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Land management prospects

Abstract. The *purpose* of the study is to give recommendations regarding the improvement of Ukraine's resources management, particularly land resources, under the conditions of parity between economic, social and environmental components of the economy is a topical objective of today's science. In terms of globalisation, we should focus on the advanced world experience and agricultural markets, namely the land market. The formation of methodological tools to forecast management efficiency becomes an issue of key importance.

Methods The authors applied logical and comparative analysis, and the monographic method to conduct the research.

Results. The main world trends and their impact on land management in the agricultural sector of Ukraine have been determined in the article. Mainly, they increase the anthropogenic influence on land resources. The authors have considered common factors of the national land tenure, as well as the related problems. Taking into account trends and the detected common factors, the present-day forecasts of the farm business development have been made. Consequences of their implementation in the land management of Ukraine have been analysed. The authors have suggested a diagram of the «domino effect», starting with the implementation of investment processes in agriculture and running up to the adjustment of the country's land management to the European standards. This makes it possible to use land management dynamic systems in the agricultural sector of the economy. The authors' developments have resulted in achieving a balance between economic interests of land management entities through their financial and organisational potentialities, which is presented as a response to the probable level of the global impacts of social, economic, political, organisational, financial and informational nature.

The present study is aimed ownership, disposal and use of management assets, which are land, land tenure or the added value gained from land use. The scheme of the formation of the appropriate level of land management by means of global forecasts and internal drivers has also been suggested.

Keywords: Resource Management; Land; Land Use; National Economy; Prospects; Harmonization; Globalization

JEL Classification: E60; L16; O18; Q24

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Перспективи управління земельними ресурсами

Анотація. У статті визначено основні світові тенденції та їх вплив на управління ресурсами України, зокрема земельними, що зводиться здебільшого до зростання антропогенного навантаження на ресурси. Запропоновано авторську схему «синергетичного ефекту» від реалізації інвестиційних процесів з метою гармонізації управління земельними ресурсами із загальноєвропейськими стандартами. Розроблено схему узгодження економічних інтересів суб'єктів земельних відносин з урахуванням їхніх можливостей та схему формування перспективного рівня управління земельними ресурсами в контексті глобалізаційних перспектив та дії внутрішніх драйверів.

Ключові слова: управління ресурсами; національна економіка; перспективи; гармонізація; глобалізація.

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Перспективы управления земельными ресурсами

Аннотация. В статье определены основные мировые тенденции и их влияние на управление ресурсами Украины, в частности земельными, что сводится в основном к росту антропогенной нагрузки на ресурсы. Предложена авторская схема «синергетического эффекта» от реализации инвестиционных процессов с целью гармонизации управления земельными ресурсами с общеевропейскими стандартами. Разработана схема согласования экономических интересов субъектов земельных отношений с учётом их возможностей и схема формирования перспективного уровня управления земельными ресурсами в контексте глобализационных перспектив и действия внутренних драйверов.

Ключевые слова: управление ресурсами; национальная экономика; перспективы; гармонизация; глобализация.

1. Introduction

Resources are basic elements of the production potential which are used to achieve particular aims of the economic development. Land resources play a special role in social life. They are resources of land in a territory used by the population to conduct economic activities. Also, they are viewed as means of production, which determines biological efficiency and ecological stability of the environment.

Nowadays, the amount of land is limited and resources become deficient. Hence, their use requires certain technological facilities. Such resources are life supporting for every person, and they need to be permanently protected. Taking into consideration the above features, a special approach should be applied to the land management at the micro, meso and macro levels. As regards the public administration aspect, studying the prospects of the above process is also topical.

2. Brief Literature Review

Resources in general and land resources in particular are actually impacted by all branches of the economy. For example, a certain competition for land is observed between the agrarian and other sectors of the economy. Thus, land can be used more efficiently in terms of obtaining profit per a unit of land area (park areas, shopping and leisure centres, factories, dwelling houses, roads, etc.) in other sectors, which is often a reason for its misuse or transfer into other types of commercial lands (for instance, land used for building).

According to T. O. Zinchuk and I. G. Kyrylenko, besides the sectoral pressure, the impact of natural factors is observed as well. It is often the impact of the insufficient level of efficiency in agriculture and the environmental integrity, hostility and environmental problems, which contribute to the influence of anthropogenic factors, and increase the competition for the right to use land [1; 2].

The role of land as an economic resource can hardly be overestimated. According to the study by M. VERNYHORA, land resources make over 40% of Ukraine's productive power [3].

An enterprise cannot avoid either a direct or an indirect impact of land resources on its activity. Even if it leases office premises in a shopping centre, the rental fee includes land fees paid by the shopping centre, as well as costs related to possible financial sanctions imposed by the government for non-compliance with the environmental legislation.

According to I. A. Markina, if this impact seems to be insignificant, land management derivatives, such as fluctuations in food prices and export receipts from sales of the agricultural products in the amount of 30.9% of the total amount in 2014, significantly influences the inflation rate, foreign exchange rate and, therefore, people's well-being and the results of any economic entity's activity [4]. This is the reason why the government's and the whole society's passive attitude towards land management is not acceptable because of numerous market players' private interests which often contradict social ones.

Meanwhile, representatives of the British land management school, G. Pasakarnis in particular, consider land consolidation by any legal means to be the most important condition of the improvement of its efficiency [5]. Austrian scholars, among whom are Ulrike Probstl-Haider, Nina M. Mostegl, Julia Kelemen-Finan, Wolfgang Haider, Herbert Formayer, Jochen Kantelhardt, Tobias Moser, Martin Kapfer, Ryan Trenholm, justify the need of a more careful market study relevant to planning revenues and expenses of land users, which provides opportunities for closer cooperation between all countries [6].

Czech scholars, among whom are Z. Kroupova and G. Trnkova, think it necessary to initiate a dialogue between representatives of different business entities, such as small and medium farms, and agricultural holdings [7]. The researchers mentioned above and many other scholars prove the significant role of the state in these processes and the necessity of serving diversified interests of all agents who are involved in land relationships.

Thus, land management is a systematic goal-directed activity maintained by the government and the society and aimed at the improvement of land relationships and land tenure that needs advanced funding not only in order to obtain economic, but also ecological and social effects.

3. The purpose of the article is to determine prospects of the country's resources management and land resources in particular, in terms of their adjustment to the EU standards.

4. Results

According to the authors' opinion, the prospects of the country's resources management lie not only in the comprehension of the world trends and participation in the related activities, but also in the implementation of certain investment and innovation projects. The implementation of projects in the agricultural sector of the economy testifies the high probability of synergies, i.e. when the implementation of a project or an event depending on the probable external impact may cause transformational consequences, which in this case will not depend on any external influence.

Let us consider two projects proving that the above effect is obtained under the globalisation effects (Figure 1) [8-9], forming a consolidated unity of mini, micro and common agents of land relations.

The discussed economic priorities become prone to this effect and undergo the following stages in the process of projects financing: cooperation of small agrarian businesses, growth of their income; their transfer from the level of surviving to the competitive commercial performance; growth of the land management economic efficiency; transfer from the level of competitive to high commercial performance; growth of the social efficiency of land management; transfer from the level of high to consistently high commercial performance; growth of the land management ecological efficiency.

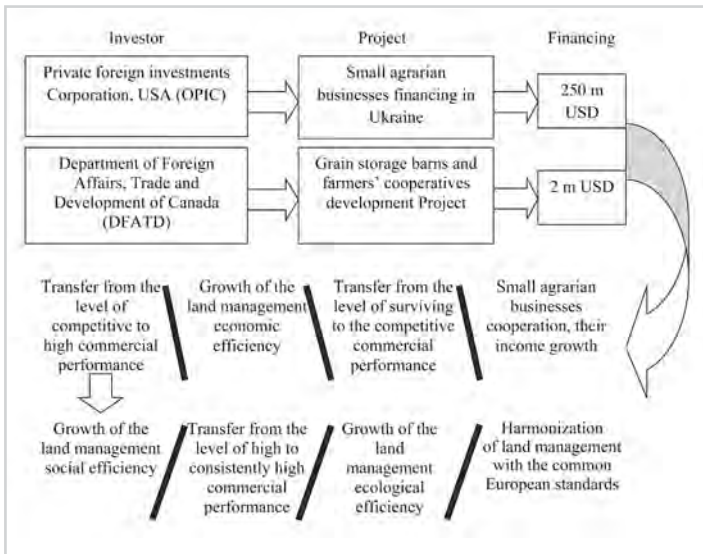


Fig. 1: Synergies from the implementation of investment processes in arable farming to harmonise Ukraine's land management with the common European standards
Source: Compiled by the authors

Ultimately, the above transfers determine compliance of land management with the common European standards [10]. However, it should be emphasised that the actual efficiency of land management in Ukraine makes 17.3% of its potential (as of 2014) under the present factors having their impact on the external and internal environment.

Comparing this level with the European, it is fair to say that it makes 10% of the level of the Netherlands, or 20% of the level of Germany, or 53% of the level of France (the given data were obtained by means of the authors' own method based on the application of the index described as «the number of people actually feeding on 1ha of farmland»).

However, under the circumstances of serious threats to the national security, Ukrainian business as an absolutely adaptive

institution has almost immediately shifted the economic component from metallurgy, power and chemical industry to the agricultural sector. Under the conditions of economic and political instability, this process can be intensified by the significant demand for foodstuff and impacts of globalisation.

Global changes have forced import-dependent countries to form and accumulate farm products and food reserves within their own territories. It will somewhat reduce the range of season price variations; primarily for grains, and also will cause the attempts to raise the amount of reserve funds, i.e. it will raise abrupt foodstuff demand behind its steady growth (Koeber, 2011). The opportunity for Ukraine to significantly rev up its own production with this background looks as the most realistic and comprehensible globalisation prospect for the domestic producer.

It should be emphasised on the necessity of diversification of the agricultural production and marketing outlets, more advanced processing of products, which will enable exports of products with bigger added value and, consequently, increasing their elements: rent income, amortisation, salary, interest rates, profit, i.e. incentivisation of the relevant land interest agents.

Besides, the prospect of land tenure in Ukraine, as viewed by the authors, is influenced by the impact of land management drivers, such as logistic infrastructure development; protection of private land ownership, other rights in it and the added value gained from using it; availability of cheap financial resources for business activity; monopoly level; ease of doing farm business; corruption level; state quality standards system; development of state and private partnership; power decentralisation; state protectionism system (Figure 2).

Depending upon the particular situation, the above drivers can replace each other, i.e. they are volatile. The above list of the drivers is temporary as well, i.e. there exists a possibility of emergence of new drivers or of leveling their effect through the land owners' desensitization to them.

As far as preventive and administrative land management adaptors are concerned, the moratorium on sale of arable lands is currently the most significant of them. The country's

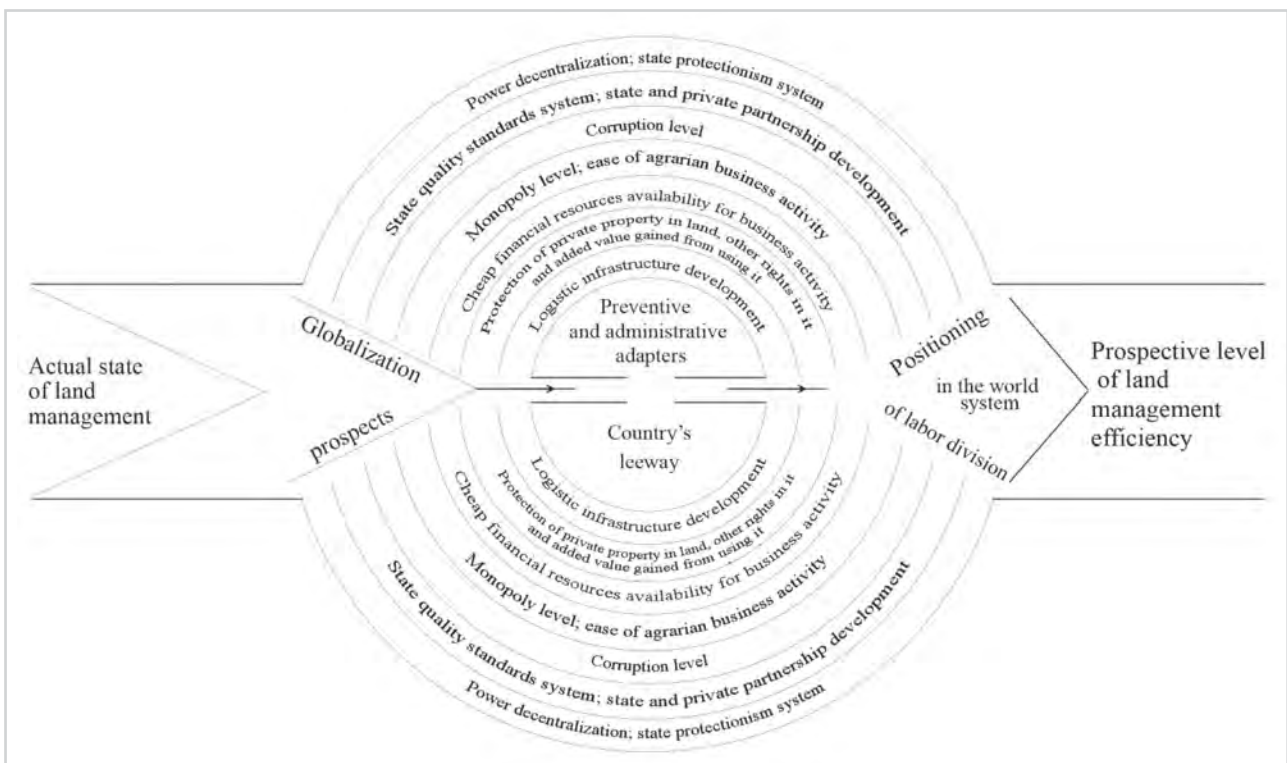


Fig. 2: Formation of the prospect land management efficiency level through globalization prospects and internal drivers
Source: Compiled by the authors

leeway in land management is represented by general business conditions, set in the Economic Procedure Code and the Land Code, for example, taxation system, provisions of Law of Ukraine «On International Business Activity», absence of restrictions for land banks, formation of vertically integrated structures, etc.

Globalisation prospects of domestic land users, under the impact of the above drivers, preventive and administrative adaptors, together with the country's leeway features, determine the position of land users in the international labor division system which, in the long run, determines the prospective land management level.

It is the prospective land management level that should be taken into account in the process of harmonising land management in the agricultural sector with globalisation processes relevant to the sustained development and food safety.

The authors are convinced that this process can be presented as a diagram of harmonisation of land relationships and economic interests of business entities through their financial and organisational potentialities (Figure 3).

The diagram seems logical due to the fact that activities related to land management of business entities are based on economic interests of mini agents, micro agents, common agents, state, regional and global agents who are oriented to a certain amount (part, number) of land tenure, disposal and use of the asset managed (land, right of land use and that of added value gained from land use), taking into account possible impacts of globalisation (social - S, economic - E, political - P, organizational - O, financial - F, informational - I).

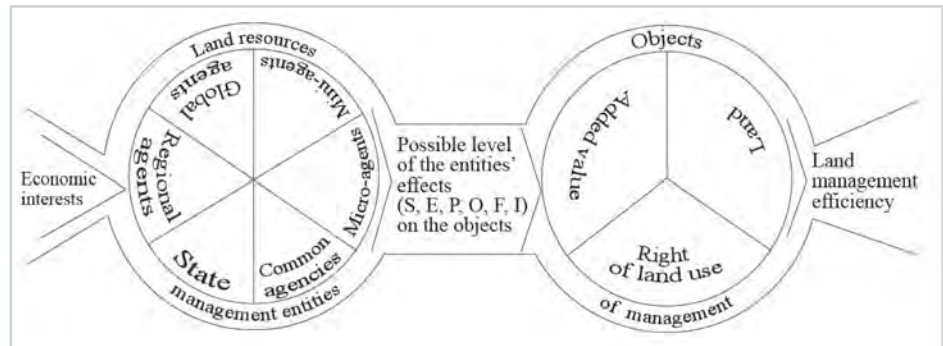


Fig. 3: Diagram of harmonisation of economic interests of land relations entities through their possibilities

Source: Compiled by the authors

This is the way, the dynamic level of land management efficiency and its trend is formed, which should be treated by land agents as the input data of the beginning of a new cycle of activity (for operational, tactical and strategic planning).

5. Conclusions

The results of the authors' developments are diagrams of harmonisation of economic interests of business entities engaged in land management through their financial and organisational potentialities. The diagrams were presented as a response to the probable level of global impacts of social, economic, political, organisational, financial and informational nature.

The aim of such harmonisation is orientation to ownership, disposal and use of assets.

The above objects are: land, right of land use or the added value gained from the land use. The authors have proposed a scheme of forming the prospective land management level through globalisation and internal drivers, thus permitting to adjust land management in Ukraine to the European standards.

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