

## ABOUT SOCIO-HISTORICAL ASPECTS OF INNOVATIVE RESEARCH OF FACTORS FOR DIVERSIFICATION

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### ABSTRACT

*As in the other spheres of economy, integration to the world economic systems conditions the production of competitive goods in agrarian sector and makes necessary adopting the production process with market requirements. Due to the changes in market requirements, entities which produces the same or similar competitive goods for a long time starts to change their production structure. It makes necessary the substantiate of diversification process in various production parts, such as identification of appropriate production parts taking into account climate conditions and potential of recourses and building more economically productive structure.*

**Keywords:** market, structure, diversification, efficiency, potential of recourse, demand, supply, conjuncture

### INTRODUCTION

The integration to the world economy and transformational changes in economic relations makes necessary adopting the production process with market requirement by producing competitive goods in agrarian sector. In turn this cause with abandon from traditional manufacturing, in order to take permanent and reliable place in the competitive struggle with manufacturers. Thereby, due to the change in market demand, manufactures that were busy with producing the same or similar products for a long time change their production structure.

That's why the substantiate of diversification process in various production parts, such as identification of appropriate production parts taking into account climate conditions and potential of recourses and building more economically productive structure considered to be one of the most important tasks [Gort, M. 1962].

Today the main trend of the diversification in agriculture considered to be the market conjuncture and the priorities of the diversification of agricultural products being identified depending on the changes in market conjuncture [Dobryanskaya, N.A. 2013]. These contain objective characteristics of the relationship between business entities and markets at the different stage of the diversification process of development of agriculture.

### GOALS AND OBJECTIVES OF RESEARCH

Changes happening in economy in different directions requires structural changes in accordance with market requirements. This direction which is specific for all fields of economy is especially necessary in the global economic transformational conditions. Because in such condition in order to protect internal market, measures should be applied for developing more competitive fields regarding to open market principles as well as the protection of agrarian sector which have complicated specification should be ensured [Aliyev, I.H. 2006].

In terms of mentioned here, the structural changes in agrarian production should directly ensure the long-term economic interests of the state from the point of view of the requirements of society. For this purpose it's important to pay attention for solve of below issues:

- i. the measures intended to be implemented in agrarian sphere should be more sustainable for decreasing negative impact of imported goods which are more competitive;
- ii. due to the direct impact of import-export operations to the development of agrarian sector and also the opportunity for keeping other countries depending on the goods exported by the countries which achieved innovative economic progress, structural changes should be provided in conjunction with agrarian sector and other spheres of the economy [Khotyasheva, O.M. 2006].
- iii. the economic essence of structural changes directed to the grows of agrarian sector also requires the identification of potential external markets in terms of competitive opportunities. From this point of view formation of strategic structural policy is extremely important.

All mentioned above shows the importance of structural changes in agrarian production, identification of economically efficient production sectors in this process and developing these sectors in order to ensure economic interests. Due to the regular changes in demands to agrarian goods regarding to quantity and quality of them, structural changes in this sphere sometimes seems to be normal [Pozdnyakov, V.Y., Kazakov, S.V. 2010]. The regulation of production volume of agricultural products depends on the market demand and also demand of the country. Producers are ready to take any measures for possible structural changes as it's certain that the main basis of the economic interest of producers is producing goods which are more profitable and in great demand. For this, i.e. for creating new production fields, followings should be taken into consideration as a priority:

- i. funding opportunities of creating new production fields with existing and possible income of financial recourses;
- ii. compliance of existing recourses for creating and developing new production fields with features and specifications of that production sector;
- iii. competition opportunities regarding to the volume of goods to be produced. It means that, in markets environment where there a number of producers, in order to enter into a new market, goods producer should keep necessary production amount in necessary times. Otherwise, they can lose their position in a short time [Aaker, D. 2007];
- iv. market demand and amount of goods offered by other producers and e.t.c.

From the point of view of qualitative goods required by markets, structural changes in production of agricultural goods are closely related with the amount of goods to be offered. So that it's very important to identify market requirements for goods and also the amount of requirement in advance. All mentioned are the main factor which verifies that structural changes are based on the diversification.

## **SOLVING METHODS OF PROBLEM AND TESTING**

The direction of diversification process is formed under the influence of complex factors and diversity of these factors plays important role for increasing the profit of producers.

Therefore, in time scientific valuation of negative and positive aspects of economic changes before and after the diversification process and economic and scientific justification of measures which should be held are the important issues for producers [Kunch, R. 1994].

Regarding to the formation of economic relations of market, producers which were specialized with the same production fields and which were dealing with new production fields themselves, leaves problems with diversification in most cases. The solution of indicated problems is closely related with preparation of scientifically based diversification strategy for effective risk management [Aaker, D. 2007].

The scientific basis of diversification strategy are the justification of its economic indicators, justification of its relation with logistic systems, harmonization of relations between fields being diversified and the economic valuation of diversification activities. It means that, before the changes in production structure, required information about possible outcomes of diversification process should be prepared and factors which can affect economic efficiency during production activity should be identified and taking into consideration of the positive aspects of these factors and the implementation of measures for minimization of negative aspects are the main issues [Khotyasheva, O.M. 2006].

## **CONCLUSION**

The study of the possible changes in the structure of agrarian production and factors for diversification shows that, there are number of matters which should be analyzed and taken into consideration:

1. the structure of labor recourses should be analyzed, the skills of employed peoples should be identified and factors which influence the employment should be evaluated;
2. current situation of provision with water recourses should be investigated, level of use of this recourses should be identified;
3. level of provision with financial recourses including profit of entities, amount of dotation and subsidies, amount of loans should be comparatively analyzed;
4. production direction of processing entities, processing capacity and the level of use of processing capacity should be investigated;
5. the ratio, dependency, difference between cost and price and the factors influencing them should be evaluated;
6. requirement of the markets of agricultural goods should be identified, trend of change of demand depending on the consumption norm and population also the level dependency between supply and demand should be identified.

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