INFORMATIVE AND CONSULTATIVE GUIDANCE OF UKRAINIAN AGRO-INDUSTRIAL COMPLEX MANAGEMENT

Alla Zhorova¹, Olena Kalyuzhna²
¹Mykolayiv National Agrarian University. Paryzka Komuna Str., Mykolayiv, 54020, Ukraine. Tel. +38 0512 709302 E-mail AZhorova@mail.ru
²Mykolayiv National Agrarian University. E-mail kalyzna76@mail.ru

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Modern Ukrainian agro industrial production needs some new methods of management. The governing principle is proportionality of the type and scale of consultation to the potential impacts of the proposal or decision being taken, and thought should be given to achieving real engagement rather than merely following bureaucratic process. Consultation forms part of wider engagement and decisions on whether and how to consult should in part depend on the wider scheme of engagement. The purpose of the study is to extend the theoretical justification and organizational and methodological foundations of the agrarian producers’ guidance. The essence and the need for the informative and consultative guidance are revealed. The ways of informative and consultative agrarian system’s guidance improvement are developed. The paper proposes the priority of advisory services’ development is given.

Keywords: informative and consultative guidance, agrarian commodity producers, extension services, advisory process.

JEL codes: Q10, Q19, M21.

1. Introduction

Management in modern agricultural production Ukraine needs of new methods of Agribusiness. The rural producers are challenged to learn how to take a large number of solutions, using the latest technology, implement research results to the production, and be highly competitive in domestic and world markets. Implementation of the informative and consultative guidance promotes innovative development of the agricultural sector, combining science, education and industry, which affect the increase of agribusiness and its products’ competitiveness.

Analysis of the main research and publications. The issue of the information component of human society development in postindustrial period had been researched by such scholars as D. Bell (1999), V. Inozemtzev (2000), F. Machlup (1966), Y. Masuda (1967) and others.

In Ukraine, the first scientific research in the field of information provision and consulting had appeared in the late XXth century in the scientific works of A. Borodin, M. Kropyvko, P. Sabluk etc.
They had developed the conceptual basis for the creation of information and advisory services in agriculture and grounded the methodological bases of its operation at different governmental levels (Sabluk, 2003). The main areas of advisory activity and measures of its support in order to develop the information component of agrarian market infrastructure had been also proposed.

The theoretical basis of agrarian sector’s advisory services had been significantly extended with creating of preconditions and identifying the main aspects of information services’ dissemination in rural areas by R. Spine (Korinets, 2014) and R. Schmidt (Schmidt, 2005). Ukrainian scientists had been discovered and explained the essence of “agrarian counselor” meaning; and had been suggested the ways of information system’s improvement. V. Klochan (2012) had developed conceptual bases of formation and organization of regional information and advisory cooperatives.

A significant number of Ukrainian scientific developments in the field of information systems and technology, agrarian consulting development and operation had been done on the international level. However, there is a necessity to study and highlight a number of other issues, especially those which are related to the peculiarities of the current situation with agrarian information and consultation development. Particularly relevant at this time is the development of research methodology system with improved methods of evaluating the effectiveness of its operation, development of determining methods for the optimal modeling of methodological system of creating cooperative forms in order to provide information, advisory services and institutional support of modern social and economic components, etc. In exceptional attention should be paid to the scientific basis of gradual transition of information and advisory services to automatic management processes that affect the dynamics and efficiency of agrarian sector.

The purpose of the study is to analyze the compliance of information and advisory services in agrarian sector of Ukraine with the global trends. Achieving this goal involves studying the national and foreign experience of creating information and advisory services. In Ukraine, compared with advanced Western countries, the need to informative advisory services in agriculture is higher due to the still insufficient introduction of modern information technology; lack of qualified personnel with the ability of conducting the agrarian business; unreliable sources of information; nihilism of legal information for agrarian producers and so on. The features of consulting and guidance of the industrial enterprises in the European Union had been determined. The key priority areas of cooperation and coordination of activities had been highlighted. It was proved that there is a strong necessity of agrarian counseling services due to insufficient introduction of modern information technologies that can ensure the management of information and its adequacy with existing trends and priorities in the development of the industry according to the innovative principles. The feasibility of information and consultation process to ensure agrarian enterprises adapting to environmental conditions had been determined.

The theoretical and methodological basis of the investigation are the dialectical method of knowledge and systematic approach to the study of the processes taking place in the agrarian sector of Ukraine, legislative and normative acts on regulation of advisory services in Ukraine, scientific works of domestic and foreign scien-
tists and economists, personal observations. During the research there were used such methods as general and special scientific method, based on the objective laws of economics: the method of theoretical generalization, analysis and synthesis in order to study the theoretical aspects of the extension services’ formation and operation in Ukraine; various economic and statistical methods (statistical observation, comparison) processing of statistics basis; abstract and logical method in order to summarize the research findings for making conclusions and suggestions.

2. The main material

The world experience shows that public investments in agricultural extension activities are the most effective compared to other ways of supporting the agrarian sector development. The financial return on these investments is more than 40%. But it doesn’t mean that the support of advisory services is able to replace the other types of framers’ state support farmers. It should be remembered that the advisory service is a long-term investment in knowledge that will allow more efficient use of such resources as farmers and budgetary resources and investments.

In most market orientated countries there are close to agrarian producers’ commodity distribution system of scientific and technological progress with the help of agrarian information and consulting services. In the European Union the agrarian extension system is reflected in the legal acts of countries which are members of the EU, and in the legal acts of the European Union. One of the EC Council Regulation provides that Member States must have a system of advising farmers on land issues and on the farms’ management. The main objective of the system is to help farmers in getting comprehensive and timely information about the flows of materials and processes on farms belonging to the environment, food safety, the protection of animals, etc.

For example, in the federal state of Baden-Württemberg (Germany) the State Advisory Service of the Ministry of Agriculture is the dominant one. The Ministry had established a subdivision with the name "Training and consulting" with responsibilities of coordination of regional advisory bureau (Korinets, 2014).

In France, most of the informative and consultative services are provided by the chambers of agriculture, which were organized in 50-ies of the XXth century, with the governmental funding. They provide a range of services, from soil analysis to economic forecasting and economic development.

Significant experience of the consultative and informative agrarian guidance was gained in Poland, where the establishment of the system of agrarian advisory had happened in 20-ies of the XXth century. The extension services operate there as government agencies, the main purpose of which is to implement government agrarian policies at the national level; information and educational activities, and communications of agrarian producers with science institutions and authorities; cooperation with foreign producers; the implementation of state agrarian policy in the field (Mosiyuk, 2011).

With the participation of the Ministry of Agriculture of Lithuania, the Lithuanian Union of Lithuanian farmers and farm associations had established the Lithuani-
an Agricultural Advisory Service as a non-profit civil organization that provides the necessary practical advice and information assistance to agricultural producers.

In Estonia, there is no single system of agrarian advisory information. This activity is conducted by individual consultants. Getting right to be engaged in the counseling is possible only after passing the certification of the Ministry of Agriculture. It is necessary to confirm the qualification of agrarian consultants every three years.

The advisory service in the United States is called "cooperative service of extension". This service gives extended knowledge and other resources to people. It operates in partnership with universities, colleges, schools, research stations and service offices in the Districts.

Different countries have different models of advisory services, but the common feature is that their activities are supported by the state, especially at the beginning of creation. For example, the Agrarian Extension Service of the United States is funded by both the federal budget and the budgets of state or county, has grants, sponsorship and carries on business.

Along with the state service offices there are other models of extension. In Germany an important role in advising the agrarian sector plays the agrarian chambers, which are the public legal organs (their acts are regulated by special laws) and have mixed funding: from the federal budget and deposits; from the House members (all enterprises with the agrarian, forestry and horticulture profile); from some paid services. This practice has a place in France and Austria.

Another option is an advisory circle of farmers who make their own consultative body with its self-financing (Germany, Denmark).

According to the Ministry of Agriculture and Food in Ukraine for 01 01 2014 there were registered 71 agrarian extension services, employing 1392 professional agrarian consultants and expert advisors.

Although, the extension services are relatively new phenomenon in Ukraine, they are organized in all regions (27 services that are based on various organizational models were developed by the Ministry of Agriculture, Ukrainian Academy of Agrarian Sciences, universities and foreign donors). International donors, including the UK, Canada, EU, Sweden, Germany, IFC and USAID organizations, had provided technical assistance for the implementation of projects and had actively participated in the testing of various models of extension services.

In 2003 the National Association of Extension Services of Ukraine, which purpose was to coordinate the activities of the experience in the region, exchange of materials and training of personnel in special centers, their institutional development and providing support at the national level had been organized. The executive body of the Association was the focal point of educational and agricultural extension services, which was created with the support of the European Commission TACIC. One of the main tasks of the Association was to improve legislation in the field of advisory services to farmers (Mosiyuk, 2011).

According to the Law of Ukraine "On Agricultural Advisory Services", the Agricultural Extension Service is a legal entity regardless of its legal form and ownership, the business unit of agrarian universities, research institutions, which are included in the Register of extension services and be able to carry out the advisory ac-
tivities, and there were at least three counselors who were tested and registered in accordance with the Law.

Organizational consulting services can be created as organized centers on the base of large regional or specific universities; in commercial organizations; in farmers' unions and associations to provide information and advisory services. Their main tasks are:

- improvement of knowledge and practical skills of profitable farming businesses that operate in rural areas in the conditions of market economy;
- support of entities that operate in rural areas, giving them the advisory services as for the economy, technology, management, marketing, accounting, tax, law, environment, etc.;
- providing advisory services to executive agencies and local authorities as for the preparation and implementation of social and economic measures to ensure the effective management of agrarian enterprises; to support the Agrarian Complex development; to generate the civil society;
- extension and implementation of modern technologies and innovations into the production process;
- promotion of non-agricultural businesses in rural areas, including rural green tourism, rural employment, etc.;
- cooperation and training of rural youth, initiating and realization of youth programs.

The task of extension is not to organize and implement the management changes in farming, but in the specific impact on the agrarian producer who, as a result, is able to decide if it is necessary to change the methods of its economic administration.

Advisory services can be divided into two main groups: commercial and socially oriented. Business advisory services are provided on the basis of contracts which are concluded with customers. Socially oriented advisory services are provided by entities that operate in rural areas for rural population with the help of the state and local budgets. Socially oriented advisory activities are non-profit measures. Commercial advisory services usually are not provided by the state target programs of agrarian advisory activities and are carried out by the customers’ funding.

The distribution of state budget funds between regions is carried out in proportion to the rural population. The Main Department of Agrarian Development of regional state administrations make and approve action plans to provide socially oriented advisory services in accordance with the grounds for funds. The Regional Commission of the competitions picked out the winners between the subjects of agrarian advisory. There are very few local authorities today that have their own programs to support extension.

According to the State Program on development of Ukrainian village up to 2015, the funding for support the agrarian extension and provide socially oriented advisory services are laid in the state budget (not less than 5% of it) basing on the governmental target program of rural agrarian development.

The list of socially oriented advisory services provided by the state budget and local budgets of Ukraine would be determined annually by the state purpose program.
of agrarian advisory. However, auditing materials which had been conducted by the Accounting Chamber on the implementation of the State Target Program of Ukrainian village up to 2015 as for the extension support, show that the state budget for the specified purpose of this program during 2008–2011 was actually applied 7 million or 15.6% of the forecast amount, particularly in 2008 it was $3487.6 thou (33% of the plan), 2009 – $1863 thou (17.3%) in 2010 – $1659.4 thou (14.9%). In 2012 the state budget of Ukraine had used UAH 1600 thou of planned UAH 2 mln., in 2011 and 2013 the state funds for the support of agrarian advisory services are not allocated.

These data indicate inefficient use of budget funds which are allocated to support the creation and development of agrarian advisory services, due to the inadequate level of organization of the system of funds allocation at the state level and undeveloped advisory services in the field, which ultimately block the access of farmers to obtain high-quality social directed extension services (Yankovs’ka, 2012).

The list of socially oriented advisory services provided by Ukrainian state budget and local budgets, according to the law, would be determined by yearly state target program of agrarian extension. However, since 2010 there is no governmental program and the specified list of advisory measures is fixed by the Ministry of Agrarian Policy of Ukraine.

Socially oriented advisory services compose one of the main mechanisms of state agrarian policy at the regional level as part of the management of innovative development of agriculture and rural areas. It makes the link between science and industry due to the implementation of agrarian innovations and advisory activity.

The most distinctive features of current situation of advisory services’ development of Ukrainian agrarian sector are dependence of information network and advice centres on government projects and programs that provide funding and legal support of their activities; insufficient level of support from regional and local authorities and government; the close connection between the advisory development and the number of professional consultants, their working conditions and wages; poor financial condition of a significant number of agrarian economic entities and consumers of information and services; increasing the share of small forms of management of customer systems; increasing of non-governmental information and consulting services on national market.

Currently, these features are not practically implemented. It is shown in the results of social survey in 2014 which had been done on the basis of 100 executives’ sociometric private farms of Mykolayiv region. None of them had pointed to the cooperation with advisory service to implement innovative projects in the economy. The main reason for this is reducing of funding for agrarian advisory from the state budget and partial direct use of public funds for advisory services.

Lack of organizational system of funds’ distribution at the state level and poor advisory services eventually blocks the access of farmers to obtain high-quality socially oriented advisory services.

The most characteristic patterns of the current stage of Ukrainian agrarian sector’s guidance development include:
- dependence of expanding information and services network on government projects and programs that provide funding and legal support of their activities; insufficient level of support from regional and local authorities and government;
- the close connection between the development of the guidance and the number of professional consultants, their working conditions and wages;
- poor financial condition of a significant number of agrarian economic entities-consumers of information and services; increasing the share of small forms of management of customer systems;
- increasing of non-state information and consulting services on the market.

3. Conclusions

1. Information and guidance of agrarian sector is an objective process that has a systemic nature and caused by the laws of the present stage of human development, the main features of which are production increasing and dissemination of information which mean a gradual transition of economy that is based on knowledge.

2. Different countries have different models of advisory services, but their common feature is that their activities are supported by the state, especially at the beginning of creation. In Ukraine, the formation and development of information and consultation in the agrarian sector are taking place within global trends and characteristics of the process and with the assistance of the international community.

3. Today the system of Ukrainian guidance does not meet modern industrial needs and remains imperfect. There is limited supportive, non-uniform in time, selective financing advisory services which are not able to provide effective formation of national information and advisory system, directed at the support and further development of Agrarian Economics.

4. Improvement and further development of information and advisory services for agrarian enterprises will form the prerequisites to adapt to external market environment, according to the evident experience of the European Union of such services’ introduction and practical implementation.

References


Ukrainos agropramoninėje gamyboje iškyla naujų valdymo metodų poreikis. Valdymo principai proporcingai priklauso nuo konsultacijų dėl galimos pasiūlymo ar priimamo sprendimo įtakos tipų ir masto, nors turėtų būti siekiama realių rezultatų, o ne vadovaujamas biurokratinį procesu. Tyrimo tikslas – plėsti žemės ūkio gamintojų mokymo teorinį pagrindą ir organizacijos ir metodologijos pagrindą. Straipsnyje, taikant teorinę analizę, statistinius stebėjimus ir palyginimo metodus, atskleidžiama informacinio ir konsultacinio mokymo esmę ir poreikis, pateikiami informacinio ir konsultacinio mokymo tobulinimo žemės ūkio sistemoje būdai.

Raktiniai žodžiai: informacinis ir konsultacinis mokymas, kasdienio vartojimo žemės ūkio produktų gamintojai, papildomos paslaugos, konsultacijos procesas.

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