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UKRAINE: CASE STUDY ON CLUSTER DEVELOPMENT

Presented are three Monographs that relate a recurring Ukraine national ethos, and certain body politic "nerves", that pattern attitudes and motivate responses toward entrepreneurial activity. As such these predisposition prevail in public and private sector institutions and restrict the degrees of *freedom* for alternative economic policy. The assimilation of those attitudes, and the ensuing behaviors that they arouse, suppresses a readiness for concinnity in actions directed to government reforms; as well as, for cooperative endeavors within the business sector. An uneasiness that besets all sectors of society during an alarming period of socio-economic instability stems from several origins.

- ⌚ Unfamiliarity with "contemporary capitalism" ideology and private enterprise models.
- ⌚ Uncertainty, and premonitions, from the displacement of socialist humanistic values.
- ⌚ Lack of leadership for the un-traveled road to an entrepreneurial society.
- ⌚ Doubts about the pace for eventual economic recovery.
- ⌚ Confusions about a national identity.
- ⌚ An ominous reversion to *self*-reliance [from state reliance] for social welfare.
- ⌚ Doubts about achieving an economically self-sufficient national state.

These [often-subliminal] misgivings are the more so desiccating to the spirit in the pall cast by the Nation's global isolation. Much of the nation continues to experience the "quarantine" from former times. Securing entry visas for the nation is tedious and enforcement at cross-border stations is frequently *unfriendly* and often subjects one to intimidation. Obversely, State restrictions on foreign travel persist. These barriers are further re-enforced by restriction imposed by western nations on the issuance of visas to Ukraine nationals.

Yet curiosity about the west remains intense. USAID programs that fund foreign exchange, or provide opportunity for foreign study, are deluged with applications. Internet access sites are fully booked with individual using e-mail to maintain global contacts. However Internet access remains yet an isolated experience for those in private and public sector

institutions. In contrast, there is ample public coverage of foreign thriller-films with dubbed Ukraine language. The repetitious appearance of such video presentations has done much to distort the perceptions of the populace on the demerits of western values and particularly the U.S. *brand* of capitalism and free enterprise. While perhaps an overstatement, there wafts across the nation a “dementia” on the bane of *free enterprise*.

Of concern is not the extent of the conditions that limit the nation’s perspective on revival/recovery options, nor to assign relative gravity to the afflicting conditions that vex the spirit, and bewilder reason, in the populace’s aspiration for *progress*. Rather, it is to affirm the universal experience that social in breeding, and sociopath behavior, stymie creative delving and inevitably rouse delusion and emote bleakness. One attempt to introduce a *foreign* economic development concept into the present stressful business environment is examined. It stems from attempts to fuse a *cluster* pattern of entrepreneur behavior in an unorganized industry sector setting. From the glimpse emerges insight on the conditions within the SME sector that effect attempt to stimulate formation and competitiveness of regional enterprises.

Industry cluster policies are a current global priority in economic development planning |Cluster patterns/practices and policies for their propagation are receiving intensive scrutiny throughout the industrial, and industrializing, global economies. That interest is spurred by an increasing awareness from both public and private sector institutions of the benefits inherent in participation in cluster patterns of socio-economic development.

The evolution of the “cluster pattern” has a progressive economic history. Its manifestation is a *natural* [organic] emergence of product specialization and market supremacy by producers within a regional economy. With increasing awareness of *types* within cluster patterns, as well as the economic benefits that the cluster pattern of development affords [and documented investigation of the cluster phenomenon] attempts at replicating [“cloning”] the natural process has proceeded. The early attempts at duplication took the form of interrelating already existing concentrations of producers in a regional location. Often such replication was associated with commencement of “regional economic re-development partnerships”. [Examples of such “partnership” undertakings

are evident in the urban renewal programs of Europe and the United States where regions of industrial plight underwent systematic socio-economic rehabilitation.] Later, the cluster pattern's promise as an economic stimulant came to be manifest in ambitious undertakings to create cluster entities *de novo* using as a nucleus some singular institution or natural resource for a core.

It is not intended to present a description or critique of the cluster phenomenon. Extensive investigations of the economic attributes of the cluster phenomenon have been documented elsewhere in this work. Moreover, an extensive literature exists on the subject. Rather only sufficient "landscape" is offered to provide a contextual basis for relating the initial attempts to introduce the cluster concept in the Ukraine economy and its embryonic emergence in the light industry sector of the Podillya region in western Ukraine.

Cluster pattern development remains a novel conception for seeding entrepreneurial initiative in Ukraine's economy. The prospect for clustering as a means for stimulating SME entrepreneurial activity within Ukraine can be observed in the progress of other global, emerging, economies similarly engaged in SME development activity. Yet, while obscure, the cluster pattern of development exists dimly [unobserved] in the business sector and can be detected in the operations of the *rinok* and bazaars as well as in the primitive "underpass sales" peddling [so commonplace in the nation]. Inherent in these commercial entities is beneficial practices of immense value to the Nation's economic resurgence, but now intuited only by their participants and imperceptible to [ignored by] industrial sector enterprises. This potency must be made more apparent; the dynamics documented; and, the applications of the principles more universally implemented in Ukraine.
