

INCENTIVE MECHANISMS OF DEVELOPMENT OF ENTERPRISES IN THE ORGANIC SECTOR: ADAPTATION OF THE WORLD EXPERIENCE

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An issue of organic production development incentives, research of institutional and legal, financial and economic, and socio-psychological mechanisms of operation of enterprises of the organic sector, possibilities of adaptation of leading world experience to the national system of management pertain to the area of expertise of leading scientists. In Ukraine, there are still discussions among scientists and practitioners about the economic expediency and organization capabilities for the introduction of organic production by agricultural formations. This issue becomes especially acute in terms of an imbalance of the external business environment, aggravation of competition, and intensification of the influence of manifestations of the global environment. Organic agriculture has a great production and organizational potential and, as a direction for poverty reduction and overcoming a problem of hunger, – it is also a doubtless economic effect. The main causes of activation and necessity of development of organic sector in Ukraine are the following: today it is popular and a demand for organic production in the internal market is growing, mainly at the expense of emotional and psychological determinant; the appropriateness of genetically modified food production has not found an economic and scientific justification; European market has a formed demand for Ukrainian agrarian production as an alternative. In Ukraine, internal consumption of organic production has also now a secondary role that is evidenced by relevant studies of Organic

Federation of Ukraine. Now consumption is at the level of only 0.30 euro per capita. However, an upward trend is observed. In 2007, an overall consumption of organic products in the internal market of Ukraine was about 500 thousand euro, whereas up to the 2014 year, it has increased to almost 14.5 million. Today, export of organic production is mostly carried out through certified foreign trade enterprises that have enough practical experience, knowledge about specialized markets of organic production, and regularly observe the newest trends of development in this area.

In Ukraine, the state support for the development of organic agricultural production is at the early stages, thus, it is appropriate to consider and adapt modern world trends and experience of other countries concerning the opportunities and types of support for organic agricultural production as well as build up a cooperation between the state and private and public organizations of the organic sector. The main forms of support for entities of the organic sector are subsidizing, institutional, infrastructural, and legislative support, etc. Organic producers get additional competitive advantages in the market that are expressed in: an increase in the share of money saving at the expense of economies in mineral fertilizers and means of chemization; additional income from surplus production sales and cash cropping; lowering barriers to entry internal and international export markets of certified organic production and formation of premium pricing for their goods; opportunities for additional

appreciation of organic products as a result of their processing. A mechanism of stimulation of organic production development allows promoting attraction of young people to the rural area, human capital, investment resources to the economy of specific enter-

prises; forming prerequisites for investment and innovative measures of socio-economic and environmental development, investment climate improvement, ensuring intensification of processes of agricultural business, and so on.