

FEATURES OF INNOVATIVE MANAGEMENT OF REFORMATORY CHANGES IN SYSTEM OF THE LAND RELATIONS

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Abstract:

In the article the authors investigated the state of land reform in Ukraine evaluated the prospects of its development following on from the experience of Bulgaria, Romania and Hungary. An innovative algorithm of change management in the system of administration of land relations was suggested, which role is to provide opportunities to expeditiously manage land conversion, effectively overcome resistance to change.

Key words: land relations, land reform, reflexive management, price of land, antroposocial, organizational and functional contexts.

JEL classification: E02, H83, Q15

1. INTRODUCTION

Land reform in Ukraine already lasts for 26 years. Current land conversion in Ukraine is aimed on laying the foundation of a new land system that involves changing economic thought of government officials, land owners, tenants, investors, villagers and all citizens. Of course, in the early period of transformation there is resistance against change in society. However, land reform in Ukraine is one of the slowest, politicized and controversial reforms. Development of land market continues with numerous violations of applicable laws, interests and rights of its subjects (illegal corruption transactions with the land, raiding, lack of full open cadastre registration system). It has to be admitted that there is a universal rejection of land reform by Ukrainians, for example, only 7% of people state positive about land policy, more than 24% - do not know anything about this policy, 61% of respondents believe that the introduction of a free land market should be put to a national referendum; 34% identify the sale of land with speculation (Mischenko, 2012). Resistance of the public is a major obstacle to cancel the moratorium on the sale of agricultural land. Each year moratorium "steals" 90% of potential income from 7 mln. of land holders, and does not allow to implement the potential for the largest area of arable land market in Europe (Zrybnieva, Zavolichna, 2017).

Thus unsolved problems and fears that arose during the prolonged land reform in Ukraine directly and indirectly reduce the effectiveness of public relations. This causes an immediate need for innovative approaches to governance reform changes in the system of land relations in the conditions of multidirectional problems, environmental uncertainty and lack of feasibility of direct management.

Problems of theory, methodology and practice of the land relations transformation to the market condition are disclosed in scientific researches of: Fedorov, 2009; Ahner & Scheele, 2000; Martin, 2011; Ciaian, 2012; Pronina, 2014; Skydan, 2015; Khodakivska, 2016; Mesel-Veseliak, 2016; Tretiak, 2016; Zinchuk, M., 2017. Numerous studies of problems of land relations conversion not reduce their relevance, but rather exacerbate them because the land being a property of the Ukrainian people is used inefficiently. Therefore, special attention is needed dedicated to

studying the real situation and current trends, studying national and world experience regarding the optimization of the process of market self-regulation and government intervention in land relations based on reflexive management.

DISCUSSION AND RESULTS

Among a number of socio-economic reforms conducted in Ukraine most pressing and controversial is the land reform. It is recognized that land issues are the basis of domestic food security and its ability to respond to external challenges. Ukraine has about 1/4 of world reserves of black earth, and the rate of agricultural land per capita is the highest among European countries - 0.9 hectares. The state has a priceless national treasure, capable with effective management to ensure a decent standard of life of citizens, potential resources to restart and develop the economy. Specialists of World bank (2016) estimate the total economic impact from the launch of the "free market of agricultural land" already in 2020 ranging from 40 to 105 billion \$. In general, the agricultural sector of Ukraine today can be invested more than all of Europe combined.

However, due to inefficient management of the process of land relations conversion to market, today 58% of rural workers who live on the land, which is projected by scientists as being able to feed 300 million people, are on the brink of survival. It has to be noted that the land fund of Ukraine is distributed between land users and land owners, whose composition is dynamic and diverse. In particular, during the implementation of land reform in rural areas 27.5 million hectares of agricultural land were transferred into private ownership and more than 6.9 million people (or 97%) have issued public acts on the ownership of land. About 50% of the country's agricultural land is currently owned by farms, including 25% of the land area of 20-50 hectares; 13% - 100-500 hectares; 10% - up to 5 hectares. Less than 2% of companies make large landowners of agricultural land of more than 3 thousand hectares, but they own more than 45% of the total distributed between subjects of farmland business (see The State Service of Ukraine for Geodesy, Cartography and Cadastre).

This gives reason to believe that the destruction of the monopoly of state land ownership and distribution of agricultural land in the country did not provide the organization an effective agromanagement and forming a transparent land market, but rather practically deprived real manufacturers of underlying inputs and turned the land owners to recipients of income from renting their own property use.

This disappointing conclusion is confirmed by the results of comparative analysis of land reform in countries similar to Ukraine according to the criteria of land quality, with the past history of management in the planned economic system, time and purpose of beginning the transformation to the market (see table number 1).

Successful experience of our neighbours proved that the rejection of the idea of monopoly of state ownership of land during the land reform has meant that the state of the public entity only gradually become an equal participant of land market. There were changes in existing individual, group, public consciousness of mental schemes of land reforms, resulting in significant changes in emphasizes in the management of land relations.

Ukraine and its neighbours - new EU members started the process of land reform together. However, our neighbours had a land reform through restitution of land allocation on auction followed by staged liberalization access to foreign capital. All these economies have gradually introduced or fully opened land market, or the market of the derogation. For example, Romania after leaving the sociobloc had a process of transferring land from state ownership to private by both distribution and partial restitution. Restrictions on the acquisition of agricultural assets are insignificant: buyer must have professional experience or qualifications in agribusiness management. After joining the EU in 2007 a moratorium was introduced for a period of 7 years for the sale of land to non-residents. In 2014 its term expired and the market became open to foreign capital. Today already, in Romania, the average cost of 1 hectare of land (with fertility similar to Ukrainian) is more than 6000 euros.

Table no. 1. State of land reform in the new EU countries and Ukraine as of 01.01.2016

Indicators	Bulgaria	Poland	Romania	Hungary	Ukraine
Total area, thousand hectares	11100	31270	23840	9300	60350
Agricultural lands, %	60,4	48,6	32,1	59,0	71,3
Area plowing, %	29,7	34,9	36,9	47,3	53,9
Start of land reform, year	1990	1990	1990	1989	1991
Share of agriculture in GDP, %	5,2	3,2	5,4	4,3	12,0
Rural population, %	27,5	39,0	44,1	31,4	31,0
Land in private property, %	98	81	94	86	73,5
Law limitations in minimum property of agricultural land, hectares	does not exist	1	does not exist	does not exist	does not exist
Law limitations in maximum property of agricultural land, hectares	30	up to 300, in the case of legacy – 500	100	300	100
Possibility of sale of agricultural land to foreigners	limited	limited	allowed	not allowed	moratorium
Average price of selling 1 hectares of agricultural land (\$/hectares)	4650	10300	6150	moratorium	4500
Leased land, %	90,0	81,0	94,0	86,0	73,5
Rent adjustment	market	market	market	market	law
Average rent, \$/ hectares	187,5	314,6	120,0	125,0	37,0
Ration for rent value to the price of selling agricultural land, %	4,03	3,05	1,95	2,77	-

Source: Own elaboration according to the data provided by Eurostat, Ukrstat, EasyBusiness, VoxUkraine

EU citizens have access to purchase agricultural land in terms of its use as intended. So, after joining EU agricultural land sales in Bulgaria rose by 45%, in Romania - the annual average increased to 1.5%, in Poland about 0.9% of the land is sold at public auction, and a similar proportion is sold through private sale (Eurostat, 2016). As a result, in these countries the price of land (which is inferior compared to ours) is regulated by basic principles of the market and exceeds the Ukrainian figures in several times. Accordingly, much higher prices are for land lease too - \$ 37 USD in Ukraine, where the land market is frozen by moratorium against \$ 300 USD in countries with a free land market.

Unfortunately, in Ukraine the land reform allowed a number of corruption schemes of "wasting" the earth, and created an untransparent control mechanism forming a negative attitude of citizens to change and re-aggravating the issue of "land sale". Ukrainian peasants - land owners actually are in a state of hunger for information, since 84% of respondents assess their awareness about the land issue as "insufficient" (Nivievskiyi, et al, 2016). In the absence of relevant economic knowledge many of them are afraid of change and cannot make informed decisions about the future of land.

As the UN European Economic Commission declares, an effective system of land relations today must simultaneously be dynamic, cost affordable, open to every citizen, as well as meet the needs of all its users, in particular to ensure ownership of the land and its protection, development of land markets, protection of land resources and providing environmental monitoring, land management to promote public lands to reduce the number of land disputes, improving the development of infrastructure facilities in rural areas. Under such conditions use of new innovative land relations management in the conditions of multidirectional problems, environmental uncertainty and lack of feasibility of direct management becomes paramount. It should be methods capable of providing comprehensive, multilevel governance that cover all elements of the system of administration of land relations, coordinate management processes and government, external demands and internal motives of the participants in the economic process, create space for variability of management activities in accordance with the actual situation, while maintaining strategic areas of development, promoting self-development system. It is important to realize that

most of the social and economic processes begin to develop long before they appear tangible results. We need to learn to manage these processes since inception, which also needs to be identified, examined and guide tracked.

In the same period of transformation, the state must take a leading role in the development of land relations and management based on innovation. The results featuring "Westminster" (New Zealand and the United Kingdom) and "American" (USA) models of building a "new public management", which is currently considered the most effective model of public administration reform in the world, have identified ten universal principles on public policy of land reform in Ukraine has to be based in the future: 1) awareness of the urgent need for reform; 2) systematic and complexity of reform; 3) maintaining the balance during the reform; 4) effective bringing to the public of the content, significance and need for reform; 5) strategic orientation of reforms under focus on short-term results; 6) highly professional public management; 7) radical reformatting of many components of administrative management in a short time; 8) increasing the transparency of the results of administration; 9) having a strategy of interaction and relationship between the state and society; 10) control of reform changes in the management system. The last principle, in our view, is a core benchmark for effective management system of the administration of land relations in today's transforming economy, the essence of which is the need to manage change rather than to passively depend on the changes. Such innovative approach to resolving new challenges in management of land relations on the reflexive basis is the management that is based on multivariate analysis of the entire management process and its elements, layout management reality, predicting the results and consequences of decisions, choosing ways of solving problems meaning to achieve objectives, organization of informational communication and correction of management process flow.

Modern scholars have interpreted reflexive control as the transfer of basis for deciding from one entity to another; as the ability to manage the situation to see from the side, to understand its causes and predict consequences, manage the situation ahead of this other; a constant awareness of the subject of management and behaviour patterns and behaviours of related hierarchically subordinate objects (Lefevr, 2013; Lepa, 2010; Savytskaia, 2004). Based on these definitions, it can be argued that the use of reflective approach to management of land relations overcomes the uncertainty that is created by changes caused by the multiplicity of contexts of perception of management reality and their mutual influence. Context is an abstraction, slice of reality, in other words, the model useful for analysing reality. Contexts are formed over time, coexist, overlap, complement each other and interact with each other. Understanding context - their dynamics and influence – helps to predict the development, build models and strategies appropriate to surrounding conditions. And to achieve this understanding is enabled by reflection, by focusing on existing management contexts. Each administration focus builds its goals, manages the relevant processes, directs and develops facility management in their specific field. From our point of view implementing reforms in the administration of land relations should focus on the following three contexts:

- 1) antroposocial;
- 2) organizational;
- 3) functional.

Antroposocial context focuses management actions on human capital of the system of land relations. Organizational context of configuration system management requires the definition optimal parameters of the structure of the administration of land relations of different hierarchical levels. According to the functional context radical redevelopment processes, technologies and operations due to internal and external business communications and land management relations should be made. It is emphasized that the destruction of existing processes and launch of new ones, not tested enough, cannot occur simultaneously because this will lead to the physical destruction of established processes, violation of prevailing social contacts and blocking communication channels. An alternative way to change, as opposed to the destruction, has to be recombination - that is, new combinations and new relationships of individual components of the system, leading to a qualitative

change its appearance. That is the idea of reform that should be revolutionary and its implementation - evolutionary. Evolutionary recombination in the process of reflexive control will release the potential energy of the system necessary for the large-scale land reforms. Potential energy is able to be transformed into kinetic and cause further agrarian reforms that will result in obtaining a synergistic environmental and socio-economic impact. Thus, in social aspect farmer will have guaranteed land ownership rights, improved working and living conditions. In the environmental field there will be created guarantees of technogenic and ecological safety of human life, the preservation and enrichment of the environment. From an economic point of view investment attractiveness of the agricultural land should be increased, but with a more rational use of natural resources land efficiency will increase too.

From our point view, the organizational aspect of reforming the system of administration of land relations should provide a gradual transition from hierarchical management structure to the network (cross-process organization administering land relations) with the principles of the matrix functionality businesses with permanent project teams, which have the advantage of: providing flexibility and speed of response to changes in the environment by creating a network that permeates the entire structure; activation of creative potential managers of active practice as a result of mutual delegation of administrative functions; enhance the ultimate responsibility of each leader. We believe that the appropriate measures are able to promote partnership in the system of administration of land relations. In turn, reduce of administrative vertical pressure and horizontal influences increase will lead to faster information processes exchange, enhance strength, can fulfil the new conditions of management influence. At the same time should be provided with information and organizational coherence of various parts of the management tree in the processes of vertical (central government – region – district – self-governing territorial units) and horizontal (ministry – ministry, region – region, district - district) transfer of management influence.

We believe that in terms of functional context for the administration of land relations acquire certain utility business technology, particularly developed in the Orlikowski & Hoffman management school, approach of radical remodelling processes in the field of the subject using the latest technology management, such as: time management; quality management; Kaizen philosophy; operating just-in-time; support of corporate culture; creation of functional working groups; control priorities; measurement processes; development of communications and so on. Despite its nature of a business, mentioned methods and control methods are capable to significantly improve administrative processes in government management of land relations. At the same time, innovations often cause rejection (active or tacit resistance neglect) due to the inertia of mental structures of individual and collective consciousness and characteristic of all people that fear the something new and unknown. Among the main reasons for resistance to change existing we highlight the following: homeostasis system; inertia; custom power; lack of historical background change; lack of resources; presumed benefits of the status quo subjects of land relations; egocentrism; myopia; cynicism; conflict between mediocrity and genius of the individual group members are not able to understand the feasibility of change; social conformity and ideological contradictions. Since land relations gradually become market-based, the problem of overcoming resistance to change can be solved by using the theories of change management in business (Coch & French, 1969; Albanese, 1973; Waddell & Sohal, 1998; Fullan, 1999; Fernandez & Rainey, 2006). Particularly distinguished: empirical-rational strategy which content is based on the hypothesis that people are only effective after confirmation the need and changes benefit; regulatory behaviour strategy - which suggest that motivation and behaviour based not only on logic, but also attitudes, values, interpersonal relationships, commitment and skills, so there is a need for detailed analysis of the corresponding subjective factors; power-coercive strategies - which are based on political or economic sanctions (positive and negative) and coercion.

The approach used in each case depends on factors such as the strength of the resistance value of the target audience, success rate, availability of resources (human, time, financial, information) and others. It should also be borne in mind that the strategy must be adaptive, as vital is the system's ability to respond quickly to new situations and requirements management time and

space that inevitably arise.

The stated facts have become the theoretical basis for the development of universal copyright control algorithm changes in the system of administration of land relations, whose role is to provide opportunities expeditiously managed land conversion, effectively overcoming resistance to change. The scheme of the algorithm shown in Figure number 1.

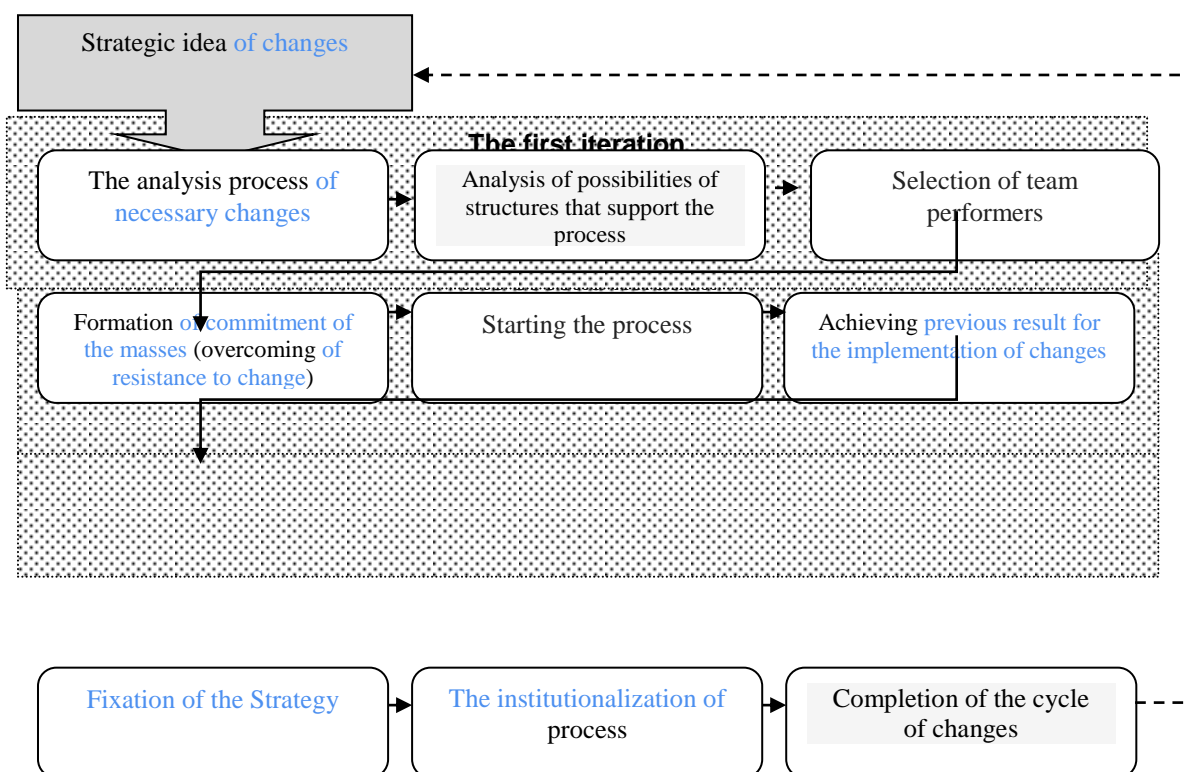


Figure no. 1. Management algorithm of changes in administration system of the land relations

Source: Own elaboration

Our studies allow to conclude that the most effective world governance practices in the land sector is based on maintaining optimal parameters of the administration system, which we consider:

- 1) creating of an advanced, but compact and mobile management structure;
- 2) transfer to market principles of traditional as opposed to bureaucratic and control mechanisms while preserving "institutional memory";
- 3) ensuring optimal balance of centralization and decentralization in the structure of land relations management through a combination of different forms of government: state, municipal, farm and public;
- 4) smooth connections between bodies administration of land relations;
- 5) development of transparency (openness) control - expanding public participation in the process of setting goals and programs of the land sphere.

Compliance with these system parameters based on land features as a unique socio-ecological and economic object due to its multi-function values (spatial basis, means of production, natural component of the complex, the property object).

CONCLUSIONS

Thus, we consider that the proposed algorithm is reflexive to control system administration of land relations and will allow to solve urgent problems of land and agrarian reform in Ukraine under different vectors objectives of public policy and uncertain environment and will promote the synthesis of the interests of real capital, the state and the general population in land relations. The modified control system is able to:

- 1) provide a change of emphasis administration target orientation of land relations in plane playback intellectual, industrial and agricultural value;
- 2) help to overcome the negative effects stereotypes of historical transformation of agrarian economy;
- 3) initiate institutional changes in the motivation of stakeholders in land reform areas of negotiation scenarios of land reforms and their implementation constructing algorithms.

Redefining of administrative activities in the land relations on the basis of reflexive control will contribute the balance of interests: the desire to counterbalance holdings and small farms to maximize profits, the rural population - to a more equitable distribution of land resources of the state - to social and political stability in land relations.

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