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Kherson National Technical University***SUPPORT OF INTEGRATIONAL PROCESSES IN FOOD PRODUCTION****ЗАБЕЗПЕЧЕННЯ ІНТЕГРАЦІЙНИХ ПРОЦЕСІВ У ВИРОБНИЦТВІ
ПРОДОВОЛЬСТВА****ANNOTATION**

The article describes the features of the development of integration processes in the sector of food production. The essence of the integration process is disclosed. The basic motives of creation of integrated units in the food sector are determined. The conceptual approaches to determine the effects of integration are established.

Keywords: integration, food sector, synergistic effect, integrated unit.

АНОТАЦІЯ

У статті розглянуто особливості розвитку інтеграційних процесів у сфері виробництва продовольства. Розкрито сутність процесу інтеграції. Встановлено основні мотиви створення інтегрованих формувань в продовольчій сфері. Обґрунтовано концептуальні підходи до визначення ефекту інтеграції.

Ключові слова: інтеграція, продовольча сфера, синергетичний ефект, інтегроване формування.

АННОТАЦИЯ

В статье рассмотрены особенности развития интеграционных процессов в сфере производства продовольствия. Раскрыта сущность процесса интеграции. Установлены основные мотивы создания интегрированных формирований в продовольственной сфере. Обоснованы концептуальные подходы к определению эффекта интеграции.

Ключевые слова: интеграция, продовольственная сфера, синергетический эффект, интегрированное формирование.

Introduction. The modern organization of reproduction of food has high complexity. The composition of the food sector includes dozens of branches and sub-branches of the material production and infrastructure. Its stable functioning involves close interaction with other areas and sectors of the national economy. Ensuring the process of expanded reproduction of food with essential material and technical, fuel and energy, financial, labor, informational and other resources requires the use of progressive forms of long-term cooperation with leading manufacturers which guarantee the high quality of supplied goods and services [5].

The level of development of integration processes in the sector of food production is primarily determined by the specificity of the agricultural sector. The difficulty of assessing the effect of integration in agricultural production is that the basic and essential element in the integrated structure is agriculture, which is quite specific in its technological, technical, organizational, social

and natural conditions. Integration is the process of convergence and unification of business entities into a single entity.

One of the main requirements to be met by collaboration of participants of integrated unit is the achievement of results from co-operation, which exceed the previous ones received prior to participation in the integration. However, these results should be evaluated not only from the economic point of view, but also from the point of leveling of social differentiation and provision of food security [4, p. 10]. This particular aspects in the evaluation of the role of agro-industrial integration in the provision of economic development of the food sector, in our opinion, act as principal ones.

Numerous researchers found that integration can successfully address the following large-scale economic development problems of AIC:

- ably and profitable for investors raise capital for realization of major projects; in developed countries these structures accumulate funds on their own attracting household savings. Participation in operation of the company allows to clearly allocate the share of the property for sale and to grant shareholders the responsibility for their obligations;

- rationally allocate the risks of large economic systems among all its members equally and reduce the level of uncertainty and increase the anticipation of risk situations [4, 5].

The purpose of integration of the enterprises and organizations of AIC should be recognized as the formation of a common policy in the field of production, determination of volume of production output, segmentation of the room in the market, distribution and scale of investment volumes to the size of the financing of innovation and development. As shown in studies, the efficient mass production of high-tech, the development and introduction of advanced equipment, increase of the culture level in management, the diversification of the range of high quality products, the use of optimal pricing mechanism and methods of competition, the penetration of the international market inefficiently in integration associations [3].

The issues of impact of integration processes on the economic development of the food sector are the focus of attention of academic economists, therefore the problem of integration development in the sector of food production in scientific terms is not new. The expansion of theoretical study manuals on the issues of integration at the food market taking into account the changes of socio-economic environment promoted the writings of I. Buzdalova, L. Deineko, A. Demchenko, A. Suchkova, A. Tkach, etc. The current strategy and tactics of the formation of the economic potential of the food market demands the rethinking of the nature of the integration process and systemization of the directions of its development. The need of solution of these issues has led to the choice of research topic.

Task assignment. To discover the essence of integration and identify the particularity of development of integration processes in the sector of food production.

Results. When dealing with a problem of the establishment of any organizational form of integration in the system of food production, it is necessary to be guided by the fundamental rules formulated by agricultural science and practice of agricultural production. The main ones are: economic efficiency and scientific explicability of creating a new organizational system; ability of choice of organizational forms of joint production and management; democratic nature of the inclusion of enterprises in the new organizational structure and the adoption of new legal documents in accordance with applicable law; socio-economic focus of the activity of new organizational structure, promoting the enhancement of the standard of living and household of the population of the region; development and strengthening of relations of company-contractors; elimination of monopoly position of individual economic entities [3, p. 34].

One of the main cause for the creation of integrated units in the food sector, prompting the subjects to organize the interaction is synergistic result of the integration. The synergistic effect arising from the combined efforts of all participating companies, provides an increase in their overall effect to a value greater than the sum of the effects of the same entities operating independently [4, p. 107]. Such effect may be evaluated only indirectly, which to a greater degree complicates the problem of determining the effectiveness of integration in the sector of food production. The accomplishment of such synergistic effect is achieved by means of savings of the range of activity, combination of complementary resources, financial savings based on transaction expenses, increasing the competitive advantages, transfer of information, technology, knowledge, experience [4, p. 12].

A positive result of the availability of integrated links in the agricultural complex is the increase of the efficiency and agility in the use of

resources of enterprises-contractors. Integrated units have such methods of mobilization of financial resources which are not available to the certain organizations, and primarily to agricultural producers. The integrated structures can implement emission-founding activity, a variety of services in the management, advertising, financing sector are available to them. Due to a single financial management and the most optimal allocation and use of financial resources, there are more opportunities to attract assets and diversify market risks [2].

Experience has proven that integrated units in food production have also advantages of a qualitative nature which are shown in enhancing internal stability, adequacy of response to changes in the external environment, improvement of reputation, strengthening the authority of the trademark. Such quality advantages are determined by various types of synergisms: sales synergism, investment synergism, efficiency synergism, professional synergism, etc.

Establishment and functioning of the integrated unit at a particular rural area makes possible its development, increases the employment of labour resources in villages, provides modernization and renovation of material and technical base of agricultural producers. Integrated structures introduce also new production culture which is primarily focused on large scale production, which has a positive impact on the economic component of activity of agricultural enterprises, as well as on the traditional way of rural life, modernizing it and smoothing out the contradiction between urban and rural areas.

During establishment of integrated unit the effect of integration usually presents, making the association of various units to the overall system mutually beneficial and economically efficient. The integration effect can be defined as the sum of all the benefits from establishment of integrated structure for each its participant, including marketing, technological, informational, economic and financial components – benefits obtaining of which would be impossible during fragmented functioning of the participants. Uniform methodology of evaluation of this indicator does not exist, and the definition of the feasibility of establishing an integrated unit is a rather complicated task. Existing conceptual approaches [1] concerning the determination of the integration effect are described by the following features:

- the approach based on transaction expenses. It is focused on the possibilities of different forms of savings by streamlining of market behaviour of certain companies on the basis of long-term contracts governing joint ventures;

- the approach concentrated on the possibility of providing a competitive advantages. According to this approach, integration solutions should be aimed at achieving long-term competitive advantages of the company;

- the approach focused on the potential for mutually beneficial long-term business relationship. In this case the signs of effective integration can be considered the development of system of mutual relations and relations within the group, intense exchange of financial, human, information resources, stability of the financial position of the company;

- the approach based on the theory of financial management. The main focus here is paid to synergistic effect, the availability of operational savings based on elimination of duplication of administrative functions and their centralization, as well as other benefits associated with an increase in the scale of production, diversification, exchange of funds;

- the approach associated with the particularity of cooperation between shareholders and managers. The main goal is to coordinate actions of managers of the enterprise and the owners.

Each of these approaches primarily considers only one side of the integration, focuses on certain processes. However, the integration processes are very many-sided and are shown in different ways, which should be taken into account when assessing the effect of integration. At the moment there is no comprehensive approach to assessing the integration effect that takes into account all its aspects. Using the known approaches, it is impossible to clearly assess the effectiveness of the integration processes, to determine accurately the value of the effect. All this confirms the particular urgency of this problem.

Conclusions. Peculiarities of the agricultural sector create differences in technology, scale, location and organization of agricultural products production, having the main differences from identical processes in other industries, that is the reason to find the most optimal form of interbranch relations in each specific case. Development of integration processes in the system of food production is determined by the objective phenomena occurring in the economy as a whole and is one of the directions of solving macroeconomic problems, consisting in stabilization of agricultural production and the creation of conditions for its economic growth.

But it can be stated that the agro-industrial integration under current conditions is considered as a powerful factor of the agricultural sector of the country, concentrating a real potential of growth in itself. However, this potential is

not fully used, which in some cases is shown in a negative impact of the integration of agricultural production, the absence of mutually beneficial cooperation, instability and inefficiency of integrated systems.

It should be noted that many of the shortcomings of agroindustrial integration should be considered as disadvantages of growth that must be overcome as aggravation of increasing competition and the search of new forms of collaboration focused on innovativeness and progressiveness.

The main purpose of integration process development is to guarantee the welfare of the population, improve the food security, and to ensure the growth of competitiveness of agricultural products in regional and international markets.

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