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**ARRANGEMENT OF CLUSTERED SYSTEM FOR GOVERNMENTAL MANAGEMENT OF SOCIALLY-ORIENTED AGROBUSINESS**

**Annotation.** Low evaluation of life level among rural population in Ukraine as compared with the countries of European Union, CIS and elsewhere makes it possible to implement effective measures both by governmental bodies and local self-governing authorities or entrepreneurs acting in the respective industries as well as to join their efforts aiming at improvement of countrymen’s wellbeing through clustered system of relationships.

**Key words**: cluster, clustered development of agrobusiness, stable development of economic operators in a countryside.

**Rationale.**Social partnership of enterprises and institutions among clustered regional formations and regulating influence of governmental bodies makes it possible to introduce reasonable and effective measures aimed at steep social and economic development of rural areas and countrymen’s wellbeing based on willingness and respect of rights and obligations of each individual.

**Object of the article** is to determine basic directions and develop proposals aimed at appropriate level of life for rural citizens based on clustered system for governmental management of socially-oriented agrobusiness.

**Presentation of baseline material.** Current system of agrobusiness management formed at the times of planned economy for collective and state farming has not changed in its essence and is steel based on past heritage of imperfect forms of production arrangement, unadjusted economic relationships between private ventures and the state, underdeveloped methods of foreign and domestic monetary/goods relationships and self-government. Industry approach to governing prevails based on conventional forms of industrialized arrangement of production. In terms of such approach, it is not reasonable to build a brand new way of organizing the state and regional government. It is necessary to improve the existing government system by adjusting it to the private property and socialized production in the market environment.

Taking into account the nature of market land economy (that includes private lands, private property and private results of agrobusiness with the use of mostly collective forms of labor; demand for rational use of vast land plots with regard to environmental regulations; special conditions for planting, storing and selling the cultivated products that are determined both by nature and by market; attaining competitiveness of rural production based on specialization and concentration etc.), the best way leading to economic self-sufficiency is clustered organization of production.

Michael Porter has reached the conclusion that industry approach to production arrangement and management in terms of globalization keeps loosing its ground. Thus, systems of clustered arrangement of liaisons among enterprises come to the fore: “the better the cluster’s development in a particular country, the higher is the level of life and of competitiveness of the enterprises” [1, p. 25 - 38]**.**

A great deal of attention to the scientific rationale of such national economy development is paid in the trilogy *“Strategic challenges of XXI century for the society and economy of Ukraine”* [2].

It is well-proven by the on-going reorganization of productions and territories on the cluster-basis in the other countries such as:

* national policy of cluster choice, formation and development is elaborated in Finland and other countries of Northern Europe;
* committees on cluster strategies development and clusters initiation aimed at innovations operate in various US States;
* Denmark has developed a unified approach to inter-venture cooperation on cluster basis;
* regional centers for consolidation of actions performed by government, universities and industrial sector have been organized in Japan on the basis of technological clusters for implementation of socio-economic projects of clustered development of the territories;
* national program of cluster development within 1999-2003 has been arranged in Slovenia (identification of potential clusters – 1 year, development of clustered policy – 1 year, practical implementation of national policy – 2,5 years);
* “Kazakhstan’s cluster initiative” is operated in Kazakhstan aimed at biddings arrangement for elaboration of regional cluster pilot projects (the winner of the latest bidding is the project by Kustanaisky milk cluster);
* works on economy clustering are carried out in various regions of Russia. Thus, the major direction for their arrangement in North-Western Federal District is forming of financial agro-industrial groups. A powerful agro-industrial milk-pool cluster “Petmol” is established in St. Petersburg along with many others;
* in Ukraine, there is also a positive experience of cluster forming based on program “Podillia first” – tourist, alimentary, agro-tourism clusters are formed in Kamianets-Podilsky, and regional tailoring and construction clusters are arranged in Khmelnytsk region.

According to Michael Porter, “cluster” is the combination of interrelated and cooperating enterprises, organizations, institutions, as well as governmental bodies, scientific institutions, and various infrastructure components geographically and functionally related to the former ones operating on a certain territory for a particular reason.

By detailing this term with regard to conditions of rural economy market and those of agro-development, we can provide the following definitions :

* agro-industrial clustering – concentration and specialization of agro-industrial production with forming of closed circuits like “production, storing, and selling of agricultural products” on the grounds of integration with the use of corporatisation and cooperation tools for the participants to get competitive products and increase the incomes;
* socio-economic clustering – equipping rural territories with modern agro-industrial, agro-servicing, residential and cultural areas (including agro-towns and other features for brands’ territories) based on economic self-sufficiency and stable development [3].

In other words, there should be a goal-oriented forming of territorial-elective agro-industrial clusters with high level of specialization and concentration of agro-industries for the fullest application of natural and territorial advantages of rural areas. This economic basis should serve the ground for socio-economic clusters building to establish sufficient living conditions for rural citizens and to form attractive image of Ukrainian countryside.

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The switch into clustered development of agro-business and rural territories must be reflected in the agricultural politics in the form of a long-term program the successful fulfillment of which requires coordination of efforts of industrial institutions, infrastructure components of social welfare and cultural services for rural citizens, of agricultural science and education, local self-governing bodies, bodies of regional and national government, allocation of their assets to the directions and priorities determined for each agro-industrial and socio-economic cluster.

Taking into account the fact that there are no such voluntary clusters in Ukraine, the trial is planned to be carried out at one of the regions by systematizing major functions to arrange cluster conditions in a certain sequence as shown on Fig. 1.

Attaining such a level of interaction within the existing system and the applied “top-down” technologies for agro-sector management is impossible. It is necessary to rebuild the system of governmental and public management of agro-businesses and social field of the countryside based on self-governing development.

Broader involvement of territorial communities and their managerial core (village, township and regional councils) to agro-business development requires elaboration of business mechanism based on microeconomic demand and sequential transformation of central-control system of management into territorially self-governing one.

Ways of business component building of such mechanism can be traced in the following:

* implementation of strategic management at all the management levels of socio-economic development of countryside with elaboration and introduction of strategies and programs for socio-economic development of village councils and territories, strategies and business plans for innovation development of agro-businesses;
* introduction of development mechanism for agro-business and rural territories such as “top-down” (from community to the state) maintaining the leading importance of local self-government when setting up the demands and priorities of their development;
* improvement of corporate and association relationships in agro-business;
* improvement of regional governing and self-governing structure for agro-business and rural territories development;
* introduction of effective community control over the use of land, water and forest resources, ecology and other components of territorial safety.

It is also worth mentioning the fact that with territorially self-governing systems of development management in the countryside, local managerial works are of utmost importance and provide for resultative restructurizing changes. Special attention must be paid to improvement of managerial staff quality and to information provision for economic and local self-governance.

**Coordinating structure: Ministry Department – scientific institution**

1. Coordination of organizational and investment activities of the clusters to fulfill economic and social transformations in rural areas as per the regional ratings and use of target programs.
2. Vertical liaisons with councils of regional clusters and proposal-making in terms of efficient actions to use local and state budget investments as per regional ratings.
3. Scientific justification of target programs, control and summary of their efficiency.
4. Development of clusters’ operating and accounting provisions by cluster councils.

**Level 2– regional clusters**

1. Elaboration of target regional programs and their financing as per the directions of rural areas development and improvement of countrymen welfare.
2. Organization and control during target programs fulfillment over the directional allocation of the investment.
3. Reporting of target programs fulfillment, work scopes and investments used.

**Level 3– district (regional) clusters**

1. Participation in community works with councils of regional clusters in terms of target programs elaboration, their directional investment and control of their use.
2. Works organization and fulfillment directly at rural areas and in village councils, intended use of funds.
3. Summary of the gained results on target programs fulfillment and intended use of local and state budget funds.

**Fig.1. Major functions of cluster formations at various levels in terms of countryside renewal**

Therefore, such organization of production requires a brand new management aimed not at agro-business management but at fuller use of natural potential of territories to provide better profit of various business patterns in agricultural production and further increase of countrymen income along with rural areas development.

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