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## NEW ASPECTS OF INFRASTRUCTURE OF AGRARIAN SECTOR AS A PART OF THE ENTIRE SOCIO-ECONOMIC SYSTEM OF UKRAINE

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**Зеліско Н., Булик О. Нові аспекти інфраструктури аграрного сектору як складової всієї соціально-економічної системи України**

Розглянуто методологічні аспекти формування раціонального складу інфраструктури аграрного сектору України на основі інституційного підходу. Показано, що аграрний сектор України є складною соціально-економічною системою, формування та розвиток якої відбувається в процесі ринкової трансформації, що зумовлено інституційними впливами. Розглянуто теоретико-методологічні та практичні аспекти удосконалення механізмів реалізації державної аграрної політики України в контексті становлення інформаційного суспільства. Проаналізовано ефективність аграрної політики щодо розвитку інфраструктури аграрного ринку. Визначено передумови рівного доступу сільських жителів до сучасних інформаційних технологій та механізми виділення державних коштів на інформаційно-технологічне переоснащення ключових галузей аграрного сектору економіки. Вказано, що процес інституціоналізації відносин передбачає їхню формалізацію і стандартизацію. Однією зі специфічних характеристик людського суспільства є формування інституційної системи, яка регулює поведінку. Розглянуто чинники впливу на поведінку суб'єктів господарювання в умовах розвитку ринкової економіки. Особливу увагу приділено інституційним чинникам зростання економіки. Класифіковано значення понять «аграрний розвиток» та «інфраструктура».

Як науковий метод використано інституційний підхід до принципів розвитку аграрного ринку, що дало змогу обґрунтувати створення раціонального підходу до проектування інфраструктури в аграрному секторі загалом на основі взаємозв'язку та взаємозалежності його елементів. Продемонстровано необхідність вибору теорії інституціоналізму як методологічної основи для вивчення процесу інноваційного розвитку економічної системи України. Визначено, що неефективна діяльність установ в Україні є основною причиною низького рівня інновацій, а це негативно впливає на розвиток економіки загалом. Результати дослідження стосуються нових аспектів інфраструктури як частини всієї соціально-економічної системи, яка реалізує функції в аграрному секторі й суттєво впливає на ефективне функціонування економічної системи. Розглянуто основні передумови формування інституцій. Спираючись на західні підходи до інституційної ефективності, проаналізовано основні соціальні, економічні та політичні чинники, що впливають на розвиток інфраструктури аграрного ринку.

**Ключові слова:** сільське господарство, інфраструктура, агропромисловий комплекс, інформаційне суспільство, інфраструктура аграрного ринку, маркетингова інформація, ціновий моніторинг.

**Zelisko N., Bulyk O. New aspects of infrastructure of agrarian sector as a part of the entire socio-economic system of Ukraine**

Methodological aspects of formation of rational design of infrastructure of agrarian sector of Ukraine on the basis of the institutional approach and laws of architectonics are examined. It is shown that the agrarian sector of

*Ukraine is a complex socio-economic system, the formation and development of which is in the process of market transformation what is caused by institutional influences. The theoretic, methodological and practical aspects of mechanisms improvement to implement public agrarian policy in Ukraine are highlighted in the context of information society formation. The efficiency of agrarian policy in the sphere of agrarian market infrastructure development is analyzed including information and consulting services for rural inhabitants. Starting conditions of equal approach for rural inhabitants to informational technologies and mechanisms of public financing provision on informational and technological support of key agrarian sector branches of economy are determined. In general the process of relations institutionalization imply their formalization and standardization. One of the specific characteristic of human society is formed institutional system that regulates behavior. The factors of influence on the conduct of being in charge subjects are considered in the conditions of development of market economy. The special attention is spared the institutional factors of the economy growing. The meaning of "agricultural field" and "infrastructure" and their mutual consistency is classified. As the scientific method, the institutional approach of principles of architectonics has been used, which allowed to justify the creation of a rational approach to the design of infrastructure in agrarian sector as a whole on the basis, relation and interdependence of its elements, based on the fundamental laws of architectonics (law of equilibrium, law of the golden mean structuring). The article demonstrates a necessity of the choice of a theory of institutionalism as the main methodological basis for the study of the process of innovation development of economic system of Ukraine. It is determined that the inefficient activities of institutions in Ukraine is the main cause of the low level of innovation, which has a negative impact on the development of the economy as a whole. Research points on new aspects of infrastructure as a part of the entire socio-economic system that implements the functions in the agricultural sector and significant effect on the effective functioning of the system. The different organizational and functional classifications of institutions, that proposed by well-known western and natives authors are analyzed in this article. Also the basic prerequisites of forming institutions are considered here. According to the famous western approaches to the institutional effectiveness the author tried to analyze main social, economical and political factors, that influence the institutional building.*

**Key words:** *agriculture, infrastructure, agricultural industry complex, information society, infrastructure of agrarian market, marketing information, price monitoring.*

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**F**ormulation of the problem. Methodological aspects of formation of rational design of infrastructure of agrarian sector of Ukraine on the basis of the institutional approach and laws of architectonics are examined. It is shown that the agrarian sector of Ukraine is a complex socio-economic system, the formation and development of which is in the process of market transformation what is caused by institutional influences. In general the process of relations institutionalization imply their formalization and standardization, in other case the subject of public life could not predict the actions of other entities associated with him and ensure their cooperation. One of the specific characteristic of human society is formed institutional system that regulates behavior. In the article the factors of influence on the conduct of being in charge subjects are considered in the conditions of development of market economy. The special attention is spared the institutional factors of the economy growing.

**Analysis of recent research and publications.** Institutional aspects of the formation and development of economic systems, including in agriculture, lately more attract attention from scientists and government. It is worth mentioning the results of research and publications A. Gritsenko, B. Valentine, M. Malik, Yu. Lopatinskyi, P. Sabluk, A. Nord, V. Yurchyshyn, V. Yakubenko and scientific development of other scientists based on institutional theory in its various directions and trends, mainly covered in letters by D. North, O. Williamson, R. Coase et al.

A significant contribution to the development of these theoretical approaches to transformation Russian scientists have made economies Kapelyushnikov B., S. Nureyev, S. Kirdina and others. However, industry is insufficiently investigated aspects of the implementation and application of those theoretical achievements in agriculture, where problems of formation of the institutional framework of agrarian economy is

extremely complex both in theoretical and applied value.

In national agricultural science today almost no deep research the process of forming institutions and institutions covering agricultural infrastructure areas (Nosov, 2018). Typically, research here limited analysis of issues place in some markets (commodity, financial, consumer), and their infrastructure is seen as a separate element of these markets (Korchynskyi, 2014). There is no approach in which infrastructure is perceived as an integrated whole shell socio-economic system, covering agricultural sector as a whole, including it social manifestations (Pavlov, Khvesyk and Yurchyshyn, 2012).

**Setting objectives.** It is necessary to investigate the methodological aspects of formation of infrastructure of agrarian sector of Ukraine, justifying the feasibility of institutional approach and its organic combination with the basic principles architectonics as the scientific method, which will be able to justify creation of a rational construction of infrastructure of agrarian sphere as a whole on the basis of structuring, communication and interdependence of elements.

A few publications on the above topic can not play a full and sufficient an objective picture of current scientific knowledge about the problem because it is predetermined writing.

*Research methodology and materials.* The meaning of “agricultural field” and “infrastructure” and their mutual consistency is classified. As the scientific method, the institutional approach of principles of architectonics has been used, which allowed to justify the creation of a rational approach to the design of infrastructure in agrarian sector as a whole on the basis, relation and interdependence of its elements, based on the fundamental laws of architectonics (law of equilibrium, law of the golden mean structuring). The article demonstrates a necessity of the choice of a theory of institutionalism as the main methodological basis for the study of the process of innovation development of economic system of Ukraine. It is determined

that the inefficient activities of institutions in Ukraine is the main cause of the low level of innovation, which has a negative impact on the development of the economy as a whole.

**Presenting main material.** Agrarian sector of Ukraine is a complex socio-economic system, the formation and development of which in the process of market transformation is under institutional influences. Mostly these effects were not the result of advanced scientific research and conscious actions and the result of random and unsystematic decisions of their governing bodies commit as their mercantile business or lobbying interests. In countries with developed economies the agricultural sector as the system evolved through evolution (Kostyrko, 2014). Therefore, it is a product of general market system, where the interests of stakeholders sufficiently balanced and harmonious as consistent over time. In Ukraine today instead formed an economic system is the result of transformation by nature of the process, where balance and harmony as qualitative characteristics of the system at an early stage. In this regard, institutional, organizational and legal framework infrastructure agricultural sector as part of the economic system of the whole country is still imperfect design and lack of effectiveness of action, which creates problems of all infrastructure and distorts its impact on the agricultural impact areas in general (Ostrom, 2012).

The study challenges architectonics infrastructure agricultural sector of the country. Of the concept of infrastructure, for research purposes interpret its meaning as a whole set of institutions and institutions that form the perfect structure, which provides operating conditions of all of the economic relations within the agricultural sector and outside it, creating a level of transaction costs within the economic system, in which economic mechanism operates effectively.

Analysis of market reforms clearly indicates failure namely institutional approaches to solving urgent theoretical and practical issues. In this new research directly and in its methodological

**Institutional factors affecting economic growth**

TERMS	Circumstances and the main actors (factors)
General	<ul style="list-style-type: none"> <li>© <i>dominant idea or thought in society</i></li> <li>© <i>historical development of society</i></li> </ul>
Social and psychological characteristics	<ul style="list-style-type: none"> <li>© <i>relatively stable society that change through evolution</i></li> <li>© <i>psychological traits of people living in the community</i></li> <li>© <i>special role of national culture, mentality, ethnic types of behavior</i></li> </ul>
Political constitution	<ul style="list-style-type: none"> <li>© <i>quality and methods of cooperation between the state, business, political culture and informal rules and traditions</i></li> </ul>
Economic	<ul style="list-style-type: none"> <li>© <i>clear "rules" that define effective and-effect activities</i></li> <li>© <i>clearly defined property rights.</i></li> <li>© <i>social functions and trading rules</i></li> <li>© <i>efficiency of the banking and financial systems</i></li> <li>© <i>appropriate methods of risk management and insurance system</i></li> <li>© <i>common tax system</i></li> <li>© <i>decentralized economic system</i></li> <li>© <i>formal economic institutions that have a positive impact on long-term growth</i></li> </ul>

Source: Piech, K. (ed.), *Economic Policy and Growth of Central and East European Countries*. London, University College London 2013, p. 8.

basis necessary to investigate and solve a number of theoretical and practical problems that occur in the formation and operation of the infrastructure as a separate component of the overall socio-economic system of agrarian sector (Grytsenko, 2008).

A new development for the agrarian sector of Ukraine has an innovative infrastructure as a lot of companies and organizations, institutions, their associations, associations that provide services to ensure the innovation (finance, consulting, marketing, communicative information, legal, education and t.) (Korchynskyi, 2014).

As you know, one hundred novice business success in business reach just twelve. The realities of the Ukrainian Agrarian the percentage is much lower. The instability of the political environment, crisis expectations for the economy in general, and particularly in the agricultural sector, the unpredictability of market conditions – all this hinders agricultural output Ukrainian

sector of the protracted crisis. In this regard, it is important to use the method to survive from 30 to 80 % businessmen-beginners (Berezivskyi, 2011).

This component of the innovation infrastructure- Business incubators, which began to be created in Ukraine in 1997, but now considered a classic, only one – in the Bila Tserkva. First Business Incubator (the word "incubator" means "growing"), appeared in late 50-ies in the United States. United under one the roof of the company shared experiences in dealing with similar problems, consult a lawyer and an economist, and thus significantly quickly overcome bureaucratic obstacles. Within a few years 30 % of these beginners business moved from small business to the middle (Kurylo, 2014.). Since then, the local US authorities began to sponsor the development of a business incubator that brought considerable benefits for power (new jobs, more taxes).

Creating a network of business centers and business incubators in the agrarian sector Ukraine since the regional centers, enabling the provision of services such as secretarial, providing office equipment, teaching computer skills. It will give the possibility of obtaining preferential loans, business training planning, and so on. All of this is one of the most important aspects building infrastructure for the creation and development of small and medium-sized Entrepreneurship in rural areas, and thus can play an important role in the revival of agricultural production in Ukraine.

It is precisely in this economic and social context that the modern problems of economic development must be considered (Lopatynskyi, 2006). The fundamental issue can be stated succinctly. Successful development policy entails an understanding of the dynamics of economic change if the policies pursued are to have the desired consequences. And a dynamic model of economic change entails as an integral part of that model analysis of the polity since it is the polity that specifies and enforces the formal rules. We are still some distance from having such a model but the structure that is evolving in the new institutional economics, even though incomplete, suggests radically different development policies than those of either traditional development economists or orthodox neo-classical economists (Williamson and Vinter, 2002).

Organizations are the players: groups of individuals bound by a common purpose to achieve objectives. They include:

- Ø political bodies (political parties, the senate, a city council, a regulatory agency);
- Ø economic bodies (firms, trade unions, family farms, cooperatives);
- Ø social bodies (churches, clubs, athletic associations);
- Ø educational bodies (schools, colleges, vocational training centers).

These definitions undergird five propositions that define the essential characteristics of institutional change:

1. The continuous interaction of institutions and organizations in the economic setting of

scarcity and hence competition is the key to institutional change.

2. Competition forces organizations to continually invest in skills and knowledge to survive.

3. The institutional framework dictates the kinds of skills and knowledge perceived to have the maximum pay-off.

4. Perceptions are derived from the mental constructs of the players.

5. The economies of scope, complementarities, and network externalities of an institutional matrix make institutional change overwhelmingly incremental and path dependent.

Change is typically incremental, reflecting ongoing ubiquitous evolving perceptions of the entrepreneurs of organizations in the context of an institutional matrix that is characterized by network externalities, complementarities and economies of scope among the existing organizations. Moreover since the organizations owe their existence to the institutional matrix, they will be an ongoing interest group to assure the perpetuation of that institutional structure thus assuring path dependence. Revolutions do occur, <sup>7</sup> however, when organizations with different interests emerge (typically as a result of dissatisfaction with the performance of existing organizations) and the fundamental conflict between organizations over institutional change cannot be mediated within the existing institutional framework.

It is one thing to describe the characteristics of economic change; it is something else to prescribe the correct medicine to improve the performance of economies (Zelisko and Melnyk, 2015). We simply don't know how to transform ailing economies into successful ones but some fundamental characteristics of institutions suggest some clues.

1. Institutions are made up of formal rules, informal norms and the enforcement characteristics of both and it is the admixture of rules, norms, and enforcement characteristics that determines economic performance. While the formal rules can be changed overnight, the informal norms change only gradually. Since it is the norms that provide the essential "legitimacy"

to any set of formal rules, revolutionary change is never as revolutionary as its supporters desire and performance will be different than anticipated.

2. It is politics that shape economic performance because they define and enforce the economic rules of the game. Therefore the heart of development policy must be the creation of politics that will create and enforce efficient property rights.

However, the characteristics of institutions described in the foregoing sections of this paper suggest some implications:

Ø Political institutions will be stable only if they are supported by organizations with an interest in their perpetuation. Therefore an essential part of political/economic reform is the creation of such organizations.

Ø It is essential to change both the institutions and the belief systems for successful reform since it is the mental models of the actors that will shape choices.

Ø Evolving norms of behavior that will support and legitimize new rules is a lengthy process and in the absence of such reinforcing norms politics will tend to be unstable.

Ø While economic growth can occur in the short run with autocratic regimes, long run economic growth entails the development of the rule of law and the protection of civil and political freedoms.

Ø Informal constraints-norms of behavior, conventions, and codes of conduct-are a necessary (but not sufficient) condition for good economic performance. Societies with norms favorable to economic growth can sometimes

prosper even with unstable or adverse political rules.

3. It is adaptive rather than allocative efficiency which should be the guide to policy. Allocative efficiency is a static concept with a given set of institutions; the key to continuing good economic performance is a flexible institutional matrix that will adjust in the context of evolving technological and demographic changes as well as shocks to the system.

### **Conclusions and future prospects of the scientific research.**

The infrastructure of agrarian sphere as an object of research is complex, comprehensive and systemic entity that is in a state of development through constant change and improvement. During these changes architectonic infrastructure developing and improving the laws, are not known fully. Insufficient understanding of these laws not only due to the lack of deep scientific analysis of the process of formation and development of infrastructure, and proper scientific substantiation methodology of the process of learning it as an object.

The study of this process from the standpoint of institutional theory combined with approaches based on the laws of architectonics, let you discover new aspects of infrastructure as part of the entire socio-economic system that realizes its functions in agriculture and significant impact on the efficiency of the system. Therefore scientific research in this area is important both from positions of economic theory and application considerations.

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