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AGRARIAN MANAGEMENT SPECIFICS IN THE CONTEXT OF EUROPEAN INTEGRATION OF UKRAINE

Agricultural sector management formation should be based on the main provisions of the management theory and implementation of innovative approaches to management. The transformation processes of all social life spheres taking place in Ukraine at the beginning of the 21st century lead to the realization of the need to update and improve the functioning of all the post-industrial economy structural elements. The experience of transformation in the agricultural sector of the former Soviet Union and Central and Eastern Europe shows that the main factor of the efficient agricultural enterprises functioning is qualified management, which involves the use of modern management approaches and technologies, improved styles as well as management techniques adapted to rapid changes in the environment.

This paper is based on the results of Ukrainian and foreign researches in the fields of general and sectorial management (O.M. Onishchenko, P.T. Sabluk, V.J. Mesel Veselyak, V.J. Ambrosov, M.O. Besedina, J.S. Zavadsky, O.D. Hudzynskyy, I.G. Ushachov, M. Mascon, M. Albert, F. Hedouri, D. Epstein, P. Drucker, L. Iacocca, etc.). Due to the expansion of economic relations of Ukraine our research meets the need for further development and adaptation of the agricultural sector to modern conditions.

That's why we set ourselves a task of identifying the key areas of management improvement in agricultural entities and defining the most important factors in management systems which help to adapt to the open economy conditions; identifying the agricultural enterprises needs in determining the basic state support tools; as well as identifying successful strategies for improving the rural development management under the new economic conditions.

We should also admit, that, basing on our research results, we have been repeatedly pointing out the role of management in the effective functioning of the agricultural enterprises of different types since the mid 90's [1, 2, 3]. This was an effort to warn the scientists, experts and government officials that not only the business entity type or the production means ownership form, or specialization or the size of an enterprise determines the successful functioning. Namely qualified management and its rational, scientifically based organization and constant focus on innovation ensure the success of the companies under the globalization and global economy modernization influences.

Science and practice show that the formation and development of enterprise management system is seriously influenced by the sectorial subordination, belonging to economy sectors of the different development levels. Basing on the fact that modern agriculture of Ukraine cannot be considered to be an innovation and investment oriented sector apart from the agrarian processing enterprises, the

management system in it may and should be different from other industries. It is very important to consider the development stages of particular economy segments, its competitiveness and ability to adapt to changes and innovations in the surrounding environment.

Thus, P. Drucker, who can be considered the "father" of modern foreign management sector, sets out the approach to the formation of management in enterprises [4, p.86]. Applying the prominent scientist-manager tool, a national agriculture sector can be divided, in our opinion, as follows.

The processing AIC industry of Ukraine is a long-established one; its products undergo innovative additions and changes. Powerful integration processes of the last decade contribute to this tremendously. Its enterprises produce products of a good quality which is not always certified according to international standards due to lack of funds. Most of the state quality standards relating to food must be modified and adjusted in accordance with the WTO requirements. Still, at the moment of Ukraine's accession to the WTO, according to B. Danylyshyn, the Minister of Economy, the 80 percent of WTO principles have been already implemented and applied in Ukraine before the beginning of 2008 [5]. Main problems and ways of ensuring the competitiveness of the processing industry are all about accelerating the legislation harmonization in the field of products certification and standardization, as well as about the implementation of measures that reduce the possibility of supplying substandard raw materials (milk and meat in particular) to processing enterprises. Enterprise management should focus on constant innovation in order to reflect changes in products consumption.

Agriculture, which had been existing throughout the mankind life making impossible existence of any society, can be characterized as a dying industry at the moment. However, the indisputable fact is that it will never "die out or disappear" until civilization will be there. Note that the agriculture production factors set is also traditionally stable (land, capital, labor force), while only their technology use is variable being combined with the emergence of new kinds of resources (information, intellectual ones). Still we can talk about the development of innovative plant and animal products production being available only to some extent. However we consciously did not note the use of biotechnology in this research, which is one of the determining factors of solving the state food security problem under the conditions of limited natural resources for agricultural production and rapidly rising world population [6].

Therefore, to ensure the effective functioning of the agricultural enterprises, their management should be aimed at improving the quality of traditionally known products as well as at reducing their cost price, which will provide creation of the competitive advantages for the enterprises, also of the survival skills and employment stable market position. However, implementation of the above named areas also determines the need to define other elements, reflecting their consistency and comprehensiveness (Fig. 1).

It is very difficult to determine the priority factors for the effective farms management formation among those outlined in Fig. 1, as they are all interrelated to each other and are also dependent.

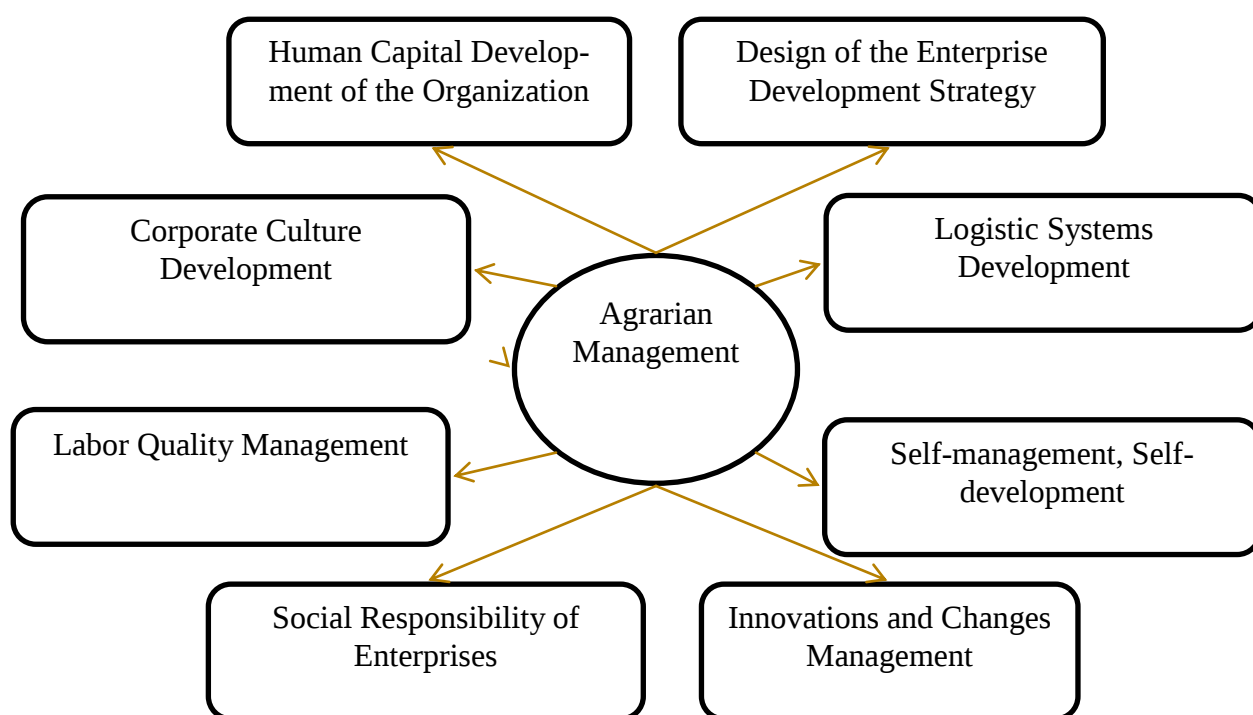


Fig. 1. **Components of Adapting the Agricultural Enterprises Management to Functioning within an Open Economy**

The development of the human capital - a major factor of the productivity growth in the agricultural sector, which provides increased productivity and quality of work, both as the economic stability of enterprises and the implementation of other factors indicated in Figure 1 as effective management factors. Our thorough research of the role of human factors in effective management at its different levels of management agriculture vertical proves that namely the level of human capital of particular entities, industries and certain regions is a factor of their competitiveness and food and national security of Ukraine. The destruction of previously existing state system of management staff training and its low adaptation to a mixed economy are the reasons for the decline in the educational and professional level of agricultural units' managers.

Labor and production quality management has become one of the main functions of management at the enterprise level with the appropriate outline of duties, power and, more importantly, the responsibility (economic, social and administrative). Product quality is a factor of stability for modern agricultural enterprises on the national market in terms of its integration with world markets; it also protects a particular product production under the conditions of high competition. However, an effective motivational mechanism should be formed at the state level pushing the company to improve the quality of products produced; making it impossible to enter a market for the food products which failed to conform with the multi-stage quality and consumers safety control.

Under the market conditions **design of the company's development strategy** should be formed namely on the basis of long-term, not short-term goals. Management of the company has to reconcile the desire for profit as a short term goal with maintaining the production opportunities in the future. This thesis may be proved by the fact that the vast majority of enterprises' management is oriented to

increase the number of the oilseed crops without taking into consideration the negative effects for the soil fertility which will decline in several decades. One of the tools to stimulate the farms top management to form a sustainable development strategy of the enterprise may become a land rent, which should be increased in line with the increasing demand for land from year to year, and also should depend on the quality of soil.

The social responsibility of enterprises should be formed and legally fixed on the consequences of management decisions: whether it is about the land use or environmental protection, rural development, or reward for work, which would ensure the reproduction of the labor force, or the formation of appropriate socio-economic conditions and quality of working life. Enterprise cannot develop and function efficiently for a long time, if it ignores the social aspect of its activities.

Managing innovation and change is an important component of management. However, under the conditions of globalization characterized by the rapid growth of the enterprises size, creation of agricultural holdings and their innovative opportunities, farms must be permanently focused on technology improvement, the resource-saving production introduction, modern management structures, production diversification (development of agro-tourism and green tourism, construction of hotels and cafes, construction of gas stations, floriculture, etc.). To be effective all the innovations need changes in consciousness and knowledge of the staff.

The development of organizational culture means building a team of like-minded colleagues, not only among managers, but also employees, forming appropriate partnerships that are "softening" the problems between management and ownership. Agrarian management experience of Eastern Germany shows a great attention to the formation of organizational culture, training staff through retraining, acquiring new skills, spending free time together [7].

The development of logistics systems under fierce competition conditions for domestic producers makes them to prefer reliable partners that ensure long-term cooperation. It is therefore considered to be risky while also being a guarantee for the wheat or rapeseed harvest selling next year at the same time. In order to stay on the market, local farms are forced to sell their own products under the brand name of other more well-known companies using their market research and logistics, while losing heavily.

In our opinion, as well as in the opinion of the founders and followers of this management area [8], **self-management and self-development** should be based on the perception of human capital as the most valuable resource. In the next decade the following should be of top importance: the ability of managers to use innovations; their creative approach to the management decisions, the adequacy of professional knowledge and the use of modern management approaches in daily activities, continuous professional personal development, including self-improvement. This orientation gives management an appropriate return: high productivity level, self-awareness, self-discipline, high quality of work.

Thus, the integration processes in the world and openness of the national economy stimulates the agricultural management to apply a systematic approach to the conceptual provisions improvement.

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