communautaire*. The French version of that document treats 'acquis communautaire' literally to mean 'what is achieved by the Community', 'acquisition of the Community'. Translating it into other EU languages gave rise to a variety of formulations, often far from being identical in their meaning, e.g. the English 'Community's legacy', the Swedish 'legitimate legacy', or the Danish 'Community's law in force'. There had been a long discussion as to a proper language option for the notion until the 1992 Treaty on European Union finally formalized it in its French version as *acquis communautaire*. This term reflects the specific aspects of the European Union's

## II. Problem Statement

The paper objective is identification of the main lines of improving the mechanisms for adaptation of the legislation of Ukraine to the requirements of the European Administrative Space.

The subject has been researched to some extent by such scholars as Yu. Hariacha, I. Hrytsiak, Ya. Hudov, I. Kravchuk, D. Manzhola, V. Opryshko, S. Perepiolkin and others.

Among foreign researchers who investigated issues of the public administration of European integration, including adaptation of the national legislations, one should mention N. Musis, D. Dinan, D. Garrett, A. Lazovsky, F. Schimmelfenning and U. Sedelmeier, M. Dembur, M. Jopp, S. Arnsvald, R. Bengtsson, S. Gaenzle, A. Lejins, Z. Ozoliņa, M. Lauristin, P. Vihalemm, K. Malfliet, W. Keygnaert, K. Liuhto, R. Vilpišauskas, F. Laursen and other scholars.

## III. Results

A generally accepted system for adaptation of the national legislation is regarded to be the one that considers the adaptation within a triangle formed by the *acquis communautaire* requirements, commitments entailed by the European agreements, and a draft adaptation programme as presented in the White Book for preparation of the countries of Central and Eastern Europe for integration into the EU Single Market [1, p. 6].

Analyzing these three aspects and more than a decade of the Ukrainian government's activity in the sphere of harmonizing, adapting and implementing the European laws in its national system, it can be noted that there still exist outstanding issues, which affect negatively the country's European integration process as a whole.

The Concept of the State Programme for Adaptation of the National Legislation to the EU Law of November 21, 2002, worked out by the Ministry of Justice of Ukraine, pinpointed a number of major obstacles, which caused a slowdown of the process of adapting the Ukrainian laws to the legislation of the European Union. Of these, the following problems can be mentioned: absence of a legal act that would create a national-level mechanism for legislation adaptation, set the goals, spheres, and stages of the legislation adaptation, which should include financial, information, scientific, and staffing regulatory components; insufficient degree of consistency and coordination between the public authorities carrying out adaptation activities; a need for improvement of the rule-making planning in Ukraine, based on a long-term perspective programme for development of the Ukrainian legislation with the aim of its approximation to the European Union law; lack of standardized, binding for all the participants of the Ukrainian rule-making process, rules for preparing drafts regulatory acts in the course of the legislation adaptation; poor information support for the adaptation activity; imperfection of public authorities' staffing in Ukraine; inadequate proficiency of public servants in the official languages of the European Union Member States; a need

pand the opportunities of neoclassical analysis by means of studying problems of organization and what influence the transaction costs (for preparation, conclusion and implementation of agreements) have upon motivation and economic behavior.

Literature Review. Within such framework transaction cost theory is distinguished. Ronald Coase claims that «in order to carry out a market transaction it is necessary: to discover who it is that one wishes to deal with, to inform people that one wishes to deal and on what terms, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed and so on. These operations sometimes involve extremely high costs and under all circumstances they are so expensive that they prevent from many transactions that would be implemented in the world where a price system would operate without any costs» (Coase, 1993, p. 103). Douglass North believes that «transaction costs for transfer of property rights consist partially of market costs (legal service charge, broker's commission, property insurance and credit search), and partially – of time expenditure for gathering information, selecting possible choices, etc. Information acquisition about crime rate in a given area, level of protection by police and security system involves certain costs for a purchaser» (North, 2000, p. 84). Oliver E. Williamson confirms that «the economic theory of transaction costs states that contractual relationships are primarily managed with institutes for private conflict resolution... the transaction cost theory is a microanalytical approach to study of economic organization... transaction takes place when an item of goods or a service pass from the concluding stage of one technological process to the initial stage of another one which is contiguous to the first one. One stage of activity finishes and another one starts» (Williamson, 1996, p. 23, 27). Claude Ménard claims that «restraints are related to primary inputs (costs) which are both tangible (raw material stock) and intangible (post-sale services to the purchasers of complex equipment). This refers to transaction limits in market economy: the purchase of such types of inputs is mediated by a price system or by price calculation in case of in-house resource transfer in a big company» (Ménard, 1996, p. 64). According to A.N. Oleynik's definition, «transaction costs are all costs connected with authority exchange and defense» (Oleynik, 2002, p. 133), etc.

The purpose of the paper is to define the scope of the term «transaction costs» having justified their influence upon the costs of business entities and to engage them into specific assets of management accounting area.

Research Findings. The transaction cost theory is considered to be a component part of the new institutional theory and is an enterprise organization theory whose object of study is a multilateral agreement as a form of organization.

The transaction cost theory contradicts to the «ideal market» premise by emphasizing the role of organizational forms. It explains the interaction between enterprises and market, in such a manner being helpful in choosing a type of cooperation and form of organization. On the other hand, there are some difficulties in detailing of operating costs that can make certain decisions more complicated.

Neither accounting nor management accounting usually contain such concept as transaction costs. This is mainly theoretical category. In actual practice another concept is used – overhead costs. They are costs that are additional to the basic ones; they ensure production and distribution process: control and maintenance, care and operation of equipment. What really causes overhead costs is transactions and related costs. That is why it is possible to control the growing volume of overhead costs only by means of controlling transactions (Karamova et al, 2005).

The thesis on the asset specificity is of particular concern for microeconomic study of agricultural transformations which was stated in later papers of Williamson and specified by the scientist as the most important parameter for transaction. Oliver E. Williamson claims that «the condition of asset specificity is criterial for differentiating competition and management contract models. Contract as a world of competition works fine at negligible asset specificity. If it were really so we would observe widespread use of a competition model of a contract. However, not all assets are easily transferable for alternative application. Use of a competition model of a contract beyond the context to which it is well adjusted can be (and sometimes is) a wrong decision» (Williamson, 1996, p. 89-90).

In Oliver E. Williamson's opinion «the sources and economic importance of asset specificity were underestimated before. Extension of economic organization theory boundaries by means of including the issue of asset specificity into the scope of its analysis is a central task of the research program of the new institutional economics» (Williamson, 1996, p. 90).

Oliver E. Williamson believes that «it is useful to distinguish at least four types of asset specificity: site specificity, physical asset specificity, human asset specificity and dedicated assets. Moreover, different organizational decisions correspond to each type of asset specificity» (Williamson, 1996, p. 109). All four types are intrinsic to agro-industrial complex, however a special kind of specificity is inherent to natural assets. The accounting of the environmental component in the production process is particularly important for agro-industrial complex, where the nature is both a subject, means of labor and a production environment. Land is a basic factor of development in agriculture and the main means of production.

In researchers' opinion, the most important reasons of ecological aspect crudity are: general underestimation of environmental factor in agriculture; ignoring the growing negative trends in increasing land and water resource degradation; underestimation of the soil fertility reduction trend; lack of effective land protection mechanisms; extrapolation of modern sizes of land use in agriculture; lack of justification for objective necessity for degraded land conservation; lack of resource saving calculation methods, etc. Among the specified reasons one more reason becomes apparent – lack of integrated environmental and economic accounting.

The increasing impact of an economic activity on the natural environment and reverse impact of the natural environment on the economic activity requires a joint analysis of the environmental and economic problems.

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## **MAJOR LINES OF IMPROVING MECHANISMS FOR ADAPTATION OF UKRAINIAN LEGISLATION TO EUROPEAN ADMINISTRATIVE SPACE REQUIREMENTS**

**Annotation.** *The paper is devoted to choosing alternative lines of improving the mechanisms for adaptation of the Ukrainian legislation to the requirements of the European Administrative Space. In the course of the research, main elements of the mechanism for adaptation of the legislation have been elaborated. The problem aspects of the sphere under research have been identified, and the ways to address the challenges have been found.*

**Keywords:** *legislation, adaptation, European Administrative Space, mechanism, Europeanization*

### **I. Introduction**

In June 1993, the European Council elaborated criteria for potential membership of the associated countries. The terms include the presence of a stable democratic system centered around the rule of law, an effective market economy, and readiness to undertake commitments involved with the membership. As long ago as July 1994, a document was produced – the Strategy to prepare the countries of Central and Eastern Europe for association, which stated that the countries preparing for association have to take extensive measures to align their legal and administrative systems with the EU law.

Upon signing of the Association Agreement by Ukraine, for one part, and the European Union, the European Atomic Energy Community, and their Member States, for the other part, dated September 16, 2014, Ukraine has taken the landmark path of building a democratic European state.

Against this background, the most urgent issue of today's Ukraine is implementation of reforms that would allow a successful completion of the European integration process. One of the steps to be made is development of a viable mechanism for adapting the legislation of Ukraine to the European Administrative Space standards.

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The mechanism of natural resource management must be based on creating a multilevel system for accounting of natural resources.

In our opinion, the development of such system makes distinguishing of accounting items a priority task. It is important to mark conceptual borders of accounting: «natural resources» (narrow context) or «natural assets» (wide context showing the essence of interrelation between economic activity and natural environment), as well as the clear classification of natural assets, taking into account both economic and environmental considerations.

The study of asset specificity in agro-industrial complex is multidimensional and includes at least three approaches – economic, environmental and accounting.

A.N. Oleynik points out that «O. Williamson talks about ex ante and ex post transaction costs, i.e. the ones that arise prior to and after the agreement conclusion. The following stages of agreement conclusion can be distinguished: partner search, interest alignment, execution of an agreement, control of its fulfillment» (Oleynik, 2002, p. 140). The first ones include costs for drafting a contract, negotiations and security for obligation under the agreement; the second ones are connected with the imperfection of dispute settlement mechanism that can be found in a few forms. Firstly, these are the costs for adaptation of a contract for unforeseen events; secondly, legal costs, private adjustment of disputes; thirdly, all other costs connected with precise fulfillment of contract obligations. The main difference between them is that ex ante costs are planned in advance and are a mutually agreeable cooperation price, and ex post costs often arise unexpectedly. These are losses of the parties that jeopardize business (Karamova et al, 2005).

Transactions are necessary for continuous promotion of a product. It is information, material and other resource exchange that does not lead to materialization of any finished products or goods. It is possible to reduce costs in a few ways: to detect and eliminate excessive transactions, to stabilize enterprise operation, to automate hand labor.

The attractiveness of the transaction cost theory and in particular O. Williamson's methodology for economics consists in the fact that all complex contracts are recognized as imperfect. «Human agents are subject to bounded rationality, whence behavior is intentionally rational, but only limitedly so» (Williamson, 1996, p.71). Taking into consideration the fact that people are apt to bounded rationality, it is impossible to foresee all conditions of contract implementation, and a constant participants' cooperation in adaptation of their relations to changeable agreement terms is necessary at working out a contract. The dynamism and variety of the relations that arise thereat are responsible for variety and mobility of economic organization models.

Viewed in this way, building of organizational structures and management structures «by analogy» is improper. «Incentive system and organizational structure work well in one organizational environment and they cannot be transferred to another environment without changes. Conversely organizational form, incentive mechanism and managerial performance guarantee shall be corrected jointly and simultaneously» (Williamson, 1996, p. 258).

The transaction cost theory is able to give additional impulses to enhancing studies of social and psychological aspects of economical organization models, so an emphasis is placed on behavioral background of business entities.

Accounting and analytical aspect of transactions presumes development of theoretical fundamentals and tools for system accounting monitoring of transaction parameters and transaction costs for the purpose of their measurement, analysis and managerial decision making.

Management under uncertainty engenders an information insufficiency problem. In this respect, relevance of the used information is essential for accounting. According to Claude Ménard «information is not the same item of goods or service as others. It determines conditions of access to commodity and service markets and therefore is a hard limit of common gains which participants can count on» (Ménard, 1996, p. 76). From a practical viewpoint, it takes place if information facilitates decision making by its user.

The information nature of accounting subject determines the status of the latter among management functions. Information (cybernetic) function of accounting is defined as a basic one; if it is considered in an abstract manner as a differentiation function, there is distinguishing, separation, specialization of accounting under the criterion of management activity content. At proceeding from abstract to concrete direct, reverse links and dependencies between different management functions are discovered. In certain examples of management process, information function of accounting is expressed in form of derived functions that are integrating by their organizational component that combines types of management activity.

The performance of information and communication, information and analytical, information and prognostic and other functions by accounting is connected with complication of accounting system, growth of its internal diversity. Expanding the scope of functions performed by the elements of the developing system reflects the accounting functional differentiation phenomenon that normally passes into structural differentiation connected with distinguishing subsystems that perform any functions, in particular subsystems of management accounting. At the same time mobility of element functions is intrinsic to accounting system provided that the system's stable structure is generally maintained.

We consider the dynamism of objectives of different groups of information users as the main criterion for accounting differentiation in respect of the organizational aspect, the main driving force of its development as an area of practical activity, and the objectives can be set or defined not only by management functions and its hierarchical levels but also by adaptation of an economic entity to micro- and macroenvironment, imperfect contracting, change of organization's internal structure, need to overcome contradictions caused by information asymmetry.

**Conclusions.** The transaction cost theory gives substantiation to the new vision of conceptual boundaries in management accounting. Being an information basis for communication between management structures and transaction parameters, the manage-

as a system of public administration and local self-government and, rarely, supplemented by a system of public management (administration bodies in the system of civil society), is reflected in Ukrainian reality mainly in scientific papers.

However, there have been some important changes. Thus, recently the Cabinet of Ministers of Ukraine has given a normative definition and legal institutionalization to an education specialty – «Public Administration and Management». But, unfortunately, as opposed to the state and local government, here in Ukraine we still do not have full legal institutionalization to public administration.

There remains another important issue, what role the representatives of state and local governments can play in the development of Foresight technologies in the country and regions. In our opinion, it can be:

- commissioning of Foresight researches within the development and implementation of national and regional development strategies, programs, national projects, budget justifications, etc;
- Foresight research sponsorship;
- consulting support;
- expert support and maintenance;
- Foresight lobbying (healthy), within the state system capabilities, as one of the most advanced, widespread technology of predictions for reasonable management of decision-making;
- use of Foresight results as information and analytical framework in their work;
- taking part in the establishment of Foresight centers, expert networks, etc;
- arranging and taking part in surveys;
- use of Foresight in educational activities (conducting classes, workshops, training courses, lectures, textbooks) for the training, retraining and advanced training of civil servants, local government officials and others.

### Conclusions.

The article has highlighted and carried out the comparison analysis of domestic normalized methods of regional forecasting, regional development strategic planning and generalized methods of regional Foresight, particularly the ones customary for Ukraine. On this basis some features of different future vision technologies are distinguished. We showed that regional Foresight has both common and distinctive features from other prediction technologies of regional development, which defines its role and place in the public administration system. It is proved that regional Foresight is a specific mechanism of public administration. On this basis, we gave our own definition of the notion; formulated and analyzed the model of such mechanism; introduced and proved the concept of «an integrated body of public administration».



Thus, the model of regional Foresight, in terms of its role and place in the system of public administration, can be presented as shown in Figure 4.

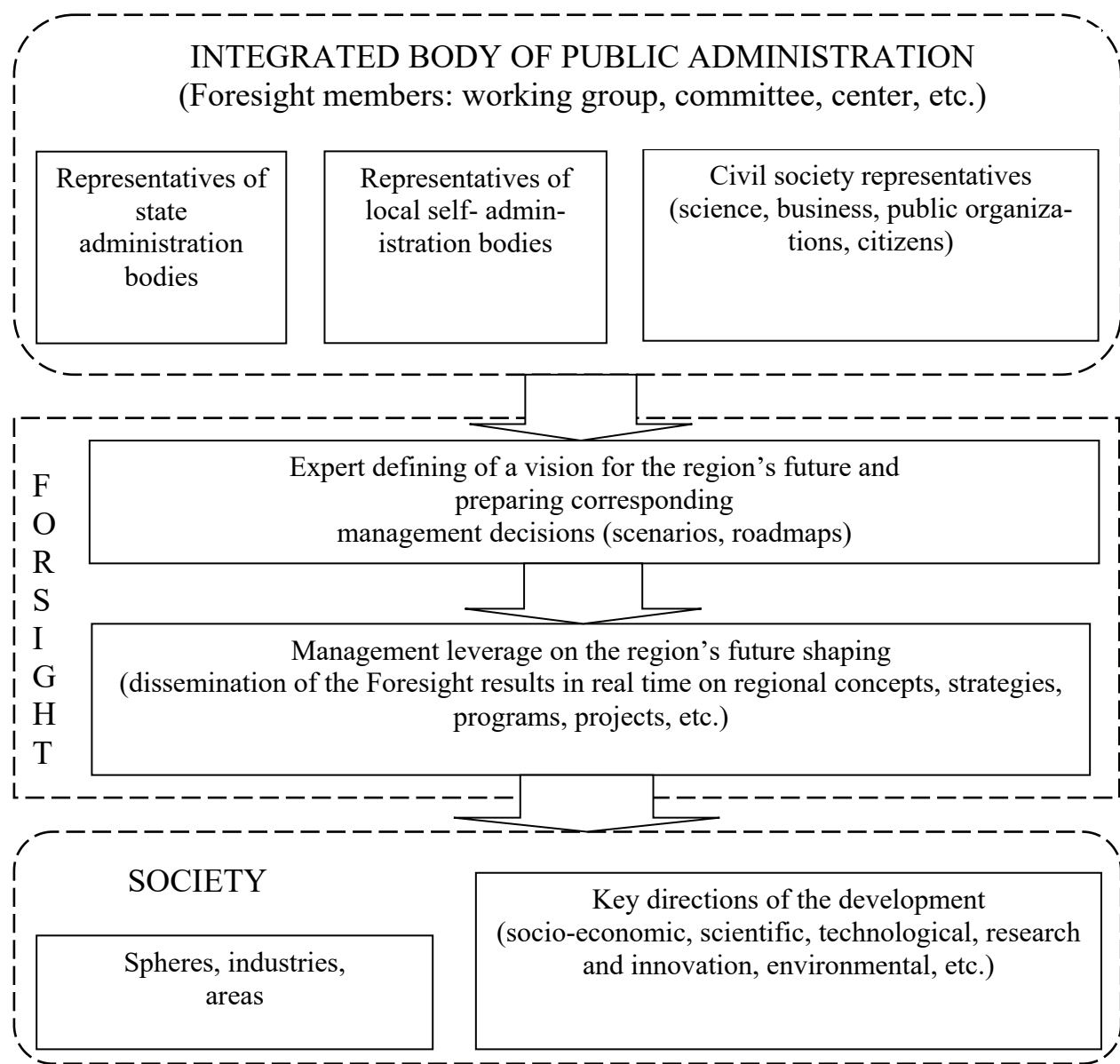


Figure 2.4. Regional Foresight Model in terms of its role and place in the system of public administration

In our view, the above shown (in Figure 4) regional Foresight model in some way facilitates understanding of Foresight concept, especially for managers, civil servants and local government officials, as it is systematized in a familiar and well-understood (for them) form of administration mechanism. At the same time, if we want to create an legitimate integrated body of public administration we have to institutionalize it into the system of such administration. So far, **public** administration, which is often seen

ment accounting obtains an expanding definition not only in functional but also in subject-object aspects. The broadest interpretation of managing transactions mediated by intercompany mechanisms, market price mechanism and mixed forms increases the number of the management accounting information users and makes its interpretation as «internal» (intercompany) insolvent. The involvement of specific assets, transaction costs in management accounting breaks its «shell» as «production accounting» because the accounting items are not identified with production costs and results.

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## ECOLOGICAL AND ECONOMIC REGULATION MECHANISM IN NATURE MANAGEMENT OF AGROECOSYSTEMS

*The article considers ecological and economic regulation mechanism in nature management of agroecosystems. Main principles of ecological and economic regulation mechanism of management of land use and land protection are determined. Determination of significant principles of cycle phases of solar activity is carried out. It was formed a space mechanism that based on its elements and in such way represents system components of ecological and economic regulation. The author defines the components of space mechanism which have not been taken into account by the subjects of governance at the state level and have not been researched by scientific institutions. A great importance is attached to economic mechanism that plays an important role in agroecosystems. It is concluded that presented and developed kinds of mechanisms for governance system allow solving the problems of ecological, economic and social aspects balancing in public production and would provide environment preservation in the future.*

**Keywords:** *ecological and economic mechanism, natural resources, agroecosystem, management principles, balanced production, agriculture.*

Increasing intensity of natural resources exploitation, lack of funds of large part of economic entities does not contribute to implement measures that are aimed to reduction of the influence on environment and complicates the process of solving conceptual foundations of sustainable development. Such a condition requires the development of optimal ecological and economic strategy for further development of the governance system components of environmental management of agroecosystem branches.

Despite the increased attention to the problems of efficient use of natural resources in public production, their condition is still unsatisfactory. This situation caused a system of ecological and economic regulation considering its specific characteristics, where a mechanism for harmonizing the ecological component in the strategy of socio-economic development of agroecosystems is formed. At the same time, to achieve sustainable development and preserve the integrity of ecological, economic and social components of public production remains an important task.

An essential role in the process of this problem solving plays elaboration of new and application of existing ecological and economic regulation mechanisms in agroecosystem, that promote sustainable use and restoration of natural resources.

- not necessarily or only be funded from the state budget;
- be conducted not only by the municipal state administrations'/local governments' orders, and also not only by scientific organizations and groups to ensure scientific validity of such forecasts;
- consider and propose several alternatives, and not just those ones that satisfy the authorities and oligarchy;
- be not just a document, which does not fully reflect (or even is cut off from) real life and ignores the fast changing social life requiring systematic revision (actualization) of forecasts to maintain their usefulness for the society.

Regional Foresight technology also differs from the strategic planning of regional development, as it:

- is not tied to state budgets;
- does not have legal guidance or directions to the formation of regional development strategies;
- can be initiated not only by regional state administration or/and local self-government authorities;
- the team of developers (project team) is not appointed or determined by public authorities;
- is not a mandatory element of strategic planning in all regions and districts of Ukraine;
- is not a document that ignores constant changes, and provides a continuous systematic review (actualization) to meet the needs of the society;
- can start being implemented since the initial stage of the development using the results (scenarios and roadmaps) to form real and desired future of the region.

There is another very important feature of regional Foresight. It, like national Foresight, can be attributed to the mechanisms of public administration.

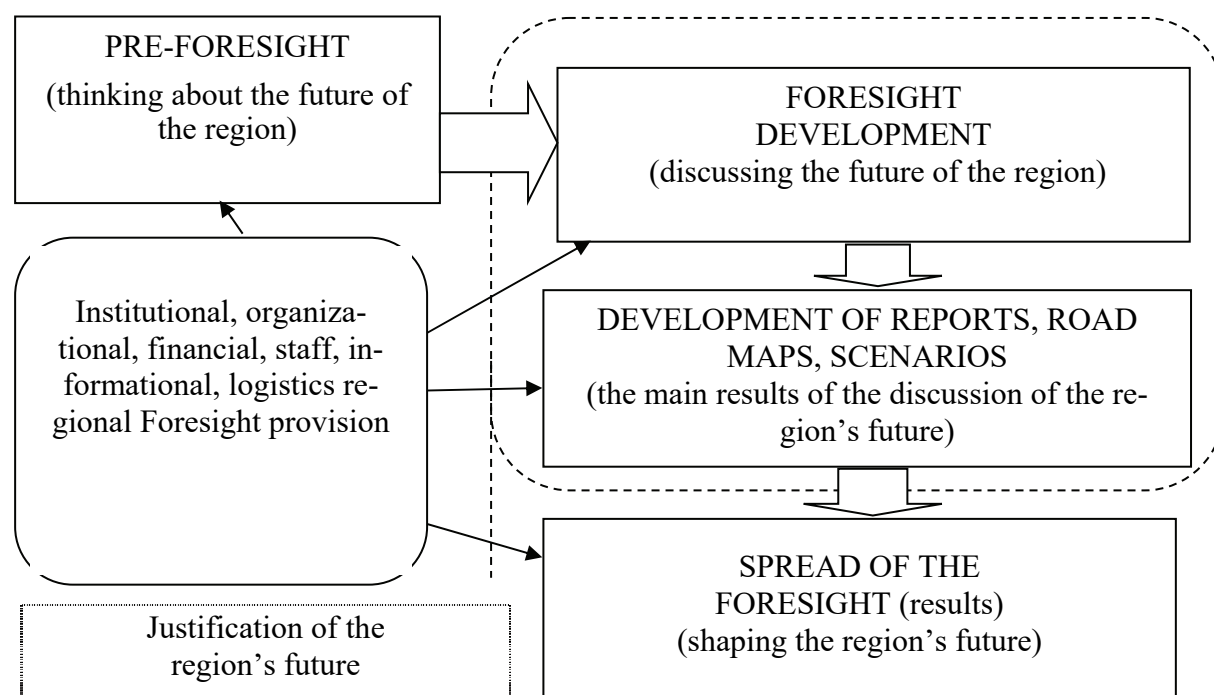
One more remark made in [6] and worth mentioning and considering is that Foresight, although not being «prescriptive document is a guide to action because Foresight technology presupposes that its final option is selected by the participants as the best one ... If we assume that the participants of Foresight are, first of all, people who make decisions, we have a significant impact on the society in the implementation of the selected alternative vision of the future.»

Indeed, among the participants of regional Foresight there are representatives of regional state and local authorities. They, along with businesses and public, make final administrative decisions according to the Foresight results which make a real impact on regional development, the formation and implementation of new regional programs, intellectual, technological, and other products into regional practice.

Thus, we can assume that each Foresight team, organized in a certain order, is an integrated body (representatives of public administration, local government, business and civil society) of public administration. Assuming the above-mentioned idea we can provide the following definition of regional Foresight: **Regional Foresight** is a specific mechanism of public administration, as it is a practical measure, technology, tool and leverage of an integrated body of public administration, which is formed by the representatives of a state, local government, business and civil society, on the development and innovatization of certain areas, sectors of the society and social technologies.



- involving a number of participants including public authorities, local governments, business and scientific community, public activists;
- absence of their legal definition and regulation today;
- low chance of funding from government sources, in particular due to the reduction of government investment into regions, difficult financial situation in the country;
- insufficient domestic experience in their conducting;
- low motivation for their initiating and conducting both in connection with the above mentioned reasons and the reasons based on international experience, where the number of regional Foresight studies is also insignificant as compared with the national Foresights of socio-economic, scientific, technological and innovation development.



**Figure 3. Generalized Methods of Regional Foresight**

At the same time, performing various functions during the research process (creating a broad expert network, forecasting and revealing strategic planning elements of the future) potentially defines general and regional Foresights as a very promising technology.

Foresight technology differs from the usual regional forecast, normally performed by the state, by greater freedom of actions and being able to focus on the problems reflecting the society's challenges and demands. Foresight technology (unlike usual regional forecasting) can:

- be initiated and guided not only by municipal administrations and local self-administration bodies;
- be conducted not only after the end of medium-term period (5 years) or after approval of the official state forecast (according to a plan or other changes in the government);

The system of mechanisms in environmental management of agroecosystems is characterized by a complexity and immensity towards problems solving. The last one is of great importance in the process of balancing the ecological, economic and social components into agricultural production.

Theoretical investigations on the issues of ecological and economic mechanism in the field of agricultural production were considered by the following national scientists: Halushkina T.P., Hranovska L.M., Dobriak D.S, Drebot O.I., Zinovchuk N.V., Lytsur I.M., Mishenin Ie.V., Melnyk P.P., Cherpitskyi O.Z. and others. These works are devoted to specific aspects of researches in different fields of industrial activities of economic entities, but they do not cover a substantial part of a complex of current problems connected with modern agricultural production.

### The purpose

of this research is to investigate the influence of ecological and economic mechanisms on management system in agricultural production.

### Research results.

Ecological and economic mechanism of environmental management is a multi-level system of interrelations of environmental and economic phenomena in the process of usage and implementation of resource saving activities by economic entities of different ownership forms and in such way ensure their sustainable and ecologically balanced development on self-reproductive basis that serves as a strategic direction of its development [1].

Determining the strategic goal of ecological and economic mechanism of regulation system in environmental management of agroecosystems gives an opportunity to formulate important tasks of multilevel economic system. In particular, in the first instance it is need to improve management system within the organizational and legal framework; to pay attention to the mechanism of functioning and development of economy of agricultural crops output; to solve complex social and economic problems; to determine dynamic state of the environment. From the methodological point of view the ecological and economic mechanism facilitates the realization of strategic directions of economic activity that are aimed to the conservation and efficient use of natural resource potential as at the level of individual economic entity as well as at the regional level. Thus, it is carried out an effective environmental management that prevents the occurrence of negative processes and timely resolution of ecological problems in agroecosystems.

Especially it concerns the land resources. «One of the key roles of land resources in agroecosystems consists in the fact that they are a constant source of wealth as separate individuals as well as country in general» [2].

Considering the importance of land resources and their role in environmental management of agroecosystems becomes necessary to determine the main forms of

ecological and economic mechanisms in the process of land use and land protection, namely [3]:

- setting up tax and credit facilities only to landowners who on their own or borrowed costs carry out recovery measures for soil fertility, improve land quality (exemption from taxation share of profits, which is included into land protecting investments, state payment of credit interest that are used for land protection);
- budgetary financing of activities that are aimed to restoration and reclamation of lands that have suffered from decrease of natural fertility through no fault of agricultural land users;
- exemption of land users from taxpaying towards land resources, that are being in the progress of natural properties reproduction or agricultural development during the project period of work performance;
- partial compensation the income for economic entities of different ownership forms that was not received in the a result of temporary conservation of degraded lands;
- accelerated amortization of main funds of land and environmental importance;
- introduction into ecologically friendly products accidental benefits that compensate for land users additional expenses related with the soil protection.

One of the important tasks for the future in the main forms of ecological and economic mechanisms in the process of land use and land protection is the preservation of soil stability which is supported by a set of mechanisms as during the influence of exogenous factors as well as after termination of their actions. In particular, during the period of influence of abiotic or anthropogenic factors soil for preservation of its functions detects such mechanisms [4]:

1. Stability as the ability of horizons and certain components of the soil to save the composition and properties under the chemical and biochemical influence.
2. Strength as the ability of the soil and some of its components to oppose the external influence, being not deformed to extreme limits – destruction.
3. Adaptation as an ability to preserve the structure and features of cenosis functioning of soil organisms under the disturbance of its condition.
4. The inertia of some soil components as the ability not to interact with the exogenous chemical reagents.
5. Buffering as soil ability to maintain a relative constancy of some characteristics (pH, Eh) under the small changes of its composition.
6. Oppression of the influence through the physical resistance, chemical inactivation, biological destruction of exogenous substances and organisms.
7. Inertia of reaction after the influence of certain factors that consists of inhibition of sharp, step changes and providing slow on the initial stages of soil properties changes under the influence of exogenous influences.
8. Quasistationary regime of soil functioning, which maintains and updates of internal composition, structure and peculiarities of connections between the components in the conditions of changing external factors of soil formation (mainly due to fluctuations of the climatic and biological factors).

Market); **creative analysis** (brainstorming); **interactive discussion** (development of alternative strategies for achieving the objectives of the subject area).

So, let's consider the Foresight methodology specified in [6], which includes following four phases:

1. **Preparation of the Foresight overview** (preparing the initial report with a review of the problems and features of the research). The result of this phase is making decision on the next stage and selection of methods for the Foresight study.

2. **Development of the prediction** (the main stage of a Foresight study). At this stage, the main task is the selection of experts and organization of their cooperation in accordance with the chosen methods. The following steps are performed here: – forming expert panels according to the analysis field; – conducting a survey of the experts (Delphi survey) or – organising interaction of experts with the help of other Foresight methods (expert panels, workshops, organizational activity games, Foresight session). Then, the results of the surveys and other Foresight events held are processed; preparatory material for road maps, possible scenarios, which take into account technologies, are formed; and the impact of the technologies on social and economic processes in the region is analyzed.

3. **Preparation of reports, road maps, scenarios.** Prepared at the second stage documents are processed into final documents, scenarios, roadmaps, database of technologies and database of experts.

4. **Foresight distribution.** This stage is the implementing of the Foresight research results which are used on developing the strategies for specific areas, shaping the further research priorities, developing the state's support mechanism and specific projects.

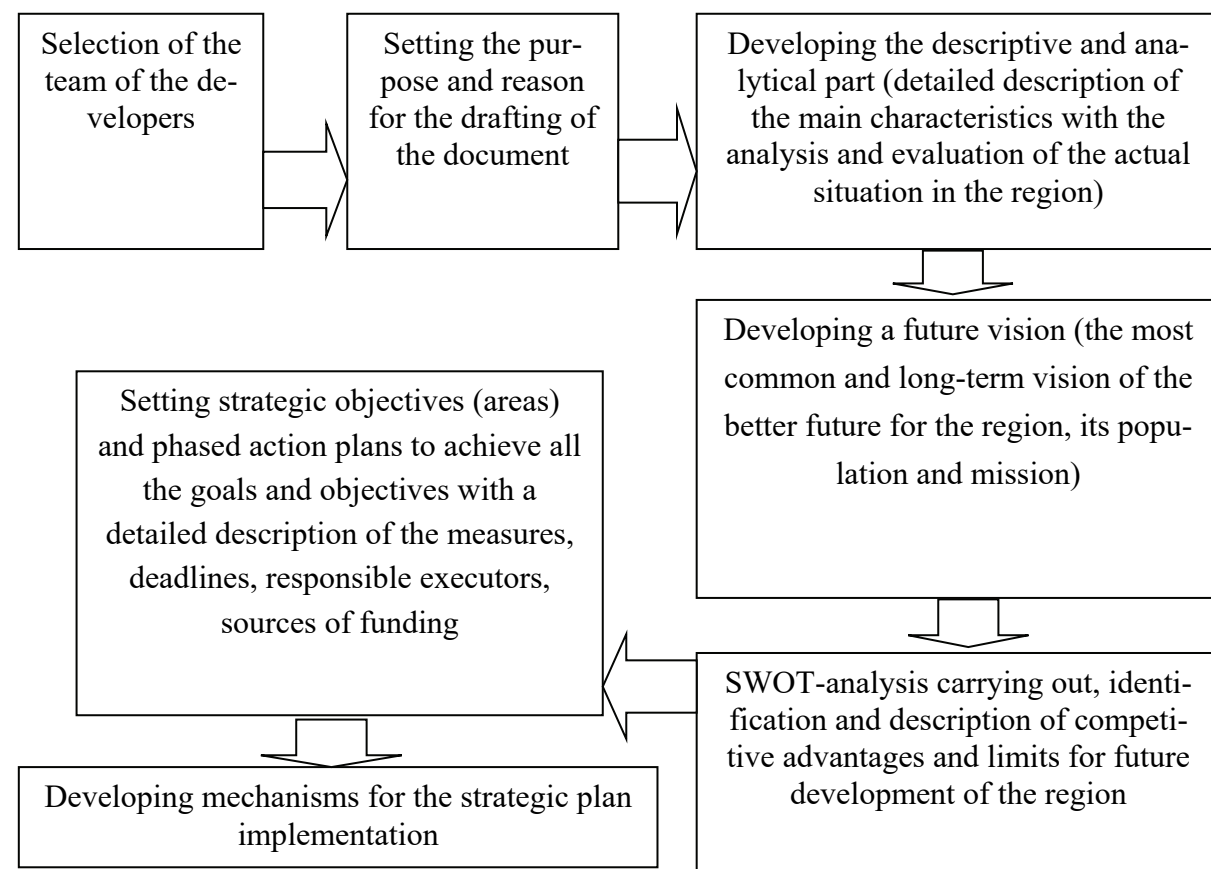
In the research [9] the author considers the following stages of a regional Foresight study executing: 1) a detailed study of the current, medium and long-term dynamics of the region; 2) a detailed study of the possible directions of the region's development and determining the main paths of this development; 3) identification of the most important and promising areas of the development; 4) development of a common strategy for the implementation of the directions.

In terms of practical implementation of Foresight as a project we should also consider [5]: the development of the project's structure and organization; the establishment of a regional Foresight center; building up a supervisory structure; providing project management and appointment of its leader; selection of the project team; business plan preparation (processing); project financing and technological support; staff recruitment; project implementation (project delivery, expansion of the Foresight research area, investments into regional and local researches, strategies, projects).

Summarizing the experience of some well-known researchers in the field of Foresight developing and application, including those ones at regional level [5-9], we have identified some relevant regional Foresight methods as shown in Figure 3.

The main features of the Ukrainian regional Foresight researches are:

- availability of general set of methods for their performing;
- multitasking, including creation of expert networks and expert platforms; performing multialternative forecasts; strategic development planning with the working out scenarios, road maps and other documents; the current formation of the future by taking into account the results of the Foresight studies in regional strategies, development programs and other regional projects;



**Figure 2. Schematic representation of the methodology for strategic planning at the regional level**

This approach is consistent with the European Union's concept of considering Foresight as: a) **thoughts about the future** (forecasting the development options involving government, business, community representatives; developing the participants' coherent vision of the future; networking qualified Foresight experts); b) **discussing the future** (coherent vision of the future, the developing the experience of interaction and cooperation between business, government and scientists, creating a dialogue learning environment); c) **future forming** (use of the Foresight results for developing country's, region's and corporation's strategies and planning documents) [6].

Further, we will consider the variety of Foresight methods in some of the works that develop the above mentioned concept. These methods can be applied in regional Foresight studies which is very important for our study.

In the research [7] five stages of Foresight methods are identified, namely: the formulation of the problem or intent description; considering the existing conditions affecting the study area; analysis of the current situation; identifying current trends in the research area and formulating possible scenarios of the likely consequences; developing tips (recommendations) for each scenario involving all stakeholders.

The same number of Foresight stages is considered in the work [8]. They include: **pro-Foresight** (identification of the research direction and areas for roadmapping); **analysis of primary sources** (provisional list of promising technologies and products); **expert procedures** (information forming for the research chain: Technology-Products-

9. Conservation of the soil its soil spatial distribution.

10. The reliability of soil functioning as a part of soil geosystem as an ability of soil to carry out incoming, internal and outgoing functions, preserve through time the value of a number of parameters that ensure the maintenance of state and functioning of other geosystem components.

Conducted analysis of existing mechanisms in the system of ecological and economic management shows that its basis consist of specific harmoniously combined principles, compliance of which is essential condition for effective functioning of agroecosystems branches. They influence on the component factors towards the usage, reproduction, preservation of natural resources and environmental protection.

The main and the most important principles are ecological and economic management mechanisms of land use and land protection are:

- preservation of natural useful properties of the soil and prevention of productivity losses in its spatial and temporal dimension;
- forward foresight, prevention, occurrence and liquidation of the negative consequences of economic activity in agroecosystems (degradation, environmental pollution);
- maximum limitation of dangerous activities of economic entities that worsens the natural ecological functioning of environment and soil fertility in agroecosystems;
- efficient use and reproduction of natural resources (soil, water, rivers, forests fertility), for which natural factors of environment are contribute to;
- scientific substantiation and ensuring of self-supporting balance of useful properties of soil;
- land use balancing;
- purposeful and sustainable use of land resources;
- promotion the natural reproduction of soils in agroecosystems;
- priority of environmental interests over the economic in land use;
- compensation of land resources and environmental losses caused by state or economic entities of different forms of ownership;
- sustainable land use;
- systematic approach to solving problems in land use.

An important component of effective nature management providing in agroecosystem is the consideration of mechanism of cyclical phases of solar activity (SA). The conducted studies have shown that for determining the characteristics of the process peculiarities and understanding of its consequences it is necessary to have information base due to which certain principles for a system of ecological and economic management in agroecosystems is formed. To significant principles of solar activity phase's cycle include:

- existence of continuous space anthropogenic impact on agroecosystems and environment, ignoring of which leads to significant changes in the usage, conservation and protection of natural resources, and also changes of productivity value of winter wheat;



- anthropogenic impact of solar activity phase's cycle can cause destruction of the natural connections that during the whole period of functioning of processes of public production served as a regulator of balance in agroecosystems;
- maximum consideration of zonal peculiarities of environmental management in agroecosystems in order to reduce or prevent the negative impact of space factors (cyclic phases) on the production of winter wheat;
- there is a global interdependence between ecological state of the environment and activity of economic entities of different forms of ownership, the lack of which could lead to destructive changes in public production;
- formation of harmful space components (viruses) which constitute a threat for receiving quality products, efficient use and protection of natural resources in agricultural production.

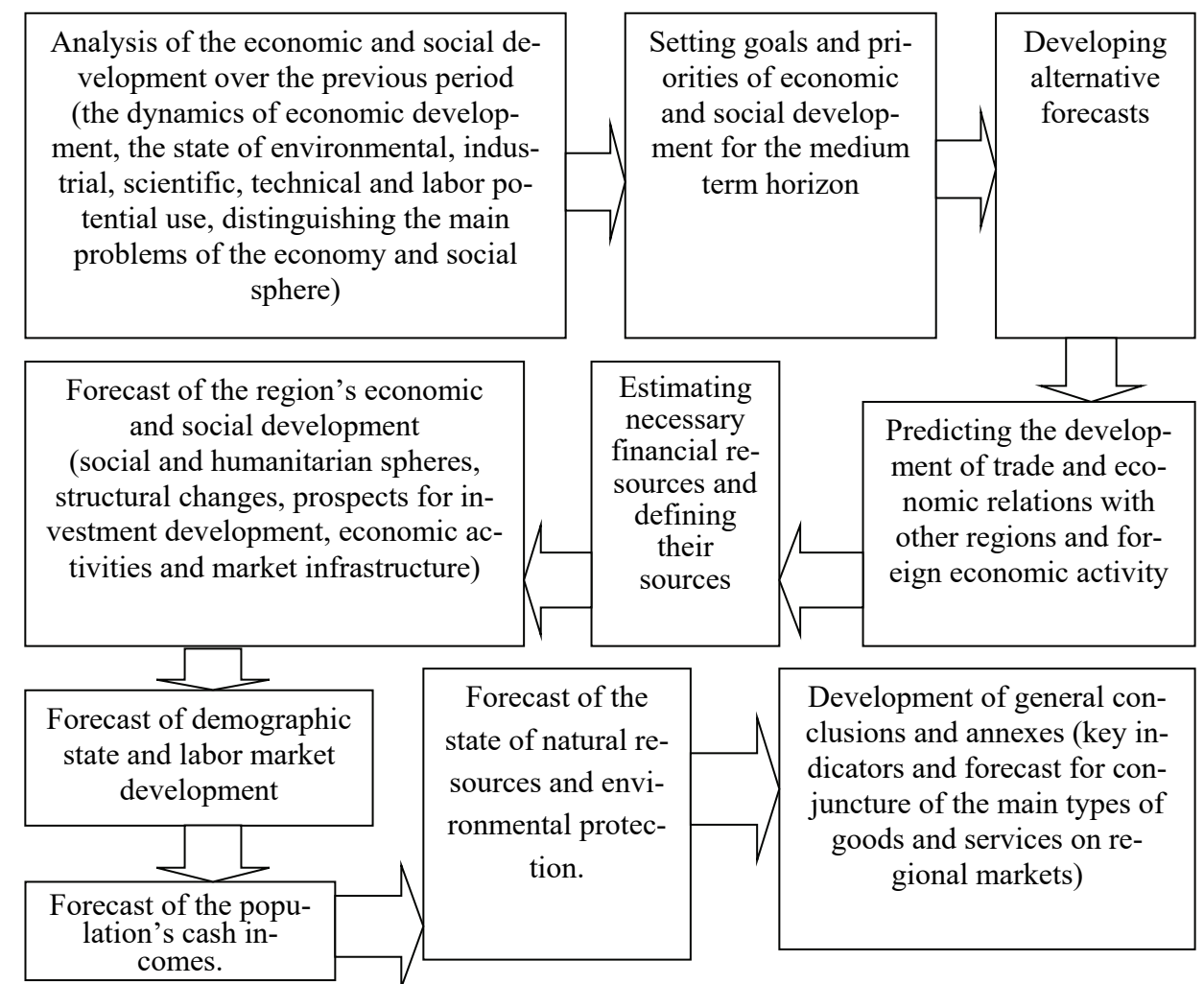
The new space regulation mechanism is based on components that are transformed into the system of ecological and economic management and require its improvement. Any certain mechanisms could not exist independently, but only together with each other. Thus agricultural production process is under the continuous influence of global physical phases of solar activity cycle. This leads to the necessity of agricultural branches to separate their peculiarities for survival.

The important role in this period plays components of space management mechanism aimed at solving problems which seriously threaten the growth and development of balanced public production. Such manifestations at local or regional level always exist and have a double effect: on the one hand, it causes the possibility for success achieving in manufacturing, on the other – there are risks for not-fulfillment performance of production tasks of the region.

«We can not forget that absolutely all set of environmental factors that form a natural complex are evolutionally conditioned. Nature has found its concrete expression as a result of a long process of improvement, have been formed into a thin self-regulating system. That's why to recognize and to form economic activity in strict compliance is the task of primary importance» [5, P. 34].

That's why one of the important tasks in the process of agricultural products production is the need to reduce negative impact on the environment and to take into account the totality of the environmental factors that form natural complex. In particular, in the context of sustainable development the branches of agroecosystems have to adapt themselves to the coexistence of agricultural production with nature. It is undoubtedly easier to solve the problem of balancing the ecological, economic and social aspects and preservation of the environment in public production in the future. Decisive role in these problems solving plays mechanism of ecological and economic management in nature management of agroecosystems (Fig. 1).

It should be noted that the achievement of sustainable production in nature management of agroecosystems is a complex process. In order to achieve this optimized level it is necessary to consider economic, ecological, space and social components



**Figure 1. Schematic representation of forecast methodology for economic and social development at a regional level**

The next step of our research is examining the regional Foresight methods. When considering the issue, we will come from the fact that today our national legislation system has no documents regulating the use of Foresight technology at both national and regional levels of the territorial development governing. The Ukrainian experience in regional Foresight exercising is insignificant, and it is usually based on some widespread models of foreign experience. Therefore, when selecting typical methods for Ukrainian regional Foresight we will also try to use the best international practices.

A common approach to Foresight technique forming is the identification of its following phases: **pre-Foresight** (description of the region's current state, setting the goals and logical justification of the Foresight study, selecting key areas for the analysis); **Foresight research itself** (defining the data collection methodology, data collection, processing, formalization, identification of the Foresight outputs and results, preparation of conclusions); **dissemination of the results** (discussion, implementation and evaluation of the results) [5].

At the regional level local state administrations and local authorities are defined to be responsible for drafting of medium term (5 years) forecasts for their regions', districts' and cities' economic and social development. The term of the development of such projects is two months after the approval of the Forecast of the economic and social development of Ukraine.

The main features of forecasting at the regional level are:

- regulatory definition and adjustment;
- availability of methods for realization;
- medium-term frequency of forecasts;
- responsibility for developing such forecasts is entrusted to local administrations and local authorities;
- budgets of regions are the main sources of the funding.

Now let's consider strategic planning methods used in Ukraine at the regional level. First of all let's refer to an official document – the Order of the Ministry of Economy of Ukraine «About the approving of guidelines concerning the formation of the regional development strategies» № 224 dated 29.07.2002. On its basis we can distinguish appropriate methodology and present it in schematic form, as shown in Figure 2 [3].

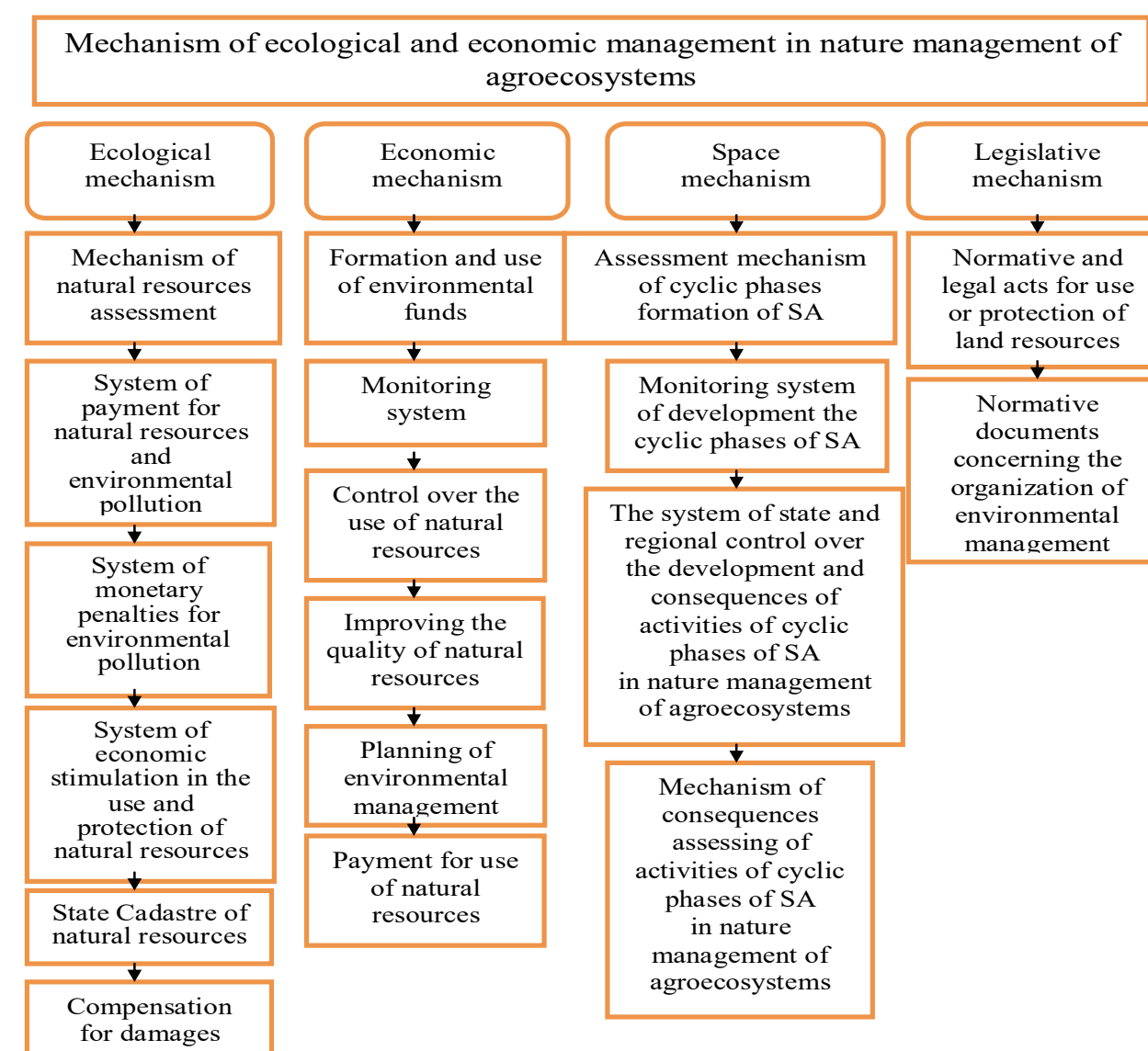
The main features of the strategic planning at the regional level are as follows:

- availability of methods for realization;
- clear certainty of necessary actions and expected results at all stages of its implementation;
- their documenting;
- providing a strategic plan with appropriate justifications of its stages;
- regulatory and legal basis for guidelines concerning the formation of regional development strategies;
- initiation (orders) of the strategic planning development by the higher state authorities, central and regional levels of government;
- selection of the team of developers by the relevant government authorities;
- financing of the regional strategy development, usually at the expense of the regional budget;
- strategic planning coverage for all Ukrainian regions and districts;
- at the drafting stage of regional strategies, the existing national development strategies, including the current National Strategy for Regional Development (document [4] can be an example), must be taken into account;
- in this context, the development or revision (actualization) of regional development strategies are usually tied up to the adopting of new national strategies.

which are all related to each other. Secondary importance of one of them leads to even greater problems worsening in the environmental management of agroecosystems.

However, resolving of the above mentioned problems in agricultural production is very necessary. In Ukraine, agriculture represents one of the most important branches of material production. This in turn leads to the necessity to organize and carry out complex ecological and economic actions in system management. That is why in recent years it should be given more attention to the solution of environmental problems through the application of instruments of ecological mechanism.

At the same time, important instruments of ecological mechanism in the system management can serve the next [7; 8; 9]:



**Fig. 1. Structure of natural resource management in the phases of solar activity cycles**

\*Source: it is improved by author based on [6].

- ecological insurance as a form of losses compensation caused by the violation of the rights of citizens for safe and healthy environment that is common in many EU countries;

- ecological education which consists of popularization of ecological program of national development; facilitation the development and implementation of innovations;

- improving of the investment climate in the region, primarily by reducing ecological risks;

- improvement of ecological infrastructure in industrial sphere;

- stimulating environmentally oriented system of entrepreneurship;

- organization of interaction of state institutions with scientific and research organizations of ecological orientation within the priority of ecological and economic projects and initiatives;

- ecologization of the processes of consumption and services provision, conditions of personality formation and human resources, types and kinds of standards;

- ecological certification of the region.

One of the indicators of economic mechanism toward identifying permanent socio-economic transformation in public production of agroecosystems is monitoring. On the basis of the monitoring system a need and different scenarios for services providing is evaluated in order to detect problems in agricultural production. Monitoring as a component of economic mechanism lies in comprehensive analysis on the macro and micro levels of production sphere according to the main parameters that are characterized by sufficiently large number of the most important indicators of ecological and economic directions. Especially it concerns to comparison of the obtained results with production costs, economic effect and economic efficiency in close connection with rational environmental management and environmental protection. This is particularly important in the developing of directions of agroecosystems restoration and maintenance of qualitative properties of natural resources.

In modern conditions of various industrial forms of production development, when their economies are being integrated into agroecosystems it is impossible dispense with economic mechanism that takes into account and control economic factors. Particularly they are aimed at exploitation of natural resources as well as qualitative assessment of the compliance with management system in assessing the impact of certain institutional and economic transformation of social, economic and ecological efficiency of its operation. Qualitative assessments characterize the completeness and capacity of new and modified elements of sustainable public production [10].

By the definition of Mochernyi S.V. [11, P. 366] a mechanism is a special system, structure, method that determine the order of certain kind of activity or combination of certain links and elements that lead the system (mechanism) for some action.

It should be noted that any mechanism is involved into public production that aims at sustainable development of agroecosystems branches is a combination of organizations, institutions, forms and methods used to harmonize interests of economic entities, local communities and government bodies at different hierarchical levels, providing

### The purpose of the research.

The purpose of this article is to determine the place and role of regional Foresight in the system of public administration.

### The main material of the research.

Foresight technology is used for a look into the future. Today in Ukraine there are already some other well developed technologies which also provide a view into the future. In particular, at the regional level, which is considered in our research, regional forecasting and strategic planning for regional development have been used for a long time. Thus, the following question arises, what place in the current domestic system of future development predictions each of these technologies have and what role they play in this case.

To answer this question, first of all, let's take a look at the methods of forecasting and strategic planning at the regional level, that take into account the vast international experience and are today applied in Ukraine.

Let's now start with considering main regional forecasting methods. For their selection, first of all, we should find out the availability of legal acts on the state and regional forecasting.

In Ukraine today we have rather clear system of regional forecasting. Since 2000 the current Law of Ukraine «About the state forecasting and development of programs of economic and social development of Ukraine» has been a basic document that establishes the general order of the development, approval and implementation of forecast and program documents for economic and social development.

In Article 1 of this Law the state forecasting of economic and social development is defined as «scientifically grounded prediction of the country's development directions, certain industries or certain administrative-territorial units... in future,» which is «a mean to substantiate the selection of a strategy and adoption of specific decisions taken by public authorities, local governments to regulate social and economic processes». Among forecasting documents at the regional level we have «forecasts of economic and social development of the regions, districts and cities for the medium-term horizon». Local administrations and local authorities are among the regional participants of the state forecasting[1].

In accordance with the aforementioned law, the Cabinet of Ministers of Ukraine adopted the Act «About the developing forecast and program documents of economic and social development and drafting of the state budget» N62 dated 26 April 2003. The Act, in particular, defines the order of drafting of economic and social development forecast and program documents, particularly at the regional level, as well as the typical structure of the medium term predictions for economic and social development of a region, district, city [2]. The content of these documents helps to reveal forecasting methods for the regional economic and social development, as shown in schematic form in Figure 1.

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## ROLE AND PLACE OF REGIONAL FORESIGHT IN THE SYSTEM OF PUBLIC ADMINISTRATION

**Abstract.** *This article highlights and makes the comparison of standardized customary methods of regional forecasting, strategic planning and regional development as well as generalized methods of regional Foresight. On this basis different technologies of the future vision are featured. It is shown that regional Foresight has both common and distinctive features distinguishing it from other technologies of regional development predictions, which define its role and place in the system of public administration. It is proved that regional Foresight is a specific mechanism of public administration, and, in this context, its definition is given. The article highlights and analyzes a model of such mechanism. The concept of «an integrated body of public administration» is introduced and substantiated.*

**Keywords:** *method, place, public administration, regions, role, Foresight.*

### Problem statement.

Using Foresight technology for regional development prediction is now becoming widespread in Ukraine. But the domestic experience with this technology is yet insignificant, especially in the system of public administration. In this regard, there is a great need not only in the study of foreign expertise but also in the distribution of methods and results of national studies. It is especially important for the system of public administration aimed at management services for the state, regional and local development.

### Analysis of recent researches and publications.

Researches considering the methodology for regional Foresight development and application can be found in some scientific works, including [5-9]. However, such studies are only gaining necessary pace and do require some substantial drive for further development in Ukraine.

proportional development of subsystems within preserving the integrity of the socio-ecological-economic system [12].

Natural resources used in agroecosystems to meet the requirements of human society (resources of plant and animal origin, land, water, recreational etc.) are rather diverse as possibilities of their application by economic entities of different forms of ownership [13]. However, from ecological and economic mechanism is singled out an economic mechanism of ecological policy where the attention is focused on the system of sustainable development.

«The economic mechanism of ecological policy of sustainable development system has dualist nature: on the one hand – limit environmentally unfavorable economic activities, on the other – stimulate activity aimed at improving the environment» [14, p. 155].

Particularly noteworthy are the factors that form complex ecological situation in land use according to Budzyak V.M. [2, p. 219]: «To the factors that cause **complex ecological situation** belong: violations of the laws of environmental management in substantiating of models of consumption and production and development of areas; systematic approach and integrated natural resource management; insufficient ecological substantiation of the utilization capacity of resources; ecologically unjustified (deformed) structure of industrial manufacturing; failure to follow environmental requirements and the basic principles of sustainable environmental management in all areas of industrial activity; resettlement of people and construction of territories without the presence of landslide-prone areas, mudslides, karst and likelihood flooding of the territory and significant reduction of forest cover of catchments of the rivers».

An important aspect of social mechanism is creation of conditions in order to increase the level and population quality of life in the regions with the highly developed sphere of agricultural production. In such a situation the main indicators are considered to be the following: consumption of social wealth, birth rate and mortality, physical and spiritual health, life expectancy and more. Nevertheless, socially oriented regional development needs to resolve urgent issues concerning the creation of new job and actual employment programs in light of the ideas of sustainable development [7; 15; 16].

Thus, in the current economic conditions for balanced development of agricultural industries a key role belongs to ecological and economic, social and space mechanisms. That is, they in the system of ecological and economic management contribute to implementation of administrative decisions concerning the functioning and development of the sectors of agricultural production. In particular, it is necessary to improve the system of management within the limits of institutional and legal framework and resolution of complex social and economic problems.

To secure an efficient conducting of agricultural activity in the structure of ecological and economic management system it should be supplemented with the factors of space mechanisms that are of great importance in resolving ecological, economic and social problems in social production.

From the methodological point of view, ecological and economic and also space mechanisms contribute to implementation of the strategic directions of management



aimed at conservation and efficient use of natural resources at the level of individual entities, as well as at the regional level. Thus, it is carried out an effective environmental management that prevents the occurrence of negative processes and timely resolution of ecological problems in agroecosystems.

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The values play a key role in the analysis of goal-setting mechanisms. State objectives cause its activity. Choice state objectives are choice priorities of the main areas activity. On the state level is joining the world community and take chief place among the most developed countries, especially in terms of human and economic development.

The objective of national development must be providing integrity and security of society, assistance him sustainable and dynamic movement [4, c. 121].

Meaningful benchmark state vision should be value. Value definite motives of construction state vision. It is focus spiritual life of society. Value seal public unity, integrity of society, prevent destructive outside influence, provide spiritual unity of society, a high level of consciousness and organization of its members. Valuable States built the world in the subject-practice activity. Any activity includes perfect moment, during which the action plan is, perfect goal – that for which made all the action [16, c. 449].

In public administration science updated the concept of value orientation as a complex spiritual determinants people action. These determinants may make representations, knowledge, interests, motivations, needs, ideals, stereotypes, experiences people. The concept of value orientations used for individual or group of individuals. These value orientations are the basis for goal-setting, define the human interests and needs. Therefore in the formation state vision necessary make a start at people value, value orientation [7, c. 21].

There are utilitarian values (economic and political values) which can give avail to people by using fulfilling of the material, political, legal, management needs. Spiritual values (aesthetic, ethical, philosophical, scientific) unlike utilitarian are fulfilling needs of the improvement, of the spiritual world [7, c. 63–64]. In the formation state vision necessary consider humanistic values.

#### IV. Conclusions.

The main objective when choosing direction of state is state vision. A vision is a future state or condition that serves as a motivating force. It is an inspiration that compels people to action. It may appear as an abstract idea but when people begin to see that it can be achieved and exist, it becomes a powerful guiding principle.

There are six key characteristics of an effective vision: imaginable, desirable, feasible, focused, flexible and communicable. State vision is the basis of strategy state planning process, because:

- is the basis for the purposes of establishing the focus;
- provides standards for resource allocation;
- determines meaning of social life.

Directions for further research on the subject are forming strategic goals on the state vision base.

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Кочарян І.С.

## ANALYSIS OF SCIENTIFIC-PRACTICAL APPROACHES TO MACROECONOMIC PLANNING IN MANAGEMENT OF HIGHER EDUCATION SYSTEM OF UKRAINE

**Annotation.** *The article analyzes the scientific-practical approaches to macroeconomic planning in the management of higher education system. It is proved that improvement of the management of the higher education system involves the necessary improvement of planning, including macroeconomic, as the main and most complex management function. It is proved that the main tasks of macroeconomic planning of training specialists now are not actually been solving, and showed approaches are real when they are implemented together with the complex of management and planning of higher education at all levels.*

**Keywords:** *higher education system, approach, management, macroeconomic planning.*

### I. Introduction.

Education is one of the most complex institutions of socialization. Community ensures its development through education.

The Law of Ukraine «On Higher Education» gives such definition of «higher education» and «higher education content». Higher education is the education that is acquired by a person in higher educational institution as a result of consistent, systematic and purposeful assimilation of educational content that is based on complete general secondary education and is completed by acquisition of specific qualification on the results of state certification. The content of higher education is scientifically based system of didactic and methodically completed training material, which is established on the basis of social requirements for personnel with higher education and defined by standards of higher education for educational-qualification, educational and scientific levels of the specialties defined in the relevant lists of specialties [1].

### II. Problem statement.

Today Ukraine faced the need to restructure and improve the management of higher education system, updating its content, forms and methods of training, increase the contribution to the development of economy, science, education, culture of the country and welfare of nation.

- correlation of community and individual, national and local interests;
- objectivity, accessibility, completeness and operative information;
- rational organization of the administrative management;
- planning and forecasting of development;
- implementation of personnel policy in state government agencies on professionalism and competence principles;
- guarantee the legality and monitor the implementation and compliance with laws.

A vision is a future state or condition that serves as a motivating force. It is an inspiration that compels people to action. It may appear as an abstract idea but when people begin to see that it can be achieved and exist, it becomes a powerful guiding principle.

John Kotter highlighted six key characteristics of an effective vision:

- Imaginable: conveys a picture of what the future will look like.
- Desirable: appeals to and inspires employees, customers, and others who are stakeholders. Should be broad enough to allow a diverse variety of local perspectives to be encompassed with them (the «Big Tent» approach).
- Feasible: comprises realistic, attainable goals.
- Focused: is clear enough to provide guidance in decision making.
- Flexible: is general enough to allow individual initiative and alternative responses in light of changing conditions.
- Communicable: is easy to understand and communicate; can be successfully explained in two minutes [18].

State vision is attempt drop in future. It requires the state for two reasons. The first is to explained people in what society they will live. The second – to declare civilized countries respect for their social system, help the world community determine their attitude to Ukraine as a new political player on the world space [10]. Vision provides guidance for setting goals and strategies at different levels. The main components of state vision summarized as follows [13, c. 25]:

- 1) services provided by the state population;
- 2) categories of consumers;
- 3) management technologies and functions for needs of the population;
- 4) competitive advantage;
- 5) values.

State as a system formation interact with the environment.

Formulation of vision in these frames needs analysis and forecast of environment development. The environment can limit state in goal setting. State vision is directed to the internal policy too.

In the process formulating vision the system wants to achieve two goals: 1) to be significant element by the environment; 2) to be unique element by the environment (execute function most effectively in the environment and difficult to repeat way) [8].

society, regulates its vital functions. In the state is concentrated all economic, social, political and cultural of different social groups and its contradictions [16, p. 412]. For providing of integrated and consolidated existence state should have vision as a base of strategic planning. State vision is formulated in Constitution of Ukraine (art. 1): Ukraine is sovereign and independent, democratic, social, rule of law state. Constitution of Ukraine gives main direct of future evolution, definite future [4, c. 213]. Constitution of Ukraine fixes in art. 3 is the main duty of the state – establishing and ensuring human rights and freedoms. President of Ukraine as a guarantor of state sovereignty, territorial integrity of Ukraine, compliance with the Constitution of Ukraine, ensuring human rights and freedoms – by appeal with annual and special messages to the Verkhovna Rada of Ukraine on the internal and external situation of Ukraine – proposes definition base of domestic and foreign policy in Ukraine [14]. State vision is formation on Constitution of Ukraine. The main objectives of state Ukraine are:

- ensure the independence and sovereignty;
- creation the rule of law state with all indications of democracy;
- achievement a high level of social development [1, c. 31–33].

As a subject of management of social development state exists for thousands of years and has proved itself as a universal organization of society. It is form and ordering method and ensures normal living conditions of the people [5, c. 40].

Analysis of a number of philosophical concepts state indicates that state has its vision in the different times.

T.Hobbs is definite state as social contract with society. The state uses power and means of society for peace and stability. But the state is responsible for public welfare [9, c. 237].

Platon told that is ideal political system determined highest possible level of social stability and ability prevent any socio-political changes [6, c. 38]. Platon concept «ideal state» is conducted through the concept of «ideas». Ideas should have a goal of welfare [2].

Aristotel told that state created for the common welfare. The highest sense of human being is bliss; it isn't achievable without state. State should provide the highest welfare, blissful self-sufficient life [12]. Aristotel associates justice with state conception. Law is way of implementation values in public life [7, c. 28]. The main idea of philosophy by H.Skovoroda is the way to the ideal society runs through human heart, his morality, self-education and creative work [17]. Therefore the state vision is morality, self-education and creative work people.

So the problems of understanding the state idea and its vision are there since ancient times.

B. Gurney singles the main specifications modern Western paradigm of public administration [3]:

- decentralization of management and public services;
- combination of state administration and public administration;
- development of democratic principles and consideration of public opinion in public policy making process;

Researchers, works of which are dedicated to problems of management of higher education system and its reforming, are: Andriienko V. M., Artemchuk H. I., Bezhin I. D., Bezhin O. I., Boholib T. M., Verkhogliadova N. I., Halchynskyi A. S., Ivaniuta V. F., Makarova M. V., Nikolenko Yu. V., Nikolenko S. S., Obolenska T. Ye., Perebyinis V. I., Ramazanov S. K., Rogoza M. Ye., Tkachenko I. S. and others.

However, improving the management of the higher education system involves necessary improvement of planning, including macroeconomic, as the main and most complex management function. Lack of theoretical and methodological researching and significant practical importance of issues related to research of problems of state macroeconomic planning and forecasting in the management of higher education system is very relevant and requires careful study.

### III. Main material.

Management is the process of influence of the subject on a particular system (biological, technological) for organizing this system, maintaining, modifying its structure, support, change of activity regime, its program [2, p. 636].

The higher education system needs management, but in relation to education the management has relatively qualitative differences: human is not the object of activity, as opposed to technological or any other system, human selectively refers to external influences. That is why the management of higher education system is very complex and requires more attention.

Technology of education management is consistent, purposeful process that has cyclical nature and is formed by functions: specific types of management activity, which provide formation of approaches, methods of management influence on the educational field.

Functions of education management were formed in the process of creating an extensive structural-functional system of educational field of modern society, reflecting the nature and content of management activities at all levels of management of this field [3].

The work of L. M. Yariomenko [4] proposes a dynamic model of financial-economic streams of higher educational institution based on multi-purpose approach in forming of development strategy, a combination of state and private funding and adaptation to changing market conditions. The main direction of growing of the efficiency of financial and economic activity is to develop strategic objectives vector of higher educational institution and its timely adjustment. However, the proposed model does not allow solving of problems on macroeconomic planning of training specialists with higher education.

O.V. Tymoshenko [5] analyzed the approaches to evaluation of the level of financial autonomy of the higher educational institution, which can detect the effectiveness of different forms of funding of its activities by calculating the degree of meet of planned needs in the amount of funding (whole and separately from the budget and off-budget sources)

and evaluate the type of financial stability of the higher educational institution, which classification besides the traditional approach involves differentiation of crisis type of financial state in terms of off-budget, budget and general underfunding.

Methodical approach of financial stability of higher educational institution proposed by the author, provides the level of meet of the planned need of higher educational institution in funding through various sources, but this does not solve the basic problem of macroeconomic planning of training specialists, it is not taken into account the regional factor, and are not resolved general problems of financing of higher education system that needs further research.

To evaluate the quality of higher professional education it is established its characteristics, and E. Korotkov offers to consider whole complex of these characteristics in five groups, each of which is established by at least four major criteria, and suggests using them for evaluation, research, analysis and recommendations of quality of higher education. Each of these criteria can be evaluated by some universal set of interrelated and complementary approaches: testing on the computer, business game, case analyzing, role play, analysis of accumulated information, sociometric research, auto-evaluation of professional training, design of strategies, plans, concepts, program-analytical evaluation of writing work [6, p. 252, 254-255, 260-261].

Many researchers working on the creation of automated systems for evaluating knowledge of students proved that benefits of such systems is the increase of evaluation objectivity and disadvantage is subjectivity of standard, with which the actual knowledge of students in each discipline compares.

In [7] it is considered the process of monitoring the quality of higher education. The proposed model summarizes the model of cyclic checking by quality assurance agencies, adopted in the European Higher Education Area. Considered mathematical apparatus can be extended with new types of controlled objects, their quality indicators, models of evaluation.

Work [8] analyzes state control and monitor of the quality of educational services that are implemented through licensing, certification and accreditation of higher educational institutions. By definition of the author of this work N.V. Zhyhotska all indicators are divided into two groups. The first group consists of qualitative and quantitative indicators, presence of which can confirm the readiness of institution to provide educational services. The second group consists of quantitative indicators (in absolute terms or as a percentage), the value of which should not be lower than the standards defined by expert and firmly established. In fact, experts are able to specify only the intervals within which may be the quantitative values of the parameters.

However, in all considered works in analysis of the process of monitoring the quality of higher education it was not considered the important issue of educational facilities of higher education institutions.

Serious attention of the researchers to education quality management confirms the importance of this issue and at the same time poses new challenges, without which further improve of quality is constrained. One of the most important of such problems is to develop

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## STATE VISION AS A BASE OF STATE STRATEGIC PLANNING

*In the article is defined vision concept and its component, factors which influence on vision formation. In the results of analyses of philosophic conceptions of state is defined that states have its vision in various epoch. Considerable orientation in forming state vision is values as motivation principles of forming state vision. The values are space for spiritual life of society. They strengthen civic unity, defined of bad influence for foreign surroundings.*

*Keywords: vision, state vision, state conception, state strategic planning.*

### I. Introduction.

Evolution Ukraine, democratization of political system, carrying out reforms in public administration sphere organically linked with forming strategic perspectives of Ukraine future [4, c. 213]. Absence state vision is a main reason of conflicts and tension in society in relation with economic and political structures, branch power. Without vision in state prevails misrule [10]. State vision is a base of implementation of strategic objectives.

The concept of mission at the organizational level investigated in strategic management professionals works V.L.Dykan [15], Niemcov V.D. [11, p. 30]. Bakumenko V.D. [1] claims, that in public administration state goal determines of general areas of government activity. State vision definition is without the attention of researchers today.

### II. Formulation the goal.

The goal of the article is discover the concept of state vision and its components. For achieve the goal to apply a few scientific methods. Historical method is analysis of philosophical works about state. Method of analysis and synthesis allowed isolate components about state. Comparative method aloud systematizes main types of values of society.

### III. Results.

Strategic state planning is the function of public administration to determine the goals and directions of development of the state, subject to available resources. State is the general place in political system. It provides integrity of politics manages the resources of

#### IV. Conclusion

Even though its development began relatively recently, outsourcing has become an essential part of business making in modern world. Outsourcing is a form of contracting that concludes the process of delegating portions of company's work to another company. An ability to outsource allows companies to cut the unnecessary expenses and wages, improve the general quality of their products and bring innovations to both their services and products. Since its recognition as the separate form of contracting in 1989, outsourcing has passed a way of growth and progress. It allowed the business to move from clunky and immobile management structures to much more mobile and agile organization that we have today. It has shown a trend of growing with each passing year, which proves that this way of doing business is going to stay among the other commonly used ones. Our nation has already shown the world its worth on the global outsourcing market and still continues to improve on both quality and quantity of Ukrainian outsourcing services. Researching the topic of outsourcing is required for the further development of this progressive practice in our country that would lead to general improvement of our export situation.

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a methodical approach and criteria for evaluating the quality of training specialists compared not with standards produced by teachers of each discipline (i.e. within the institution), but compared with the requirements that are put forward by the outer sphere of activity in which the graduate student will apply their knowledge and skills. In addition, approaches of quality definition are real when considering planning of educational process.

Research and development of new theoretical-methodological and practical approaches to the planning of higher educational institutions activities has a significant gap with similar processes aimed at industrial enterprises or construction. However, in recent years the interest of researchers to developing of methodology and scientifically based practical recommendations on planning of individual processes of higher educational institutions activities has significantly increased.

There are completed researches aimed at solving specific issues of higher educational institutions management, its financing and more. This usually applies to state educational institutions where limited funding raises the problem of rational (optimal) use of budget funds.

In [9] it is discussed some important aspects of the state-owned higher educational institutions functioning in terms of transformation of the economy. In particular, issues on management of the social-domestic sphere were considered.

This paper considers the features of social-domestic sphere of activities of state higher education institution that operates under conditions of transformational economy of Ukraine. It is provided the conception of management that reduces the level of municipal service costs and increase indicators of receipt of funds from functional activity. Within its frames model of such system of state higher educational institution management allows to adjust the cost of services provided by the housing and utilities sector, to plan settlement in campus dormitories, to provide additional scholarships and subsidies for housing and utilities services, to efficiently manage financial discipline of dormitories habitants. It is proposed the structure of complex of information support for solutions in the management of social and domestic activities of state higher educational institution, based on the concept of a distributed database. It is also considered internal and inter-organizational virtual formations in the social-domestic sphere of the state higher educational institution.

Another work [10] is dedicated to building of management system of state higher educational institution economic activity and proposed to consider the cost of teaching students as the basic economic indicator of evaluation of higher educational institution activities. The process of management of higher educational institution economic activities includes the planning of supply and reserve resources, selection of suppliers of material resources, control over the work of materially responsible persons. It is developed the models of management of higher educational institution economic activity: management of cost of education; planning and accounting of reserves; evaluation of suppliers of material resources, and determining the effectiveness of work of the materially responsible persons. It is proposed the complex of information support for decisions in the management system of state higher educational institution economic activity.

Thus, the paper develops the concept of organizing the management of the economic entity in the structure of higher educational institution using the principles of a systematic approach, re-engineering and the theory of multidimensional systems that allows increasing of the economic object stability under market conditions. The object of management is campus. It is created complex management models for it, including financial resources, the rating evaluation of personnel, evaluation of economic efficiency of information-analytical system of management. But the main attention in the tasks of planning the higher educational institutions activities, as shows the analysis of performed researches, is given to planning of social-domestic area, economic activity, reserves of material resources and evaluation of their suppliers to educational institutions, the campus as object of management, but in modern conditions of competitive economy there is important issue of forecasting and macroeconomic planning of need for higher educational institutions services and decision-making to achieve the desired for national economy number of specialists with higher education.

Solving these problems is urgent and has practical value, but it should be taken into account that they are in accordance with the logical-information connections of tasks in the management system, have dependent value in relation to the tasks of planning the main activities of higher educational institutions. Therefore, the task of the study of the basic processes of higher education management and the development of methods of planning of educational institutions activities is of particular relevance.

Thus, in order to improve methodological approaches to macroeconomic planning and forecasting in the management of system of higher education it is carried out the evaluation of relevant existing conceptual and scientific-practical approaches to management in higher education system, revealed their weaknesses and restrictive character of practical use.

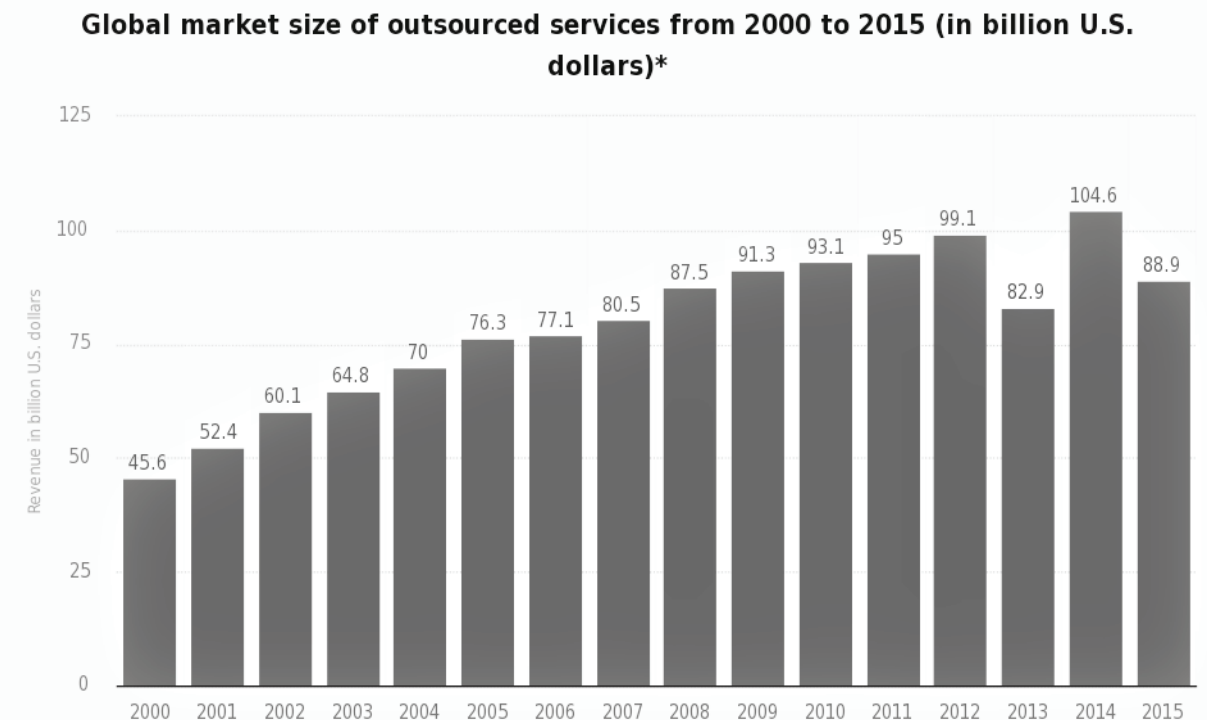
#### IV. Conclusions.

By the results of conducted analysis it is concluded that the main tasks of macroeconomic planning and forecasting of specialists training today are not actually been solving, it is not considered a regional factor, in monitoring the quality of higher education it is not taken into account educational facilities of higher education institutions, it is not solved the whole problem of financing of higher education system, that is existing methods and approaches do not reflect the full range of issues, solving of which will provide the national economy with necessary specialists.

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#### Infographic 1 Global market size of outsourced services 2000-2015 [1]



Judging by the statistics there was a decline in the market size in 2013 and 2015. In 2013 the capital market of outsourcing suffered a decline as most of the outsourcing shifted to the banking sphere. [2] In addition, this decrease was connected with the first wave of the international economic crisis. The drop of 2015 was connected with general recession of economic activity due to the second wave of the crisis. Considering that outsourcing market recovered easily in 2014, it can be expected to recover in 2016 and continue it's increase with time. Outsourcing is a great type of contracting for both smaller companies, that can't afford to have the necessary department and transnational corporations that seek to raise general effectivity of their production.

Ukrainian outsourcing market is heavily focused on IT deals. Ukrainian programmers are known throughout the world to be good and effective at their job and that fact attracts major companies, that require IT services, to outsource into Ukraine. Also Ukrainian outsourcing provides the benefit of generally lower prices than other major outsourcing states without cutting on the quality of the end product. Even with unstable political situation, which tends to hurt it, outsourcing tends to grow in our country, giving a handy boost to the Ukrainian exports [3,4]. In 2013 Ukraine proved to be the best country in Central and Eastern Europe to outsource to and in 2014 three Ukrainian companies (Miratech, Intetics and Softengi) hit the «Top 5 Rising Stars» part of Global Outsourcing 100, which is created by International Association of Outsourcing Professionals (IAOP) to list the best 100 outsourcing companies in the world. [5]



the labor expenses, much improved quality of the conducted work, mitigation of the risks to innovations in both product and service produced.

One of the forms of outsourcing is named offshoring. Offshoring is the contract of outsourcing, which is managed by companies with different states of origination. Offshoring can also differentiate from outsourcing. This happens when the company relocates all of its business to a different state, which is also considered offshoring.

Outsourcing was not considered a separate form of contracting until 1989, although it has been around since Industrial Revolution. It became to differentiate from other types of arrangements due to a shift in a way that companies have been doing their business. From 1950s to 1980s companies tended to create major, self-sufficient structures, which involved the creation of numerous departments designed to specific portions of work like transportation, innovation and different other ones. This led to the complex and bloated management structures which led to the lack of agility and maneuverability if the company wanted to compete globally. This led to a dissolution of the unnecessary departments and beginning of the outsourcing practices, since it tended to be much less costly and much more flexible.

At the start of outsourcing usage the main goal was to make the companies more agile by getting rid of the unnecessary departments, but by 1990s it shifted and the idea of lowering the wages and cutting the expenses was put into a leading role. Eastman Kodak Company is widely considered a pioneer of outsourcing with its ideas to outsource the IT portion of their business. Subsequently the market of outsourcing contracting began to quickly expand. Even some core functions of the companies were sometimes delegated. As the market broadened, companies were likely to select the outsourcing partner on the basis of how powerful the partner is. Nowadays they tend to select the partners on the basis of who can do a specific function better and more effective.

As the general complexity of management and company structures is decreasing with time the usage of outsourcing becomes more and more usual in the modern world. Innovations and technological progress add more and more demand on much more complex work, which can't be completed by a lot of companies. The choice, these companies are met with, is either to expand themselves therefore creating new departments, which, on the other hand, bring even more expenses, or to outsource the required functions to the enterprises that specialize in those specific functions, which allows for lower wages and greater quality. In XXI century outsourcing has been showing a gradual increase in its market value and size. The market size of outsourcing in 2015 pretty much doubles the same index in 2000. Exact numbers of the market size can be seen on Infographic 1.

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## LAND USE ENERGY SAVING DEVELOPMENT

### **Annotation**

*The article is devoted to the research of the development of energy conservation in land use, which at modern stage has reached a critical level. As a result, indicators of crop yield significantly lag behind the level of countries in similar climatic conditions. It is noted that steady downward trend in the content of humus and nutrients in soil is now widespread. All these deficiencies require the formation of sustainable land management – is not just a change of policy paradigms of land use and land protection, is the development of «new land economy», which will form the scientific basis of land resources energy-saving, which is based on the development of the land energy management. Problem-solving process of reproduction of soil fertility and rational use of agricultural land relies on it. It is proved that the land energy management – is the art of doing business on land resources use and management of land property or land use, it is a high level of professionalism based on the use of efficient principles of land resources energy-saving.*

**Keywords:** *soil energy-saving, land use efficiency, the newest land use economics, land energy management, land resources energy-saving.*

### **I. Introduction.**

In the early 90's, when new fundamental and unprecedented opportunities of land relations transformation appeared, quality of land resources as well as the state of the national environment continued to deteriorate, leading to economic losses due to the deterioration of people's health and workers' productivity reduction annually from 2 to 11% of GDP. Situation isn't improving at the present time, most of the environmental problems in land use are still present. Thus, the growth of eroded lands is 60-80 hectares a year [2], also 500 mln. tons of arable soil are washed away every year [3].

The main reason of soil fertility reduction is violation of the agriculture laws. Deterioration of its fertility mostly depends on economic activity. Analysis of operational and statistical reports shows that most land users do not carry out activities to preserve

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## OUTSOURCING USAGE IN THE INTERNATIONAL ARENA AND IN UKRAINE

*This article's goal is to create general understanding of the topic of outsourcing in both Ukraine and the world, analyze the state of this form of contracting in the modern times and to judge the prospects of it in the future. Results of the research clearly show the potential of the outsourcing development in Ukraine. The way of application of this practice in Ukraine is described.*

**Keywords:** *Outsourcing, contracting, offshoring, global market, capital market, outsourcing market.*

### **I. Introduction**

Outsourcing is one of the newer types of contracting, which began to spread in the end of XX century. It has already proven to be a properly working way for different companies to cut their expenses on labor, broaden their range of contacts and at the same time to get the job, which they require to be completed, done with proper quality. Researching the state of outsourcing in both Ukrainian and international market is relevant due to its' extensive use in recent years and the generally positive prospects of its development in the future.

### **II. Goal and Methodology**

The goal of this research is to study the history of this new way of contracting, to summarize state of outsourcing in the international and internal Ukrainian spectrum, to explore its prospects of development and to conclude the relevance of using outsourcing in the modern business sphere. The methods of research include the statistical analysis and economic prediction.

### **III. Results**

To begin, the definition of outsourcing has to be given. Outsourcing is the process of delegating one or several branches of company's work to the other company, which specializes in it. These types of arrangements tend to bring different forms of profit to the company, which uses outsourcing, ranging from the monetary benefits on cutting



- is proved that the categories «state regulation» and «state investment policy» are different concepts and their identification is false. First, the investment policy of the state with liberal model of economy is passive and uses the mechanism of indirect impact, from the state, to create a favorable investment climate and conditions for improving the efficiency of the investment process. Second, the share of public investments decreases, motivation of private and foreign investors when investing depends mainly on the conditions of the investment environment but not on government decisions.

- it was found that effective implementation of investment policy, which at present combines market and state management is directly at the meso level, and encourages regional perspective and real conditions of implementation. In the crisis and post-crisis periods of the economy dominant models of selective regional development policy are ineffective in terms of sustainability and stability of the entire national economy. In times of crisis the best are government methods of management aimed at correcting the negative trends of the environment development; whereas the period of sustained economic growth – market, based on the principles of free competition. Natural horizontal division of investment resources in interregionalsection is one of the main ways of increasing the security of the investment project of the state from risks.

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and improve soil fertility. Now extremely small amounts of organic fertilizers are injected in soil. In 1990 141 kg per hectare of crop area of fertilizers were introduced, for instance, in 2000 only 13 kg were introduced per hectare. According to statistics from the National Academy of Sciences of Ukraine, farmers introduce only 25-40% of the required amount of fertilizer.

On average, in 2015 Ukrainian farmers introduced less than 14 kg of manure per hectare, while the minimum standard of manure, that is enough to ensure a balance of humus, which depends on soil and climatic zones, is 8 to 14 tons per hectare. According to calculations of State fertility center balance of humus in the soil Ukraine for the past 10 years was in a short supply and ranged – 0.4-0.8 t / ha. As a result, in the last 20 years amount of humus in the soil decreased from 3.36% to 3.14%. Losses of humus in monetary terms – are at least 450 billion. UAH. According to scientists to form a centimeter of fertile layer of soil, nature needs at least 100 years. This situation raised the need to define soils and their fertility as a separate object of legal protection, especially in the present conditions of new adverse environmental effects, that are spread in Donbass region.

Shell explosions occurring in the 'anti-terror' operation zone with impressive frequency leave behind craters, making the territory unsuitable for further agricultural work. Using satellite, scientists of the International charity organization «Environment – People – Law» (EPL) [5, p.95] estimated the number of shell craters near the regional landscape park «Donetsk ridge.» In an area of 225 square kilometers they counted 15,505 artillery craters. At least 392 tons of metal fragments are scattered in this area, making the land unsuitable for agriculture. Let's clarify that all modern explosive shells emit an average of one and a half cubic meters of soil for one kilogram of explosives. Thus, as the result of 15,505 shell explosions at least 91,407 cubic meters of soil were turned out. 11425 trucks can contain that much soil. During the detonation a number of chemical compounds appears – CO, CO<sub>2</sub>, O<sub>2</sub>, NO, N<sub>2</sub>O, NO<sub>2</sub>, CH<sub>2</sub>O, HCN, N<sub>2</sub> and a large number of toxic organics, oxidation products of at least 58 tons of explosives got into the environment, mainly amatol and RDX and also 70 tons of aluminum oxide. As a result of this, oxidation of soil, wood, building structures happens, and directly or indirectly affects the human body. Studies indicate a high content of heavy metals on the site of shell explosions. Accordingly, the concentration of titanium in soil samples on the site is 150 times higher than on the background rates. Sulfates exceed norms in 2,5 times, vanadium, lead, cadmium and others also exceed norms. [6] As a result, hundreds of years will be needed to restore fertility naturally. This dangerous tendency will exist for some time. It's better to increase crop yields, return the status of «breadbasket of Europe» to our country firstly, but now we faced a serious problem of preserving soil fertility.

#### II. Setting objectives.

The purpose of the article is to study the current state of soil energy saving in Ukraine considering soil and environmental safety with the aim to develop scientific bases of land resources energy saving.

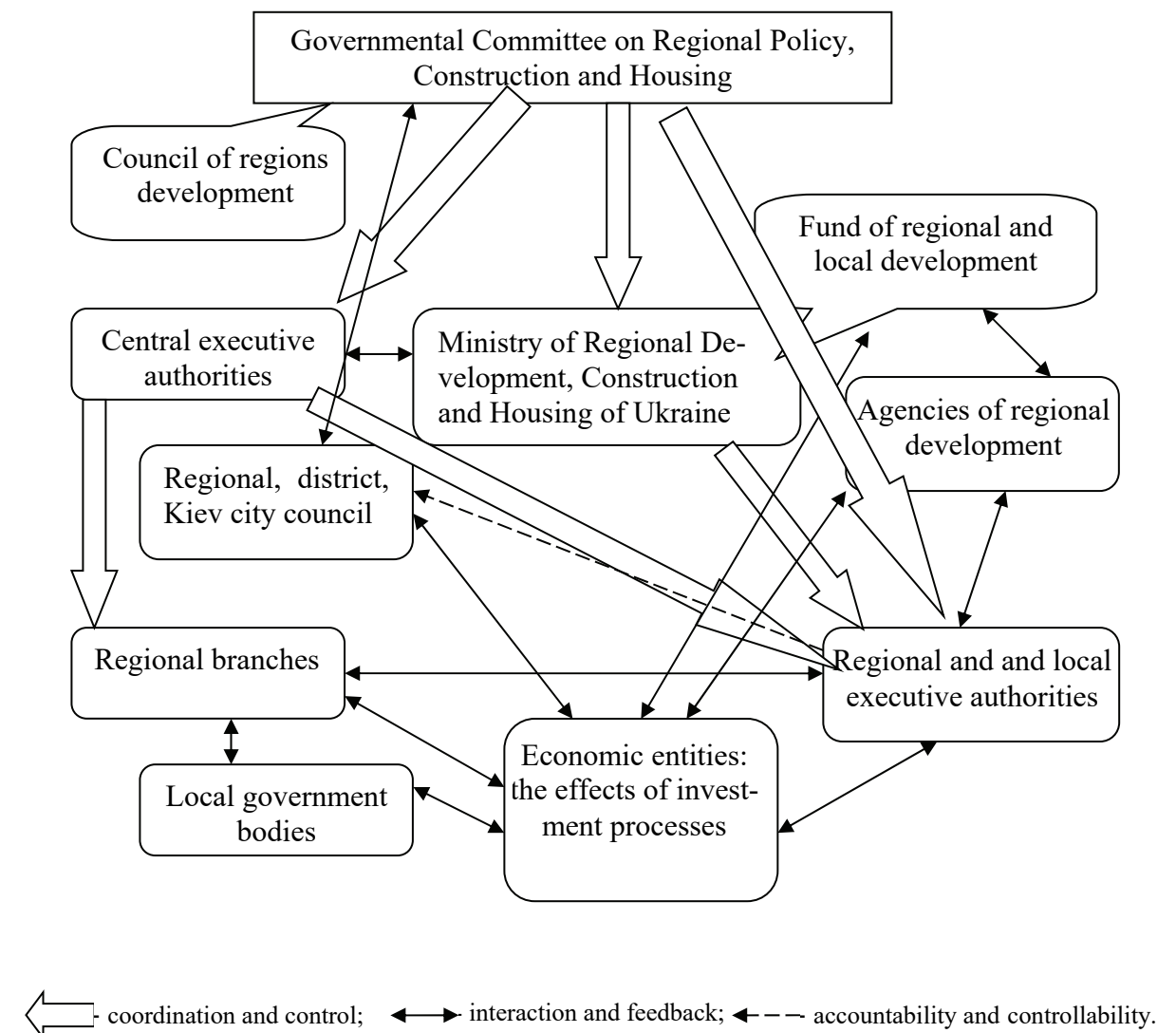
### III. Results.

Transformational process of land use development at the same time is closely associated with the struggle for «economic survival», where observance of environmental legislation doesn't get much attention. However, it should be noted that the activities of state regulatory agencies regarding land use also tend to ignore environmental standards, and relieve responsibility for the consequences of irrational land use. All this led to the «erosion of public awareness» and deepened people's own sense of powerlessness, distrust of public institutions, undermined the environmental movement in the industry that appeared at the beginning of land reform. As a result, the issue of rational use and protection of land resources disappeared from economic growth programs, leaving them only a few empty slogans and hope that land reform will occur simultaneously with ecologically secured land use mostly failed.

These trends have opened a way of managing land by the scheme of the old communist government, which is now transformed into new oligarchic clans that made it possible to manipulate the process of land reform with pronounced anti-ecological disorders resulting in increasing intensity of wasteful land use, pollution.

These shortcomings show the need to reprogram the system of land to build a sustainable land use patterns, and above all strong foundations of land management. However, let's note that formation of sustainable land use – is not just changing policy paradigms of land use and land protection, it's a development of systematic approach to the organization of landowners and land users as a way of improving human life and welfare in its various dimensions. [4] Such a campaign in the state should be directed to intensive environmental education of the general professional surveyors as only rooted environmental awareness among this group of experts will be able to spread to other sectors, that is, the point is that the development of ecologically safe land use should focus on the fundamental principle of «laying on their own strength.» Only the direction for eco-future of landowners and land users will help to find the right balance between economic needs, national interests and land resources. The most powerful source in the environmental movement in the field of land use is the development of the modern economy of land use, which will provide increased efficiency level of land resources with the least damage to them, i.e. increasing the production of ecologically clean agricultural products compared to hard nowadays, but more than in the future.

The development of «new economics of land use» will provide conditions of ruthless reorganization of the heritage of the Soviet style of soil management. One of the features of this science is the formation of scientific bases of land resources energy saving. Thus, based on humus conservation – the basis of biological activity and productivity of soil, which does not match the preferred natural setting by more than 20% [2]. Humus is not only a regulator of all soil processes, but also a bioenergetics basis of fertility. One gram of humus in oxidation releases 4640 – 5290 cal. of bound energy [1]. Due to this, soil's physical properties such as its density, permeability, moisture improve thus increasing its buffering. In this regard let's remind that it's in



**Fig. 4. Organizational – structural model of the mechanism for implementing policies to ensure a comprehensive and balanced development of regions**

A comprehensive approach to the analysis of economic development is an essential attribute of not only making the state regional policy and development of inter-regional economic ties, but also to assess their performance and requires appropriate methodological and information support.

In this connection:

- is clarified the meaning of the term «state investment policy» as a set of consistent economic, organizational and legal measures of the state, which are implemented in order to establish the optimal parameters of investment and achieve its maximum efficiency, necessary for the successful implementation of economic, scientific – technological and social development programs of the state – regional aspect.

tings, but in all cases takes the form of direct or indirect regulation of regional development from the state, which is aimed at active adjustment of the natural flow of economic processes (including investment) occurring in the region. To be effective, the process of such «alignment» regarding the development of investment processes, it is necessary to ensure comprehensive and mutual consistency of policy of state regulation in the inter-regional section, which should function as organizational and legal framework for each region, which operates according to clearly defined compensation principles. Otherwise, attempts of failed alignment will lead to new sources of uncertainty, which is a negative factor in terms of stability and efficiency of the investment process.

Ensuring of sustainable and effective investment process largely depends on the structure of investment distribution.

### Conclusions:

Researches confirm that the state should contribute the deepening of regional cooperation for ensuring a comprehensive and balanced regional development through: development of economic integration between the border regions of neighboring countries, supporting the cultural ties, forming partnerships and contacts between them; implementation of the development of social and industrial infrastructure of border regions; preparation of joint projects with neighboring countries (border regions of neighboring states) that can be implemented using European regional funds; participation in EU cross-border projects and cross-border cooperation programs.

The task of analysis of socio-economic status is to identify untapped opportunities of its growth, as well as the level of influence of local authorities on regional development. Organizational – structural model of the mechanism of realization of state regional policy as for insurance of complex and balanced development of the regions is shown in Fig. 4.

To ensure a dynamic and balanced regional development is proposed to follow a number of general requirements for the organization and implementation of state regulation of regional development of the country. To achieve this goal in conceptual terms, such problems need to be resolved:

- creation of conditions for entrance into the market of the totality of economic entities in the region and forming of quite developed sphere of goods and services in the economic space of the region;
- increasing of activity and efficiency of financial – investment activity in the region, especially in unprofitable and non-profitable industries and branches, including strengthening the dynamics of structural changes in their activities;
- reduction of unnecessary differences in the incomes of the population in the regions, poverty reduction through the introduction of institutions and mechanisms of the modern social state (targeted subsidies, employment programs, etc.);
- reformation of organizational – economic mechanism of Housing and Communal Services;
- forming of a common information space of the region.

fact is not a «food» for the plants, it is only a substrate for microorganisms' and soil fungi's nutrition that allows to replenish nutrients in available for plants forms (nitrogen compounds, phosphorus, potassium, calcium, magnesium, iron and many other chemical elements) and balance various kinds of deviations caused by the introduction of mineral nutrition. All this contributes to the production of ecologically clean agricultural products.

The newest land economy – is a trend of realistic forming of scientific foundations of increase in land resources energy efficiency, where the term «efficiency» associated with the Latin term *effectus* – results and involves mainly the economic side of the process of land use and its financial performance through comparing «increase in humus ground – increasing the fertility of soil – increasing crop yields – the maximum needs of the population.» At that undoubtedly no reorientation of focus of land use from rational land use to energy efficiency happens. It is the economic component of the sustainable use of agricultural land along with other components: ecological, technological and social. Land use energy efficiency – is the best version of most known methods and techniques for slowing the accumulation of ecological and economic contradictions. This means that the energy efficiency improvement of land resources will stop the «drift» to the environmental crisis, and then will transfer national system of land use to the ecologically sustainable model of operation.

### IV. Conclusion.

Based on the advantages of the concept of land resources energy saving we may argue about its objectivity and irreversibility. This is a source of new opportunities for strategic land management at all levels of economic entities' activities such as organizational, technological, financial, credit, legal and administrative. This is its main goal. It requires land managers to discard everything unimportant to work more efficiently at all levels of land use management, to make a qualitative leap towards innovation-oriented land use and to lay down a new course for land system.

Undoubtedly, the goal of academic community of Ukrainian land use education is the creation of scientific principles of «newest land use economy.» It is desirable that such work in the integrated form made it possible to clarify the methodology of both high knowledge intensity of land use, and low material and energy intensity of production oriented on agricultural products. Progressive directions of land use energy efficiency are firstly, the development of theoretical and methodological principles of creating favorable conditions for high-tech, socially necessary, competitive, environmentally friendly soil management and secondly to train highly qualified specialists in land energy management. These professionals should implement resource saving and ecologically-technical processes, methods and techniques of energy saving in land use, and so will the reorganization of the whole mechanism of soil management happen.

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poor investment climate or low investment attractiveness significantly reduces the possibility of the region to attract investments because of negative associations of potential investors. The investment climate in the region should be seen as a set of multiple, interrelated factors and trends of their development in time.

Relatively small number of studies of common problems of structural optimization of the investment processthat analyze macroeconomic aspects of this complex phenomenon leads to the fact, acknowledged by most researchers that the driving force and economic nature of the investment process is already defined in sufficient detail, while are virtually no quantitative idea about the laws that connect options investment activity and socially important macroeconomic indicators such as GDP dynamics (GDP), rate of unemployment, inflation and so on. The task of establishing such laws are complicated by cyclic vibrational behavior of macroeconomic indicators and uncertain economic environment, leading to the transformation of the nature of the implementation of these laws and epistemological skepticism at the base of economic policy.

It should be mentioned that methodology of building of empirical «images» of these or that regularities, that connect pointed parameters as correlation and regression dependencies, is also absent. Determined state of the issue can be described as a crisis of conditionality, that is a contradiction between the ability to monitor and control processes in the global economic system. This significantly prevents speeding up investment structures, which both at national and regional levels should provide opportunities for effective investment. As noted above, dynamism, stability and efficiency of economic development of the whole country are possible only in case of uniform, balanced socio-economic development of all regions.

Thus, the development of regions of Ukraine in modern conditions is largely determined by the flexibility of regional investment policy and the degree of use of investment potential that is inherent in each single regional entity.

But the effectiveness of applying of the latter to enhance the level of regional development and economic stability ensuring depends on the optimal balance of powers of local authorities towards the establishment of a regional investment policy and the influence of the central government through the creation of a complex investment strategy of the state.

So, the stereotypes, that have been formed, that are in use mainly by administrative management of the region, lead in many cases to a long-term stagnation and even economic recession, reducing of investment activity efficiency at regional level and, consequently, to the emergence of significant imbalances of economic development in the regions and territories. Under these conditions exacerbates the problem of creating of economic mechanism of management by investment potential of the region.

As the basic ideology of state influence on economic processes in some regions, including the investment processes is used a policy of «equalization» of regional development, which is rigidly administered from the center. It is clear that this policy on various economic processes is implemented at different scales and different groups of set-

We can assume that the problems of the development of Ukrainian regions reflects European regional problems, that intensified with not adapted Ukrainian economy to market conditions, a significant moral and physical depreciation of fixed assets (74.9% depreciation), low competitiveness of industrial products, considerable reduction of internal and external economic links etc. [7].

Clearly, that disproportionate development of regions and attempt of the state artificially – through subsidies, social programs to eliminate the difference between them by passing the market mechanisms that not only do not bring positive results, but threaten the storage of high rates of economic development of the whole state. What we have at present.

Achieving this goal is impossible without the introduction of a balanced state and regional investment strategy because investment capital is a source of renewals, technological upgrading of enterprises, and improvement of the quality of human capital, implementation of social and environmental programs.

The investment strategy of the state, region – is a strategy of stimulating of investment activity of national and foreign investors through the levers of monetary, fiscal policy, creating of attractive investment climate with the aim to increase investment flows into the economy of the state (region), into the priority sectors of the economy, development of infrastructure, human capital, increasing of the level and quality of human life.

In Ukraine, at the legislative level should be in a single document clearly defined and approved a list of industries, brunches and areas that partially or completely closed for foreign investment, and the list of brunches, industries and areas where foreign investment is encouraged (through the system of preferential taxation and so on.) that would have greatly facilitated the actions of foreign investors than searching of these restrictions in a large number of legislative acts.

It is «favorable investment climate» helps to attract internal and external investments. In the scientific literature there are many methods of analysis and assessment of the investment climate, which use different conceptual approaches and analyze different sets of factors, but most methods, the following main elements are used:

- stable macroeconomic and political situation;
- stable legislative investment base for quite long period of time;
- high level of executive, which ensures compliance of the implementation of current legislation, judicial decisions and ensure conditions of fair competition;
- the necessary level of investment infrastructure development and investment business – environment;
- existence of high internal demand for investment resources and the level of efficiency of investment (profitability of investments, social impact, and so on.).

The main disadvantage of these methods is that the integrated assessment of investment climate of regions are carried out according to a year data or sometimes a quarter data, that is not taking into account a long-term determinant and development trends of the regions, and is not abstracted from temporary declines or rises in economic and social development. At the same time, when the region gets into the group with

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## THE ROLE OF MONITORING IN THE STRATEGY OF ECONOMIC MODERNIZATION OF PRODUCTION IMPLEMENTATION

**Annotation.** *Basing on the study of theoretical and methodological aspects it is suggested to create the necessary conditions and form a system of monitoring the implementation of the strategic directions of economic livestock modernization as one of the difficult parts of the single-serving information management component of the livestock industry. It is emphasized that the need of development a strategy that describes the process of defining the main directions of the livestock development in the future. It is proved that the efficiency of livestock determines the level of innovative potential using in each region and the degree of needs of the population in animal origin food.*

*The existing approaches of key tasks and stages identifying of the monitoring activities are systematized. It is indicated that monitoring should be focused on accurate basis for comparison, economic and social characteristics of the regional economic system to identify the level of efficiency and effectiveness of the implementation of strategic measures of livestock modernization in all regions of Ukraine. Ways to improve monitoring of livestock modernization and further development are suggested.*

**Keywords:** *monitoring, animal husbandry, development, modernization, region, strategic programs, potential, innovative – modernization processes.*

### Introduction.

Nowadays a comprehensive livestock modernization stands among the strategic objectives of socio-economic development of Ukraine and is one of the most important issues not only in economic but also in industrial and technological fields. This question is one of the most relevant in the context of improving the livestock production efficiency, developing livestock industries and agricultural enterprises. At the same time meat and milk production increasing and improve their quality can only be based on the system and quality monitoring implementation and developing strategic economic modernization of the livestock industry programs.

All these problems need to be conceptualized and studied, particularly in terms of improving the livestock modernization monitoring at the regional level, as the autonomy of regions that are more responsible for the results of their economic development is growing annually.



Thus at the stages of drafting, reviewing, decision making and implementation of key provisions of the strategic programs it is important to provide an assessment of their authenticity, validity, compliance (with the standards of the European Union) and effective performance (by correlation of the actually received and the planned indicators). All this will make it possible to build an effective monitoring system able to provide a steady state livestock development in the country.

The designated goals require special attention to the following strategic priorities: maintaining a stable state support (introduction of financing indicators) of dairy and beef cattle, attracting different types of investments, providing the resources austerity, improvement of animal breed and pricing, compliance with international standards for quality production by improving the standardization and certification system and introduction of innovative technologies of intensive animal agriculture.

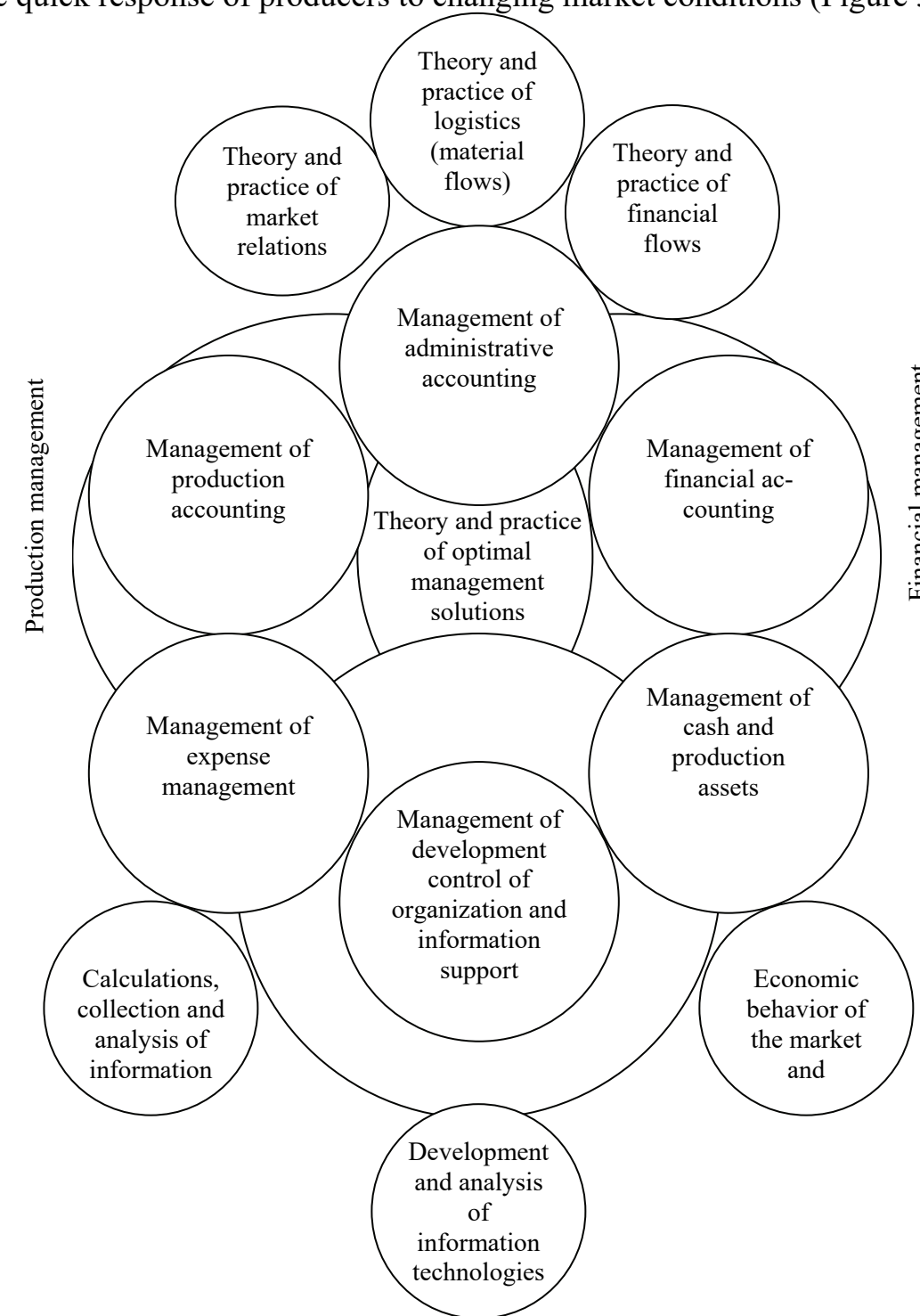
### Results.

As a result of studies it was found that the existing economic mechanism of animal husbandry functioning and development in Ukraine does not provide the desired level of profitability and solid financial support to agricultural enterprises, most of them are unprofitable and low-profit at the end of the year. This, in turn, does not facilitate the timely modernization of production processes in key sectors of livestock and the introduction of innovative technologies in the livestock production.

Livestock, as one of the most important branches of the agricultural sector, produces a variety of diet, fortified and dense (containing 30% of the calories and 60% of protein) products of animal origin used for nutrition and the formation of export potential. It was found that livestock products satisfy about 40-50% of the nutritional needs of a person [5]. That's why a special industrial importance and a specific sectorial structure of the livestock must stabilize the socio-economic situation (high energy consumption and outdated organization of production, low level of financial and economic state support mechanism of the livestock, imbalance between the supply and demand in the domestic market, the animal products competitive instability at the external markets, low level of adaptation to European standards of quality) in Ukraine, because the industry is one of the main sources of food resources forming, which are the basis of food security.

However, the potential of certain livestock sectors get worse every year because of the reducing of the livestock numbers and volumes of livestock production in farms of all types of property. For example, in Ukraine for the period from 2005 to 2015 the number of cattle decreased by 41.1% (cows – by 40.2%), sheep and goats – by 21.9%, pigs – by 0.1%. The volume of beef and veal fell by 26.5%, milk – by 18.8% with an increase in pork and poultry, respectively, 50.4% and 2.3 times. As a result, it was made only 54.1 kg of meat and 222.8 kg of milk per one person as the physiological norms of food state respectively 80 kg and 380 kg. [3] These characteristic changes make it necessary to develop a strategy for further development of the livestock indus-

- involvement into the activity of clusters regional administration and local governments, academic institutions, universities, anyone who can take an active part in the formation of territorial-production system of a new type. It is necessary to take into account the interaction of producers and investors of all participants is a continuous process, and the cooperation procedure should be flexible (able to adapt) to provide quick response of producers to changing market conditions (Figure 3).



**Fig. 3. The interdependence and interrelation of industrial, financial and operational management in the system of management**

- Demographic characteristics of the region (15%);
- The level of development of market relations and market infrastructure (25%);
- Availability of environmental, investment, political, credit, commercial, currency risks (10%).

The integral indicator of estimation of investment attractiveness of regions is defined as the sum of products values of each synthetic indicator on its importance in the overall assessment.

Relying on these theoretical generalizations and taking into account the task of our study, we will analyze investment climate in Ukraine in the regional context.

After the proclamation of independence in Ukraine between regions there was a great disparity in the economic and social development, which since independence not only has not disappeared, but has rather increased. This is due to a number of objective and subjective factors: peculiarities of historical economic development of the regions, distinction in presence of natural resources and human potential, long-term economic crisis, the general economic stagnation, lack of balanced regional policy, where narrow specialization approach prevails over the holistic territorial approach, political instability, features of regional branch structure and direction of the industry, which has remained from the Soviet Union, the lack of efficient inter-regional economic relations, lack of improved regulatory framework regarding the powers of the central and regional authorities. As you can see – the picture by the «pencil» and it should be filled by the «oil».

To create in the regions of the country systematically built in and highly efficient territorial – industrial structures of the new type (clusters, partnerships, networks, alliances, etc.), as a complex self-regulating social – economic systems, it is necessary, in our opinion, to make following measures:

- to develop and approve in the established order the concept of forming in regions the structures of the system type;
- to develop and implement advanced investment projects with a clear justification of their competitiveness, with calculated data to achieve the high rates of return on investment. On the basis of conducted researches authors for the first time in the practice of designing propose to develop an investment project of a system as an integrated, open, self-supporting complex socio-economic self-regulating territorial-production system;
- to promote the development of modern investment infrastructure according to levels of innovative regions;
- To put in basis of the investment policy of the state the real investing on epistemology principles of economic policy, carried out in appropriate forms;
- realization of unification of integral property complexes;
- implementation of reconstruction of enterprises, directed for the effective operation of the whole production process at the enterprises – participants of technological chain on the basis of introduction of modern innovations;
- modernization of technological and organizational processes (using of selective approach);
- implementation of innovative investments that will enable wider use in the production activity of new scientific and technological knowledge;
- introduction of new forms and methods of management with economic development of regions, particularly, distressed and depressed areas;

try and exploration of new directions of its activities by improving organizational, technical, technological and breeding and veterinary types of work, using innovations in the production and sale of animal products.

Considering this of the farms and regional agricultural producers should take into account the current situation in order to fulfill the strategic stability program of livestock development which provides:

- Improving the structure of the species composition and productivity of farm animals;
- Modernization and transition to the new advanced production technology;
- Improvement of the forage base by increasing the production of high-quality protein and concentrated feed;
- Improving the genetic characteristics of animals by establishing the selection and veterinary work;
- Improving the efficiency and competitiveness of the main livestock products through the introduction of the strategic programs and scientific research of the scientists (the advanced technology, innovation, modernization);
- Increasing the production of quality livestock products and providing the needs of the customers according to the recommended consumption rates;
- The introduction of a regional monitoring system that will enable to provide a reliable estimation of all the transformation processes taking place in the fields of animal husbandry.

It is noted that monitoring makes it possible to systematically obtain important information about the efficiency and effectiveness of the research object [4]. In the process of continuous monitoring and systematic collection of information about the progress of work is a kind of the events «scanning» and is held in order to detect deviations from plans outlined with the help of monitoring and control [6]. Thus, the monitoring system can be characterized as a regular track changes using sampling principles and tools for data collection.

It is alleged that the monitoring system should take into account the existing strategic priorities and regional socio-economic development of the livestock [2]. Besides, the monitoring process does not remove the consideration of the following basic principles: timeliness and compliance with the goals, scientific accuracy, consistency and reliability of the information, verification and confidentiality of the livelihood.

Usually the objects of the livestock monitoring are dynamic, they constantly change the trajectory of its development, are influenced by factors of the internal and external environment. Therefore, with respect to the livestock the monitoring can be described as a process of continuous observation (conducted through the list of parameters and indicators) and control of its operation to identify and to assess the specific changes and trends.

All this makes it possible to formulate the reasonable conclusions and develop the recommendations for improving the monitoring of organizational, economic and legal mechanisms regulating the development of animal husbandry and its products market

and implementing modernization of production on the basis of innovative approaches (provide the production costs reducing and producing of the high quality products). Not by chance the scientists prefer the following areas of livestock development, innovation-investment model and technical and technological modernization of material and technological base of production [1]

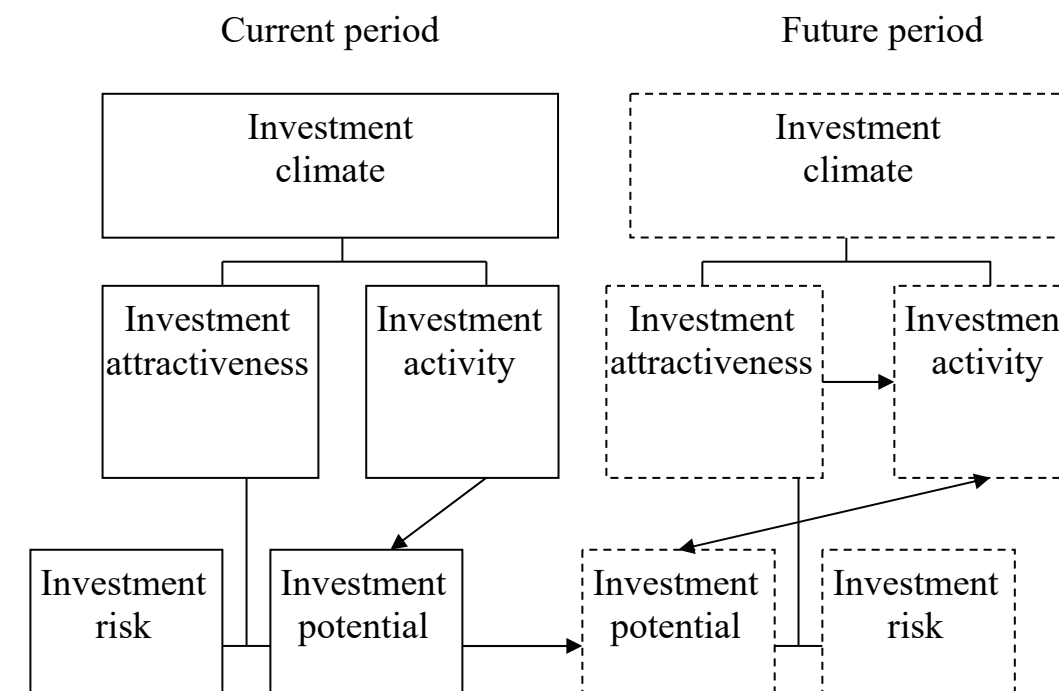
Modern trends in market relations considerably complicate the production processes in animal husbandry, which requires monitoring the development of new strategic objectives of its main industries modernization:

- Grounding based on the available and accurate information, real changes in animal husbandry and livestock production structure;
- Livestock regional priorities identification and development of complex measures on formation of separate strategic modernization programs;
- Ensuring the quality and timeliness of livestock monitoring means implementation (organizational, scientific, technical, technological) and establishing its effectiveness;
- Compliance with legal norms and requirements on livestock development and modernization;
- The effectiveness of strategic measures concerning livestock modernization.

All these tasks determine the main stages of the concept of the implementation of the strategy of the livestock modernization monitoring (Fig. 1).

You can see that monitoring reproduces the complex process of observation of the research object internal transformation, changing its quantitative and qualitative parameters. It is important to note that the indicators included in the monitoring system should be within the criteria of reliability and optimality and characterize the organizational, production, innovational, marketing sides of the livestock operation.

As a result of monitoring studies differentiated group of companies should be formed in regions considering the efficiency strategies of the livestock industries modernization. In this context it is proposed to create a unified network of regional monitoring centers to monitor the quantitative and qualitative production of animal products. It is assumed that such centers will function as training bases to provide professional knowledge for cattle farmers producing meat and dairy products and high schools students concerning the most important problems of livestock. In this case, the need of knowledge of developing the appropriate innovation strategy and planning is not excluded (presentations, workshops, exhibitions) and they are aimed at its implementation in introducing the comprehensive socio-economic modernization and efficient using of the potential of each region.



**Fig. 2. Structural and logical model of investment climate**

Current investment activity defines a qualitative structure of the investment potential in the future. With low investment activity is getting worthening of investment potential through physical and moral depreciation of fixed assets, underfunding of social and environmental programs, etc.

So, the current low investment activity does not promote formation of more qualitative structure of investment potential, which reduces the investment attractiveness and worsening of investment climate in the future. Conversely, high investment activity stimulates the development of investment potential, increasing investment attractiveness and improving of investment climate. This, for its part, will lead to the emergence of a higher wave of investment activity. Current investment activity makes it possible to predict the level of investment potential and volume of additional capital in the future, the rate of return on investments and further positioning of investor.

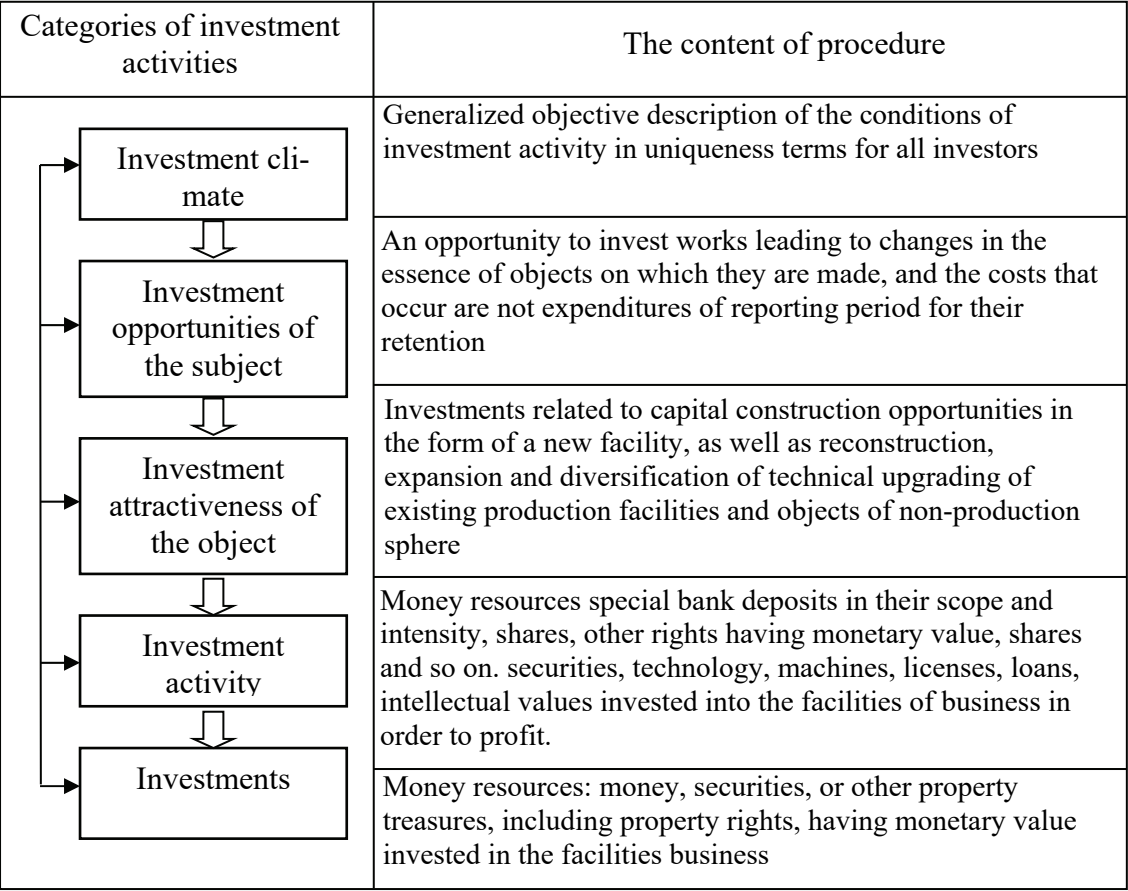
Is accepted to single out five main groups of basic factors that have significant influence on the investment climate, including:

- The level of development of the productive forces and the state of investment market; the political will of the government and the legal framework of the state;
- The state of financial and credit system, and activity of financial intermediaries;
- The status of the foreign investor;
- Investment activity of the population.

In national practice has gained popularity the method, developed by I. Blank in cooperation with investment company «Omega Inster.» According to this methodology is proposed to assess the investment climate of regions on the base of the integral index, which provides such ratio of individual factors [6]:

- The level of economic development of the region (35% importance);
- The level of investment infrastructure development (15%);





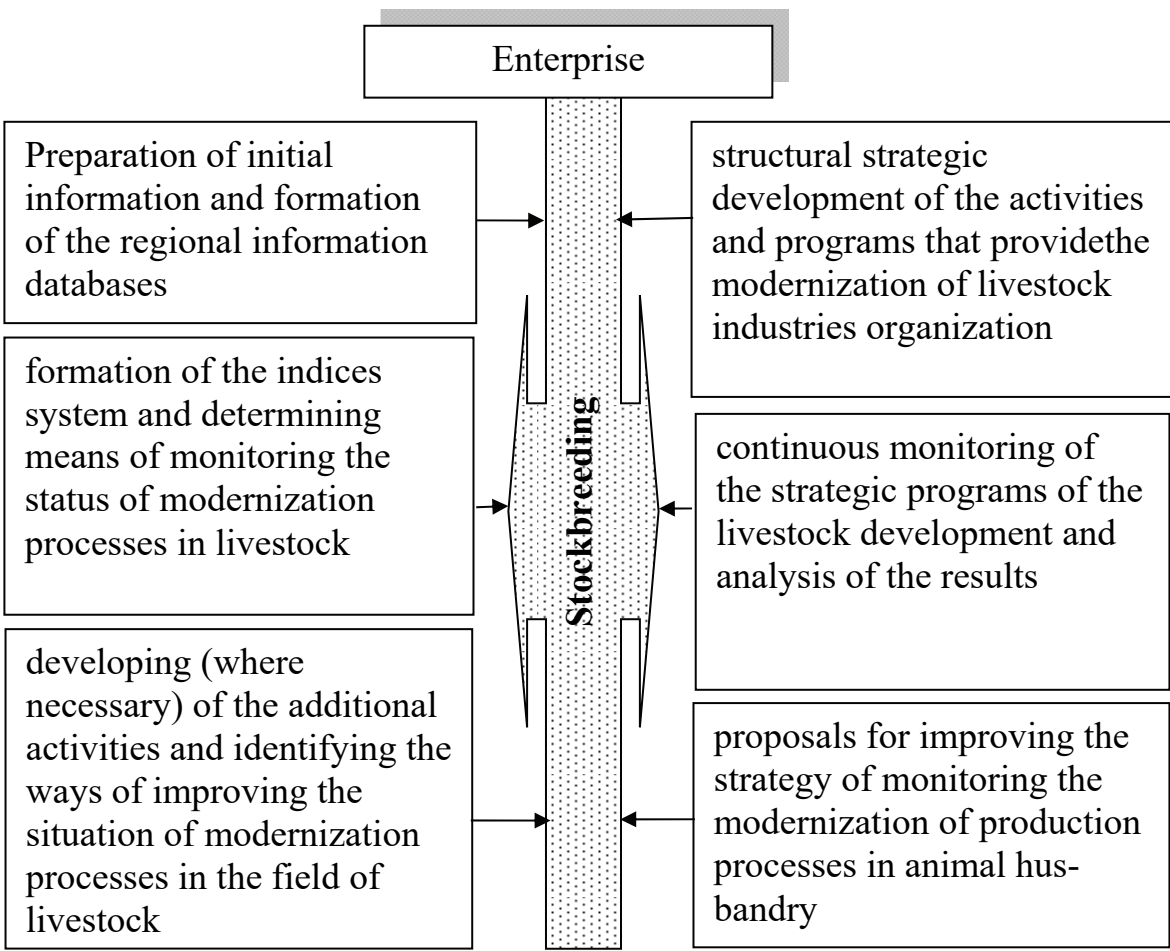
**Fig. 1. Relationship of categories of investment activity**

While analyzing the investment climate, should be paid attention to some peculiarities of its formation, such as:

- every level of the economy (national, regional, sectoral or microlevel) has its system of individual indicators, which forms its investment climate;
- Investment climate of different economic stages is interrelated and interdependent, i.e. have an impact on each other. For example, a low investment rating of the country can greatly reduce the amount of foreign investment in the region;
- investment climate of higher levels of the economy is mistakenly to view as the sum of investment climates and its components. Yes, the investment climate of the region is not the sum of estimation of investment climates of brunches and enterprises that it includes.

Investment activity, in turn, is an embodiment of the opportunities and investor decisions as a result of its subjective evaluation of investment attractiveness.

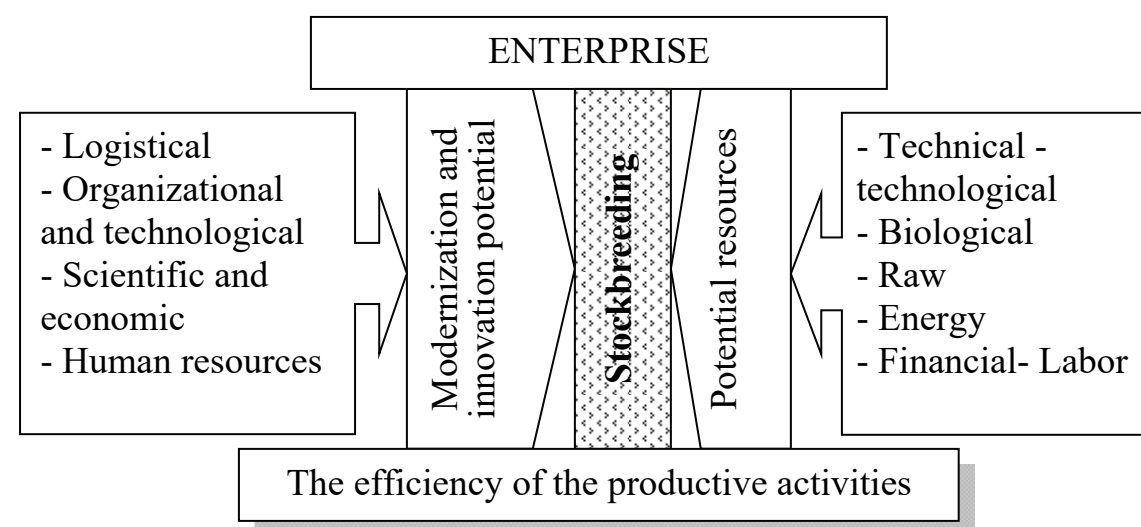
So, the investment climate of the region should be considered as the interaction of investment attractiveness and investment activity, must be considered the impact of current investment activity on the formation of qualitative structure of the future investment potential, which in turn significantly affects investment activity and formation of investment climate in the following periods (Figure. 2).



**Fig. 1 The main stages elements of monitoring implementation of the livestock modernization strategy**

One of the important characteristics of the enterprises capacity to modernize the livestock is their innovative potential. However, reducing its size in recent years should be associated with defects (reduction in funding, poor infrastructure, inefficient system of marketing and sales, transformation process of the organizational structure of enterprises, lack of commitment and low motivation of managers in implementing the strategic innovation) in the regulation of innovation sector.

It should be noted that the innovation and modernization potentials are interconnected as they describe a set of potential resources and comprehensive indexes of the certain type of activity which reflect the final results and efficiency of the livestock production (Figure 2).



**Fig. 2 The main components of modernization and innovation capacities and potential resources of the livestock**

Moreover, almost all types of resources, which should contribute to the strategic development of the industry, need a full control over their management, particularly biological (industry provide high-quality species composition and highly productive livestock animals), technical and technological (contribute the equipping and reorientation of production, improve the quality of products and raw materials), labor (enable to make the informed decisions about improving the knowledge and g professional qualification in order to implement new, more efficient technologies in the manufacturing of the innovative products) and others.

Instead the indicators taken into account concerning the established system of monitoring criteria of the livestock strategies modernization must necessarily have a reliable information base for comparing the parameters (technical updating of the product, scientific production capacity, quality and competitiveness of the products) that will allow formulating the objective findings of the monitoring process. Ultimately it is offered to adjust the monitoring parameters obtained with a view to using them in the development of sectorial and regional programs of the effective livestock development.

### Conclusion.

So, the future effective development of animal husbandry will greatly depend on changes in the quality of all types of industrial and energy, material and technical base. In this regard the consistent transition to widespread using of mini machinery, dairy equipment, high-performance vehicles, machinery and industrial technology, promoting the full technical and technological re-equipment of livestock industries is important. In its turn all this creates a scientific basis for developing measures and positive solutions to existing problems.

We believe that the improvement of the modernization strategy development of the production and innovation in agricultural enterprises is directly dependent on:

activity. This is a set of organizational structures of different order and purpose as for the specific forms of economics, management methods and legal compliance of economic laws using, taking into account the uncertainty of the historical specificity.

The main for us, in this case, are categories of investing activity and its consequences, a material expression of which is «investment climate» and «investment attractiveness».

Fourthly – the investment climate – is an integral characteristics of a set of social, economic, institutional, legal, political, social and cultural backgrounds, which determines the degree of risks and effectiveness of investments of investment resources in a particular economic system (economy of a country, region, corporation).

It should be noted, that in addition to the category of «investment climate» is used the term «investment attractiveness» of regional economies, which are countries, regions. These concepts are similar because they represent a consolidated (integrated) assessment from the system of factors, affecting the process of investment decision making by potential investors and future realization of investment projects, and require a clear separation from a methodological point of view.

So – investment climate – generalized, objective description of the conditions for investment activity, which is the same for all groups of investors.

Fifthly – the investment attractiveness is a subjective statement of a particular investor as for the object of investment and may be different for different groups of institutional investors. That is, investment attractiveness is one of the components of investment climate.

Another important component of the investment climate is investment activity, which is determined by the intensity and volume of attraction of investments in fixed assets (country, region).

Investment activity, in our opinion, depends not only on the investment attractiveness of the investment object (though there is a high correlation), but also by investment opportunities of investor as a subject of investment activity.

Schematically, the relationship between these categories of investment, we believe, can be displayed, as shown in Fig. 1.

But it should be noted that only the third group brings together ten regions with middle-rate innovation development. The latest of these groups has a very low level of innovation. Assuming that the stable development of a region begins, if the density characteristics of the phenomenon of a certain quality is 20% and above, only Kyiv meets this criterion. Thus, Ukraine, in general, is still far from this level because the average indicator is 5-7%. So whether it makes sense to introduce a method of regions clustering?

In our country can be seen a number of significant shortcomings that are not just prevent the introduction of new strategies for regional development, but also make it practically impossible. These deficiencies must include imperfection of the legislative base, tax rates and budget reallocation. Also, false is the position of the authorities as for the need to invest only in some major industries that can become engines of investment by foreign investors, and hope that in the future this will lead to Gross Domestic Product (GDP) growth and will ensure the development of the regions. European experience in regional development had denied such position as incorrect. Therefore, we propose, in aim to achieve in a sphere of regional development of measurable indicators, to consider the region as a complex self-regulating socio-economic system on the base of the theory of synergy.

### Statement of a problem.

First should be presented some definitions, which we will operate with during the presentation of the basic material:

Firstly – organizational and complex self-regulating socio-economic systems are the set of self-reproduced evolutionary emotional and socio-economic processes as for changes in self-regulation, as a continuous dynamic process of familiarization of new ideas and models of behavior based on the interaction of interests of industrial relations and objectives and provides dynamic development of managing events concerning the transition of socio-economic system or individual subsystems into a new functional state, under the influence of synergy (interactions) factors of external and internal environment.

Secondly – the mechanism of social and economic development is a socio-psychological methodology of the study and management with the region in terms of the definition of social «portrait» of the modern working environment and motivation of executives of managerial staff for solving such problems as identifying of a level of uniqueness opinion production teams, their psychological compatibility while working together, and the degree of decency of socio-psychological climate associated with the motivation of human behavior in industrial relations.

Thirdly – economic mechanism is a graphical representation of a sequence of processes, procedures and technologies of production system movement in the form of organizational structure, which determines the order pattern of some kind industrial

- increasing of the investment support to the modernization of livestock and innovation;
- introducing of the environmentally friendly production processes;
- constructing of the new livestock farms with Loose Pet system and using of the automated systems for herd management;
- further development of international scientific and technical – technological co-operation;
- Wide demonstration of the real state livestock to the workers and the modernization and introduction of innovative technologies effect;
- creating of adequate infrastructure and timely monitoring of the modernization and innovation;
- ensuring the effectiveness of the legal system regulating the modernization and innovation processes.

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THE WAY OF IMPROVEMENT OF G20 COMPETITIVENESS

**Abstract:** Political globalization is seen in the example of G-20. Paper proves that global coordination is necessary and can be possible in the framework of G-20. The paper summarizes and unites the knowledge about global coordination and G-20, while examining the current tendencies, problems and perspectives for global development. Thus, in conclusion, the constraints of coordination under G-20 framework are formulated; policy options and recommendations are given.

**Key words:** G20, Coordination, Imperfection, Tendencies, Problems, Competitiveness

Introduction.

In order to make analysis more versatile, competitiveness issue should be examined. «The Global Competitiveness Report 2013–2014» shows the strong and weak points of development for almost every country in the world (148 countries). Thus, by choosing the G20’s participant countries out of that report, we can evaluate the credibility of G20 to provide a successful implementation of their agenda. According to the approach, each of 12 competitiveness pillars for the country is being given a score, ranging from 1 (lowest competitiveness) to 7 (highest competitiveness). We can assume that adding scores of each G20 country in the corresponding pillar can give us a cumulative result. The received sum can be ranged from lowest to highest. The lowest total scores will represent the weaknesses of G20’s countries, while the highest scores will represent the strengths [1].

The results show us that, in average, G20 countries are weak in innovation, market efficiency and institutions. A great effort will be required from the participant countries to overcome these issues on the local level as well as on the level of G20. However, while coordinating, countries can force their strengths: macroeconomic environment, infrastructure and market size.

2) factors of national demand: internal market capacity of the area, compliance with standards of home consumption standards and trends of consumption in the national and global market;

3) environmental factors: related and service industries, i.e. sources of raw materials, intermediate products, equipment, technologies and innovation;

4) internal competition factors: firms structure and management, environment of their existence in terms of antitrust legislation and traditions of doing business.

Nevertheless, despite some attempts to form cluster approaches in the implementation of restructuring the national economy, today there are no even methodical approaches of cluster associations.

Yes, there are some publications as for individual rationality approaches to clusters forming. However, it should be noted that the state of clustering in Ukraine can be characterized as the initial stage.

Formation of clusters in Ukraine as the concept of industry clusters in practice began in 1998. However, its implementation had problems as for spreading of conceptual economic and methodological knowledge about clusters, their organization and support. In 2005, in four regions of Ukraine was begun the active introduction of clusters, the main activities were concentrated in the following areas:

- Khmelnytsk (sewing, construction, food, tourism cluster, a cluster of «green» tourism);
- Ivano-Frankivsk (tourist cluster, cluster of manufacturers of decorative textiles);
- Cherkasy (cluster carriers);
- Zhytomyr (cluster of stone extraction and processing).

But whether they work today? Hardly. Because neither methodologically nor methodically they did not get support.

Some scientists believe that Ukraine should, as an initial step, to consider index of innovative development, calculated as the average value of the integral index of regional innovation activity of enterprises, the volume of sales of innovative products and number of scientific organizations in appropriate nationwide rates. Grouped by the method of equal shares, such approach looks as following (table. 1).

Table 1 Characteristics of innovative development level of Ukrainian regions

Regions – participants of the cluster	Description of a cluster
1. Kyiv	The region with the highest level of innovation
2. Kharkiv, Kyiv, Dnipropetrovsk, Zaporizhya, Odessa, Lviv, Zakarpattia Oblast	Areas with high levels of innovation (the center of a cluster – Kharkiv region.)
3. Volyn, Vinnytsay, Kirovograd, Ivano-Frankivsk, Donetsk, Poltava, Ternopil, Mykolaiv, Luhansk, Sumy regions	Areas of middle-innovative development (the center of a cluster – Donetsk region.)
4. Zhytomyr, Chernivtsi, Khmelnytsky, Rivne, Kherson and Chernihiv regions	Areas with low levels of innovation (the center of a cluster – Chernivtsi region.)

management, necessity to accelerate the process of creation of integrated (network) systems. These provisions should be in basis for developing and implementing forms and methods of investment processes in systems of various types.

Analysis of the latest researches and publications.

Among foreign and Ukrainian scientists who actively study the problems of creation of new model of regional development, strategic planning, we'll note M. Porter, S. Grishchenko, A. Bruver, P. Chechelyuk. Theoretical aspects of state management, formation of competitive systems and implementing of effective mechanism of region management are reflected in publications of A. Mihranyan, V. Tkachenko.

From publication of recent years we can note the monograph of V.I. Lyashenko with coauthors [5], in which are proposed various options for the development of regional infrastructure: cluster systems, regional centers for nanotechnology, nanoclusters, including border, business incubators and others, based on close interaction of scientific, educational and business organizations that provides a synergistic effect. Of particular interest is an example of cross-border nanocluster, which is formed in cooperation of Belgorod State University (Russia), Luhansk National University named after Taras Shevchenko, Donetsk Physical-Technical Institute named after O.O. Galkin, Institute of Industrial Economics of NAS of Ukraine.

The experience of foreign countries shows that clusters contribute regional development in certain areas. According to definition of an American scientist M. Porter, cluster – a combination of businesses and institutions for which the territorial community of its components – additional factor of increasing of economic efficiency through sustainability of relationships, reducing of transport costs, rational use of all kinds of local resources, creation of conditions for combining with territorial planning and management. The theory of Porter follows the definition of a cluster as a geographically concentrated group of interrelated companies (manufacturers, suppliers, banking, stock and credit institutions, venture capital funds, etc.) and also related to their activities organizations (eg, service, engineering, consulting companies, agencies of standardization, trade associations, universities and research organizations) [4].

M. Porter identifies three main features of cluster:

- a) territorial specialization;
- b) competition;
- c) cooperation.

It should be noted that M. Porter has created a unique model, known as «diamond» (The Diamond of National Comhetitiveness). It includes a system of determinants of competitive advantage territories, based on four groups of factors [4]:

1) factors of production: human, naturally geographical, natural resources, scientific and educational information potential; capital, infrastructure, including factors of quality of life;

Table 1 The pillars of competitiveness for G20's countries

<i>PILLARS – RANKING</i>	
Innovation	78.6
Labor market efficiency	82
Institutions	82.3
Goods market efficiency	84.8
Financial market development	85.5
Technological readiness	88.6
Business sophistication	89.1
Higher education and training	91.7
Macroeconomic environment	95.1
Infrastructure	95.3
Market size	108.2
Health and primary education	112.8

Source: Self-elaboration based on [1]

In addition, «The Global Competitiveness Report 2013–2014» shows us the most problematic areas of each country. According to the approach, the questionnaire is made about the most problematic factors in each country and the result is given in % of replies.

Table 2 Problems, common among G20 countries

<i>G20's PROBLEMS – RANKING</i>	
Inefficient government bureaucracy	252.3
Restrictive labor regulations	206.4
Tax rates	206
Access to financing	190.4
Tax regulations	175.6
Corruption	139.4
Inadequate supply of infrastructure	125.3
Inadequately educated workforce	120.4
Policy instability	108.6
Insufficient capacity to innovate	99.3
Poor work ethic in national labor force	78.3
Inflation	65.7
Foreign currency regulations	46.6
Crime and theft	38.9
Government instability/coups	33.4
Poor public health	14.2

Source: Self-elaboration based on [1]



Thus, inefficient government bureaucracy, restrictive labor regulations, taxes, access to finance and corruption represent a certain threat for successful cooperation. With the elimination of these problems, which can be regarded as constraints, coordination may achieve better results.

### Problems and Perspectives for Development.

First of all, we see that G20's advantage comes when it promotes the policies that may be used by the countries anyway and sets realistic agenda without any «over-promise». Furthermore, the G20 will not compete with other major institutions in terms of political competences if it continues previous (narrow) agenda. However, cooperation with other organizations remains vital [2].

Secondly, coordination in G20 is represented only on the level of information exchange and most studies do not seem to concentrate on what «coordination» exactly means. Thus, more forceful levels of coordination such as mutually consistent policies and joint action are avoided. Such an easiest form of coordination does not require G20 members to coordinate policies. However, that raises the risks in the case of a crisis.

Thirdly, though the factors of competitiveness are different from country to country, there is a high level of corruption, bureaucracy as well as a lack of efficient institutions and innovation readiness in member states. These factors worsen the prospects of coordination among the countries – a sustainable G20 remains under a question mark. In addition, G20 is more vulnerable than other organizations because of its informality and under-institutionalization. Therefore, the power belongs to authorities, while other interests may not be represented enough. On the other side, if there is a permanent secretariat to provide continuity of implementation of reforms and a better preparation of agenda, it may raise the level of bureaucracy and member states will not «lead» the G20.[3,4]

However, the issue of «leadership» remains unsolved. Crisis of the year 2008 had worsened the reputation of the United States. Moreover, post-crisis period, – characterized by fiscal stimulus and high level of protectionism in addition to low level of commitments among the G20 countries, – blurs the agenda and leadership. Thus, we can assume that G20's countries should concentrate on inner as well as on outer problems. In the nearest future G20 will have to solve the following issues:

- Defining the G20's role and its institutionalizing;
- Revising the stimulus programs and the ways to exit from them;
- Performing structural reforms in member countries;
- Solving the issue for fiscal consolidation and exchange rate flexibility.

The following policy options for G-20 are possible:

- Bottom to up coordination approach or maintaining the existing course for development. G-20 can wait until countries realize the importance of coordination by themselves. The incentive for coordination should come from «inside» of the countries. This will happen eventually, however, some time will be lost and the costs of conflicts and mistakes may be higher.

Is grounded the necessity of taking into account the effects of investment processes in the mechanisms of social and economic regional development during the period of new business projects. Has been suggested that conflict gene of regional development of economic cycle is the assessment of attractiveness of investment projects and programs in terms of development priorities. To solve this problem is not enough to use generally accepted understanding that examines the attractiveness of investment in terms of profit, which may be obtained as a result of implementation of investment projects. It is proved that a plurality of individual clock of conflict is lack of theoretical basis of the establishment of mechanisms of social and economic development at the meso level.

Key words: economic cycle control mechanism socio-economic development, conflict gene, region, investment project.

### Statement of a problem in general.

The theoretical basis for the design of mechanisms of social and economic development of individual or aggregate regions that take into account the consequences of the investment process and the process of launching in the national practice, almost absent. Not concentrated even methodological framework design and creation of such mechanisms [1].

It should also be noted that the horizontal or matrix approach to investment management and processes of launching of entrepreneurship new structures, their support, allowing to achieve maximum transparency, manageability and efficiency of monitoring of investment processes in Ukraine has not been analyzed either in terms of theory, nor in terms of implementing something similar into practice [1].

But such approach doesn't allow not only ensure the efficiency and manageability of investment process, but also to form inter-regional investment projects which, firstly, are more stable and have more stability to the risks of different nature, than projects designed for a single region, and, secondly, provide an opportunity to reallocate resources at the horizontal level, by passing the central authorities. It is clear that this approach to a redistribution of investment resources, which does not include mechanisms of subsidies and fiscal policy is much more effective in unstable world economy. However, the theoretical aspects of such mechanism of investment activity management, particularly at the regional level, are contrary to modern national practice [2].

In the context of globalization and regionalization of the economy rise fundamentally new requirements for regulation of investment, their concentration in sectors and regions of priority development. Effective management of investment activities in complex self-regulating socio-economic (as a region) systems depends on a clear definition of functions and mechanisms of investment management, real and financial investments, forming of investment resources, economic development of regions [3]. Development of methods of investment management processes of such systems, taking into account ability of participants to self-organization and self-sufficiency, innovation comes from the nature, purpose and objectives of the investment



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## КОНЦЕПТУАЛЬНІ АСПЕКТИ ОЦІНКИ ІНВЕСТИЦІЙНИХ ПРОЕКТІВ РОЗВИТКУ НА МЕЗОРІВНІ

Обґрунтована необхідність врахування наслідків інвестиційних процесів у механізмах соціально-економічного розвитку регіонів в період започаткування нових проектів підприємництва. Висунуто припущення, що конфліктогеном економічного циклу розвитку регіону є оцінка привабливості інвестиційних проектів і програм з точки зору пріоритетів розвитку. Для вирішення цього завдання недостатньо користуватися загальновизнаним розумінням, яке розглядає привабливість інвестиційної діяльності в термінах прибутку, що може бути отриманий унаслідок впровадження окремого інвестиційного проекту. Доведено, що синхронізатором множини індивідуальних конфліктів стає недостатність теоретичної бази створення механізмів соціально-економічного розвитку на мезорівні.

Ключові слова: економічний цикл, механізм управління, соціально-економічний розвиток, конфліктоген, регіон, інвестиційний проект.

Обоснована необходимость использования последствий инвестиционных проектов при создании механизма социально-экономического развития регионов в период реализации новых проектов предпринимательства. Высказано предположение, что конфликтогеном экономического цикла развития региона является оценка привлекательности инвестиционных проектов и программ на основе приоритетов.

В целях решения этой задачи недостаточно использование только общепринятых понятий, которые рассматривают привлекательность инвестиционной деятельности через прибыль, которая может быть получена в процессе реализации отдельного инвестиционного проекта. Доказано, что синхронизатором множества индивидуальных конфликтов становится недостаточность теоретической базы создания механизмов социально-экономического развития на мезоуровне.

Ключевые слова: экономический цикл, механизм управления, социально-экономическое развитие, конфликтоген, регион, инвестиционный проект.

- Up to bottom coordination approach or rooting the course for development from «outside» of the countries – the incentive should come from G-20. This will require from G-20 more appropriate leadership, politics, policy making and public management to deliver the agenda efficiently.

- No coordination agenda. G-20 can turn the whole agenda into other spheres of activities or can pass the coordination task to another stronger institution.

However, the second option is considered to be the most reasonable. The following recommendations can be given:

- Rebuilding trust by reshaping the organization and representation capabilities, thus eliminating «Power vs. Interest» issue. Major changes in organization's structure, culture and craft are required;

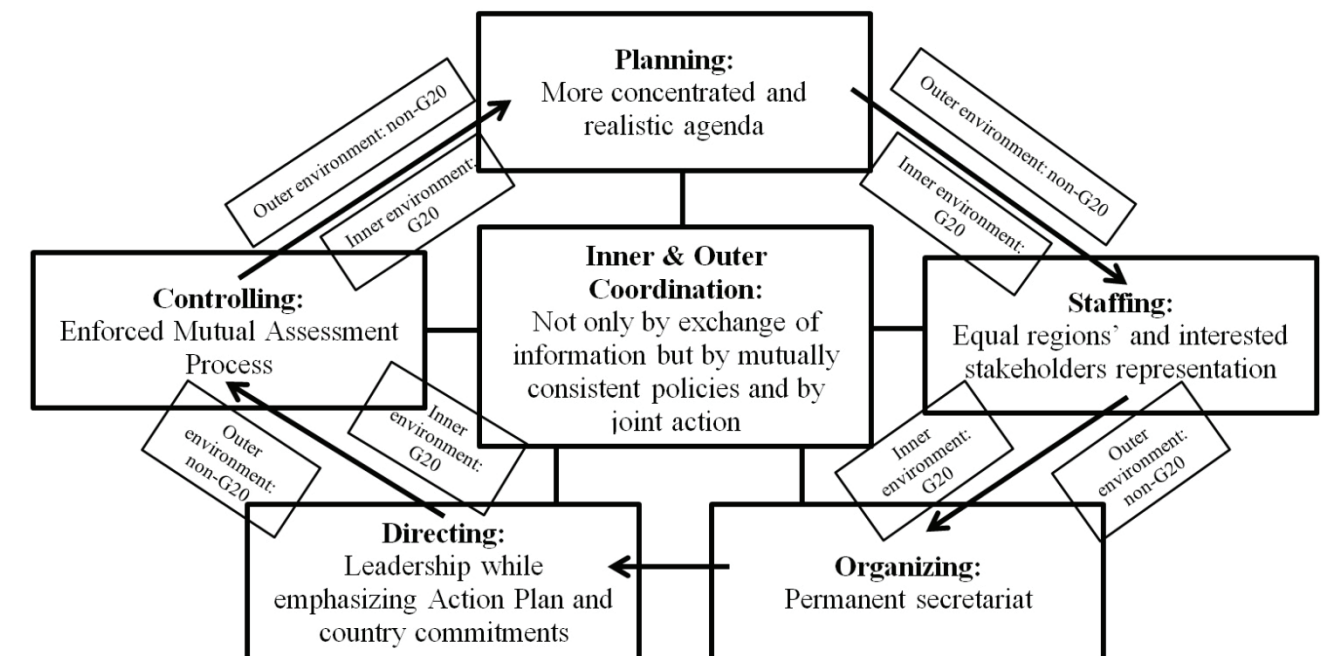
- More defined role of G-20 as mediator, facilitator or protector;

- The functions of planning, staffing, organizing, directing and controlling should be conducted properly.

- More focused agenda;

- Emphasizing the benefits of coordination;

- More «forceful» coordination infrastructure and «adjustable» levels of coordination. With a certain balance of the levels of coordination, the G-20's agenda will be successful.



**Fig. 1 Management approach for G20 [Source: Created by authors]**

Following the given recommendations, under G-20's more efficient coordination, global competitiveness will not be a zero sum game and it will bring to a «win-win» situation each of the interested parties – thus, coordination will raise the global economy to the new level of development.

**Conclusions.**

Thus, the macroeconomic policy of G-20 members can be regarded as not well coordinated. Failure to coordinate policies at the G-20 level raises the problem of a re-emergence of global imbalances and that is what G-20 is struggling with. Furthermore, the possible recommendations were summarized in the scheme «Management approach for G20».

Nevertheless, macroeconomic coordination framework is still under construction. Removing the imperfections of G20, listed in the last chapter, will provide proper coordination for economic growth under the framework of examined organization.

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**IV. Conclusion**

To summarize the information above, mention that nowadays Ukraine has the positive perspectives in the nearest future and also in the long-term periods.

Even despite of today's military conflict in the East, Ukraine has a pretty high level of investment attractiveness that is expected to increase during the 2016.

However, Ukrainian authorities must concentrate on a wide range of problems as corruption and money laundry. Fighting them would definitely made Ukraine both more competitive and attractive in the international arena.

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The investment climate is the economic and financial conditions in a country that affect whether individuals and businesses are willing to lend money and acquire a stake in the businesses operating there.

The main factors that could prevent foreign investors from the direct or even portfolio investments in Ukraine are [3]:

- unstable political and economical situation
- high rates of inflation that makes all possible investments unpredictable even in short-term periods

However, a lot of foreign investors consider Ukraine as a perspective in long-term period country because [4]:

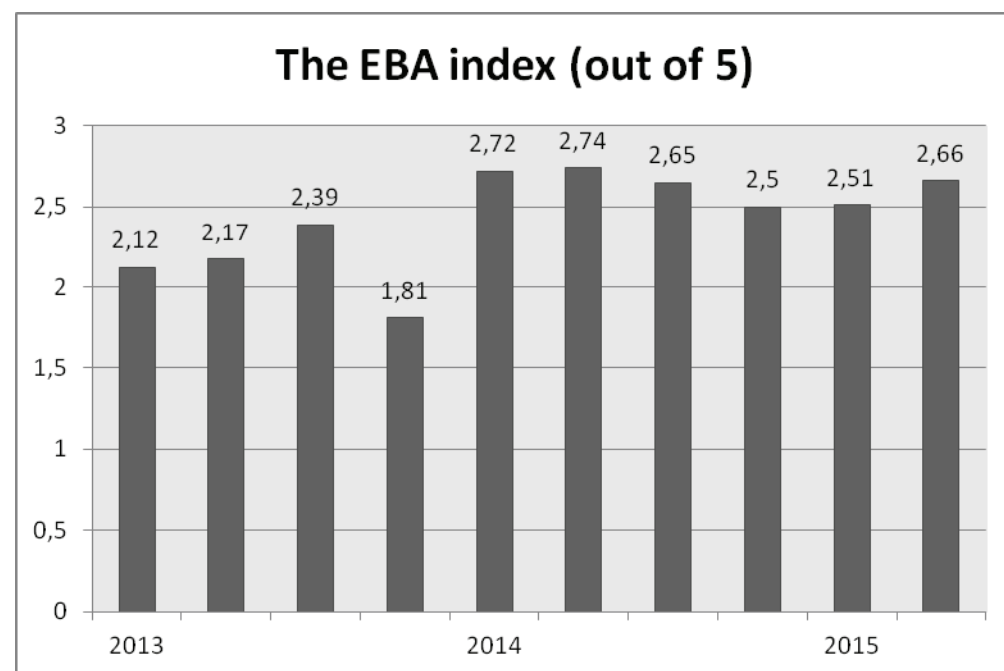
- our immobility is way more cheaper comparatively to their analogs in more developed countries
- agricultural land in Ukraine is one of the best middle and long-term investment opportunities in the world
- cheap labor force

According to the **European Business Association (EBA)** [5] the Investment Attractiveness Index in the 1st quarter of 2015 is the lowest index since 2013 equaled 2,51 (out of a possible 5).

More detailed fluctuation is shown on the graph 3.

The non-signing of the Association Agreement – 42%, and the administrative and economic pressure on the business – 38%, corruption – 20% are among the main factors that negatively affected the changes in the investment climate in Ukraine in the recent months of the 2015.

**Graph 3 EBA index rates from 2013 to the second quarter of 2015**



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## ALGORITHM OF SINGLING THE STRATEGIC OBJECTS OF INDUSTRIAL COMPLEX OF UKRAINE

Strategic planning of activity of industrial enterprise is directly connected with the implementation of regional policy and development strategy of the whole market system of the country.

In theory, the planning under development is understood the corresponding changes of existing production (or economic) system, achievement of its necessary growth and renewal of individual subsystems or their parts.

The growth and development, as noted by some experts, are not synonymous. Growth can occur in parallel with the development or in his absence. In most cases the growth means increasing the size or number of objects. The term «growth of enterprise» as a general rule used to denote the trend of increasing the size and also to indicate the expansion of enterprise activity in a number of indicators: production volume, market share, number of employees, size of sales, net profit and so on.

Limitation of growth does not limit the development. Contrary to popular belief, the development is a process in which increases opportunities for individuals to satisfy their desires and needs of others. Development is improving the opportunities, potential, but not the acquisition of material goods. The development is largely more closely related to quality than to quantitative indicators.

Thus, strategic planning designed to provide the necessary economic growth and the desired level of enterprises and industry development on the future long term.

Modern enterprise is an organized system that is part of the economic system, which is focused on the production of goods and services. Common elements of this and another system are acting the people, the staff of employees, who have their own economic purposes. Thus, the required level of development of the enterprise depends on the nature of the impact on it of individual people, its basic elements and the whole country, the whole system, part of which serves the enterprise.

The development strategy of industrial facility (whether enterprises or industries) is determined in result of studying the external environment and possible internal perspectives of its activity taking into account unforeseen market circumstances. The strategy consists in establishing a long-term orientation of the company on any kind of industrial activity and the corresponding occupation or planned position both in domestic and foreign markets.

Therefore, the subjects to detail are the strategic issues of choosing the products, that have to be produced, applicable manufacturing processes, applicable economic resources, and also issues of forming the general line of enterprises conduct on domestic and foreign markets, taking into account their own capabilities and competitors forces.

Moreover, during the strategic planning takes into account the possibility of entering in future on the markets with new products, attracting new suppliers and consumers of goods, extension or termination of production and sale the old products and services.

In the process of strategic planning, if doing it correctly, the common (or main) goals of enterprise must be established by management and coordinate with all units. Planned services offer to each production the variants of gross and net profits for the long term. After their review the units put forward their proposals, thereby created the necessary prerequisites for the development of common goals for strategic planning of the company. In the approved plans envisaged general goals of industrial company, its position on regional and other markets, organizational structure of management, personnel policy, production strategy, aspects of choosing the new products, the total policy of sales, financial performance, politics of takeovers or acquisitions, investment volumes, and other strategically important points for industrial enterprise.

In the matter of strategic planning the activity of industrial enterprise, the essence and the content of state regulation of economic policy, justification the perspective directions of development of the whole market system are playing the important role.

Unfortunately, built during the Soviet era model of industrial management of the country was not able in today's market realities ensuring not only sustainable industrial development, but did not resist the pressure of negative effects – the effects of the global financial crisis. With the current state of the industry should not be expected to a miracle of sudden economic recovery of industry, here, so to speak, at least «to endure to finest times.»

In this case, it is important to understand that without a fundamental restructuring of the economy for work in crisis, attracting additional funds in industry can only worsen the situation. Ultimately, sailing in usual today's direction, despite the volume of investments in the industry, the future outcome is obvious – bankruptcy of industrial enterprises and general washing away nowhere, in the gulf of the state budget resources. In the plane, which is considered especially important becomes the question of anti-crisis strategy of development of regional industrial policy.

Crisis management is fundamentally different from business administration under conditions of growing market and general welfare. Anti-crisis strategy of the country is the main subject of financing attached to restructuring. However, it is important to understand: restructure is an instrument of salvation, but not salvation itself. In the case of operational no profitability of industrial enterprises the anti-crisis strategy becomes useless – will help only radical reorganization of sectors of industrial production, and the sooner this restructuring will begin the more chances the industry will have to stay afloat.

The anti-crisis strategy always identifies three main areas of action:

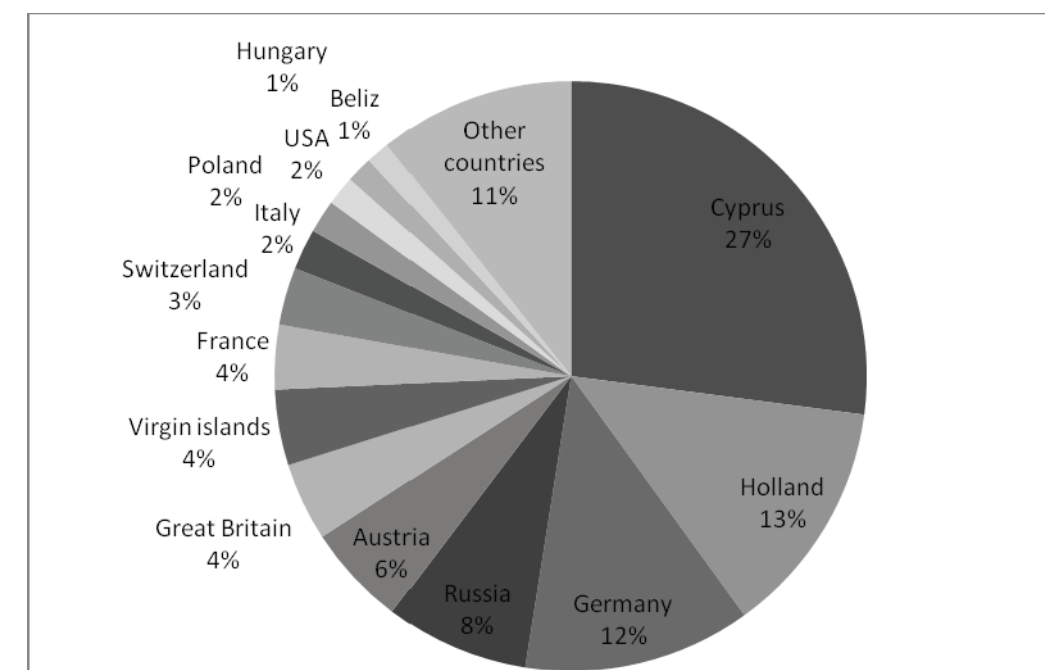
1. Studying the ways to increase incomes from operating activities of industrial enterprises on the micro level and industrial sector – on the macro level. It is, firstly,

there were a gradual increase in the amount of DI but suddenly the dramatic decline occurred and the figure bottomed at the point of 410 million in 2014. The latest data have shown us that the amount of DI had a small but encouraging rise in 2015 (The information shows only direct foreign investments without the amount of money that was withdraw from the Ukrainian economy (i.e. net inflows are not shown there)).

The pie chart below illustrates data about the proportion of different countries investments in Ukrainian economy in 2015. It is obvious from the first glance that Cyprus took the first place with the 27% of the overall investments.

Holland and Germany had 13% and 12% respectively and the shares of other countries were much smaller with Russia's 8% and Austria's 6%.

**Graph 2 The proportion of DI in Ukraine economy made by the different countries in 2015**



As we know, Cyprus is one of the biggest world's offshore zones, which are used for money laundering. That fully explains why it practically every time leads in all charts like the chart above. So, to be honest we can exclude Cyprus from this graph because it doesn't show the number of direct investment but the amount of money that was earned in Ukraine, transferred to offshore and after some dark operation returned back in Ukraine.

The presence of Germany isn't surprisingly at all as it is one of the most influential and prominent investors in the world.

The second most important factor that could easily open the new horizons for the native economy is so-called investment attractiveness or better known as investment climate.



In contrast, the direct investment has a lot of advantages that in Ukrainian case mostly overweight the disadvantages. In the positive development of the situation proposed the Ukraine could receive a huge amount of foreign help in a form of international direct investment that would change all things to the better.

Involment of the foreign investments in the state economy promotes the increase of the number of jobs, upgrade production technologies and production equipment, stimulates the country's economy as a whole.

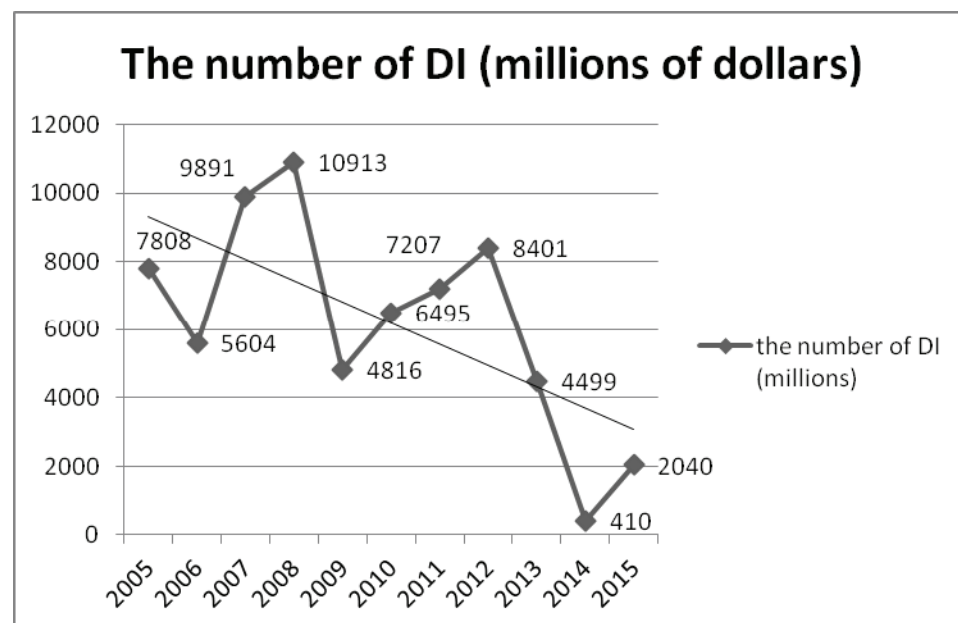
However, the negative factors still dominate and reduce the investments inflow into the country with all the advantages of investing in Ukraine.

### III. Result

Direct investments in Ukrainian economy by foreign countries, non-residents and international bank structures are vital for our state along with the creation of attractive pattern of investment perspectives and forming so-called investment climate. Despite of the undeniable importance of other types of investments it obvious to mention that only direct foreign investment could provide our country with satisfied amount of money and save it from potential economic collapse.

However, returning to a reality, the graph below shows the amount of the direct investment in millions of dollars in the Ukrainian economy over a ten year period (first decade of 2000s) [2].

**Graph 1 The number of direct investments in Ukraine from 2005 to 2015**



The line graph reached a peak of 10,913 billion in 2008 and just after plummeted to the 4,816 billion in the 2009. So there were a straight connection between the number of DI and World Finance Crisis of 2008. Over a three year period from 2009 to 2012

about the mobilization of internal reserves – the analysis of ways of entering new markets, increasing plans of sales of products outside the region (country) for traders, expanding the range of products and more. And secondly, we must think about the possibility of selling assets that are not involved in the current industrial production business (the so-called non-core assets).

It is clear that during the crisis the implementation of these measures is much more difficult than in usual time, but this is the complexity of the crisis management of industry.

2. Working out the ways to cut costs. Anti-crisis management of industrial enterprises (in particular of industry, region, country) always associated with large-scale cost reduction. There are decreasing the operating costs and the abandonment of implementation of some investment projects and reduction unproductive expenditures and so on.

3. Studying the mechanisms of reducing the financial cycles, significant reduction of circulating assets needs. If the two previous directions of anti-crisis management of regional industry it is quite obvious, that to the reduction of the financial cycles almost always unfairly shared the smallest attention. Although, it should be noted, that reducing the need of circulating assets considerably facilitates the process of restructuring the obligations and immediately enterprises, and industrial sectors in general. Here we can talk about the policy of work revision with buyers of industrial products, reducing of deferred payments, and, conversely, an attempt to negotiate a deferral of suppliers.

The possible variant, when to reduce operating cycle it is necessary to change suppliers or dealers (for example, on what is closer, even if he has also less favorable conditions) – it is certainly important for this carefully calculate the comparative variants of cooperation with various partners.

It may be that would be appropriate to review the production cycle – for example, a change of its own, a longer production process, on faster outsourcing, even with the loss of margin.

Anti-crisis strategy of reforming the industry is not just brainstorming, but long and professional work on modeling and analysis of various options. Upon learning as part of anti-crisis strategy the package of measures, it is expedient to make the detailed network schedule, which will show all the necessary measures to implement the planned actions, with the exact of perpetrators, sources of financial or material resources, responsibility and so on.

From the standpoint of theory of planning any production system has some potential for economic development and growth. And there are three main types of economic development, including the state, systems:

a). perfect – is a type of system when to it introduced as required based on advanced scientific achievements and professional experience dosage changes that ensure the continuity stability of economic growth;

b). real – provides a partial reform of the economic system after the first negative signs of its functioning;

c). radical – is used when resource of the current system is practically exhaustive and it requires a radical reform with changing the basic institutional structures.

It is pertinent to note that in the last case (means the radical variant of changing the system) should be provided planned state regulation of the economy, aimed to the creation of new organizational and legal structures to increase the pace of socio-economic development and living standards.

If anti-crisis management does not lead to positive results – is required a substantial, radical restructuring, reorientation of production, modernization of equipment, the closure of unprofitable lines, disposal of non-core assets, a full review of trade policy and so on. In fact, the result of measures to restore the country's industry should become a kind of «business plan for the state.»

In summary, can be interim conclusions:

First, the crisis, including the crisis of the industry – is a systematic reduction of solvent demand which is accompanied by increased competition. Under these conditions, thousands of companies that lost their customers in traditional markets will look for new segments, including the Ukrainian market.

The state's role in this situation comes to supporting the effective demand at the expense of consumer lending and the organization and financing of socially important work, support of manufacturers by reducing interest rates and taxes, market protection by preventing at it unsafe and counterfeit products, strengthening counter flow to the market of illegal products.

In case of a crisis of industrial businesses or industries the anti-crisis measures have the mandatory implementation to stabilize the economy. And anti-crisis policy should be conducted simultaneously in three directions: increasing incomes from operating activities of industrial enterprises and the industrial sector, reducing costs, reducing the financial cycles of circulation of working capital.

Second, under the global financial crisis the choice of anti-crisis measures for stabilization the situation of country industry depends on the type of economic system of the state: the ideal, the real, radical.

Considering the transience of world industrial production processes and taking into account insuperability so far the effects of the financial crisis – a strategy of industrial development should include diverse variants of stabilization measures of economic processes – from the soft, liberal – to radical, methods of shock therapy.

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## DIRECT INVESTMENT IN UKRAINIAN ECONOMY AND INVESTMENT ATTRACTIVENESS

*The goal of this article is to describe the plausible perspectives of direct foreign investment in the economy of our country, share also some statistics data about things that are connected to the article's topic over a ten year period from 2005 to 2015.*

*Other derivative goals will include some practical recommendations about the possibility of total improvement of the direct investment process and also perform some legal ways to make Ukraine more attractable for the investors from abroad.*

**Keywords:** *direct investment, investment attractiveness, investment climate, investors, EBA, index, country of the host, foreigners, abroad, transfer, donation.*

### I. Introduction

Nowadays there is a controversial and sometimes even misleading perception of the term 'direct foreign investment'. According to Investopedia [1], one of the most prominent and well-known online economical databases, the direct investment is an acquisition or purchase of a controlling interest in a foreign businesses. It is obvious that the process mentioned above has its both advantages and disadvantages that will be described later.

### II. Goal and Methodology

The goal of this article is to firstly prove a statement that the process of the direct investment in foreigner's economy means that the indefinite amount of money will be transferred from the home country to the host country. This transfer has not only positive but also negatives effects on both economies. This could lead to the unpredictable scenarios such as the complete dependency of the money receiver from the foreign donors. Also in case of economical privatization of the former national property such as plants, fabrics, industrial parks, etc both the future profit from the outcome and produced goods and services could be transferred back to the investment country. The third disadvantage for Ukraine is that the owners from abroad could easily provide themselves with a cheap labor force from the countries of the Third world that will result in a higher competition at the working force market and a drastic increase in unemployment rates around the country because native labor force will be simply fired or just forced to leave the places of their works.