

Ministry of Education and Science of Ukraine  
Poltava State Agrarian Academy

**MANAGEMENT OF THE 21ST CENTURY:  
GLOBALIZATION CHALLENGES. ISSUE 3**

Collective monograph

In edition I. Markina, Doctor of Economic Sciences, Professor



Nemoros s.r.o.  
Prague, 2020

### **Editorial Board:**

**Roman Rossi**, Hon. Dr., President of the Eastern European Center of the Fundamental Researchers (EERCFR), Prague, Czech Republic;

**Valentyna Aranchii**, Ph.D. in Economics, professor, rector of Poltava State Agrarian Academy, Poltava, Ukraine;

**Yuri Safonov**, Doctor of Sciences (Economics), Professor, National Economic University named after Vadym Hetman, Kyiv, Ukraine;

**Viktoriia Riashchenko**, Dr.oec., prof., ISMA University, Department of Management, Riga, Latvia;

**Oksana Zhylinska**, Doctor of Sciences (Economics), professor, Vice-rector of scientific work, Taras Shevchenko National University of Kyiv, Kyiv, Ukraine.

**Dmytro Diachkov**, Ph.D. in Economics, associate professor, Poltava State Agrarian Academy, Poltava, Ukraine;

**Diana Kucherenko**, Ph.D. in Economics, associate professor, member of Academic Council of the Eastern European Center of the Fundamental Researchers, Science and Research Institute of Social and Economic Development.

### **Chief Editor:**

**Iryna Markina**, Doctor of Sciences (Economics), Professor, Honored Worker of Science and Technology of Ukraine, Poltava State Agrarian Academy, Poltava, Ukraine.

### **Reviewers:**

**Casaba Lentner**, Prof. Dr., Full Professor, Head of the Public Finance Research Institute, Head of the Scientific Council of the Eastern European Center of the Fundamental Researchers (EECFR), Hungary;

**Aivar Stankevich**, Dr, oec., Daugavpils University, Institute of Humanities and Social Sciences, Daugavpils, Latvia;

**Tetiana Lepyko**, Head of the subcommittee on specialty 073 «Management» scientific and methodological commission of the Ministry of Education and Science of Ukraine, Doctor of Sciences (Economics), Professor, Head of the Department of Management and Business, Simon Kuznets Kharkiv National University of Economics, Ukraine.

*Recommended for publication by Academic Council of  
Poltava State Agrarian Academy  
(Protocol No.24 dated 01 July 2020)*

*Recommended for publication by Academic Council of  
the Institute of education content modernization of  
the Ministry of Education and Science of Ukraine  
(Protocol No. 6 dated 04 June 2020)*

*Recommended for publication by Scientific Institution of  
the Information Systems Management University  
(Protocol No. 3-20 dated 25 June 2020)*

The monograph is prepared in the framework of research topics: «Macroeconomic Planning and Management of the Higher Education System of Ukraine: Philosophy and Methodology» (state registration number 0117U002531, Institute of education content modernization of the Ministry of Education and Science of Ukraine, Ukraine), «Management of the socio-economic system in the context of national and global challenges» (state registration number 0117U003102, Poltava State Agrarian Academy, Ukraine), «Development and evaluation of organizational and economical aspects of Latvia's innovative potentials at the micro and macro levels» (Protocol 3-20 of 25 June, 2020, Information Systems Management University, Latvia).

Any partial or entire reproduction, of this document should cite the source. Materials are printed in original languages. The authors are responsible for the statement, the content and reliability of the materials.

© Copyright by  
Eastern European Center of the  
Fundamental Researchers,  
Nemoros s.r.o.,  
Rubna 716/24, 110 00, Prague 1

ISBN 978-611-01-1948-1

Nemoros s.r.o.,  
Rubna 716/24, 110 00, Prague 1  
Czech Republic, 2020

## PREFACE

Globalization, as the establishment of the world integrity, is manifested, above all, in the formation of a single socio-economic, political, cultural and informational space.

The growing intensification of the interdependence of peoples and states is extended to all spheres of public life. Globalization and regionalization have become the determinative processes of the world development, the main vectors of the present. As new trends in modern post-industrial development, they lead to the emergence of new requirements for management in the 21st century, which is increasingly influenced by processes of globalization and integration, involving the consideration of regional peculiarities in the process of effective implementation of global management. However, the peculiar to the beginning of the third millennium dependence of the dynamics of society development on the quality of management activities determines the need for a solid rethinking and critical analysis of the fundamental concepts and categories of management sphere.

Traditional management, as a mechanism in its various models, forms, systems, has exhausted itself, since it does not contribute to solving the globalization problems of the development of civilization, which caused the objective need for formulation of the recent paradigm of management of the 21st century – management, the essence of which is to resist the processes of self-destruction; to create conditions for the harmonization of open self-regulatory systems: of a person, an organization, a society; to create conditions for the realization of creative potential of each person; to form and implement the management mechanism at all levels for any open socio-economic system.

These and other problems determined the need for further research in the field of modern management, which led to the integration of the results in the third issue of the joint monograph «Management of the 21st century: globalization challenges. Issue 3».

The joint monograph presents the trends in the theory of management that are developed on the basis of the analysis of scientific-theoretical and methodological works of scientists and practitioners and create opportunities for the practical use of the accumulated experience, determine the content of management, and awareness of them is supposed to become the basis for the choice of focuses for further research aimed at improving the theory of management. In the joint monograph, much attention is paid to the practical tasks connected with the formation of organizational and economic mechanism of corporate management in the context of globalization, the development of methods, principles, models of management, taking into account modern scientific approaches and consolidated informatization of business processes of modern enterprises.

The monograph presents the results of the research and scientific attitude of authors from different countries to innovative aspects of management: management

of organization as a socio-economic system, innovation, investment and information management in the system of a modern enterprise, personnel management in a modern organization, branch and regional aspects of modern management, public administration, agrarian management, tourism business management, international business management, risk management, management of security and competitiveness of the enterprise, marketing management, modern approaches to management of higher education.

The authors covered a wide range of problems – from the formation of conceptual foundations of the management of the potential for development of the state to the applied aspects of management of its individual subsystems.

The monograph consists of four parts, each of which is quite independent in terms of problem area. The structure of the monograph, presented by four parts: development of modern paradigm of management: globalization and national aspects; management of modern socio-economic systems: a sectoral and regional approach; current national and global fundamentals of social and economic systems' development; the legal, sociocultural and educational aspects of society management, helps to focus on the conceptual problems of the formation and development of the socio-economic and socio-ecological component as well as problems of ensuring the process of practical application of the developed management models.

The advantage of the joint monograph is the systemacity and consistency of the structure, the simplicity and accessibility of the material presentation, the presence of examples and illustrations.

The results of the research works presented in the joint monograph have a scientific and practical importance.

We believe that the monograph will become one more step towards a scientific solution of the problems in the context of formation of the effective management system under complicated globalization conditions.

*With best regards,*

*Iryna Markina,*

*Honored Worker of Science and Technology of Ukraine,*

*Doctor of Economic Sciences, Professor,*

*Poltava State Agrarian Academy,*

*Ukraine*

## CONTENT

PREFACE.....	6
PART 1. THE DEVELOPMENT OF THE MODERN PARADIGM OF SECURITY MANAGEMENT AT THE NATIONAL AND GEOPOLITICAL LEVELS	
<b>Markina I.</b> Directions of enterprise restructuring in the context of globalization challenges .....	10
<b>Safonov Yu., Sheremet O.</b> Structured analysis of strategic process in the macroeconomic environment .....	16
<b>Malska M., Matichyn Yu.</b> The influence of investments on the efficiency of management of recreational and tourist enterprises in Ukraine .....	23
<b>Marmul L., Levaeva L.</b> Conceptual principles of strategic management of competitive activity of agricultural branches and enterprises. ....	30
<b>Deyneka T., Shkurupii O., Tul S.</b> The role of institutions in the system of management of the global economic processes .....	38
<b>Somkina T., Huzhavina I., Zhurska O.</b> Problems of institutionalization and transnationalization of the modern enterprises' institutional environment. . . .	44
<b>Kucherenko D.</b> Innovative directions of the development of circular economy .....	51
<b>Potapiuk I.</b> Threats to the economic security of the companies in the Ukrainian agri-food sector. ....	60
<b>Varaksina E., Iskovich A.</b> Research of the problems of innovative activity of national economy enterprises .....	66
<b>Atash Bar Fardin</b> Features of digital development of socio-economic systems .....	72
PART 2. CHALLENGES AND THREATS TO ECONOMIC SECURITY UNDER THE TRANSFORMATION OF NATIONAL AND TRANSNATIONAL RELATIONS	
<b>Koryuhina C., Riashchenko V.</b> Development of measures to increase service quality management efficiency at a hospitality related enterprise .....	79
<b>Zos-Kior M., Paschenko P.</b> Development of budgetary organizations in the sphere of management energy technology .....	96
<b>Samoilyk Iu., Borovyk T., Danylenko V.</b> The agri-food market conjuncture under the economic globalization conditional: economic, marketing, environmental components .....	101
<b>Sova O.</b> Organization of agribusiness insurance coverage .....	108
<b>Voronina V., Ishcheikin T., Lopushynska O.</b> Management of wastes: problems	

of processing and utilization . . . . .	120
<b>Pomaz O., Pomaz Ju., Shulzchenko I.</b> Usage of alternative sources of energy and saving of energy resources in Ukraine: experience and prospects. . . . .	127
<b>Varaksina E.</b> State and main problems of agricultural sector development as integral production system of the national economy . . . . .	132
<b>Zamykula O.</b> Conceptual approaches to energy efficiency management of agricultural enterprises . . . . .	138
<b>Mykhatilo V.</b> Analysis and development prospects of the milk processing industry in Ukraine . . . . .	145
<b>Mazilenko S.</b> Food security as one of the determinative factors of national security . . . . .	152

### PART 3. THE MECHANISMS OF ENSURING ECOLOGICAL, FOOD, TECHNOLOGICAL AND ENERGY SECURITY IN THE DYNAMIC ENVIRONMENT

<b>Aranchii V.</b> Essence and classification of financial resources of an enterprise and the basics of their management . . . . .	157
<b>Ihnatenko M., Kucherenko S.</b> Use of branding, brand trade, innovative advertising and consumer orientation in provided competitive and supply and powerful . . . . .	162
<b>Rodchenko V., Prus Yu., Khripunova D.</b> Spatial factor in the formation of enterprises business models. . . . .	168
<b>Ovcharuk O.</b> Organizational and staffing support of anti-crisis management of an agricultural enterprise. . . . .	174
<b>Spivak Ye., Spivak S., Sevryukov V.</b> Theoretical fundamentals of formation of organizational and economic mechanism of land resources management . . .	180
<b>Yakovenko O.</b> SWOT-analysis application features in modeling the institution development strategy . . . . .	186
<b>Halych O., Fenenko O.</b> Methods of information and consultative support of activities of agri-food sphere . . . . .	192
<b>Fedirets O., Voronko-Nevidnycha T., Korduban M.</b> Formation of the optimal production strategy of an agricultural enterprise . . . . .	200
<b>Diukariiev D.</b> Outsourcing application forms. . . . .	207
<b>Stetsenko M.</b> Environmental auditing of the enterprise as the environment management system tool. . . . .	212

### PART 4. INNOVATION ASPECTS OF FORMING SOCIAL, EDUCATIONAL AND INFORMATION SECURITY

<b>Ilin V., Ilina O., Solod O.</b> Environmental component of corporate social responsibility of the enterprise . . . . .	219
---	-----

<b>Somych M.</b> Peculiarities of the legal support of state management in the field of market-oriented economy .....	225
<b>Opaliuk T.</b> Formation of social worker readiness for interaction, social partnership in the system of his professional training .....	232
<b>Dorofyeyev O., Martynenko M., Roi O.</b> Modern features of enterprise personnel motivation.....	240
<b>Diachkov D.</b> Strategic aspects of time management.....	245
<b>Spitsyna A.</b> The impact of economic culture on the development of modern business .....	252
<b>Sazonova T., Rudenko O.</b> Social responsibility as a necessity of our time .....	265
<b>Burdelna H., Obozna A.</b> Priority direct and relevant to the efficiency of the process personnel management at enterprises .....	270
<b>Tkachenko V.</b> Personnel management as a method of combating personnel risks of the enterprise .....	277
<b>Kalashnyk O., Moroz S., Vovk M.</b> Business processes re-engineering in agri-food sphere as a factor of ensuring food safety and quality .....	282



**«The only way to do great work is  
to love what you do. If you haven't  
found it yet, keep looking.  
Don't settle.»**

*Steve Jobs*

# **PART 1. DEVELOPMENT OF MODERN PARADIGM OF MANAGEMENT: GLOBALIZATION AND NATIONAL ASPECTS**

## **DIRECTIONS OF ENTERPRISE RESTRUCTURING IN THE CONTEXT OF GLOBALIZATION CHALLENGES**

*Iryna Markina,*

*Doctor of Sciences (Economics), Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

The modern transformation of enterprises into economic entities of the new system of market relations affects all aspects of transformation processes and is a key factor in achieving both microeconomic and macroeconomic goals of market reforms. Restructuring is the most important factor in the development of local and global transition of the national economy. In modern conditions, it involves not only market but also civilizational transformation, the result of which is the formation of a “new” enterprise, adapted to the realities of the information society. Macroeconomic, sectoral and regional reforms directly depend on the results of the primary link of restructuring. Internationalization and globalization of enterprise activities, the possibility of which is provided by their comprehensive restructuring, are considered as a factor in the integration of the national economy into the world economic system. Their restructuring affects the social sphere of society at both local and national levels, forms the structure of employment, quality of life, social stability and economic security.

It should be noted that the content of the notion “restructuring” has changed over time. If in the early stages a simplified approach prevailed where restructuring was seen as a way to adapt to market demands [10] or as a partial manifestation of resource mobilization processes within reorganization measures, then later much more complete, generalized approaches [1] appeared, according to which restructuring means the comprehensive change of methods and conditions of operation of enterprises in accordance with market conditions and enterprise development strategy [6]. The existence of different approaches can be explained by the fact that for economics the restructuring process is a relatively new object under study.

Considering the classical and modern approaches [1, 5, 6, 7, 8, 10] it is obvious that the main features of restructuring are:

– making changes in the structure of the economy management of an enterprise;

- focus on improving the efficiency of an enterprise;
- restructuring is an appropriate response to changes in the external environment of an enterprise;
- system nature of implementing the process, which consists in making changes in all aspects of an enterprise.

In a general sense, restructuring is changes in the internal organization of an enterprise that occur due to the changes in the external environment, aimed at improving the efficiency of operation.

However, often the essence of restructuring is reduced only to the changes in organizational and production structure or to the delay of payments on debts, the changes in terms of credit. At the same time, the effective operation of an enterprise largely depends on how all its elements are adapted to the external environment. In this regard, restructuring is a set of interrelated changes that cover all or most elements of the internal organization of an enterprise. The components of a comprehensive restructuring of an enterprise are organizational and legal, technological, property, financial restructuring, as well as restructuring of personnel and management (Fig. 1).

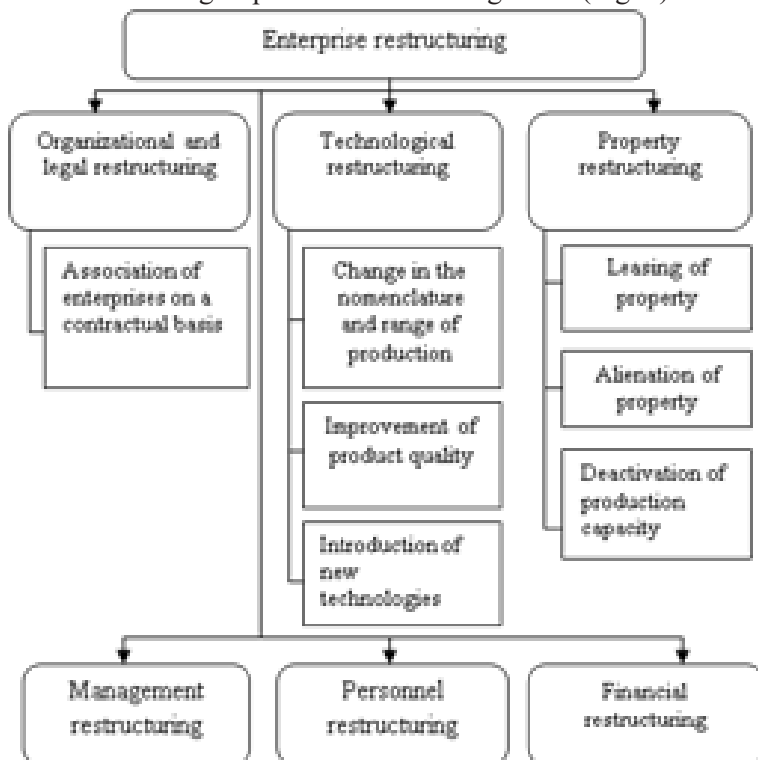


Fig.1. The components of complex enterprise restructuring

Organizational and legal restructuring is a change in the production structure and legal status of enterprises. Practically, this direction of restructuring is realized by the organization of self-supporting divisions, the creation of affiliates and subsidiaries on the basis of structural divisions, the allocation of structural divisions and units from the structure of an enterprise. This is equally acceptable for productive facilities, as well as for social infrastructure facilities and subsidiary farming [4].

Technological restructuring is a change in technology of production, works and services. The need for such restructuring arises when the demand for products produced by an enterprise decreases, resulting in difficulties with their sales. This situation is typical for enterprises in which there is a mismatch between the nomenclature and range of products and the solvency of demand, loss of competitiveness; as a result, products cannot be sold not only on foreign but also domestic markets.

In modern economic conditions, technological restructuring can be carried out in the following directions:

- change in the nomenclature and range of products;
- improvement of product quality;
- introduction of new technologies;
- replacement of fixed assets [3, 4].

Technical and technological restructuring deals with the modernization or replacement of obsolete fixed assets, the introduction of new technological processes, the investment of measures aimed at better use of production capacity and other resources of an enterprise. Closure (liquidation) of divisions and even enterprises can be considered as a component of this type of restructuring. A broader definition of technical and technological restructuring may involve regional relocation of production capacity to take certain strategic advantages, which are manifested in lower wages, higher qualifications of personnel, a prospective market, better infrastructure and other factors that can be used when changing the location of business. This type of restructuring does not significantly increase the efficiency of economy management, unless it is accompanied by additional changes in the organization, management, development of marketing and product policies, as well as without the implementation of policies to stimulate competitiveness of production [4, 5].

Property restructuring is a change in the volume and composition of the company's assets. The need for such a direction of restructuring is primarily accounted for by a mismatch of the demand for products manufactured by an enterprise. The transition to the market economy revealed a lack of real demand for certain products or excess of supply over demand. In addition, the crisis in the economy has led to the decrease in demand for almost all products. These factors have determined the availability of excess production

capacity and, consequently, property.

Property restructuring can be carried out by leasing surplus property, by alienating it, as well as by deactivating the production capacity of an enterprise. The choice of the way of property transformations depends on the peculiarities of the internal organization of an enterprise, as well as on the specifics of the external environment.

Management restructuring is a change in the organizational structure of management. In practice, this direction is implemented by eliminating or creating new services, departments, offices, as well as by changing their subordination.

Currently, the creation of marketing services, logistics departments and public relations divisions are the most active for domestic enterprises. This is accounted for by the fact that in the administrative-command economy, enterprises operated in accordance with the concept of sales, according to which the sale of products is subject to production: what is produced – that is sold. The transition to the market economy and the resulting change in the external environment necessitate the operation of enterprises following the customer-oriented concept, according to which production is subordinated to the needs of consumers. This requires of economic entities to study consumer demand and conduct a relevant marketing research.

The need to sell products according to market laws requires the creation of a developed network of trade enterprises, agents, brokers, dealers and more.

The main aspects of management restructuring are:

- reorganization of an enterprise on the basis of its decentralization, creation of centers of responsibility (business units);
- introduction of new management methods;
- organization of new (including international) sales and marketing offices;
- optimization of the number of employees;
- personnel training and retraining;
- development and implementation of schemes to increase performance motivation [2, 4, 5].

Personnel restructuring is a change in the number, team and qualifications of workers, the acquisition of new competencies by them. This direction is implemented through the preservation, reduction or creation of new jobs, or through advanced training of personnel. The need for personnel restructuring is explained by the fact that when re-profiling production, phasing out of certain types of products, there is a need to lay off a large number of employees.

Financial restructuring is a change in capital structure. It includes capital reorganization and subsequent recapitalization. Capital reorganization is

aimed at changing the structure of debts and is carried out by selling doubtful bad debts, enforcing property rights of creditors by exchanging debts for debtor's shares and government securities, through gradually repaying part of the debt or deferring non-payment. Under the agreement of an enterprise and to the best of ability of local budgets, financial restructuring may also involve the gradual transfer or sale of social infrastructure objects to local authorities. Recapitalization is carried out after the reorganization of capital and aims to provide an enterprise with new capital, either by obtaining new loans or by increasing equity. A special role in financial restructuring belongs to the creditors of an enterprise (banks, financial companies, suppliers of raw materials and complimentary articles) [4].

Considering these directions of restructuring, in our opinion, compulsory and optional restructuring should be distinguished. Compulsory (enforced) restructuring is carried out by the decision of the owner of an enterprise providing that the level of its performance does not suit the owner. Optional restructuring is carried out at the request of the management of an enterprise in order to increase the efficiency of economy management with the consent of the owner of an enterprise. In modern conditions, compulsory restructuring should be carried out at those state-owned enterprises that have an unsatisfactory balance sheet structure and are insolvent for more than 6 consecutive months. Restructuring of such enterprises should be aimed at restoring their solvency, improving the efficiency of economy management and gradual overcoming a crisis. Restructuring is carried out according to the program developed by the management of an enterprise. Thus, it confirms the ability, readiness and ability to adapt an enterprise to the changed external environment.

In general, restructuring involves performing the main tasks of an enterprise:

- evaluation of a market situation and opportunities and threats of an enterprise;
- comprehensive business diagnostics of an enterprise;
- determination of the goal of an enterprise;
- determination of priority areas of the activity;
- identification of sources of technology, financial and economic resources, personnel, etc.
- determination of the expected effect, main risks and ways to minimize them [9].

Domestic enterprises, in contrast to the enterprises of developed countries, where restructuring is carried out regularly, face the task of transforming, and even, in fact, creating completely new management structures, systems and management methods.

That is why, regardless of the direction of restructuring of an enterprise,

it is necessary to correctly determine the principles to carry out this transformation. In this case, the main purpose of restructuring should be to find sources of enterprise development based on the development of its competitive potential, and broadly speaking, restructuring should:

- anticipate the complexity of transformations and changes rather than changes in only one functional area (marketing, finance, production);
- become a permanent management tool rather than the implementation of a one-time event;
- combine property transformations as an element of changes and be subject to modification and adjustment during implementation.

Therefore, at restructuring of an enterprise, it is necessary to meet the following requirements:

- preservation of the formed scientific, technological, production and personnel potential;
- congruence of interests of all parties (stakeholders, employees, managers, creditors, location, etc.);
- solving problems of debt repayment (primarily by means of the budget, state non-budgetary funds, the subjects of regional natural monopolies, your employees – on salaries and wages);
- increase in real revenues (primarily to the city budget) and to state non-budgetary funds;
- maximum possible preservation and creation of new jobs;
- protection of stakeholders' rights;
- respect for the rights of employees provided by the current legislation, collective contracts, agreements [2, 4, 5, 9, 10].

The critical analysis of scientific views and the practical use of the notion “enterprise restructuring” indicates its meaningfulness, multidimensionality, absence of a unified approach to defining the essence. Based on the analysis of the content of this notion in the scientific and business literature, restructuring is specified as broad tools of functional and structural transformations (assets structure, functional structure (production, financial and investment, marketing one, personnel management, management system) and organizational and legal form of an enterprise), aimed at achieving the goals of bringing an enterprise out of a crisis and improving its financial and economic condition, performance, crisis prevention and promotion of competitiveness; creating unique competitive advantages, increasing the market value of an enterprise.

### **References:**

1. Evseev, A. (1999). Strategy for enterprise restructuring in a crisis situation. *Problems of management theory and practice*, 3, 109–113.
2. Kipa M. (2017). Essence and directions of restructuring of enterprise.

Economy and State, 6, 64–71.

3. Kirchat, I. M. (2018). Restructuring of the enterprise as the main tool of its reform. *Global and national problems of the economy «Economics and enterprise management»*, 22, 383–387.

4. Loban, L. A. (1998). Restructuring as an adaptation of an enterprise to the external environment. *Bulletin of the belarusian state economic university*, 2, 65–74.

5. Malynovsky Y., Tsvok D. (2016). Restructuring as a method of improving the competitiveness of enterprise. Lviv Politechnic National University. [ONLINE]. Available at: <http://ena.lp.edu.ua/bitstream/ntb/26221/1/25-166-172.pdf> [Accessed 27 June 2020].

6. Mazur, I. I., Shapiro, V. D. 2001. Restructuring of enterprises and companies. *Economics*, 435.

7. Picot, G. 2002. Handbuch mergeis & acquisition. *Stuttgart: Schaeffer-Poeschel Verlag*, 274.

8. Semenova, D. O., Vovk, O. S. (2007). Some aspects of enterprise restructuring processes in the transition economy. *Current economic problems*, 8 (74), 139–142.

9. Smykovchuk, T. V. (2012). The essence of enterprise restructuring. *Scientific Bulletin of NDTU of Ukraine*, 22, 292–300.

10. Tutunjan, A. (2002). Restructuring of the enterprise. *Marketing*, 2, 88–96.

## **STRUCTURED ANALYSIS OF STRATEGIC PROCESS IN THE MACROECONOMIC ENVIRONMENT**

***Yuriy Safonov,***

*Doctor of Sciences (Economici), Professor,  
Kyiv National University named after Vadym Hetman,*

*Kyiv, Ukraine,*

***Oleg Sheremet,***

*Ph.D. in Economics, Associate Professor,  
National University of Food Technologies, Kyiv, Ukraine*

In the national macroeconomic environment, the market strategy is actively developed by business entities, industries, local communities, regions, relevant government institutions, etc. But there is no modern conceptual-methodological and practical-methodological support of the real strategic process, which highlights the corresponding difficulties in developing market strategies, their analysis, evaluation, comparison, modeling, diagnosis, coordination, and aggregation. Most scholars in



the study of the strategic process rely on the methodology of strategic management with a focus on the neoclassical, institutional, and evolutionary paradigm of modern macroeconomic theory.

Strategic management is a priority system of new techniques, methods, mechanisms, and other tools of philosophy in management at any level, which is oriented on system-wide interest and focuses on strategic modeling, that covers the external and internal environment of the economic system.

However, regardless of the differences in the paradigms of strategic management at any level, the strategic process has a single conceptual methodological basis in the form of an immanent logical structure taking into account time factors. The main components of the logical structure of the strategic process: subject, objects, actors, mechanisms, methods, tools, goals, objectives, and results.

The study of the strategic process is carried out on the basis of identifying the relevant components of the logical structure of activity, their diagnosis, and evaluation. At the same time, it is necessary to take into account that they have their own components, the corresponding decomposition, and the system of their content research.

The logical structure of the strategic process should take into account: the characteristics of the activity, the relevant features, principles, conditions, norms, and other aspects. Applying the methodology of structuring activities in relation to the strategic process, we can imagine a system of basic elements of market strategy.

During the strategic process, the subject forms a strategy for the object of strategy, which did not previously own it, but received it as a result of the subject's actions, so the subject of the strategy, having the main feature of the object attribute, indirectly affects the subject of strategy, encouraging it to the process of its formation.

The study of the main components of the strategic process allows businesses to reasonably understand the true meaning of different market strategies, as well as a kind of truth criterion to predict their implementation in the relevant business system.

The application of this approach allows researchers to find out that, for example, the «market strategy of the business segment» concept can ontologically mean the following true judgments:

- the business segment, being a subject, itself appears as a strategist, i.e. personally formed its own market strategy;
- the business segment, being the object, receives the developed market strategy offered by other subjects of the macroeconomic environment;
- it has become the subject of an appropriate stakeholder strategy.

Doubts about the relevance of the concept used, in this case, given as an example of the concept of «market strategy of the business segment»

becomes obvious.

In the business system, the subject of the market strategy is the strategist, and only relevant specialists or legal entities can perform this role, or be strategists. Strategists cannot be institutes of society because: first, they are not organizations, and second, their primary mission is to fulfill their socially important functions, and for the existence of a market strategy, as it has been found out, not functions are necessary, but the process itself.

Let's agree that the subject of the strategy may not be every participant who holds a strategic position, so we still need the presence of strategic management, that is, the ability to change it significantly. And not all strategy objects and their entities have their own strategies. This requires strategic thinking and a willingness to use their resources for strategic actions [1].

In formulating a market strategy, entities must interact with the environment, taking into account the influence of direct and indirect factors.

There are many entities in the national economic system that rely solely on the needs of their current activities and do not focus on changing their strategic position. It should be noted that these users of strategic objects, who do not have their own strategic subjectivity, are used by other members of the strategic position: internal, through lobbying or promotion, external - to achieve the goals of the stakeholders.

Market strategy requires a strong-willed effort to implement it in the economic system, so in a more detailed theoretical study of the subject of market strategy, it is necessary to consider the mechanism of system management, taking into account the strategic feature. For such subjects of market strategy as the economic segment, the allocation of control and managed subsystems is characteristic, and the level of the mutual intersection of these structures is quite significant.

Strategic decision-making is a function of the management staff of the subject of market strategy. The individual responsibility of which for an effective decision increases quite strongly. It is also important to remember that the difference between strategic decision makers and participants in the process is fundamentally important in terms of determining the extent of their responsibility. Another difficulty is that at some point strategic decisions under the influence of unforeseen factors need to be changed and redefine the responsibilities of the participants in a given process.

Strategic decisions are a purposeful result of the choice by the subject of the management system of a variant of actions that provide the decision of strategic tasks of economic activity for the purpose of achievement of the planned goal. The strategic decision-making process may have signs of intuition, which is based on appropriate judgments with a focus on rationality and efficiency. When making strategic decisions on an intuitive basis, the process is based on a subjective sense of the right choice.

Let's agree that despite the fact that intuition sharpens with the acquisition of experience, the manager, focusing only on it, becomes a hostage to chance, and in terms of statistics, his/her chances of making the right choice are not very high. Decision made on a judgment is based on the knowledge and conscious experience of the past. Using them and drawing on common sense, we choose the option that has brought the greatest success in a similar situation in the past. Its weakness is that the judgment cannot be reconciled with a situation that never took place, so the experience of its decision is simply not available. Rational decisions do not depend on past experience. A rational decision is justified through an objective analytical process, based on the calculations and results of a comprehensive strategic analysis [2].

Analyzing the approaches to the definition of market strategy, it should be noted the identification of the concepts of «market strategy of the entity» and «strategic management of the entity», because the management process ensures the achievement of strategic goals of the entity that are authentic to market strategy.

The place of market strategy in the management cycle of the business entity is shown in fig. 1.

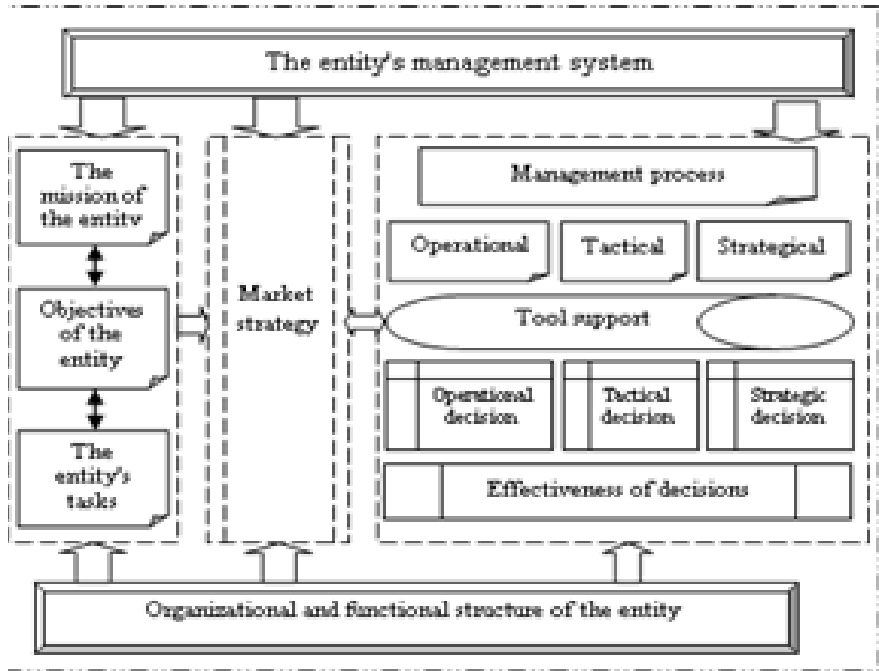


Fig. 1. The place of the market strategy in the management cycle of the entity

In the economic system, systematic decision-making is often broken. Options for this system are as follows. First, strategic decision-makers do not have the authority to do so. Second, strategic decision-makers have the appropriate authority and awareness of their decision-making responsibility but do not have the full information and analytical support for reasonably adequate management actions and processes. Third, the strategic decision-maker is provided with everything necessary to make a responsible decision but does not have the appropriate professional competence and practical experience. Unfortunately, this situation is typical for most economic entities in today's transformational conditions of the national macroeconomic environment.

Thus, making a strategic decision means choosing a goal that expresses internal economic interest, directions of activities, means, methods, models of actions that ensure the realization of strategic goals and the solution of the planned tasks. Strategic decisions are made on the basis of diagnostic analysis of the objective circumstances and the problems that have caused them. It should be borne in mind that the selection is made of possible alternatives, the implementation of which will provide the solution of problematic issues of the entity at a minimal cost.

Mandatory requirements for making strategic decisions are:

- existence of justification of options of strategic decisions taking into account legal, functional, economic, financial, social and environmental aspects;
- adherence to established procedures of strategic decision-making in the management system;
- minimizing the impact of subjective choices on strategic decisions.

It should be remembered that certain phenomena, objects, processes, actions, functions are characterized by the presence of a large number of constituent elements, so when making strategic decisions, the factor of probable uncertainty that arises due to the extreme complexity of the listed objects should be taken into account. It is proposed to use an entropy indicator to estimate the uncertainty in strategic decisions. Socio-economic entropy in strategic management is determined by expert analysis, historical or sociological research, structural-functional or logical approach, and so on.

The influence of uncertainty factors in the strategic process can be analyzed taking into account the volatility, which characterizes the change of strategic decisions under the condition of functioning and development of endogenous and exogenous environment. Volatility is estimated by the standard deviation, semivariance, and stochasticity of strategic processes, which are estimated by means of objective and subjective indicators. Semivariance is a half-variation or variance that characterizes the branching

of favorable or unfavorable deviations of strategic decision indicators when compared with the reference value. The strategic decision-making system of an economic entity is provided with an organizational and functional decision-making mechanism that defines the order of initiation, preparation, justification, discussion, and decision-making; taking into account the interests of stakeholders and information and analytical support for strategic decision-making. Clear logical correspondence of the parameters of the strategic process in business entities is also shown to the market strategy object. The object of a market strategy is the business system and its segments. Market strategy requires the object to have strategic space and an appropriate strategic position, that is, embedding it in the system of global economic relations.

The totality of all structural segments of a market strategy object can be interpreted as a system of elements of strategic space with which it must interact: international, national or regional market; industries, countries, or interstate organizations. Each strategic space has its own special landscape (the developed system of arrangement), which must be taken into account (territory, legal support, traditions, etc.) and its own system infrastructure that provides communication between stakeholders.

The implementation of the overall function of the economic system and its segments in the strategic process is formalized in the form of goals that show the relationship between the subject and object of the market strategy. The goals in the strategic process indicate the desired state for the subject of the market strategy object to be achieved over a certain period. Performance testing can be made using the SMART acronym.

SMART is one of the most effective ways to determine the strategic goal of an object. This tool can be used in any situation where we need to clearly outline the strategic guidelines for the future. Management with a focus on goals belongs to P. Drucker and highlighted in the study «Practice of Management».

S.M.A.R.T is a mnemonic abbreviation used in management and project management to determine goals and objectives. The first known use of the term occurs in the work of Paul J Meyer in 1965 and later in November 1981 in the work of Management Review by George T. Doran [3].

S.M.A.R.T: Specific, Measurable, Attainable, Relevant, Time-bound [4].

The specificity of setting strategic goals for the economic system and its segments is a strict sequence of necessary iterations:

- determination of the subject of the market strategy;
- identification of the frameworks (restrictions) in which the goal will be set;
- understanding of the overall function of the economic system and its segments.

The last iteration completes the process of identifying the goals that the subject of the strategic process focuses on.

The main types of framework in which goal setting will be performed are as follows:

- long-term macroeconomic efficiency, which is promulgated in macroeconomic indicators, that should be interpreted as objective quality criteria of system-oriented strategic management; a market strategy that exacerbates them must be rejected by setting an appropriate parametric limit;
- effective socio-economic functioning, which determines the utility function of the economic system and its segments, taking into account the socially significant position;
- dynamic targeting, the goal is focused on addressing economic growth, which is reflected in the market strategy.

It should be noted that for a market strategy it is methodologically wrong because growth is never permanent, then there is a problem or refusal of the strategic goal formulated in this way in favor of any alternative, which ultimately indicates the wrongness of the formed market strategy. On the contrary, the opposite is a requirement to maintain the achieved level, but such a market strategy is negative and hinders opportunities development.

Thus, the restrictive framework of subjective development or conservation can be defined, but such a market strategy, especially a sectoral one, forces to abandon lofty goals in favor of a specific tactical benefit in the economic system. Restrictive frameworks define quasi-goals, so they should be seen only as an appropriate stage of the iterative advance towards the formulation of strategic goals, because: within the system of other types of goals, except the above-mentioned restrictions, they cannot occur; valid strategic goals of a market strategy always go beyond the economic system and their choice, from the objective-possible, they are defined by the subjective decision of the subject-strategist, taking into account his/her understanding of the overall function of the economic system and its segments.

Most subjects of the national economy imitate strategic subjectivity, lose their own subjectivity and become the object of market strategy. The object of market strategy in the scientific literature on strategic management is not defined, so without it, the market strategy becomes not only meaningless but also pointless, since, as has been studied above, the formulation of chains occurs within certain frameworks established after determining the object of the market strategy, so further theoretical research is needed to address this issue.

In the context of market strategy development, the focus should be on maximizing the potential of leading higher education institutions, research institutions, R&D and manufacturing technoparks that have specialized competencies. In formulating a market strategy, one must take into account

the fact that without the creation of an architecture and the launch of a modern innovation and investment system, focused primarily on meeting the demand of the subjects of the national economic system in new technologies, techniques and mechanisms of financing, it will be difficult to achieve strategic priorities.

### **References:**

1. King, U., Cleland, D. 1982. Strategic planning and economic policy. *M: Progress*, 145.
2. Strategic decisions: essence, features, levels. [ONLINE]. Available at: [https://studopedia.com.ua/1\\_131951\\_strategichni-rishennya-sutnist-personality-rivni.html](https://studopedia.com.ua/1_131951_strategichni-rishennya-sutnist-personality-rivni.html) [Accessed 15 June 2020].
3. Doran, G. T. (1981). There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review, (Ama forum)*, 70 (11), 35–36.
4. S.M.A.R.T. [ONLINE]. Available at: <https://en.wikipedia.org/wiki/SMART> [Accessed 15 June 2020].

## **THE INFLUENCE OF INVESTMENTS ON THE EFFICIENCY OF MANAGEMENT OF RECREATIONAL AND TOURIST ENTERPRISES IN UKRAINE**

***Marta Malska,***

*Doctor of Sciences (Economics), Professor,*

*Ivan Franko National University of Lviv, Lviv, Ukraine,*

***Yurii Matichyn,***

*Postgraduate student,*

*Ivan Franko National University of Lviv, Lviv, Ukraine*

Nowadays, Ukraine is well-known in Europe and around the world for its great potential for the competitive tourism industry, the development of which was suspended only due to the global pandemic of the Covid-19. However, in addition to the pandemic, a number of problems negatively affect this process and hinder the development of the tourism business in Ukraine. One such problem is the quality of tourism infrastructure, a good part of which has been inherited from Soviet times. Amongst the main disadvantages of Soviet era accommodation facilities, we can point out very low standards of comfort and non-compliance with modern quality standards. Today, there are more than 4.5 thousand outdated facilities with a capacity of approximately 620 thousand people. Most of them require drastic changes, they need to be fully reconstructed or even demolished.

There is a huge variety of cultural and architectural monuments in Ukraine, but currently they require significant investments in restoration. The tourism industry in Ukraine, especially in less developed regions, often lacks a qualified workforce with sufficient hands-on experience and training. Another problem is the inadequate legal framework and legal regulation of the tourism business, especially relating to attracting investments and protecting the interests of investors.

One of the critical issues which hinders the development of the tourism industry is the war with Russia in the east of Ukraine, which has been going on for more than 6 years. Along with the problem of economic instability, this is one of the key reasons which impedes Ukraine from becoming a popular tourist destination. The unfavorable environmental situation caused by the Chernobyl accident in 1986 is yet another problem. However, Chernobyl is a double-edged sword, since it also creates a niche for extreme tourism, offering visits to the Exclusion Zone. Recently, it was proposed to create the «Chernobyl National Park», a project aimed to preserve the cultural, historical and natural treasures of the Exclusion Zone and give the area the status of a UNESCO World Heritage Site [1].

Ukraine is capable of offering every type of tourism activity. Recreational tourism, in our opinion, should be among the top priorities of the Ukrainian tourism industry. Ukraine possesses great potential for becoming one of the World's top tourist destinations [2]. A significant part of Ukraine's natural wealth, its recreational forests, coastal and mountain landscapes, mineral waters and natural healing muds, national and regional landscape parks, biosphere reserves, protected historical parks, etc. are unique assets, indispensable for the long-term development of eco and green tourism [3].

It has been estimated that 12.8 % of Ukrainian territory, free from radioactive pollution, is currently used for recreational needs or potentially suitable for this purpose. In accordance with the geographical and natural features, Ukraine can be divided into the following regions: Carpathian, Transnistrian, Dnipro, Donetsk-Azov, Polissya, Black Sea. There are many different ways to divide Ukraine into regions. We took into consideration the following criteria: geopolitical situation, availability of recreational assets, the state of tourist infrastructure, the demand for recreation and tourism, tourism and recreation policy of the region [4].

The efficient use of recreational assets requires the access to the high-quality infrastructure for tourism. While elsewhere in the world the development of hotel infrastructure has been booming, in Ukraine from 2011 to 2018 the number of accommodation facilities dropped from 5882 to 4719 – tabl. 1; mainly due to the annexation of Crimea and the war with Russia in the east of Ukraine [5].



**Table 1***Accommodation facilities (AF) in Ukraine [6]*

Year	Quantity of AFs, units.	Number of places in AFs, thousand units
2011	5882	567,3
2012	6041	583,4
2013	6411	586,6
2014**	4572	406,0
2015**	4341	402,6
2016**	4256	375,6
2017**	4115	359,0
2018**	4719	300,0

\* *legal entities, separate divisions of legal entities and natural persons-entrepreneurs*

\*\* *excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and the temporarily occupied territories in Donetsk and Luhansk regions.*

Ukrainian infrastructure can be improved by attracting both domestic and foreign investments. Since tourism is one of the most important sectors of national economy, it requires special attention from the state. The tourism industry should be developed according to the principles of free market while at the same time keeping social, ecological and economical responsibility.

Every successful state policy has to recognize tourism as an important sector of the national economy, which requires clear vision and effective long-term strategy. Government agencies must stimulate economic activity and attract foreign and domestic investments.

Every policy has to be based on social and economic criteria. The tourism industry should be considered as one that fulfils several important social needs, but also as economically efficient. It should gradually take one of the leading places in the territorial and economical structure of the region. This approach demands certain tactics and a course of action, namely favorable market environment and favorable economical and legal conditions which would promote the development and enable free competition conforming to established environmental norms and territorial regulations.

Recently, the Chairman of the Parliamentary Subcommittee on Development of Tourism, Resorts and Recreational Activities registered a bill “On Amendments of the Law «On Tourism» № 8317. He proposed granting the status of “Resort of National Importance” the Kuyalnik estuary. Currently, this unique territory, with properties not inferior to those of the Dead Sea, does not enjoy such status. Moreover, today the territories that are supposed to attract foreign visitors look like a construction site or a landfill.

It is important to amend the situation, by giving the status of Resort of National Importance to the Kuyalnik estuary. This status will protect the location from inappropriate development projects while ensuring the development of sanatoriums and health facilities. This area already has a developed investment plan and potential investors, and therefore the new status will ensure its proper development.

According to the World Tourism Organization, it is estimated that tourism contributes around 10 % of global GDP, it accounts for 30 % of world service market and 7 % of total exports of goods and services; tourism provides jobs for every eleventh person in the world. Accordingly, Ukraine and its government agencies should take measures to create favorable conditions for the tourism and recreation sector, especially since the Law of Ukraine «On Tourism» names this sector amongst the priorities of the national economy [7].

While government institutions and their policies play an important role, there are also several other factors which contribute to the development of the tourism industry, namely: recreational activity of the population, growth in income, fluctuations in ticket prices, the pace of economic reforms, stability of the national currency, the commodity market, liberalization of foreign economic activity, etc. Considering the current situation with the pandemic, it is quite difficult to predict the development of the tourism sector in the long run.

Most likely, the downward trend in living standards will continue in the near future. Rising prices will outpace the growth of income. Social disparities between different segments of the population will increase. During this period, we should expect a significant excess of supply of services over real demand for them. The main contingent of recreational tourists will be the well-off segment of the population.

Since the elderly are potential customers of sanatorium services, and they mostly belong to low-income groups, the likely increase in prices can significantly reduce the demand for treatment and rehabilitation. Therefore, the issue of state subsidies for health resorts remains relevant [2].

Direct investments (share capital) from the EU countries into the Ukrainian economy (excluding the temporarily occupied territory of the Autonomous Republic of Crimea and parts of Donetsk and Luhansk regions) are presented in tabl. 2.

All data on direct investments was collected from the available information on both legal entities – residents of Ukraine and on permanent establishments of legal entities – non-residents of Ukraine. We were also taking into account the administrative data on the market value of direct investments (shares, property, etc.) of enterprises and institutions, provided by the National Bank of Ukraine.

**Table 2***Investments into the Ukrainian economy by the  
EU countries [8]*

Country	The value of direct investment, mln. USD	Share (%)
EU overall	27 205,8	100
Cyprus	10 303,2	37,9
Netherlands	7 556,5	27,8
UK	2 038,3	7,5
Germany	1 791,3	6,6
Austria	1 209,4	4,4
France	818,7	3,0
Poland	677,0	2,5
Luxembourg	446,7	1,6
Hungary	367,3	1,4
Sweden	355,4	1,3
Other EU countries	1 642,0	6,0

Every year, different companies around the world make dozens of ratings and assessments of investment attractiveness. However, many investors analyze other indicators and conduct alternative researches.

One of the more reliable ratings Doing Business Report aims to reflect regulatory, fiscal and market constraints that complicate or facilitate doing business in the country. According to this rating, Ukraine was ranked 71 out of 190 countries in the global ease of doing business index. The assessment was conducted on 10 indicators, which are presented in tabl. 3.

Currently, investors are in no hurry to draw optimistic conclusions about the future. Most international consulting and auditing companies that provide investment advice believe that the business climate in Ukraine will remain unchanged in the coming year due to the ignorant state policy and the situation with the pandemic. At the same time, despite pessimistic predictions, the same companies still call Ukraine a profitable market for investment in the near future.

The situation of the tourism and resorts industries in Ukraine is very problematic. It has to be addressed by strategic state policy, introduction of effective investment mechanisms for tourism infrastructure and by information and marketing measures to form a favorable image of Ukraine.

The main strategic goals for the development of the tourism industry in Ukraine for the period until 2026 are the following:

**Table 3**

*Ukraine's place in the world according to the Doing Business Report rating in 2019 [9, p. 211]*

<b>№</b>	<b>Indicator</b>	<b>Place (0-190)</b>
1	Starting a business	91
2	Dealing with construction permits	77
3	Getting electricity	60
4	Property registration procedures	70
5	Getting loans	75
6	Protection of investors' interests	58
7	Payment of taxes and other mandatory fees	79
8	Foreign trade	78
9	Fulfilment of contracts	64
10	Resolving the issues of insolvency and bankruptcy	32

- 1) Creating a competitive national tourism product;
- 2) Ensuring the effective and comprehensive use of existing tourist and resort-recreational potential;
- 3) Systematic improvement of the quality of infrastructure of resorts and recreational areas;
- 4) Improvement of the information infrastructure of recreational and tourist services.

All these measures should be aimed at achieving a common goal – creating an attractive investment climate for the tourism and resorts industries [10].

Ukraine has the potential to become one of the world's top tourist destinations, but before that, there are a number of problems that need to be solved. Firstly, the tourism infrastructure has to be improved according to modern standards. Secondly, the government institutions need to update their tourism policies.

The Government-approved Strategy for the Development of Tourism and Resorts until 2026 need to achieve the following goals:

- 1) Increasing the competitiveness of the tourism industry on the national and regional levels;
- 2) Developing the modern tourism infrastructure,
- 3) Creating and promoting the positive image of Ukraine and Ukrainian tourism industry;

The Ukrainian tourism industry needs to achieve a certain balance

between domestic and foreign investments. Government policies need to prioritize national interests and innovative development. Likewise, it is necessary to stimulate demand for tourism products. Those strategic goals can be achieved by the policy of structural modernization of the economy. In case of the nationwide success, one can expect an increase in national income from tourism and sustainable economic development.

### References:

1. Kyfiak, F. (2003). Organisation of the tourism activity in Ukraine. Chernivtsi: Books-XXI.
2. Ivanchenko, N. M. Problems and prospects for the development of recreational tourism. [ONLINE]. Available at: <http://www.economy.nayka.com.ua/?op=1&z=4112>. [Accessed 26 May 2020]
3. Stechenko, D. M. 2010. Scientific aspects of economic diagnostics of natural and recreational potential of the region. *Formation of market relations in Ukraine*, 136–139.
4. Ivanuch, I., Danylyshyn, B. (2008). Natural resource potential of Ukraine and ways to increase its use. *Economics of Ukraine*, 36–38.
5. Lozova, O., Mamotenko, D. (2017). Modern development of the hotel industry in Ukraine. *Petro Vasylenko Kharkiv National Technical University of Agriculture*, 185, 251–259.
6. Collective accommodation facilities. [ONLINE]. Available at: [https://ukrstat.org/uk/operativ/operativ2013/tur/zr\\_u.html](https://ukrstat.org/uk/operativ/operativ2013/tur/zr_u.html) [Accessed 12 June 2020]
7. Law of Ukraine «On Tourism» (1995). [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/324/95-%D0%B2%D1%80> [Accessed 18 June 2020]
8. Direct investments (share capital) in the economy of Ukraine / from Ukraine by EU countries. [ONLINE]. Available at: [https://ukrstat.org/uk/operativ/operativ2018/zd/inv\\_zd/pi\\_ak\\_ks\\_reg\\_kv/pi\\_ak\\_ks\\_reg\\_kv\\_u/arh\\_pi\\_ak\\_ksvr\\_u.html](https://ukrstat.org/uk/operativ/operativ2018/zd/inv_zd/pi_ak_ks_reg_kv/pi_ak_ks_reg_kv_u/arh_pi_ak_ksvr_u.html) [Accessed 6 July 2020]
9. Doing business 2019. Training for Reform. [ONLINE]. Available at: [https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\\_web-version.pdf](https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf) [Accessed 6 July 2020]
10. Order of the Cabinet of Ministers of Ukraine (2017). «On approval of the Strategy for the development of tourism and resorts for the period up to 2026». [ONLINE]. Available at: <https://www.kmu.gov.ua/ua/npas/249826501> [Accessed 2 July 2020]

# CONCEPTUAL PRINCIPLES OF STRATEGIC MANAGEMENT OF COMPETITIVE ACTIVITY OF AGRICULTURAL BRANCHES AND ENTERPRISES

**Larysa Marmul,**

*Doctor of Sciences (Economics), Professor,  
Pereiaslav-Khmelnytskyi Hryhorii Skovoroda State Pedagogical  
University, Pereiaslav, Ukraine,*

**Liudmyla Levaeva,**

*Ph.D. in Economics, Associate Professor,  
Pereiaslav-Khmelnytskyi Hryhorii Skovoroda State Pedagogical  
University, Pereiaslav, Ukraine*

Conceptual bases of strategic management of competitiveness of agrarian branches and the enterprises are formed taking into account the integrated approach to a substantiation of their effective functioning. This allows us to compare the goals and objectives of the development of industries and enterprises, which reflect their orientation in the context of adaptation to the external environment (which is expressed in actions to avoid (mitigate) threats and develop opportunities), with the potential that is available and can be achieved; to carry out the process of formulating a strategy in accordance with the internal and external opportunities for competitive development of industries and activities and enterprises in achieving goals; organize and stimulate the activities of industries and enterprises to achieve goals based on ensuring the implementation of developed strategies.

This fully applies to budget-generating industries and agri-food enterprises, on whose competitiveness depends the level of filling the budget of the state and regional levels, local employment, resource use, sustainable economic development of rural areas in general. These include industries and enterprises of specialization, ie those in which the index of specialization exceeds one. In all regions of the country, their totality is determined by the available resource potential, transport and economic situation, market factors of supply and demand [1].

We believe that the strategic management of the development of budget-generating sectors of the food sector in terms of innovation and investment provides an opportunity to solve a range of problems related to their purposeful reorientation to the production of new products and products; introduction and use of the latest technologies; mastering integrated innovation management; formation of production capacity necessary

to achieve strategic goals; restructuring of the production structure; development of specialization and cooperation in the field of sales and customer service; marketing development; improvement of organizational management structures; timely and high-quality training and retraining of personnel, etc., ie what should contribute to the development of industries in general, shaping their corporatization and increasing capitalization.

In our opinion, the types of strategic management of the development of budget-generating sectors of the food sector and their entities in a broad sense are: strategic planning; management based on the choice of strategic positions of competitiveness; management of strategic tasks; management through the implementation of emergency measures for the development of industries and their enterprises, etc. The essence of strategic management of the competitiveness of budget-generating sectors of the food sector provides answers to the following important questions: 1. In what position this or that industry, type of activity is now? 2. In what position would it like to be in the future (in three, five, ten years)? 3. How to achieve the desired result?

To answer the first question, it is necessary to understand the current situation in which the industry is, the problems and trends that accompany them. To this end, it is important to constantly monitor the external and internal environment of the budget-generating sectors of the food sector in order to identify and adequately respond to all changes that occur. The second question reflects an important feature of strategic management of the budget-generating industry - its focus on the future. The answer to it involves a clear definition of what the industry seeks, what goals it sets, what forms strategies to achieve competitiveness.

The third issue of strategic management of the development of budget-generating sectors of the food sector is related to the establishment of activities for the implementation of the selected strategy, its control and evaluation. During the implementation of this stage, it is possible to adjust the previous two. These questions are answered by three main phases of strategic competitiveness management: strategic analysis, strategic choice and strategy implementation. Based on the analysis of strategic management of the development of budget-generating sectors of the food sector, we can propose an algorithm for strategic management of competitiveness.

The analysis of the external environment is reflected in a separate stage, and is also the basis of the whole process of strategic management of the development of budget-generating sectors of the food sector. Analysis, forecasting and monitoring of the external environment can also be presented

separately as a basis on which to build a model of strategic competitiveness management. This is due to the fact that the assessment of the external environment must be carried out constantly. This approach, firstly, increases the degree of control over changes in the external environment, because the analysis of the environment is carried out in parallel with each stage, and secondly, compliance with the methodological principles of modern strategic management of processing, which is to build a strategy from the future through past to present (forecasting – analysis – monitoring). Analysis of the external environment involves the study of economic, political situations, legal environment, geographical environment, ecological status and more.

Taking into account the results obtained during the analysis of the external environment, the mission of the budget-generating sectors of the food sector is determined. The study of the immediate environment of processing enterprises is aimed at analyzing the state of those components with which they are in direct interaction, these are: sources of raw materials, processing capacity, production capacity, finished products, competitors, intermediaries, consumers. The internal environment determines the potential and opportunities available to budget-generating industries.

The main purpose of the development of budget-generating food industries and activities is the formation of competitive in the global and national markets of their entities on the basis of efficient use of processing capacity and own potential, sound innovation and investment policy, strategy of intra- and intersectoral development.

The most important component of strategic management of the development of budget-generating sectors of the food sector is the process of competitiveness management. Finally, strategic management of the development of budget-generating sectors of food and activities can be defined as the concept of an integrated approach to their activities, which allows: to compare the development goals of the enterprise, which reflect the process of its adaptation to the environment, including the world market; production and resource potential, which is available and used at the moment; to carry out the process of formation (development) of a set of strategies in accordance with the internal capabilities of sectoral development in the strategic management of development; to organize and intensify activities for the implementation of adopted strategies, especially corporatization, capitalization, clustering on the basis of innovation and investment [2].

It is important to define the functions of strategic management of the development of processing enterprises in order to increase their



competitiveness. In our opinion, these include: defining the goals of industries and industry entities, taking into account market conditions; assessment of means and resources to achieve goals; identification of risks and restrictions; development of long-term plans and programs, business plans, innovation and investment projects; control and analysis of expected results. It should be noted that strategic management can be considered as a dynamic set of interconnected management processes. These processes logically follow (or follow) each other. However, there is a stable feedback and, accordingly, the feedback of each process on others and on their whole. This is an important feature of the strategic management system.

It is important to keep in mind that the competitiveness of the industry is shaped by the entities that are part of it. These can be large, medium or small enterprises; Businesses that have different stages of development occupy different niches in the market and, consequently, build different strategies to increase competitiveness. It is important to keep in mind that the competitiveness of the industry is shaped by the entities that are part of it. These can be large, medium or small enterprises; Businesses that have different stages of development occupy different niches in the market and, consequently, build different strategies to increase competitiveness.

They also depend on the internal efficiency of operational processes, profitability of production, staff qualifications and management, cost and quality of finished products, the presence or absence of state, including budget support, regional, interregional and global conditions [3]. However, objectively, there are industry factors that affect the existence of industry-wide manifestations, principles and requirements of competitiveness. We are talking about common industry standards for product quality, certification of production systems and technologies, unification of operational processes, kinship by stage of development or size, forms of organization of economic entities.

It is important to use common management decisions for specialized industry entities that have identical business conditions or market positions, to monitor the development of the industry and relevant markets, to develop common marketing strategies for the budget-generating sectors of the food sector, training and training, justification rules of corporate conduct and social standards of employees. The common strategic management principles of modernization of production, implementation of innovation and investment policy, capitalization, financing and refinancing, clustering, integration and cooperation are also of general industry importance [4].

It is necessary to highlight the following features of strategic management of budget-generating sectors of the food sector in order to increase their competitiveness:

1. The purpose of modern budget-forming industries and enterprises of agri-food sphere and types of activity is the production of competitive products or the provision of appropriate services, profitability, ensuring financial and economic stability, filling the revenue side of the budget. Due to the need to take into account the dynamics of the external environment, there are two areas of strategic management: regular strategic management, which is a logical development of strategic planning and consists of two complementary subsystems: subsystems analysis and strategy planning and subsystems strategy implementation; real-time strategic management is the solution of unexpectedly arising strategic tasks. It develops in industries where changes in the external environment occur with high frequency and unpredictability. In the process of development in the conditions of market competition the enterprises are compelled to be engaged in parallel with specification of strategy and the decision of the arisen strategic tasks.

2. The purpose of strategic management is development, ie change not only quantitative but also qualitative characteristics. For example, strategic decisions include decisions on the reconstruction of the processing plant, the use of new resources, the introduction of new products and technologies, access to new markets. The intra-industry strategy of corporatization, increase of capitalization, integration of production is also important. These processes may take into account mergers and acquisitions, restructuring of production or financial debt in order to increase the financial stability and sustainable development of the industry with the prospect of economic growth.

3. The product of strategic management is the potential of budget-generating sectors of the food sector, which consists of resources and sources of their replenishment, production and financial and economic relations, the location of economic entities and the organizational system as a whole. Potential also characterizes the most efficient use of resources to achieve this goal. On the other hand, the potential is a source of competitive advantage of the organization, and therefore needs constant development and improvement. In an information economy and competitive environment, it must have a new content in the form of information and innovation components.

4. As additional features of strategic management we have selected:

flexible response to impulses of change of the external environment; timely changes in the organization, structure and location of the industry; reliance on human potential and capital, labor resources; consumer orientation, constant monitoring of market conditions; long-term prospects due to competitive advantages, especially resource opportunities; taking into account the array of accounting, financial, statistical data, rather than its individual components; ensuring the competitiveness of budget-generating sectors of the food sector in the future.

It should be noted that the implementation of strategic management is aimed at solving the following important problems:

1) related to the functioning of the industry, which are aimed at improving the efficiency of all industry entities by ensuring the relationship of goals, resources and results;

2) related to elements of structure, location and organization, if these elements are necessary to achieve the goals, but are currently absent or insufficient;

3) related to external factors, including risks in any field of activity.

The concept of strategic competitiveness management, which is the basis of strategic thinking, also has the following characteristics and components. It is based on a certain combination of management theories about the activities of the enterprise. The industry, as well as the enterprise is considered as an open socio-economic and material system. The use of only one of these principles does not allow to achieve the desired results – the development of enterprises and industries in the long run.

The concept focuses on the need to collect and use strategic information databases, ie to constantly monitor activities and development. Analysis, interpretation and application of information for strategic decision-making allow to determine the content and sequence of actions for changes in the industry and the market by reducing the uncertainty of the situation. These activities help to predict the consequences of decisions, influencing the situation by appropriate allocation of resources, establishing effective relationships and formation of strategic behavior of staff, the content of operational processes, pricing and logistics policies, etc. [5].

The concept provides for the use of certain tools and methods of development of budget-generating sectors of the food sector [6]. This creates the preconditions for the formation of such a management system that allows the budget-generating sectors of the food sector to operate in a strategic mode, which, in turn, ensures their development in the long run on

the basis of sustainability and economic growth.

The competitiveness of budget-generating food industries depends on the ability to anticipate and change the structure of production and management, develop and implement new products, properly plan production for various products, investments and profits to achieve maximum effect and ensure sustainable development [7]. Strategic competitiveness management does not require justifying one decision at all times. Like any tool to influence the object of management, it has its limitations (tabl. 1).

**Table 1**

*Limitations of strategic management of competitiveness of agricultural industries and enterprises and ways to overcome them \**

<b>Limitation</b>	<b>Ways to overcome</b>
Lack of a systematic approach to the formation of strategic management of the competitiveness of industries and economic entities.	Implementation of a dual management system: the strategic level of the industry and the strategic level of enterprises. Application of strategic control and controlling. Use of incentives for mastering strategic management. Formation of strategic behavior.
Competition of strategic and current activities and their coordination.	Development of a system of strategic plans, including strategic budgets. Development of strategic activities through a number of planning and organizational and socio-economic measures.
Lack or insufficient level of strategic information for sectoral development management.	Formation (strengthening) of analytical branch structures. Construction of strategic monitoring and controlling systems: - external environment; - internal environment.
Lack of sufficient skills of strategic management of modern methods (marketing strategies, financial restructuring, innovation and investment design).	Special management training, especially at the highest level, for comprehensive support of development strategies.
Resistance to change in the form of «elimination of threats», separation of powers, rights, duties and responsibilities, way of thinking and organizational and managerial industry rituals.	Creating an industry structure that can change. Joint strategic decision making. Resistance management. Formation of strategic thinking and behavior.

\* Developed by the authors based on [8; 9; 10; 11; 12].

Therefore, as shown in tabl. 1, sectoral restrictions on competitiveness are both objective and subjective. In our opinion, the competitive relations between competing industries for resources and markets are objective (for example, between agriculture and recreation and tourism, mining, etc.). All other limitations are subjective and can be eliminated in the process of tactical management and on the basis of improving the skills and efficiency of management of agricultural enterprises.

### References:

1. Stegney, M. I. (2013). Modern directions of sustainable development of rural areas: European experience and Ukrainian realities. *Current economic problems*, 3(141), 125–133.
2. Rogatina, L. P. (2018). Strategic management of economic development, its features and role in the formation of competitive advantages of the region. *Economy and state*, 2, 216–218.
3. Marmul, L. O. & Petrenko, V. S. (2017). Strategic positioning of enterprises with foreign investment in the agricultural sector. *Bulletin of Berdyansk University of Management and Business*, 4 (40), 43–48.
4. Bagorka, M. O. (2017). Research of basic approaches to determining the essence of marketing strategy. *Taurian Scientific Bulletin*, 83, 278–285.
5. Marmul, L. O., Romanyuk, I. A. (2017). The potential of competitiveness of entrepreneurial activity in the field of rural green tourism. *Bulletin of Berdyansk University of Management and Business*, 1 (37), 47–50.
6. Gevko, O. B., Shveda, N. M. 2016. Strategic Management: A Textbook. Ternopil: FOP Palyanytsya V. A.
7. Marmul, L. O, Aranchiy, V. I. & Aranchiy, D. S. (2015). System management of economic security of agricultural enterprises taking into account corporate factors of organization of activity. *Scientific works of Poltava State Agrarian Academy*, 1(10), 66–71.
8. Mochona, L. G. (2015). Modern tools of strategic controlling in the enterprise. *Businessinform*, 11, 406–414.
9. Marmul, L. O. (2014). Forecasting of sustainable development of rural regions on the basis of competitiveness and implementation of innovative projects. *Scientific Bulletin of KSU. Series: Economic Sciences*, 9/7, 48–51.
10. Marmul, L. O., Boyko, V. O. (2014). Methods for determining the competitiveness of agricultural enterprises using indicators of multidimensional statistics. *Black Sea. Tbilisi, Georgia*, 82–87.
11. Ignatenko, M. M. (2017). Social orientation of strategic management of enterprises. In current trends in the world economy. *Kharkiv*, 26 May. *Kharkiv: KNADU*, 2, 44–45.
12. Aranchiy, V. I., Zorya, S. P. & Lantukh, A. A. (2012). Theoretical aspects of the formation of competitive strategies of agricultural enterprises.

*Scientific works of Poltava State Agrarian Academy, Poltava: PDAA, 3/2, 3–7.*

## **THE ROLE OF INSTITUTIONS IN THE SYSTEM OF MANAGEMENT OF THE GLOBAL ECONOMIC PROCESSES**

***Tetiana Deyneka,***

*Doctor of Sciences (Economics), Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Olha Shkurupii,***

*Doctor of Sciences (Economics), Professor,  
Higher Educational Establishment of Ukoopspilka «Poltava University of  
Economics and Trade», Poltava, Ukraine,*

***Svitlana Tul,***

*Ph.D. in Economics, Associate Professor,  
Higher Educational Establishment of Ukoopspilka «Poltava University of  
Economics and Trade», Poltava, Ukraine*

The desire of society to avoid cataclysms in the most acute form of their manifestation encourages the development of a model and the search for a mechanism by which it would be possible to ensure progressive development, prevent crises, and counteract conflicts. In our time, humanity, as never before, needs an effective system of management of the world social development; building such a fundamental structure of institutions that would ensure the development in the interests of society. A new form of management of the global economic processes – one that corresponds to the content of the post-industrial relations – must be launched now, in the period of their formation. In the future, this archetype may become the basis for the formation of a world order (including the economic one), which will exist in society in the form of institutionalized noospheric relations (humanistic and harmonized ones). The continuous civilizational progress on the basis of producing an increasingly greater good is possible only within the framework of the world economic order, which is subject to the principles of the noospheric society.

The importance of research of the role of institutions in the management of global economic processes for the science and world economic practice is indicated in the publications of well-known scientists, economists, politicians, and sociologists. Among them are D. Acemoglu, J. Robinson [1; 2], R. Florida, M. Kenney [3], D. Held [4], J. Ikenberry [5], M. Intriligator [6], H. Kissinger [7], E. Kachurovski [8], D. Lukianenko, A. Poruchnyk, V. Kolesov [9], D. C. North [10], M. Olson [11],

E. Ostrom [12], V. Tarasevich [14] and others.

At the same time, this issue, given the constant changes taking place in the system of modern international relations and the depth of the transformational processes of a globalized society, remains relevant and requires continuous scientific analysis.

Defining the role of institutions in the management of global economic processes, it should be noted that global governance, as well as governance in general, is primarily the management of certain processes, their direction and impact on the development. In comparison, global regulation should be understood as submission to a certain rule, order; as a system of actions used to approve certain institutional practices of the global economy, to preserve and maintain its functions. In this context, regulation is interpreted as the management of certain international processes in order to prevent their potential negative consequences for the world community [13].

Considering the differences between global governance and global regulation, it is worth mentioning the ways of establishing the world order. They are objectified in two main forms: first, as a victorious result of the struggle for power won by one of the parties to international economic relations, and second, as an equilibrium achieved through interaction and mutual consent of the parties. In the first case, there arise the conditions for the emergence of the phenomenon of monocentrism, in the second one – the phenomenon of polycentrism. Global regulation is more in line with the monocentric model of organization of the world relations (including the economic ones), and global governance is more in line with the polycentric one.

Monocentrism, based on the principle of monopoly of regulatory functions, is endowed with the advantage of the institutions stability due to their rigidity. Of course, in a monocentric order, first of all, the ruling elite is able to receive rent from the institutionalization of relations in the financial, economic, and technological spheres of activity of a globalized society. However, at the same time, conditions are also created for the production of public good.

Polycentrism presupposes the interaction of many actors of international economic relations in the process of their institutionalization. Such a (polycentric) order is objectified as a multipolar model of the world society development. It manifests itself as the formation of the leading world economic centers (if we talk about the economy) and centers of power or poles of the world order (if we summarize all aspects of the global society functioning). A prerequisite for building a multipolar world is the presence of competition between countries for options of institutionalizing world order.

Considering the role of institutions in the system of management of global

economic processes, it is necessary to note the special status of supranational organizations in modern processes of institutionalization of the division of world and power. There are significant contradictions in the implementation of institutional mechanisms of such division. They are formed due to the fact that international organizations are mainly representatives of the interests of the governments of the most developed countries (including the personalized interests of certain individuals), rather than the interests of countries and their peoples. With strengthening influence of the global capital, growth of information flows, liberalization of the movement of goods, technologies, etc., many countries are significantly losing the efficiency of management of the national economy. Their traditional powers are transferred to supranational structures both in the field of international relations and in the field of domestic policy.

Among the main types of supranational structures limiting the powers and real capabilities of the state, scientists call:

1) bodies of intergovernmental governance and regulation (IMF, WTO, EBRD, and the World Bank);

2) transnational corporations;

3) integration associations;

4) international investment banks and insurance companies;

5) global media. M. Intriligator writes that, under such conditions, the control over the economy of individual countries may pass from sovereign governments to the other hands, including the strongest states, multinational or global corporations and international organizations [6, p. 14].

It is important to note that nowadays globalization is no longer perceived as only an objectively determined natural process of social development. The advantages (economic sources of power) of international business entities and national economic systems are realized not only through the market mechanism, which operates within the framework of horizontal globalization processes. Influential actors in international economic relations gain power mostly by redistributing it through the mechanism of supranational institutions (i.e. on the basis of «vertical» globalization). In the same way, power over society in general, including political and ideological ones, is being formed in our time.

Modern world development is impossible without the institutionalization of relations that take place in society. Institutionalization is the process of emergence and formation of institutions in the system of international economic relations. Institutions of global governance are the foundation of the world economic order. They operate under the conditions of actually existing restrictions – a kind of «coordinate system», which is formed by «horizontal» and «vertical» globalization. The performance of global governance is measured by the effects that arise in the global economy as



a result of implementation of common strategies, norms and rules. [13]. A certain world order in general, as well as in certain spheres of activity of a globalized society, is formed owing to functioning institutions – the rules that, according to E. Ostrom’s terminology, work («working rules») and are used («rules-in-use»).

H. Kissinger’s level concept interprets the world order (the first level) as a state of a certain region or civilization, within which there is a set of just arrangements and a division of power that is considered applicable to the world as a whole; the international order (the second level) – as a practical application of this system of views to most of the globe, provided that the coverage area must be large enough to affect the global balance of power; and the regional order (the third level), the definition of which is based on the same principles, but in relation to a certain geographical area [7, p. 20].

In a number of journalistic and scientific publications, the world order is viewed mainly in a negative context as the rules of the game, which are established by the global capital through a system of institutions created by it; as an artificially created system of organization, achieved on the basis of total integration (destruction of the state, national, and cultural identity of peoples) in order to have full power over the unified world. Undoubtedly, such a position is not meaningless, as it is based on the empiricism of modern processes taking place in a globalized economy, that is, as it actually takes place in the world practice. At the same time, if we consider the world order from the standpoint of normative analysis (that is, as it should be done), the orderliness of the economic life of society must be perceived as a useful effect of institutionalization of the international economic relations. To clarify the approaches to determining the model of reconciling the interests of the economic actors at its various levels (global, national, and individual ones), it is necessary to consider the aspects of establishing a world order – both destructive and constructive ones. That will identify the peculiarities of the modern division of world and power, the contradictions that arise in this area of relations, as well as identify the extent to which society is able to influence these processes and phenomena through institutions.

On the one hand, the institutional restructuring of the world economic order is determined by the interests of the most influential economic actors interacting with each other. Therefore, it is quite natural that the modern system of institutionalization of the international economic relations provides for the existence of a distribution mechanism that operates in accordance with the goals of this group of entities. It is primarily about the distribution of the world income, which is realized today not only through the market mechanism, but also through regulatory mechanisms introduced by participants in economic relations: countries (depending on their status and directions of the state policy), TNCs, transnational banks and others.

The distribution mechanism controlled by the business and power elites is also significantly important in the use of resources – natural, technological, labor, information, etc., because the creation and, indirectly, appropriation of the world product depends on the efficiency of these institutions.

On the other hand, not only representatives of the ruling elite of the leading countries and business (super powerful transnational structures), but also civil society – people, and globalized society are interested in the institutional mediation of the modern world economic processes. This is due to the fact that globalization, despite the freedoms it provides (liberalization of the movement of labor, capital and other mobile resources, goods, services, etc.), also creates significant challenges to society. In the field of economic relations, the value for a globalized society is primarily in minimizing the risk of economic crises, the availability of effective mechanisms to prevent downturns in production, the ability to use effective tools to ensure fair trade between countries, and the efficiency of international economic relations, which means that conditions for the stability of the economic life are vital for the society.

Thus, the world economic order must be understood as a certain state of the organization and functioning of the global economic system, which forms the opposite of chaos. The establishment of the world order is connected with its two main features. First, the driving forces of this process are the interests and values not only of the international business and the ruling political elite, but also of civil society as an entity of governance and a determining entity of power. However, secondly, the divergence of interests and values inherent in these groups of entities forms a state of significant contradiction – the determining prerequisite for updating the system of existing institutions and the order which they determine.

It is obvious that transformation of the current institutionalized system of relations is inevitable. However, it is difficult to predict what the outcome of the interaction of the subjects (the ruling political elite and international business, on the one hand, and civil society, on the other) will be. The product of the interaction of actors in establishing the world order can be numerous variations of the world institutional practices and, accordingly, created in reality different pictures of the world (realized models of the planetary system). The end result, all other things being equal, will depend on the degree of importance of the higher values for each of the parties and the ratio of the forces of influence used by these parties to pursue their interests. Given the uncertainty of the conditions for further practices of institutionalization of international relations, the development of theoretical and methodological approaches to determining the role of modern institutions in the management of global economic processes will remain one of the most required by society.

## References:

1. Acemoglu, D., Robinson, J. 2020. *The Narrow Corridor: How Nations Struggle for Liberty*. Kiev. Nash Format.
2. Acemoglu, D., Robinson, J. 2017. *Why do nations fail the origin of power, prosperity and poverty*. Kiev. Nash Format.
3. Florida, R., Kenney, M. (1991). Transplanted Organizations: The Transfer of Japanese Industrial Organization to the U.S. *American Sociological Review*, 56(3), 381–398.
4. Held, D. (2003). The Changing Structure of International Law: Sovereignty Transformed? *The Global Transformations Reader*, 2nd edition, 162–176. [ONLINE], Available at: [https://www.researchgate.net/publication/30528823\\_The\\_changing\\_structure\\_of\\_international\\_law\\_sovereignty\\_transformed](https://www.researchgate.net/publication/30528823_The_changing_structure_of_international_law_sovereignty_transformed) [Accessed 18 June 2020].
5. Ikenberry, J. (2016). The future of liberal world order. Multi-polar world; Analytics. [ONLINE]. Available at: [http://russiancouncil.ru/inner/?id\\_4=8007#top-content](http://russiancouncil.ru/inner/?id_4=8007#top-content) [Accessed 18 June 2020].
6. Intriligator, M., (2011). The essence of our current economic problems in the global world. *International economics*, 9, 11–14.
7. Kissinger, H. 2015. *World order*. Moscow: AST Publishers.
8. Kachurovski, E. 2012. *The modern global economy*. Minsk: Belprint.
9. Lukianenko, D., Poruchnik A., Kolesov V. et al., 2013. *Global economic development: trends, asymmetries, regulation*. Kiev: *KNEU named after Vadym Hetman*.
10. North, D. C. 1994. Economic History. *Economic History*, № 9411004. [ONLINE]. Available at: <http://128.118.178.162/eps/eh/papers/9411/9411004.pdf> [Accessed 18 June 2020].
11. Olson, M. (1993). Dictatorship, Democracy, and Development. *The American Political Science Review*, 87 (3), 567–576. [ONLINE]. Available at: <http://www.svt.ntnu.no/iss/Indra.de.Soyso/POL3503H05/olson.pdf> [Accessed 18 June 2020].
12. Ostrom, E. (2007). Institutional rational choice: An assessment of the Institutional Analysis and Development Framework. *Theories of the Policy Process / ed. by P.A. Sabatier*. Cambridge, MA : Westview Press, 21–64.
13. Deyneka, T. 2018. *Socio-economic contradictions in the process of globalization of society (political and economic analysis)*. Kiev: *KNEU named after Vadym Hetman*.
14. Tarasevich, V. M. 2017. *Fundamental economics: the universality of content and development*. Dnipro: PJSC «Economics».

## **PROBLEMS OF INSTITUTIONALIZATION AND TRANSNATIONALIZATION OF THE MODERN ENTERPRISES' INSTITUTIONAL ENVIRONMENT**

***Tetiana Somkina,***

*Doctor of Sciences (Economics), Professor,  
State University of Telecommunications, Kyiv, Ukraine,*

***Ina Huzhavina,***

*Ph.D. in Economics, Associate Professor,  
State University of Telecommunications, Kyiv, Ukraine,*

***Oksana Zhurska,***

*Ph.D. in Economics, Associate Professor,  
State University of Telecommunications, Kyiv, Ukraine*

The logic of the integration processes development in the study of the monopoly power impact and transnationalization of the institutional environment on the of enterprises' efficiency involves two main models of adaptive benefits, namely – product differentiation (the concept of differentiated markets, the concept of a dominant firm, the concept of information asymmetry) and diversification of production (the concept of strategic alliances, the concept of economic evolutionism, the concept of global localization) [1]. These mechanisms allow a modern information-institutional enterprise to carry out economic adaptation both to the conditions of market monopolization and to the transnationalization processes of the institutional environment.

But it is the presence or lack of integration advantages that provides for the possibility of manifestation the functional problems for existence the business structures in the modern transnational environment. Such problems may include: institutional constraints in the national markets, vertical constraints on the relationship «producer – distributor», production, legislative, tariff entry barriers, asymmetry problems of the market information, the tendency to monopoly «quasi-rent», taking into account possible losses of public welfare in monopolization conditions.

The presence of these problems makes it necessary to analyze the theoretical concepts for the study of state regulation the modern business structures within microeconomic science.

First of all, it is necessary to determine how and at the expense of which the state regulation of the economic entities' functioning is carried out and the peculiarities of their organizational structure are formed. After such an analysis, we can conclude that to implement an effective process of the enterprises' adaptation for operate in a monopolistic market under the influence of the economic environment's transnationalization within both

the production diversification and product differentiation, it is necessary to harmonize the goals of state regulation. Such analysis in economic theory, as we know, is associated with the analysis of methods and conditions for the state strategic actions' effectiveness of the state in the direction of influencing on the the business structure development. As we know, it was carried out within two main approaches – subjective-psychological institutionalism and socio-legal institutionalism

Within the framework of the subjective-psychological approach, it's possible to separated the concepts of «interaction of group interests» and «supervision». Within the framework of the social and legal approach, the concepts of “implementation of the agreement” and “institutional interest” were mainly studied.

At the same time, within these concepts there are motivational violations of subjective nature with the formation and spread of 2 distorted motives, which called «rent pursuit» and «bureaucratic choice», which should be taken into account in training public administration, especially in regulating the functioning sphere of integrated business systems [2]

However, all these models practically ignore the problems that arise as a result of the peculiarities of the relationship between the state and business structures operating in a monopolized transnational environment.

Today, the limitations of this approach are quite obvious, as the state power in the integrated transnational market influences on the competition's peculiarities more than any monopoly power in the market, taking into account the innovative products' peculiarities.

This is, firstly, due to the demand peculiarities on IT products, goods and services, which are defined by the term «complementarity». Secondly, the possibility of replacing products from buyers using the distribution of complementary products is known to be significantly lower than the possibility of replacing goods at regular sales. And third, prices changes on the complementary products, if they are carried out by distributors as a result of the market power's strengthening or weakening affect on the position of both producers and consumers of goods in the target market.

These benchmarks usually create favorable conditions for the implementation of vertical integration processes and the emergence of vertical constraints on the enterprises' functioning.

Another necessary analysis factor in the study of state regulation is the analysis of the firm peculiarities in a monopolistic environment in terms of the firms' interaction and interdependence in the transnational market [3].

The innovative products market characterized by a «rigid oligopoly with the monopoly umbrella effect».

As we know, the strategic position is inherent only in the oligopoly market, because in the free competition conditions, the firm production

volume doesn't depend and doesn't affect on the other firms' production. As a rule, the number of firms in the market is too large for such influence to be effectively realized.

Within the limits of microeconomic theory several variants of firms strategic behavior depending on internal and external factors are investigated.

Depending on the sequence of decision-making (decisions are made simultaneously by all firms or sequentially) – first their conditions are set by the market leader, and then come into force firms-followers. On the other hand, depending on the choice of strategic variable by firms, it can be either the volume production or the products price. In this case, this market is characterized by a clear manifestation of network externalities. In general, this building relationships process implies integration, which is a defining characteristic of modern economic development

In our opinion, we can identify several integration main forms which, on the one hand, determine the transnational corporations strategic development and on the other hand – form the external economic environment.

In general, the cooperation manifestation in the direction of strategic cooperation at the corporate level occurs through the processes of vertical and horizontal integration in the sectoral structure of corporations, as well as through mergers and acquisitions, subcontracting or the formation of inter-firm strategic alliances [4].

As a result, the overall integration level between business structures at the economy macro level increases, as evidenced by the clusters development of economic activity, more intensive regional integration, and the emergence of economic agglomerations, which manifest themselves in the regional concentration form of the enterprises' economic activity.

As we know, a vertically integrated company, in the full sense of the term, involves a combination of control over ownership, as well as enterprises' market behavior which belong to different stages of the value chain. In practice, control over the company's behavior can be carried out in non-joint-stock forms, ie without control over ownership, while in holding structures, depending on the type of holding and management, the opposite situation is possible – control over ownership without control over market behavior

From a practical point of view, control over the company's behavior can be carried out in non-joint-stock forms, without control over ownership, while in holding structures, depending on the holding type and management, the opposite situation is possible – control over ownership without control over business structures behavior on the market.

However, the decision on the need for integration is quite ambiguous, sometimes even a more strategically adapted form is the «externalization» or disintegration of companies in the structure of corporations.

According to M. Porter, «the main driving force in strategic decision making on vertical integration is an understanding of the strategic importance, vertical integration profitability and cost, both in economic terms and in the overall impact on the organization as a whole» [5].

Today, the mechanisms of international, cross-border strategic alliances are becoming more and more popular and widespread among modern corporate associations within which it is carried out:

- strategic integration with constant relations maintenance with the top management to solve strategic tasks;
- practical integration based on the middle managers interaction on the problems of joint coordination;
- operational integration, which provides mutual access of ordinary employees to common information resources.

In addition, there is also the so-called cultural integration, which involves a mutual desire to find ways for overcome differences in traditions, language, etc. The strategic importance of this integration form is significant, because alliances aren't only tools to reduce transaction costs and control costs, but also as equating to one of the company's main strategies aimed at overcoming market imperfections.

Thus, a strategic alliance can be defined as a formal agreement between two or more companies in order to combine their own efforts and capabilities to solve a specific commercial, operational and technical problem or the specific strategic task implementation [6]. At the same time, this partnership is guided by the principles of general responsibility and distribution of all possible risks associated with management decisions in the course of business activities.

It is also necessary to distinguish the concept of strategic alliance from another integration form of companies' corporate interaction which includes the problems overcoming and administrative barriers associated with access to a particular goods and services market; reduction of risks when entering on foreign markets, developing certain segments or launching new products; gaining access to new technologies, research and development, other resources in the process of cooperation; achieving synergy effect, streamlining operational processes during organization and joint activities [7].

In general, by participating in a strategic alliance, an organization can acquire, for example, commercial information, business contacts, technological and financial resources, partner company management experience, and, thus, eliminate problems in its organizational structure and, consequently, increase market competitiveness.

One of the most modern integration forms of corporate cooperation, noted in the economic literature, are «flexible business networks». The specificity

of this integration configuration lies in the certain independence of those elements that participate in the processes of creating added products value.

However, the real corporate cooperation mechanism is a new organizational form in which the firm carries out its practical activities on the principle of corporate labor division.

At the same time, all stages of a single production process are distributed between autonomous business structures, united by contractual relations around the parent company with controlling functions. This type of relationship between the coordinating firm of the corporation and other market participants who operate independently and specialize only in their field of activity, can significantly reduce production costs and achieve a high level of system management efficiency.

Recently, there has been a global trend among many corporations to rationally restructure value chains in order to reduce the number of suppliers and replace them with one or more integrated supply and distribution centers. In other words, we are talking about changes in the structure and organization of the value chain.

Such integration trends contributing to the above policy implementation include:

- value chain management, contracting and subcontracting;
- creation of a permanent support system of warehouse stocks, as well as the implementation the practice of «single outsourcing».

This means that corporations are increasingly seeking to consolidate key raw material procurement channels across the company in order to minimize costs and reduce the market power dominance and supplier influence. All the above trends relate to the processes manifestations via externalization or participants quasi-integration in economic relations [8].

Thus, we have considered the forming concepts process of business structure state regulation in the modern economy in terms of historical development within the basic economic theories in order to determine the conceptual approaches to the formation the mechanism of interaction between the state and business entities within modern social relations.

These concepts consideration allows us to conclude that in the state regulation process of the integrated business structure to a modern transnationally organized market economy, it is important to take into account the economic theory achievements to effectively adapt both the state and businesses to changes in certain market conditions.

It should also be noted that the main task of this study was to analyze the state regulation problems of the functioning processes of real integrated business structures in the innovation sphere that arise in a specific transnationally organized market environment. The proposed approach is based on the need to identify the main factors in implementing the strategy



of state regulation, taking into account the main subjects socio-psychological characteristics of economic relations, their manifestation in the market relations informatization, the specifics integration processes in Ukraine and also, those problems that are characteristic of transition economies.

At the same time, there is a need to take into account market, organizational and production factors that affect on the integrated business structures which are manifested by the market environment transnationalization and oligopolistic competition, as well as factors of vertical integration and vertical control, the growth of unproductive costs associated with informatization [9].

In our opinion, the modern conditions benchmarks of Ukrainian enterprises' adaptation to the transnational innovations market include the supra-market organizational structures creation under the institutional processes influence in the economy and transaction costs increase due to non-price competition.

The main problems that need to be taken into account in the state regulation processes implementation can include the negative transnationalization effects of innovation on public welfare, the negative impact of increasing market monopolization on the national production structures competitiveness and abuse of market pricing [10].

Based on the above, further research should be devoted to the analysis the main areas of government regulation adaptation to the market functioning peculiarities of integrated business systems in the field of innovation.

Within the such analysis framework it is necessary to characterize the directions of implementation the process of state regulation in terms of the main functioning market elements of the integrated business structure, the regulatory measures result and the economic effect that can be achieved. From our point of view, it is especially significant to increase the state regulation flexibility and adaptability to take into account both the characteristics of the product (service) and market relations, and institutional factors. At the same time, there are no less significant the actions of public authorities to regulate the main subjects behavior of economic relations.

Within the framework of these measures it is necessary to take into account not only the business structures' behavior peculiarities but also the consumer behavior and the overall behavioral situation in relation to the entrepreneurs' activities in the integrated structure [11].

Separately, it is necessary to carry out constant regulatory influence on the adequate motivation formation of and adequate civil servants behavior who will be involved in this sector of the economy regulation. To this end, we have formulated proposals for the process implementation for improving the state regulation of innovation in the national economy, taking into account the education sector capabilities and, above all, the State University

of Telecommunications.

Conclusions. Thus, the rapid growth of inter-firm relations observed in recent years is due to the expansion of corporate flexible business networks, which in fact, more than traditional manufacturing corporations, have become dominant in the modern economy.

It is safe to say that the production networks development as the dominant way to coordinate industrial activity completely changes the market competition policy and the search for companies' competitive advantages which are seeking to achieve the global leadership.

Close cooperation with key partners in the local market is extremely important both to increase the corporations' profitability which poses new challenges to its management and requires strategic flexibility and the additional resources creation and for the industrial clusters development and, consequently, in industrial development.

Thus, this research is devoted to the theoretical analysis of key methodological approaches to the study of the state regulation processes of the of integrated business structures functioning in the field of innovation.

This conceptual approach to solving the tasks provided an opportunity to analyze the problems that arise at the state level in regulating the particular innovation company functioning in adaptation terms to functioning in today's transnational market and present own views on solving these problems.

### References:

1. Dicken, P. (1994), «Global – Local Tensions, Firms and States in the Global Space-Economy», *Economic Geography*, 70(2), 121.
2. Dunning, J. 1998. «Location and the multinational enterprise – a neglected factor». *Journal of International Business Studies*, 45.
3. Stonehouse G. et al. 2005. Global and transnational business: strategy and management. *John Wiley & Sons*, 2nd ed., 158.
4. Ansoff, H. I. 1965. Corporate strategy: an analytical approach to business policy for growth and expansion. *McGraw-Hill*, New York.
5. Porter, M. 1980. Competitive strategy techniques for analysing industries and competitors. *New York The Free Press*, 67.
6. Kang, N., Sakai, K., (2015). International strategic alliances: their role in industrial globalization. *OECD STI Working Paper*, 5, 13.
7. Webster, F. 2002. Theories of the information society. 2nd edition. *London, New York*.
8. Mansfield, E. 1971. *Microeconomics: Selected Readings*. New York.
9. Somkina, T., Huzhavina, I. & Zgurska O. (2020). «Methodological principles of management of the profit of a trade enterprise», *Scientific Journal: Economics. Management. Business*, 1(31), 107–113.
10. Somkina, T. (2016). «Methodological approaches to the state

regulation of the functioning of the integrated enterprise systems in telecommunications», *Scientific Journal: Economics. Management. Business*, 4(18), 33–37.

11. Somkina, T. (2017) «Conceptual bases of formation of competitive advantages of modern corporate structure». *Scientific Journal: Economics. Management. Business*, 1(19), 19–23.

## **INNOVATIVE DIRECTIONS OF THE DEVELOPMENT OF CIRCULAR ECONOMY**

***Diana Kucherenko,***

*Ph.D. in Economics, Associate Professor,*

*Science and Research Institute of Social and Economic Development,  
Kyiv, Ukraine*

The modern world is changing at a very fast pace and, above all, in its qualitative features. Thus, the industries that determine the development of the world today are fundamentally different from what was at the end of the XX century. Today, electronics, programming, computer modeling, neuroinformatics, laser technology, nuclear and other energy, electron-ion-plasma technologies, new materials, nanotechnologies, biotechnology, living systems, modern transport, construction technologies, energy, ecology, etc. are relevant.

At the present stage of development of society, the general means of labor (or conditions necessary for the labor process) act as civilizational networks, ie as socio-economic infrastructures that provide «connection» of people to certain processes, opportunities, spaces. There are the usual civilizational networks – roads, transport, heating, water supply, sewerage, housing, buildings, fiber optic networks, logistics networks, engineering, industry and so on.

We are used to living in a linear economy: goods are made from raw materials, sold in as many quantities as possible, and eventually thrown away. However, this model no longer works. Now we already understand that the natural resources of the only planet Earth available to us are not infinite. Global warming and declining biodiversity mean that we will have to deliberately stop using some of our natural resources.

The problem of interaction between education, science and business has always attracted the attention of the scientists. Among the well-known

scholars should be G. Becker, J. C. Mill, A. Marshall, J. Minzer, D. North, M. Olson, E. Toffler, F. Fukuyama, who studied in their works the influence of education on economic results. Modern views on the cooperation of universities and employers, the analysis of Ukrainian education in terms of managing its quality are set out in the writings of V. Bazylevych, Y. Bolyubash, V. Briukhovetsky, O. Grishnova, O. Zhilinska, K. Levkovsky, and others. An analysis of the European employment policy, the problems of functioning and regulation of the labor market is contained in the works of I. Bessonovoy, N. Vishnevsky, T. Tkachenko, L. Lisogor, E. Libanova, V. Serdyukova and others. Issues of the development of adult education in foreign countries are devoted to research I. Beyul, O. Grishnova, P. Dysyatova, S. Kovalenko, O. Ogienko, I. Fokina.

Circular economy or circular economy involves the sharing of products and the purchase of services, not goods. Materials are used several times, things are designed for a long service life. The material from which homogeneous goods are made is reused when their service life expires or at an intermediate stage. The amount of waste in the production and use of goods is minimized.

The «circular economy» is an industrial system that is restorative in its intent and design. The idea is that instead of throwing away products before their value is fully realized, we should use them - not only once, but also repeatedly. Currently, only a few percentage points of the value of the original product pays off after use.

Most of the research on the circular economy that has been conducted so far focuses primarily on business models of resource efficiency. This applies mainly to the social benefits provided by the transformation from a linear to a circular economy.

An economy that promotes the reuse and recycling of materials, as well as extending the life of products, is, by definition, more time consuming than one based on the philosophy of recycling, ie on linear flows of resources. The main reason, of course, is that taking care of what has already been done – through repair, maintenance, modernization, and restoration – requires more labor than extraction and production combined (often at highly automated and robotic production sites). Leading countries in the use of circular economy are presented in tabl. 1.

Another feature of the current level of development of productive forces is that if land, buildings and equipment, as means of labor, can exist separately from the worker, the knowledge, competencies, experience, connections, skills, motivation, values, as means of labor, without man do not exist.

**Table 1***Leading countries in the use of the circular economy in the EU*

<b>Country</b>	<b>Indicator</b>	<b>% of GDP</b>
Finland	-68% >75000	>1,5% of GDP
France	-66% >500000	>2,5% of GDP
The Netherlands	-67% >200000	>2,5% of GDP
Norway	-66% >50000	>2% of GDP
Spain	-69% >400000	>2% of GDP

*Compiled by the author according to the data [7]*

We can determine that the specifics of modern productive forces include two elements:

- means of production of new technologies and innovations (knowledge, skills, competencies, motivation, values) cannot be separated from their carrier;

- modern means of production are created by means of thin civilizational networks (systems of translation of knowledge, competences, values, modern education, innovative environments).

This specificity is a trend of national economic development, namely: a necessary condition for technological modernization of the economy are thin networks of civilization. This defines the requirement that the national innovation system must meet modern subtle networks of civilization, promote their development and contain certain forms of social relations in which it will be possible to use the means of production that are inseparable from man.

It is clear that the creation of modern technologies in almost any industry has reached such a level of complexity that the workforce of the same quality (as the ability to perform specified operations with a certain intensity) is absolutely impossible to use.

Those who work in the field of innovation need the ability to think creatively, self-organization skills, a wide range of knowledge, motivation to continuously learn and improve, the ability to find talented solutions, work in a team. These abilities cannot be controlled by instructions and production technologies. And it is these abilities that are becoming the main means of production in the field of high technology today.

Unfortunately, in Ukraine there are not enough real steps for the development of the national innovation system, but at the same time there are some positive components. Strong indicators in the Global Innovation Index for Ukraine are:

- «Training costs» 18th place,

- «Coverage of higher education» 10th place,
- «Ease of obtaining a loan» 18th place,
- «Number of patent applications» received by the National Patent Office 19th place,
- «Total cost of computer software» 20th place. It should be noted that according to the indicator «Number of applications for a utility model» our country ranks first in the world. Ukraine is also fourth in the indicator «Employed women with a degree» [7].

Strong indicators are effective incentives and, despite existing barriers, contribute to the development of an innovative environment. What is an innovation environment? First, it is a community of people who like to implement complex projects, ideas, find original solutions, work with the same people in creative groups. These people are the bearers of a different type of thinking, namely entrepreneurial, research, and innovation.

So, according to CEO of the American company Apple Cook Tim Cook, the company buys startups not to increase profits, but to find talented people. And when a company finds outstanding intellectual property, it acquires it. Indeed, over the past 28 years, the company has acquired 80 startups and is using their potential to implement new technologies, improve old services, and attract strong employees to its team.

Secondly, it is a single space – territorial, educational, communication, design, ideological, research. This space is dominated by horizontal connections, which create an opportunity for high mobility of its participants. High mobility determines both the great mobility of new ideas and the intensity of information exchange, and is a particularly important condition for creating a favorable atmosphere of entrepreneurship. Also, thanks to this single space and way of life, the productivity of community members is ten times higher than the productivity of an ordinary employee.

When such a space with such a community of people appears, various economic agents begin to be attracted to it, the institutions necessary for the effective realization of productive forces begin to appear, and so on. But not the other way around. The innovation environment is primary.

Thus, the community of people united by common motives and values, developing in a single cultural space, forms an innovative environment, which is a form of social relations that corresponds to the current level of development of productive forces, and constitutes a national innovation system.

Recent studies of the development of the innovation process in individual countries and in the world as a whole show that this process is nonlinear, spontaneous, multifactorial. The main feature is that its implementation requires the involvement of modern scientific achievements and educated workers. This feature is also absolutely necessary, which determines the

main trends in the process of learning, training and retraining.

The new economic conditions require that educational institutions and leading companies (businesses) find as many “lines of intersection” as possible, establish effective cooperation, and implement joint industrial training projects. Higher education institutions should focus on the introduction of standards and methods of so-called business education, when the main educational load is based on the acquisition of knowledge and skills that can be used to solve specific production (business, technological, etc.) problems.

In a post-industrial economy, a new phenomenon is gaining ground – a powerful system of corporate education. Because large companies typically act as agents for the global innovation system, they need to respond quickly to the challenges of the competitive environment, including training and retraining. After all, the management of such companies cannot wait until “traditional education” understands the challenge and is rebuilt in accordance with the requirements of the time (this may take years, taking into account the time of study at the university). In modern conditions, leading companies that have embarked on the path of value management, are forced to take care of the development of corporate systems of industrial training in view of the demands of a particular company or even its divisions.

The modern concept of development distinguishes only those innovations that are associated with the renewal of the educational process, with its internal substantive and functional changes, the transformation into something new. And in cases of development it is a question of accruing, developed in time and managed qualitative transformations of the maintenance of training and educational activity (values, the purposes, system, process, result).

The most important features of the modern process of improving personnel management is to build trust in the enterprise, which leads to the expansion of the powers of performers on the ground, encourage dissent, decentralization and differentiation, change forms of control, namely - its narrowing and replacement with information. Joint business decision-making contributes to a comprehensive vision of problems and a holistic approach to human potential in conjunction with the strategic attitudes of the enterprise. An atmosphere of mutual trust creates an innovative corporate culture, which is a mandatory component of the modern personnel management process.

The decisive factor in the socio-economic development of society is also the current stage of scientific and technological progress, which accelerates its movement and fundamentally changes the world space, worldview of mankind, traditional productive forces and productive relations, deeply affects the human factor, labor organization and more.

Computer information technology is an important part of the modern economy. Effective use of information makes it possible to maximize

the efficiency of production, where the main factors are automation and communication. Today, innovation and investment development requires electronics, programming, computer modeling, neuroinformatics, laser technology, nuclear and other energy, electron-ion-plasma technologies, new materials, nanotechnology, biotechnology, living systems, modern transport, construction technologies, energy, ecology, etc. [10].

The World Economic Forum in Davos in 2019 identified the main requirements for future professionals that will affect employment, professional skills, hiring staff in different industries and different regions [8]. Thus, in the first place is such a skill as a comprehensive multi-level solution to problems, which indicates a broad worldview of man, his professional knowledge and atypical thinking. What follows is critical thinking, which allows a person to question existing rules and change circumstances.

Creativity in a broad sense is important, which allows you to have a non-standard approach to everything, and, most importantly, to see what is not yet there. The team approach in the organization of work requires the ability to manage people, because small creative and production groups will be created to solve operational problems, which requires both communication and emotional intelligence. You need the ability to form your own point of view, make decisions and take responsibility. In today's fast-changing world, it is important to immediately switch to different problems, to think about several tasks at the same time, which is called cognitive flexibility.

According to experts, in historically specific terms the stage of technological revolution, information, information-technological and the stage of information-electronic revolution have begun. This revolution is due to the fact that modern industrial technologies are fundamentally changing through computer information technology, biotechnology, artificial intelligence, 3D printers, living systems and more. All these different things come together and completely new advanced technologies appear, for which society is not always ready and the attitude to which is not always adequate. This is a complex, contradictory, insufficiently defined today path of development of society. We must understand that the process of transition of human society to a new stage of civilizational development has begun.

Modern avant-garde technologies show fundamental changes in the development of productive forces, because they are based on radically different principles of production. These principles, including those related to the fact that new technologies mimic in some way the actions of the human brain (computer technology, robotics, neuroinformatics), the actions of nature (biotechnology, living systems), which fundamentally changes the understanding of the role of man in modern the world.

Accordingly, the labor intensity of products also decreases tenfold, but the rate of knowledge intensity of products increases, which requires



employees not only a certain amount of modern professional knowledge and continuous self-improvement, but also professional skills and respect for modern expensive equipment. In addition, these technologies significantly reduce the duration of the production cycle, because they work around the clock at maximum speed, which helps reduce production costs and significantly improve its quality.

Advanced technologies based on processes (biotechnological, electroion-plasma and other processes) are now called machine-free. Such technologies make it possible to quickly adapt to today's requirements. Adaptation of these technologies to constant changes is an important characteristic, because it allows you to quickly take into account the needs of both production and people.

Important characteristics of advanced technologies are that they are carried out in a resource-saving way (based on the use of synthetic and composite materials); are environmentally friendly (closed production cycles with secondary use of industrial waste, wastewater treatment); are reliably controlled for the purpose of achievement of the set quality of production on the basis of application of achievements of electronics; in the case of machines require a minimum amount of live labor, and hence labor.

The latter is an example of complex automation with the help of robot complexes, rotary lines, flexible production systems, modern transport, energy, where the functions of workers are only control over the functioning of automatic systems and their adjustment. The main workplace is a controller with programming skills and a detailed understanding of the complete algorithm of the whole process.

High technologies radically change the production process, and most importantly – the place of man in it, because in principle they influence and change productive relations. These technologies are characterized by certain features. If they are process-based, then such technologies are almost machine-free. From the standpoint of the latest technologies, there is a real liberation of man from the process of direct production and essentially «uninhabited» technologies are formed.

An enterprise with such technologies should be considered as a self-organizing system, ie quickly responds to external changes, makes the necessary calculations, requests necessary or the system itself reconfigures, does not require human labor, retraining, so readjustment occurs in the shortest possible time, which gives great savings resources and time. Of course, the main impetus is made by a person who is then released from the production process and has only the function of external control. Such new technologies change the worldview, the whole philosophy of the relationship between the components of traditional production. This new paradigm changes the world as a whole, changes the relationship of the components of

the production process: objects of labor, tools, living labor itself. Realizing it or not, a person fundamentally influences the very essence of social and production relations: he takes away such an element as living labor, which leads to the disappearance of many traditional professions, abandonment of professional knowledge, dismissal, growth of the labor market, increasing social instability.

The advanced development of technical and technological components of modern production, the desire to produce in the shortest possible time with minimal costs fundamentally new products of the highest quality, and, most importantly, have time to sell these products while competitive, make profits, contribute to the formalization of modern production. Such a production process leads to the alienation of knowledge and information from their creators and carriers. There is an expulsion of living labor from the production sphere, which is characterized by deprivation of jobs, loss of professional experience, increasing negativity to modern «uninhabited» technologies, exacerbation of social tensions and more.

The new technological era causes new changes in the development of society, provokes social challenges, destroys labor markets. Technological innovations lead to a revolutionary breakthrough in efficiency and productivity. The Fourth Industrial Revolution planned that machines would communicate with each other without human intervention, and then the main task of workers in the workplace would be to monitor machines and computers.

The modern economy is characterized by uncertainty in the areas of technological development. First, that modern technology is not rigid; secondly, there are alternative directions and they are based on new research in the field of basic and applied sciences, where it is impossible to determine what will give the future innovative effect; thirdly, the development of a certain technological direction and its efficiency depend on further research funding and its wide implementation.

Conclusions. Thus, the main components of the concept of modern labor organization include the following. In the first place is the employee as a creative person who is able to combine their individuality, professional knowledge, communication and time requirements. Next is the workplace, which today must combine the formal and informal components of the organization of labor itself, is not defined by a rigid link to the place, city, region, etc., and the emphasis is on professionalism and responsibility. An important component is the understanding of the complexity of the task, which is associated with the solution of its individual components belonging to different industries as a whole, ie to successfully solve the case requires the employee to have additional powers to combine different tasks into one. one performer. Employee interest or motivation is a necessary condition

that allows the widest possible use of the employee's capabilities and abilities and encourages him to continuous learning and creativity, ie the organization of the employee's work includes, inter alia, self-planning and self-control based on understanding the content and ultimate goal and the whole task. It is important to organize the collective work of individuals, where functionally equal professionally educated people with a sense of responsibility are united by joint work.

Dominant trends in Ukraine, carried out against the background of accelerating scientific and technological progress, development of information and communication technologies, economic globalization, increasing international competition, determine the special relevance and importance of innovation-oriented society in the country. The low level of stimulation of innovative activity of economic entities at the state level causes a significant lag of the Ukrainian economy from developed economies, which negatively affected the level of quality of life, economic stability and security. In recent decades, Ukraine has failed to take significant steps towards the transition to an innovative model of economic development. The technological level of industrial production is mainly at the level of the third order, while developed countries are moving to the sixth and seventh regimes. This technological gap requires the most radical action, especially in the context of a significant disproportion in industrial production, the structure of which has surpassed the primary sector and the primary processing industry, rather than high-tech processing.

### **References:**

1. Karvasarsky, B., Ababkov, B., Vasilieva, A. et al. 2015. Coping behavior. St. Petersburg, 231.
2. Maklakov, A. (2016). Personal adaptation potential: its mobilization and forecasting in extreme conditions. *Psychological journal*, 22 (1), 126.
3. Dyachenko, M., Kandybovich, L. 2001. Psychological dictionary-reference book. *Harvest, Moscow: AST*, 576.
4. Ukrainian Association of the Club of Rome [ONLINE]. Available at: [www.clubofrome.org.ua](http://www.clubofrome.org.ua). [Accessed 27 June 2020].
5. Smirnova, O. 2017. Unemployment as a socio-psychological problem. *Soc. psychology. Special. issue 2*, 63.
6. Everyone by 2020 will consume 1.5 gigabytes of data per day [ONLINE]. Available at: <http://rusbase.com/story/intel-and-ge-about-smart-city/>. [Accessed 25 June 2020].
7. Kucherenko, D., Martyniuk, O. 2011. Strategies for the development of educational systems in the world : monograph. *Kyiv: IPK DSZU*, 312.
8. 15 startups that Apple bought and what came of it. [ONLINE]. Available at: <http://ain.ua/2016/08/16/664313> [Accessed 25 June 2020].

9. The Ministry of Economy increased the state order for IT specialists. [ONLINE]. Available at: <http://ain.ua/2016/08/16/664406>. [Accessed 16 June 2020].

10. Schwab. Klaus 2017. The Fourth Industrial Revolution. *Crown Business, New York*, 192.

11. The 10 skills you need to thrive in the Fourth Industrial Revolution. [ONLINE]. Available at: <https://www.weforum.org/agenda/2016/01/the-10-skills-you-need-to-thrive-in-the-fourth-industrial-revolution/> [Accessed 18 June 2020].

12. Question of the Cabinet of Ministers of Ukraine of June 17, 2009 No. 680 «On approval of the Concept of the national system of innovative development» [ONLINE]. Available at: <http://zakon.rada.gov.ua/cgi-bin/закони/> [Accessed 22 June 2020].

13. Kucherenko, D., Martyniuk O. (2015). Current trends in education in Ukraine and the EU. *Modern Science – Moderní věda. Prague. Czech Republic, Nemoros*, 6, 4 –50.

## **THREATS TO THE ECONOMIC SECURITY OF THE COMPANIES IN THE UKRAINIAN AGRI-FOOD SECTOR**

*Iryna Potapiuk,*

*Ph. D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

Currently, the agricultural sector has become a real driver of the national economy and a guarantor of the economic independence of Ukraine. The agricultural sector is a specific branch of the state's economy since its development has a decisive influence on the living standards of the Ukrainian people. The dominant feature of agricultural production is the factor that, in agriculture, the land is basic, irreplaceable, and non-reproducible means of production. Therefore, the production results depend mostly on land quality, fertility, and location.

Agri-food sector provides national security of the state in several ways. Its principal aim is to realize the country's potential advantages in global competition for solving the global food, environmental, and energy problems and thus, strengthen the economic potential and economic might of the native state. In view of the abovementioned, the economic security management of agri-food enterprises is not purely economic by its nature but also implies a social aspect.

In their vast majority, the main tasks of the economic security system of the entity comprise: protection of legal rights and interests of the enterprise

and its employees; collection, analysis, data evaluation and prediction of further events development; study of partners, competitors, consumers, future employees of the enterprise; timely detection of the possible threats to the company and its employees from the external environment; preventing penetration of business intelligence structures of economic competitors, criminals, and individuals with the unlawful intent; counteraction to technical penetration with criminal purposes; ensuring the preservation of material values and information that are a trade secret of the enterprise; getting the needed information to make the most optimal management decisions on the strategy and tactics of the enterprise economic activity; promotion in creating a positive opinion of the company among customers and business partners; control over the effectiveness of the security system, improvement of its elements. The well-structured system of economic security can provide advantageous conditions for the company's prosperous development and effective work, can facilitate achieving business goals in the conditions of fierce competition, and avoid significant economic risks due to early detection and elimination of threats and dangers [5, p. 96].

While in the early 2000s, all Ukrainian agri-food exports did not exceed \$ 2 billion, today, the agro-industrial complex is a real leader by export volumes. The revenues from the sales abroad increased nine times, to \$ 18.8 billion. Moreover, agro-industrial enterprises provide Ukraine with almost 40 % of foreign exchange earnings.

Daily agricultural exports bring more than \$ 51.5 million to the country. It also has a positive effect on the purchasing power of the Ukrainians. These funds stimulate the Ukrainian economy. Farmers spent their earnings to purchase seeds, fertilizers, plant protection products, fuel, machinery, and spare parts. These funds are used to pay taxes, salaries, and finance investment projects.

Ukraine remains one of the few countries in the world that still have the feasibility to increase crop production, increase export potential, and satisfy global needs in agricultural products. However, to strengthen the national economy further on, it is necessary to identify the hidden threats to Ukraine's agro-industrial complex, neglecting which can hurt every Ukrainian's wallet at any moment.

In this respect, it is advisable to monitor at least a few key factors. Firstly, it is the gross harvest and the quality of the grain grown. For this purpose, farmers must adhere strictly to agronomic technology and standard terms of carrying out agricultural works. Much depends on how farmers will distribute the area between different crops on the eve of sowing and how many «quintals per hectare» will be included in the plans of yield indicators.

Secondly, it is the cost of production. To increase the efficiency of agricultural production and the quality of future harvests, companies use

modern technologies and introduce new methods of caring for winter and spring crops.

Having analyzed how different components or factors affect the cost of the cultivated products, using a comprehensive approach, experts substantiate the importance of making the best or most effective use of these factors to reduce the cost of production and increase profits from each cultivated hectare.

Adjusting crop rotation, farmers search for more profitable crops and their varieties. For example, the share of high-oleic sunflower in the crops of most Ukrainian agricultural enterprises is still at 5 % rate. In France, the share of such seeds in the overall structure of sunflower crops is 63-65 %.

This spring, in view of the current market demand for high-oleic seeds among the confectionery and pharmaceutical industries, which are willing to pay producers an additional premium, farmers decided to change significantly the structure of sunflower crops in favor of sunflower hybrids, high in monounsaturated fats. In 2019, they will make up 62 % of the total area under the sunflower. And although we do not export these seeds, they are used in value-added products that are also sold abroad. Fluctuations in quotations on international stock exchanges for raw materials, including grain, are difficult for our producers to influence. The price conjuncture on the world market is one of the most significant risks for the Ukrainian economy today [6].

Due to its importance and relatively great vulnerability, the agricultural sector is one of the most regulated sectors in the economies of all countries. The potency of state regulation of the national economy increases significantly during the period of crisis and, accordingly, the influence of the state on the agricultural sector economic development increases.

In Ukraine, the process of reforming the agricultural sector is quite complicated. Today, ill-considered steps to implement reforms, lack of a clear strategy have resulted in the difficult financial situation of the agricultural enterprises in Ukraine, a significant reduction in the number of farm animals, the loss of the livestock industry, lowering of the living standards in the rural areas.

At the beginning of the reforms in the agricultural sector, possible risks of its reforming and their impact on the agricultural enterprises' activity were not taken into account or neglected, and the adequate mechanisms for their elimination were not developed. It was the main reason for the reform failure [10].

In current economic conditions, the agrarians must take into account the features of the enterprise's activity uncertainty factor, possible risks, and threats to its economic security.

The main threats to the development of the agrarian sector in the crisis

period, as evidenced by the domestic experience of previous years, emerge, primarily, due to lowered incomes and, consequently, reduction in solvent food demand and a narrowing of the national food market. This, in turn, provokes a decrease in the incomes of producers and even the closure of the production [8, p. 99].

Agrarian reforms, the formation of market relations, and changes in the forms of ownership and forms of management significantly increase the unpredictability of the social-economic processes in agriculture and, accordingly, heighten the risks impact on the agricultural business. The influence of macroeconomic decisions on the activity of each agricultural producer is growing. We can argue that the agrarian reform itself is a risk factor [2, p. 100].

The Law of Ukraine On Fundamentals of National Security of Ukraine, when describing the threats to national interests and national security in the economic sphere, underlines the critical state of the fixed assets in agro-cultural complex, the irrationality in the agricultural exports, in which resources of raw materials predominate, the critical state of food security; in the ecological sphere – significant anthropogenic disturbance and technogenic congestion of the territory of Ukraine, unreasonable use of genetically modified plants, organisms, substances, and products made of them [1].

Analysis of the existing definitions of the nature of the threats to economic security shows that each of them reflects the danger level for economic development, which manifests itself in the form of losses, negative impacts, obstacles on the way to achieving goals, etc. In general, the threat is a factor that poses a significant danger for the sustainable functioning of the economic system. Thus, danger and threat are one-order but quantitatively different concepts. The manifestation of danger in the form of real losses should be considered as a signal of its possible transformation into a threat if appropriate measures are not taken. On the one hand, the threats to the economic security of the state emerge when caused by the factors of general economic importance (macro-level) and which have negative effects on most of the economic entities, and thus, endanger economic security at the national level. On the other hand, they are the factors associated with impetuous management decisions made by the enterprise administration (micro-level). Those decisions can bring much harm to the company since they are ineffective. Threats to economic security may arise in the external to the enterprise environment and be associated with errors in the development and implementation of the reforms, with the vague or dubious scientific, industrial and innovation policy of the state, loss of control over economic processes, etc. [5, p. 94].

It is important to remember that businesses, counteracting the threats to

their economic security, must focus their efforts on creating and maintaining the company's own security system. The system of a company's economic security involves a well-established set of specialized bodies, services, tools, methods, and measures that protect the vital interests of the enterprise from internal and external threats [9, p. 99]. The system of economic security is not ready-made or standard for all enterprises. It is unique for each enterprise since it depends on the type and peculiar features of its activities, size, production capacity, existing risks of production, the availability of secret materials, etc. [5, p. 96].

The security system of the enterprise must be integrated into a single, more effective whole. It must amalgamate the enterprise's capacity to ensure property safety and financial, intellectual, informational, scientific-technical, and environmental security of the enterprise. In addition, it must operate strategically and efficiently, which directly depends on the completeness and clarity of the task scope that the system has to perform.

At agricultural enterprises, the risks arise at all stages of their economic activities: sowing and keeping crops, harvesting, transportation, operation of technical means, attracting investment, market infrastructure, hiring seasonal workers, and in many other cases. In addition, agriculture, unlike other sectors of the national economy, quite often depends on the factor of uncertainty or unpredictability emergence. In most cases, it is caused by natural environmental factors, which influence and determine the final results of the management efficiency. Therefore, to achieve the appropriate level of economic security, the economic entity's managers should take into account the full range of factors on which the efficient development of the enterprise in the conditions of fierce competition depends [7, p. 361].

A significant risk of agri-food industry development is also the insufficient quality of many kinds of domestic agricultural and food products, which harms the development of export activities and reduces the competitiveness of the Ukrainian foods and foodstuff, even in the national market.

The main threats to the agricultural sector of Ukraine development in the crisis situation are: the lack of financial resources, reduction of domestic agro-food demand, increasing price disparity, relative deterioration of the price situation on the world agri-food market, strengthening international protectionism in the field of agricultural products trade [8, p. 109].

Timely detection, prevention and counteracting various kinds of threats that destabilize the enterprise activities and threaten its economic interests, determining the ways and methods of creating an effective system of economic security, including the mechanisms and means for its effective implementation, should become the tasks of top priority for each enterprise. Theoretical and applied principles of the process of economic security management of agricultural enterprises as a guarantee and basis



for their development in a changing market environment require systematic research [2].

The key findings of the study argue that at any enterprise, there are always threats that come either from outside or arise inside the company. The threat is defined as a real probability of some dangerous activity impact, intentional or unintentional by its nature, which violates the stability of the enterprise, causing it material and non-material damage.

### References:

1. About the basics of national security: Law of Ukraine, dated from 19.06.2003, № 964-IV. [ONLINE]. Available at: <http://zakon4.rada.gov.ua/laws/show/964-15>. [Accessed 03 June 2020].
2. Kachanivska, Yu. I. (2015). Economic security of agricultural enterprises. *Scientific Bulletin of Lviv State University of Internal Affairs. The series is economic, 1*, 98–105.
3. Lavrenchuk, M. O. (2013). Threats and ways to ensure economic security in the agricultural sector. *Scientific Bulletin of the National Academy of Internal Affairs, 2*, 180–185.
4. Pavlov, O. I. (2014). The agri-food sphere of Ukraine as an object of national security. *Economics of agro-industrial complex, 2*, 97–103.
5. Pashniuk, L. O. Threats to the economic security of the enterprise and means of their neutralization. *Bulletin of Taras Shevchenko National University of Kyiv Series: Economics, 10 (151)*, 93–97.
6. Moroz, V. (2019). Hidden threats: how Ukraine will not lose its leadership in the world agricultural market. *Economic truth*. [ONLINE]. Available at: <https://www.epravda.com.ua/columns/2019/05/21/647959/> [Accessed 19 June 2020]
7. Riabenko, H. M., Sarafin, O. V. (2016). Threats and ways to strengthen the economic security of agricultural enterprises in Ukraine. *Global and national economic problems, 13*, 360–363. [ONLINE]. Available at: <http://global-national.in.ua/archive/13-2016/72.pdf>. [Accessed 09 June 2020]
8. Shubravska, O. V. (2009). The agri-food sector in the crisis: the main trends and challenges of development. *Economics and forecasting, 3*, 99–110.
9. Yarochkin, V. I. 2003. Company security system. *Moscow: Publishing house «Os-89»*, 352.
10. Yelistratova, Yu. O. (2010). Economic security of agricultural enterprises and its components at the macro and macro levels. *Innovative economy, 5*, 81–86.

## RESEARCH OF THE PROBLEMS OF INNOVATIVE ACTIVITY OF NATIONAL ECONOMY ENTERPRISES

*Elena Varaksina,*

*Ph. D. in Economics, Associate Professor,  
Poltava State Agricultural Academy, Poltava, Ukraine,*

*Andriy Iskovich,*

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

The necessity of innovation is more relevant today than ever before. This is due, firstly, to the need to rebuild the economy after the global financial crisis, and innovation can be an effective means to achieve this goal, and secondly, to change the way the economy and society due to modern technological transformations [1].

According to experts, scientific and technological progress as a source of economic growth in the near future will provide up to 90 % of the real increase in production (today it is 65–70 %) [2, p. 89]. Thus, the development of innovation is extremely important for both enterprises and the economy of Ukraine, as the development and implementation of innovations allows Ukrainian producers to compete in both domestic and global markets.

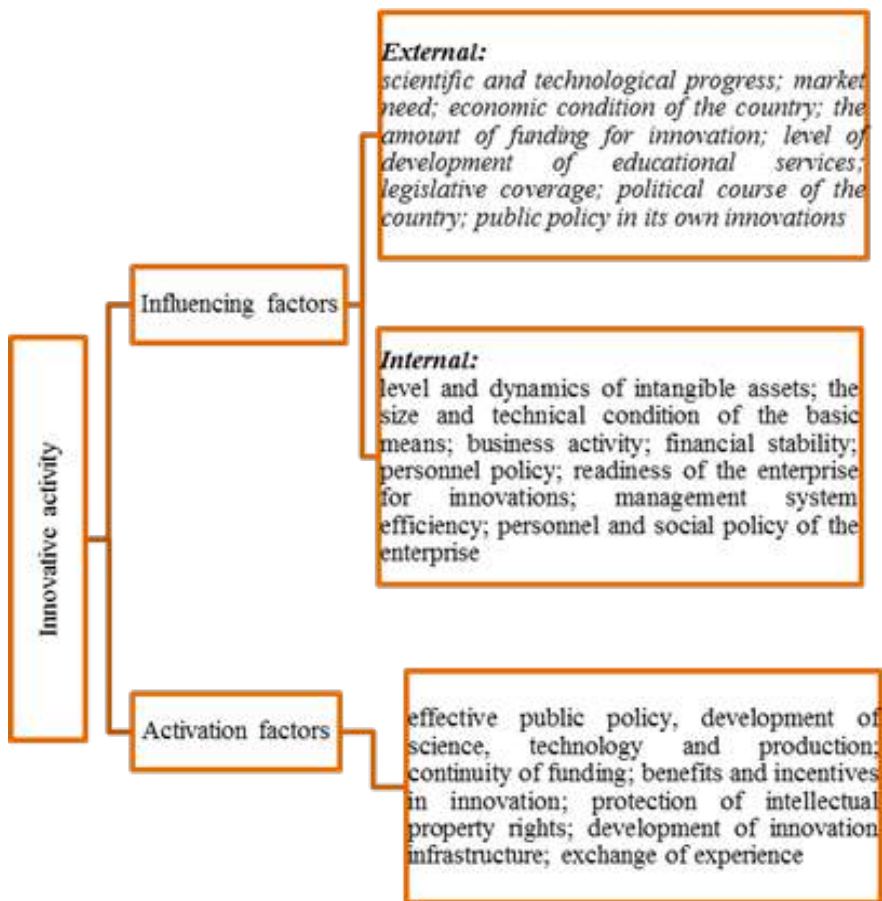
The Law of Ukraine «On Innovation» defines innovation as an activity aimed at using and commercializing the results of research and development, launching new products and / or services [3].

A. N. Azrilian, O. B. Kvardakova define innovative activity as “... a type of activity associated with the transformation of ideas (usually the results of research and development or other scientific and technical achievements) into a new or improved product introduced to the market; in a new or improved technological process used in practice; in a new approach to social services «[4, p. 222].

According to the Commercial Code of Ukraine, innovation is «the activity of participants in economic relations, carried out on the basis of investments to implement long-term scientific and technical programs with long payback periods and the introduction of new scientific and technical achievements in production and other spheres of public life» [5].

Other researchers understand innovation as a purposeful activity of industrial enterprises in the design, creation, development and production of qualitatively new types of equipment, objects of labor, intellectual property (patents, licenses, etc.), technologies, as well as the introduction of more advanced forms of labor organization and production management [6].

External and internal factors have the greatest influence on the innovative activity of the enterprise (fig. 1).



Source: based on [7]

Fig. 1. The most significant factors influencing and intensifying innovation

One of the main indicators, a generalizing indicator for measuring the level and results of the country's innovation potential, including mechanical engineering, is the Global Innovation Index, which reflects the main components of the innovation potential of countries [9, p. 80].

In 2018, Ukraine rose in the ranking by 7 positions and took 43rd place, ahead of Thailand and behind Croatia and Greece. And in the group in terms of below-average income, Ukraine took 1st place, beating Vietnam. The basis of Ukrainian innovative competitiveness is human capital and research, as well as knowledge and research results. Their effective implementation is the main competitive advantage. However, compared to 2017, Ukraine lost

2 positions in the sub-index «Human Capital and Research», moving from 41st to 43rd place. This was due to a reduction in education expenditures as a percentage of GDP (22nd place – 2017, 26th place – 2018) and research and development costs as a percentage of GDP (54th place – 2017, 62nd place - 2018) [1].

Weaknesses of Ukraine in terms of innovation in international indices are: «environmental sustainability», institutions, protection of intellectual property rights, the state of development of clusters, the development of broadband Internet, innovation environment.

During the study period, the position of the state in the ranking of countries has strengthened somewhat, but such dynamics can be indirectly called «positive» as the number of participants in the ranking decreased by 17 countries in 2018 compared to 2014.

The basis of Ukrainian innovative competitiveness is human capital and research, as well as knowledge and research results. Their effective implementation is the main competitive advantage. However, compared to 2017, Ukraine lost

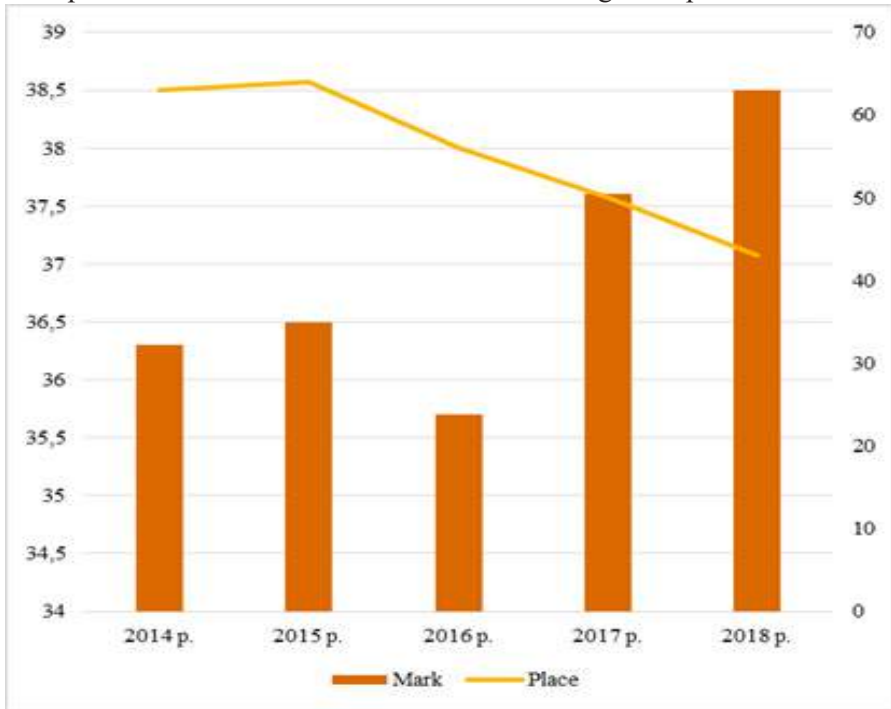
2 positions in the sub-index «Human Capital and Research», moving from 41st to 43rd place. This was due to a reduction in education costs interest on GDP (22nd place – 2017, 26th place – 2018) and research and development costs as a percentage of GDP (54th place – 2017, 62nd place – 2018) [10].

Speaking of innovation, it is important to analyze Bloomberg's rating of countries' innovation development. It evaluates the innovation of economies on the basis of a number of criteria, such as R&D expenditures in relation to GDP, productivity, percentage of innovative companies in total enterprises, number of scientists per million inhabitants, value added of production in relation to GDP, percentage of freelancers in total graduates educational institutions and patent activity.

Innovative activity is extremely important for machine-building enterprises. The machine-building complex is a system of industries, sub-industries, enterprises and organizations whose activities are related to the production of means of production and consumer goods. Mechanical engineering is an extremely complex complex industry that combines several dozen industries. The most developed of them in Ukraine are heavy engineering, automotive, agricultural, transport engineering, machine tool, instrument making, electrical engineering. Today, the enterprises of the machine-building complex are a large branch of the processing industry of Ukraine. This industry is the basis of technical and technological progress in the development of the national economy as a whole [8].

According to Bloomberg, South Korea once again became the leader in the ranking of the most innovative countries in the world. Germany rose in

the ranking by two positions and took 2nd place. Finland rose four places to third place. Switzerland and Israel were also among the top five.



Source: based on [10]

Fig. 2. Assessment of Ukraine’s position on the components of the Global Innovation Index

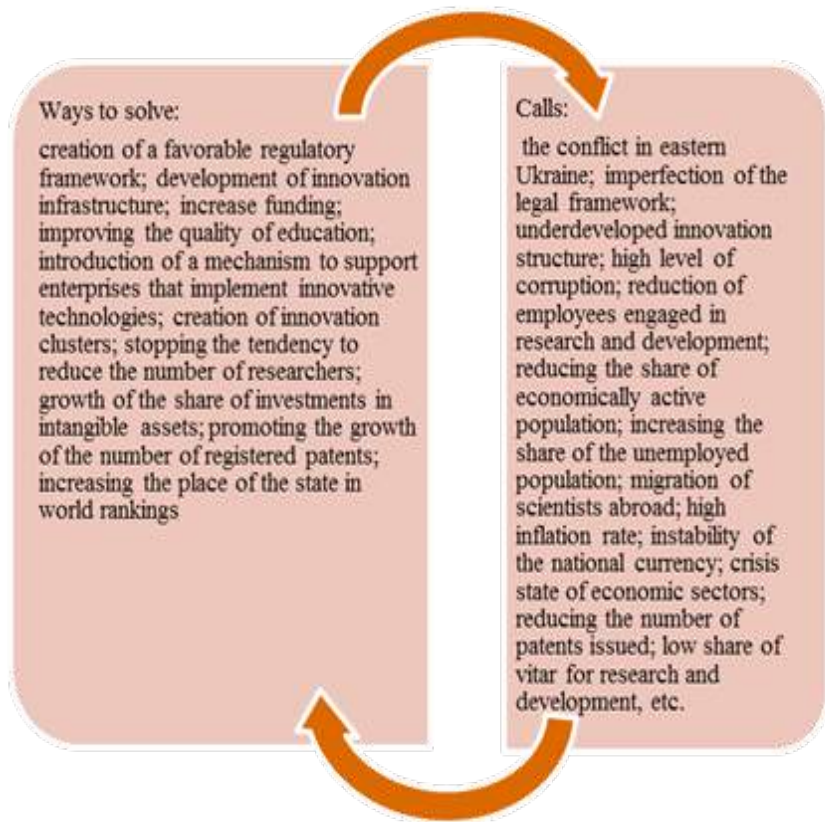
In 2019, Ukraine took 53rd place in the ranking with a total score of 48.09. A year earlier, our country ranked 46th. This decline is due to the weakening of Ukraine’s position on 6 of the seven components of this index [10].

Most Ukrainian scientists identify such important problems and obstacles to the innovative development of enterprises as: insufficient amount of financial resources used by the subjects of innovation; imperfect infrastructure of the innovation market; low level of stimulation and programming of innovative activity by the legislation of Ukraine; insufficient dissemination of information for innovation actors [11].

The need to overcome the systemic challenges facing the Ukrainian economy, ensuring sustainable development of the territories require the formation of new effective mechanisms and forms of interaction between government and business structures based on the balance of interests and the

principles of maximizing mutual benefits [13, p. 64].

Intensification of innovation at all levels is relevant for the economy of Ukraine and only the innovative way of development will ensure the competitiveness of products and enterprises through constant updating of equipment and technologies, expanding markets, effective use of scientific and technological potential and stimulate its growth [6].



*Source: based on [12]*

Fig. 3. Priority ways of overcoming challenges in innovation activity of enterprises of national economy

The measures that promote the intensification of innovation should include:

- stimulating the demand for innovative products, where various programs for the development of innovative activities in the region should play an important role. In addition, this will be facilitated by the implementation of

new forms of territorial organization;

- increasing the efficiency of the knowledge generation sector. These include the focus of research on the problems of innovative development of the region through the participation of leading universities in promising associations, mechanisms to stimulate partnerships between business, research and educational institutions;

- increasing the efficiency of human resources for innovation. Promising tools such as «mentoring» institutes for beginners-innovators, educational programs for training managers for innovation and others [14, p. 25–26]. Active implementation of innovation processes is a way to bring back to life traditional types of economic activity. It consists in re-infusion in them of the driving forces capable to provide competitiveness and to create new workplaces by means of purposeful development of all technological bases. It uses a number of technologies. This includes not only electronics, information technology, flexible automation, new technologies for obtaining, processing and processing of materials, ways and means of saving energy, but also the type of organization that better responds to the needs of the production process and market, reduces costs and eliminates «bottlenecks» seats [15].

Thus, the development of the Ukrainian economy on an innovative basis is an extremely important task for the government. Only the rapid implementation of scientific advances in new technologies and products will help the state to increase its competitiveness in world markets.

### **References:**

1. Pisarenko, T. V., Kvasha, T. K. and others. The state of innovation and activity in the field of technology transfer in Ukraine in 2018: analytical reference.
2. Yanenkova, I. H., Pozur, S. S., Kataieva O. A. (2016). Innovative activity of industrial enterprises of Ukraine: the state and prospects of development. *Naukovi pratsi. Ekonomika (electronic journal)*, 285, 273, 89–94.
3. Law of Ukraine «On Innovative Activity» of 16.10.2012 No 5460-VI. [ONLINE]. Available at: [http://zakon.rada.gov.ua/laws/show. 40](http://zakon.rada.gov.ua/laws/show/40) [Accessed 18 July 2020].
4. Azrilian, A. N., Azrilian, O. M., Kalashnikov, E. V., Kvardakova, O.V. Large economic dictionary.
5. Economic Code of Ukraine of 16.01.2003 № 436-IV (with current changes and additions). [ONLINE]. Available at: <http://zakon.rada.gov.ua>. [Accessed 18 July 2020].
6. Mochery, S. V. (2000). *Ekonomic entsyklopediia: in three volumes*, 1, 655–656.

7. Vinnikova, I., Marchuk, S. (2015). Analysis of innovative activity of industrial enterprises in Ukraine. *Ekonomika ta derzhava*, 8, 47–53.
8. Pigul, N. G., Pigul, E. I. (2018). Current state and prospects of development of machine building complex of Ukraine. *Economy and society*, 15, 444–449.
9. Levkivskiy, O. V. (2017). International indicators of assessment of innovation potential of Ukraine and its implementation. *Intelekt XXL*, 4, 78–82.
10. Dutta, S. The Global Innovation Index 2014–2018. [ONLINE] Available at: <http://www.wipo.int/publications/en/details.jsp?id=3254&plang=EN>. [Accessed 18 July 2020].
11. Golub, Y. (2012). Innovative activity of enterprises as the main requirement of modernity. *Economic sciences. Ser.: Accounting and Finance*, 9 (1), 225–230.
12. On approval of the Strategy of innovative development of Ukraine for the period up to 2030. [ONLINE]. Available at: <https://www.businesslaw.org.ua/wp-content/sir.pdf>. [Accessed 20 July 2020].
13. Onegina, V., Batyuk, L. (2017). Public-private partnership and rural development. *Actual problems of innovative economy*, 2, 64–71.
14. Men'shchikova, V. (2014). Innovative activities at the regional level: current trends, key issues, ways of activation. *Rossyiskoe predprynymatel'stvo*, 6, 20–28.
15. Kramarenko, I. S. (2014). Research of innovation-investment activity of enterprises in Ukraine. *Bulletin of the East Ukrainian National University named after Vladimir Dahl*, 2, 151–155.

## **FEATURES OF DIGITAL DEVELOPMENT OF SOCIO-ECONOMIC SYSTEMS**

*Atash Bar Fardin,*  
*Postgraduate Student*  
*Poltava State Agrarian Academy, Poltava, Ukraine*

Mass transition of socio-economic systems to digital economy is possible only if their territorial and sectoral subsystems achieve a certain level of informatization and development of information infrastructure, which guarantees the full vertical and horizontal integration of their structural and functional elements into a single information space, technical feasibility of digitization of basic economic processes and the formation of an adequate institutional environment that determines the rules and regulations of digital transformation and digital development of socio-economic systems and



features of behaviour and interaction of economic entities in terms of large-scale use of digital technologies in all spheres of human life and radical modernization of communication system.

To describe the processes of formation of the digital economy the term «digitization» is often used, the essence of which also needs to be clarified.

Digitization in a wide word meaning should be represented as «the process of implementing digital technologies for generation, processing, transmission, storage and visualization of data into various fields of human activity» [7]. As a key difference between the concepts of «digitization» and «informatization» you can use the breadth of information processes. Informatization covers the whole range of information processes of social development, while digitization - only those processes which are connected with the generation and use of information presented in digital format. Based on the logic of this concept, digitization can be considered as one of the stages of the global informatization process. As undeniable advantages of digital representation of information Plotnikov V.A. highlights:

- increasing the resistance of systems to interference and distortion of information;
- the ability to minimize costs connected to the implementation of information procedures;
- the possibility of unification of different organizational, technical-technological and software-hardware elements and the use of new algorithms and technologies of information processing;
- increasing the speed of reaction of socio-economic systems to changes in the environment of their operation [7, 9].

Noting that the formation of the digital economy (digital transformation) is in progress through the implementation of specific digital projects, Kupriyanovsky V. P., Dobrynin A. P., Sinyagov S. A. and Namiot D. E. [5] believe that the teams that develop digital projects should focus on solving such key tasks as the development of digital development strategy, the formation of management mechanisms for various types of digital activities, the development of tools to transform the effects of realization of digitization projects into operational advantage to provide sustainable competitive advantages.

During digitization it is important to create a digital institutional environment of the economy in the form of standards, laws, norms and rules, one of which is the decision that digital forms of official interaction should be the first and analog ones the second, including at the interstate level as well as at the levels of interaction between states and business, citizens and business, suppliers and customers of goods and services [2, 5, 7].

The occurrence of the effects of the transition to the digital economy happens as a result of developing a set of digital models of economic reality,

providing them with relevant measurable information, using innovative methods of its processing, creating conditions for open access to information resources and technologies and convenient interfaces to realize information needs of all economic entities [9].

Different view allows to determine digitization as the saturation of the physical world with electronic and digital devices, tools, systems and the establishment of electronic and communication exchange between them, which actually makes the integrated interaction of virtual and physical possible, that is creates cyberphysical space. The main purpose of digitization is to achieve digital transformation of existing and creation of new branches of the economy, as well as to transform the spheres of life into new more efficient and modern ones [1].

According to the priority scenario of digitization of the country, the priority task is to remove legislative, institutional, fiscal and tax and others barriers that hinder the development of the digital economy. Another important task is to form motivation for digitization of society, which is to provide the financial affordability of digital technologies for consumers, create conditions in various spheres of life to form the needs of citizens and businesses to use new digital tools instead of the usual, traditional [8].

In general, digitization is an objective stage in the evolution of socio-economic systems, connected to the mass use of digital technologies, the implementation of new models of interaction of economic relations subjects, that objectively determine deep transformations of the socio-economic development paradigm;

The process of digital transformation covers all socio-economic processes in society. Therefore, it is one of the most popular research topics at all levels of management. Despite this, the scientific sphere and the business community have not yet formed a stable understanding of the essence and meaning of the concept of «digital development».

At the beginning of the digital transformation, digital development meant the transition into digital format or the accumulation of traditional data forms in digital format. This is also one of the directions of digital development, however, in modern conditions, this concept is much broader. As business entities at different levels realized all the possibilities of using digitized data, they began to develop processes for this purpose, and digital technologies, in turn, began to develop and gain the ability to integrate into various social and economic business processes quickly.

Digitization and digital development have become processes aimed at digitizing all the world's resources (making digital copies) and the formation of network platforms for interaction, in order to get a predictable and guaranteed result.

It should also be noted that in the classical sense, the essence of

development is such movement and change of nature and society, which facilitates the transition from one quality of state to another, from old to new. Therefore, development is most often understood as such five essential categories as increasing the complexity of the system, improving the adaptability to external conditions; increasing the scope of the phenomenon; quantitative growth of the economy and qualitative improvement of its structure; social progress. Since digital development covers both economic and social objects and phenomena, then its essence must include all mentioned categories.

So, digital development for modern economic systems acquires another meaning considering its primary origins (Fig. 1).

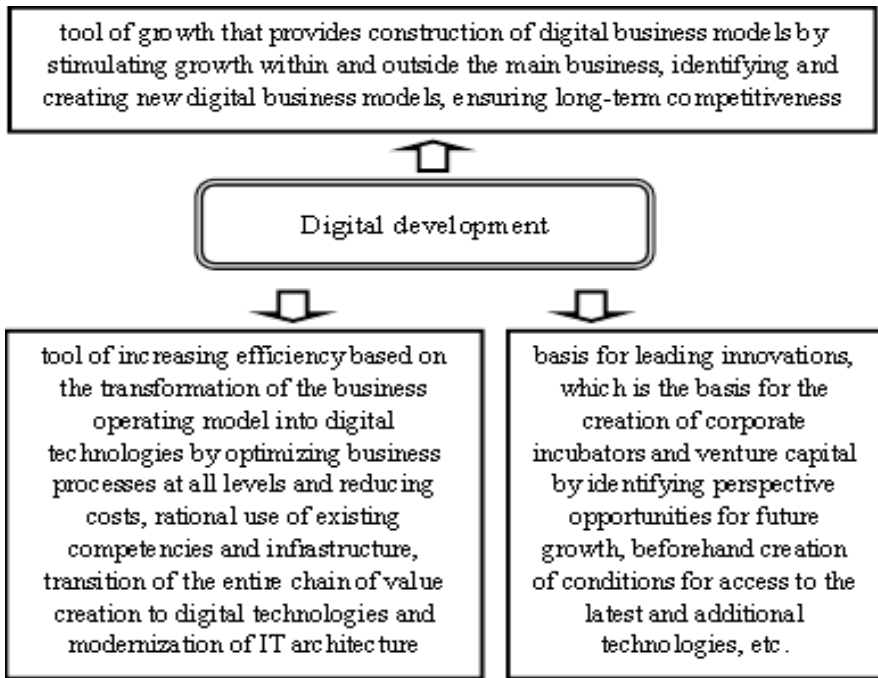


Fig. 1. Features of the essence of digital development for modern economic systems [formed on the basis of 6]

So, digital development should be understood as radical changes in the technological system in society, consisting in increasing the complexity of the relationship of socio-economic system based on increasing size and depth of penetration of ICT into production and social life of people, that promote economic growth, qualitative improvement of production factors, increasing the efficiency of resources use and social progress.

That is, the result of digital development is the transition from a post-industrial society to an information society through the formation of a digital economy and harmonization of the information structure of society by successive stages of information and communication development [3, 4]. The selection of stages of digital development of the economy and society points to the dependence of the list of studied characteristics on the level of digital development:

- at the initial stage of formation of sufficient and secure information and communication infrastructure of digital economy of information society indicators of availability of means of communication, the Internet, and accordingly the readiness of business, management system and society to use ICT, digital platforms, electronic services, «Internet of Things» at least at the local level are important;

- at the secondary stage of digital transformation of the economy and society, the basic manifestations of digitization results are important, namely: provision of services in electronic form, virtualization of business, use of «industrial Internet», intersectoral and regional integration of digital infrastructures and services;

- at the last stage of creation of a single national digital space, the mass functioning of digital services, the formation of an integrated digital contour of health care, education, management and service, integrated digital production and cross-border business space are important [10].

In particular, Kuzovkova T. A., Kukharenko E. G. and Salyutina T. Yu. have identified the next three stages of digital development and the corresponding criteria for the formation of digital economy of the information society in most post-Soviet countries (Fig. 2) [6].

This allowed to determine the main directions of digitization and digital development of modern socio-economic systems:

- formation of systems of management of all economic and social life aspects, which would provide compliance with the requirements of digitization as a global trend of effective economic development and society;

- creation of opportunities for the implementation of the prerequisites for digitization as favorable conditions that contribute to its positive impact on economic and social life;

- development and implementation of programs of digitization benefits management;

- identification of challenges, threats, problems and possible negative consequences of digitization, and in order to increase the effectiveness of the impact of digitization as a trend in the development of world economy and society - the development and implementation of programs of relevant risks management.

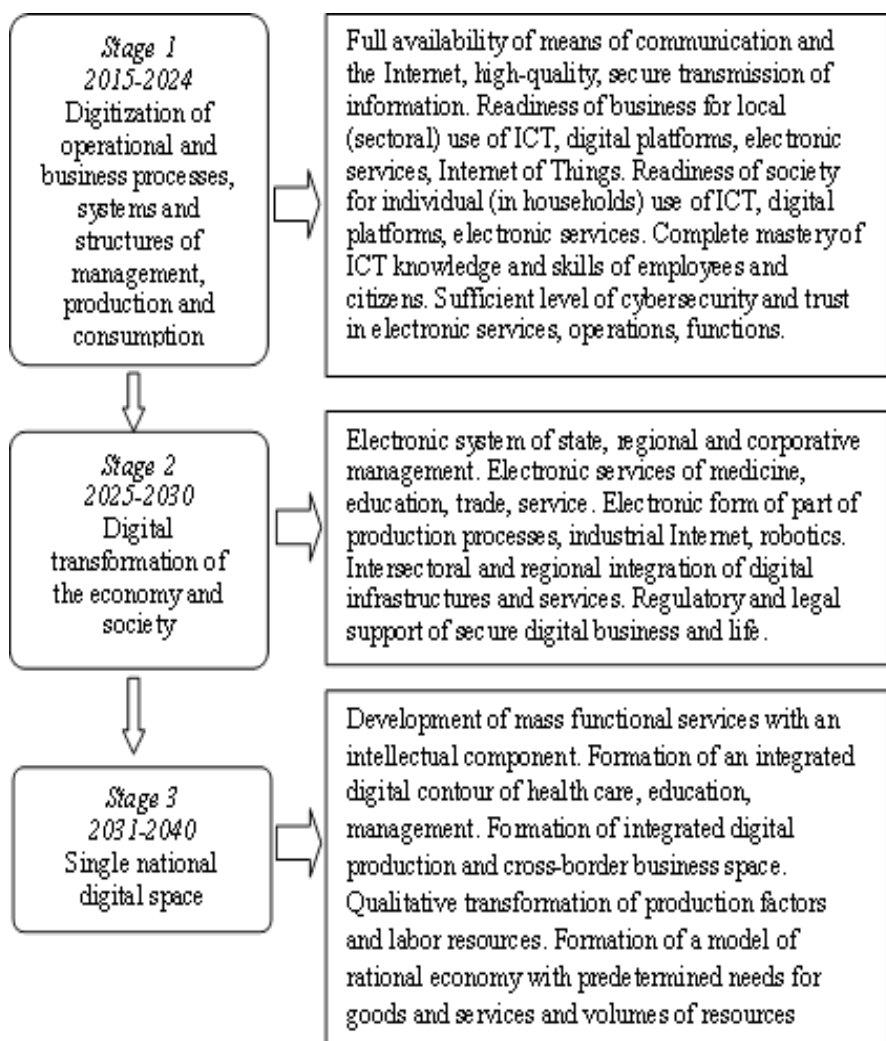


Fig. 2. Stages of digital development and formation of the digital economy of the information society in post-Soviet countries [formed on the basis of 6]

The implementation of the requirements of digital transformation as a modern trend of development of economy and society and thus to increasing the efficiency of their development to some extent corresponds to the presence of prerequisites for digitization at the state, sectoral levels, as well as at the levels of individual farms and citizens [3].

## References:

1. Cabinet of Ministers of Ukraine (2018). On approval of the Concept of development of the digital economy and society of Ukraine for 2018-2020 and approval of the action plan for its implementation: from January 17, 2018 № 67. [ONLINE]. Available at: <http://zakon5.rada.gov.ua/laws/show/67-2018-%D1> [Accessed 24 June 2020].
2. Gribanov, Yu. I., Shatrov, A. A. (2019). The essence, content and role of digital transformation in the development of economic systems. *Bulletin of the Altai Academy of Economics and Law*, 3-1, 44–48. [ONLINE]. Available at: <https://www.vaael.ru/ru/article/view?id=349> [Accessed 27 June 2020].
3. Khalin, V. G., Chernova, G. V. (2018). Digitalization and its impact on the russian economy and society: advantages, challenges, threats and risks. *Management Consulting*, 10, 46–63.
4. Kozhemyako, S. V. (2019). The problem of digitalization in the context of socio-economic relations. *Processes of digitalization in the modern society: trends and development prospects: a collection of reports of the All-Russian scientific and practical conference with the international. The Editorial and publishing house of the russian new university*, 159–165.
5. Kupriyanovskiy, V. P., Dobrynin, A. P., Sinyagov, S. A., Namiot, D. E. (2017). A holistic model of transformation in the digital economy – how to become digital leaders. *International journal of open information technologies*, 5(1), 26–33.
6. Kuzovkova, T. A., Kukhareno, E. G., Salyutina, T. Yu. (2019). Substantiation of the evolution of criteria for digital development of the economy and society. *Economics and quality of sanctuary systems*, 2 (12). [ONLINE]. Available at: <https://cyberleninka.ru/article/n/obosnovanie-evolyutsii-kriteriev-tsifrovogo-razvitiya-ekonomiki-i-obschestva> [Accessed 21 June 2020].
7. Plotnikov, V. A. (2018). Digitalization of production: theoretical essence and development prospects in the Russian economy. *Bulletin of the St. Petersburg state university of economics*, 4(112), 16–24.
8. Sokolova, G. B. (2018). Some aspects of digital economy development in Ukraine. *Economic Bulletin of Donbass*, 1(51), 92–96.
9. Ulez'ko, A. V., Zhukova, M. A. (2019). Digitalization as a stage of evolution of socio-economic systems. *Voronezh State Agrarian University Bulletin*, 1 (60), 169–179.
10. Volodina, E. E., Devyatkin, E. E. (2016). Internet of Things: Trends and Development Prospects. *In the book: Mobile Business: prospects for the development and implementation of radio communication systems in Russia and abroad. Collection of materials (abstracts) of the XXXVIII international conference of the Russian Academy of Natural Sciences*.

## **PART 2. CURRENT NATIONAL AND GLOBAL FUNDAMENTALS OF SOCIAL AND ECONOMIC SYSTEMS' DEVELOPMENT**

### **DEVELOPMENT OF MEASURES TO INCREASE SERVICE QUALITY MANAGEMENT EFFICIENCY AT A HOSPITALITY RELATED ENTERPRISE**

*Catherine Koryuhina,*

*Mg.oec., Mg.Philol., Head of the Research Department,  
Chief Editor, HOTEL SCHOOL Hotel Management College, Riga, Latvia,*

*Viktorii Riashchenko,*

*Dr.oec., Professor, Director of the study programme  
Business Administration, ISMA University of Applied Sciences,  
Riga, Latvia*

Introduction. Quality in the tourism and hospitality industry involves consistent delivery of products and guest services according to expected standards. Delivering quality service is one of the major challenges the hospitality managers will be facing in the following years as it is an essential condition for success in the emerging, keenly competitive, global hospitality markets (Kapiki, 2012).

The hospitality industry is a broad category of fields within the service industry that includes lodging, theme parks, event planning, cruise line, transportation, and additional fields within the tourism industry (Bureau of Labor Statistics, 2020).

The primary foundation of the hospitality industry is built upon customer service, an element shared by each segment of the hospitality business. Indeed, each segment focuses on delivering some or all facets of service, which gives entrepreneurs in hospitality a means to generate profits across a wide range of organizations. While careers in this industry can be challenging and fast-paced, they offer opportunities to succeed in management on a global level with prospects for high level education to help direct an upwardly mobile career path (EHL, 2013).

Apart from reliance on disposable income and leisure time, here are several defining aspects that make the industry a success: customer satisfaction, excellent service, employees' skills and behaviour, brand loyalty, etc.

Theoretical background. Quality in simple terms is meeting or exceeding customer expectations. To meet or exceed customer expectations, organizations must fully understand all service attributes that contribute to customer value and lead to satisfaction and loyalty (Evans & Lindsay, 2010).

The International Organization for Standardization (ISO) defines quality management as “all activities of the overall management function that determine the quality policy, objectives and responsibilities and implement them by means such as quality planning, quality control, quality assurance and quality improvement within the quality system” (International Standard, Quality Management and Quality Assurance-Vocabulary, 1994). Total quality management (TQM) is an integrated management approach that aim to continuously improve the performance of products, processes, and services to achieve and surpass customer’s expectations (Montasser, 2013). In the area of hospitality, total quality management (TQM) is a participatory process that empowers all levels of employees to work in groups in order to establish guest service expectations and determine the best way to meet or exceed these expectations (Walker, 2010). To maintain a sustainable competitive advantage in a rapid changing environment it is important to adopt and implement TQM process in service industries.

Most of the studies on TQM have been undertaken in the manufacturing sector and have later spread to service organizations (Gustafsson et al., 2003; Rönnbäck and Witell, 2008). The growth of service industries has resulted in an increased focus on the implementation of TQM principles in service organizations and in delivering high-quality service to customers (Schneider and White, 2004; Rönnbäck and Witell, 2008).

Tools measuring quality service in the hospitality industry. Delivering quality service is one of the major challenges the hospitality managers are facing nowadays. Some of the most well-known models that measure quality service in the hospitality industry are Gronroos’ (1990) Perceived Quality Service Model, Parasuraman, Zeithaml & Berry’s (1994) Quality Service Model, Parasuraman, Zeithaml & Berry’s (Edvardsson et al, 1994) SERVQUAL instrument later known as RATER, The Critical Incident Technique (CRIT), Just In Time(JIT), etc. Other tools to monitor quality of products or services and achieve continuous improvement in the tourism industry include questionnaires, mystery guest technique, market evaluations, inspection, correction and verification of business accounts audits, “moments of truth” indicating incidents that led to guest’s dissatisfaction, direct complaints, self-assessment, benchmarking, etc.

There are also various quality labels for accommodation aimed at informing consumers, enabling an informed choice to be made that is based on some measure of quality; and encouraging investment and quality improvement by setting a standard that owners seek to reach and maintain (Kapiki, 2012). Among the others there are the star classification system, its alternative the AAA (the American Automobile Association) Diamond program, travel websites with accommodation ratings (e.g. tripadvisor.com), ISO series of standards, eco-labels, and Leading Quality Assurance quality



standards. Quality awards can be exemplified by The European foundation for quality management (EFQM). The Deming Prize (Japan), The Malcolm Baldrige National Quality Award (the USA), etc.

The Malcolm Baldrige Award. The Malcolm Baldrige National Quality Award is the highest level of national recognition for performance excellence that a U.S. organization can receive. MBNQA is an award established by the U.S. Congress in 1987 to raise awareness of quality management and recognize U.S. companies that have implemented successful quality management systems. The Baldrige Excellence Framework is the Baldrige Program's signature product. The Baldrige framework booklet includes the Criteria for Performance Excellence, a set of questions that represent the leading edge of validated leadership and management practice. Through the Baldrige framework and Criteria, the Baldrige Program provides global leadership in promoting performance excellence and the learning and sharing of successful performance practices, principles, and strategies (NIST, 2020b).

Organizations that apply for the MBNQA are judged by an independent board of examiners. Recipients are selected based on achievement and improvement in seven areas, known as the Baldrige Criteria for Performance Excellence:

1. Leadership: How upper management leads the organization, and how the organization leads within the community.
2. Strategy: How the organization establishes and plans to implement strategic directions.
3. Customers: How the organization builds and maintains strong, lasting relationships with customers.
4. Measurement, analysis, and knowledge management: How the organization uses data to support key processes and manage performance.
5. Workforce: How the organization empowers and involves its workforce.
6. Operations: How the organization designs, manages, and improves key processes.
7. Results: How the organization performs in terms of customer satisfaction, finances, human resources, supplier and partner performance, operations, governance and social responsibility, and how the organization compares to its competitors (ASQ, n.d.).

Research object. For quantitative research quality index is analysed on the example of "Frenchman's Creek Beach and Country Club", the USA, using the Malcolm Baldrige Award criteria in order to get the numerical data of quality management level in the hotel.

Located in Palm Beach County, Florida, "Frenchman's Creek Beach and Country Club" is a residents-only, year round residential country club

community set on 2.8 km<sup>2</sup> of land. The community contains 606 Florida luxury homes – 188 custom / million dollar estate homes, 90 villa homes, 291 patio homes and 37 town homes. 95 of these homes are located on deep water canals offering boating and yachting activities. Home prices range from \$750,000 to over \$5 million.

“Frenchman’s Creek” also includes a private ocean-front Beach Club along with two 18-hole golf courses, 16 tennis courts, deep water anchorage for boats and yachts, a 6,500 m<sup>2</sup> clubhouse, and a stand-alone 1,000 m<sup>2</sup> fitness and spa facility exclusively for member use.

Membership in the private club at “Frenchman’s Creek” is limited exclusively to the 606 residences within the community. “Frenchman’s Creek” is owned and operated by its equity members, thus establishing each Member as an owner in part of the common areas, Club and their related facilities. Membership in this Palm Beach country club is a family-style membership with golf, tennis and activities intended for use by every member of the immediate family (Frenchman’s Creek Beach and Country Club, 2019).

Staff communication policy is the following: Team Contacts occur via What’s App, which is the general method of communication. All employees must have the app downloaded.

The weekly staff meeting is held every Saturday from 3pm to 4pm. The meeting always starts with an outlook of the upcoming ten days and will further discuss recent events. The meeting might be used for additional training and employee endorsement. The assigned captain will take meeting minutes of every meeting and send those to the Sports Bar Manager and Beach Club GM for revision every Saturday.

Working experience at “Frenchman’s Creek Beach and Country Club” starts with the 2-week orientation program that includes studies of 19 “Frenchman’s Creek Beach and Country Club” standards, all rules of the club. Trainees are discussing all benefits and opportunities. HR provides weekly classes for first-visit trainees such as bartender’s course, classes about purchasing, tennis lessons etc.

“Frenchman’s Creek Beach and Country Club” has Safety Bingo. Each day without an accident is extra 1\$ for safety pot.

Research results. The Malcolm Baldrige Award method uses a nationally recognized tool to evaluate the quality index (QI). A Baldrige self-assessment helps organizations assess whether they are developing and deploying a sound, balanced and systematic approach for running their organization. Baldrige criteria help the organization to conduct a self-assessment, which provides a way to evaluate how well the organization is meeting its goals and objectives. Organizations use it to evaluate their processes and their impact on results. To begin the exercise, the members of the team should

read and discuss each of the categories and then, on a “Quality Index Rating Sheet”, assign a score from 1 to 5 for each category or sub category as indicated below. It is permissible to assign fractional equivalents, that is 2.5, 3.2, etc. Team members may wish to review the purpose and read through the categories before actually beginning the exercise. They should agree to or recognize a common objective, creating a comfortable environment for reaching consensus throughout the exercise. On the basis of Baldrige Criteria for Performance Excellence Categories (NIST, 2020a) the corresponding self-assessment questionnaire has been developed specifically for the selected country club.

The study intended to explore how the internal customers perceive the quality services in the hospitality related enterprise (country club), the ways of service improvement and the importance of quality for the club’s future. Based on the analysis of the findings, some recommendations for successful service delivery are suggested

22 people participated in a survey:

- 6 managers
- 8 assistant managers
- 8 food and beverage captains

After calculating the quality index in each category, the following results were identified:

Category 1 – Leadership (9 % weight).

This category consists of three sub categories and examines primarily how the senior management creates and sustains a clear, visible quality value and management system to guide all of the golf club’s activities.

- Answering the question 1.1 “Can you describe what quality means to your club? Does your office have a formal statement of quality?” 15 employees assigned 4 points that means “All employees/associates know what the formal statement on quality means to their job and the office”, 7 employees assigned 5 points that means “Formal statement relates to world class quality results and continuous improvement in processes, systems, and education”.

- Average evaluation of the quality level researched in the question 1.1 is equal 4.3.

- Answering the question 1.2 “How has the quality policy and/or mission been deployed or spread throughout the club?” 2 employees assigned 3 points that means “Quality manual and/or policy statements about quality are distributed to the entire office”, 9 employees assigned 4 points that means “Workshops and/or seminars are routinely conducted on quality procedures and policy”, 11 employees assigned 5 points that means “Quality policy is deployed as to engender direction, commitment of people and integration of separate activities”.

- Average evolution of the quality level researched in the question 1.2 is equal 4.4.

- Answering the question 1.3 “Describe the club manager’s leadership, personal involvement, and visibility through communication (speeches, publications, interviews) of quality inside and outside the club to the community, region state, and national organizations” 9 employees assigned 4 points that means “Supports participative management within the entire club and implements the suggestion of quality circle groups. Is a cheerleader inside the club and he/she monitors the progress and improvement of groups”, 13 employees assigned 5 points that means “Recognized as a leader outside the club for instituting quality”.

- Average evaluation of the quality level researched in the questions 1.3 is equal 4.6.

- Average evaluation of the Category 1 “Leadership” is 4.4.

Category 2 – Information and Analysis (8 % weight).

This category examines the scope, validity, use, and management of data and information that underlie the club’s total quality system. Adequacy of data and information supports a prevention-based quality approach using management by fact.

This is a key approach to Total Quality Improvement. Too often data and information systems are isolated, accessibility limited, and communication uncoordinated, even non-existent. In such environments individuals may not be aware that they have less than adequate information. Their analysis, then, of quality issues – even those related to this category – suffers.

- Answering the question 2.1 “In what areas (such as accounting, sales, number of errors, time for delivering a service, etc.) do you have data to illustrate quality trends by function and/or process” 2 employees assigned 3 points that means “Use of statistical methods to monitor critical processes and systems”, 17 employees assigned 4 points that means “Cost of quality (COQ) analysis data available for all to examine”, 3 employees assigned 5 points that means “All staff collect and analyze statistical data and use a total quality improvement process cycle to increase the quality of product/service produced”.

- Average evaluation of the quality level researched on the question 2.1 is equal 4.0.

- Average evaluation of the Category 2 “Information and Analysis” is 4.4  
Category 3 – Strategic Quality Planning (6 % weight)

This category examines the club’s planning process in order to meet its short and long-term goals and to achieve or sustain a leadership position

- Answering the question 3.1 “Summarize the club’s specific principal quality goals, objectives, and plans for the short term (1-2 years) and longer term (3-5 years)” 16 employees assigned 4 points that means “Management

by policy deployment where all employees/associates have quality work plans related to the mission of the golf club”, 6 employees assigned 5 points that means “All objectives of the club key on achieving World Class capabilities in quality related performance”.

- Average evaluation of the quality level researched on the question 3.1 is equal 4.3.

- Answering the question 3.2 “How do you plan for innovation?” 1 employee assigned 4 points that means “Everyone challenged to constantly to come forth with new ideas”, 24 employees assigned 5 points that means “Innovation is part of the club’s culture”.

- Average evaluation of the quality level researched on the question 3.2 is equal 5.

- Average evaluation of the Category 3 “Strategic Quality Planning” is 4.6

Category 4 – Human Resource Development and Management (15 % weight)

This category examines the effort of the club to develop and utilize the full potential of the work force for quality and to maintain an environment conducive to full participation, continuous improvement, and personal growth.

- Answering the question 4.1 “What are the key strategies for increasing the effectiveness, productivity, and participation of all employees?” 2 employees assigned 3 points that means “Participative management which involves working on processes and systems”, 19 employees assigned 4 points that means “Participative management which empowers employees/associates to make many decisions on-the-spot”, 1 employee assigned 5 points that means “General manager is supportive of the efforts of empowered employees/associates. TGIF means “Thank God it’s Fun” to work here, that is employee morale is high”.

- Average evaluation of the quality level researched on the question 4.1 is equal 4.0.

- Answering the question 4.2 “Describe how the club educates the employees & associates in the TQI processes” all survey participants assigned 5 points that means “Keystone to all training is based on the continuous improvement of all personnel”.

- Average evaluation of the quality level researched on the question 4.2 is equal 5.

- Answering the question 4.3 “What percentage of the current employees/associates have ever received education in total quality improvement concepts?” all survey participants assigned 4 points that means “61 to 90 %”.

- Average evaluation of the quality level researched on the question 4.3

is equal 4.

- Answering the question 4.4 “Describe how the club positively reinforces employees/associates for contributions to quality improvement (such as recognition of teams, awards, etc.)” 8 employees assigned 4 points that means “Commendations and other non-monetary rewards that are dispensed by the judgment of the manager but has the input of at least two or more people in the evaluation process”, 14 employees assigned 5 points that means “Team recognition and incentives for efforts based on the improvement of the processes and systems where the club manager’s role was to support the efforts of the team”.

- Average evaluation of the quality level researched on the question 4.4 is equal 4.6.

- Answering the question 4.5 “What has the club done to ensure the quality of work life, to maintain a supportive work environment, and to empower all levels to actively participate?” 4 employees assigned 4 points that means “Participative management with all being involved”, 18 employees assigned 5 points that means “Upside down pyramid where the club manager’s role is to be a leader and to support the value added work and the personnel performing that work”.

- Average evaluation of the quality level researched on the question 4.5 is equal 4.8.

- Average evaluation of the Category 4 “Human Resource Development and Management” is 4.5.

Category 5 – Management of Process Quality (14 % weight).

This category examines the club’s systematic approach to productive quality services based primarily upon processes and systems, including control of procured materials, equipment, and services. There are four subcategories which address quality assurance of services. This category often challenges traditional conceptions of what golf clubs do.

- Answering the question 5.1 “How does your club define processes such as reducing waste and what preventive measures is it taking to improve the processes?” 5 employees assigned 4 points that means “Process orientation regarding “waste” is considered such as time, steps, complexity, and scheduling and considers both internal and external costs”, 17 employees assigned 5 points that means ““Waste is recognized as a result of poor processes and systems and includes all aspects including the educational processes; ongoing efforts utilizing work group teams are employed routinely”.

- Average evaluation of the quality level researched on the question 5.1 is equal 4.8.

- Answering the question 5.2 “How does your club bring about improvements in quality to those supplying goods and services?” 1 employee

assigned 3 points that means “Suppliers items and services are required to show quality control capabilities, otherwise stringent specifications are written for the suppliers and are adhered to by the club”, 14 employees assigned 4 points that means “Club has identified that the suppliers have process oriented quality improvement capabilities”, 7 employees assigned 5 points that means ” Club has an active partnership with suppliers to set and improve quality and delivery. There is also combined training between the club and suppliers”.

- Average evaluation of the quality level researched on the question 5.2 is equal 4.3.

- Answering the question 5.3 “How does your club evaluate the quality of products and services of your external people and organizations that provide you goods and services?” all survey participants assigned 5 points that means “Partnership and total performance teams in areas of quality and on-time delivery. Suppliers are expected to improve continuously”.

- Average evaluation of the quality level researched on the question 5.3 is equal 5.

- Answering the question 5.4 “How does your club evaluate the quality of products and services of those internal people that provide services inside your organization?” 4 employees assigned 3 points that means “Each person tracks his/her own quality indicators”, 12 employees assigned 4 points that means “Club has a culture that recognizes internal customer supplier relationship”, 4 employees assigned 5 points that means” Club has a total quality improvement approach where the club manager audits the performance of the processes and systems supporting the mission of the club”.

- Average evaluation of the quality level researched on the question 5.4 is equal 4.

- Average evaluation of the Category 5 “Management of Process Quality” is 4.5.

#### Category 6 – Quality and Operational Results (18 % weight).

This category examines quality improvement based upon objective measures derived from customer requirements/expectations analysis and from operations analysis. Also examined are current quality levels in relation to those of competing golf clubs.

- Answering the question 6.1 “Construct a graph(s) showing key improvement data in your product and/or services, for example, the number of workshops requested by employees over the past five years, the increase in sales, occupancy rate of your dining facilities, etc. over the past five years” 3 employees assigned 4 points that means “Field intelligence data are gathered by the manager and associates and are valued in graphical form”, 19 employees assigned 5 points that means “Information related to

the mission and strategic quality objectives are regularly used and are posted in graphical form throughout the club for all to see”.

- Average evaluation of the quality level researched on the question 6.1 is equal 4.9.

- Answering the question 6.2 “Briefly describe one or two continuous improvement project(s) which have led to the results in 6.1” 2 employees assigned 3 points that means “Standard committees are appointed by club to address such issues as sales, cost of advertising, number of telephone calls, etc.”, 14 employees assigned 4 points that means “Mandatory project teams are routinely appointed by club manager to study areas needing improvement; manager almost always implements the team’s recommendations”, 6 employees assigned 5 points that means ”Mandatory project teams are appointed by manager to study issues related to quality and value added work that have measurable results. The main work, using quality tools and methods, is done by associates. (It is common for such places to have quality stories)”.

- Average evaluation of the quality level researched on the question 6.2 is equal 4.2.

- Answering the question 6.3 “Please describe how you compare yourself with other clubs within or outside of your service area (benchmarking)” 3 employees assigned 2 points that means “Standard accounting information such as profits, return on assets, number of rounds of golf played per week, etc.”, 19 employees assigned 3 points that means “Passive collection and analysis of data from outside sources, such as previous customers”.

- Average evaluation of the quality level researched on the question 6.3 is equal 2.9.

- Answering the question 6.4 “Describe the results of innovation, such as the improvements seen in the services” 11 employees assigned 4 points that means “Innovation is rewarded regardless of immediate results”, 11 employees assigned 5 points that means “Innovation is part of the club’s culture and is encouraged for long-term survival”.

- Average evaluation of the quality level researched on the question 6.4 is equal 4.5.

- Average evaluation of the Category 6 “Quality and Operational Results” is 4.1.

Category 7 – Customer Focus and Satisfaction (30% weight).

This category examines the club’s knowledge of the customer, the overall customer service system, and the ability to meet the customer’s requirements and expectations.

- Answering the question 7.1 “How does your club determine who your external customers are and their satisfaction level?” 9 employees assigned 1 point that means “Club has no formal collection systems to measure external



customer satisfaction. All information is “hearsay” such as sales are doing OK so we must be OK”, 11 employees assigned 2 points that means “A complaint follow-up process in place”, 2 employees assigned 3 points that means “A formal complaint handling system is in place and it provides feedback to appropriate areas. Complaints are treated as “special causes””.

- Average evaluation of the quality level researched on the question 7.1 is equal 1.7.

- Answering the question 7.2 “How do you determine who your internal customers are and their satisfaction level?” 15 employees assigned 2 points that means “Communication of satisfaction is channeled mainly through management hierarchy”, 3 employees assigned 3 points that means “Teams are deployed routinely in order to determine satisfaction through surveys”, 4 employees assigned 4 points that means “Teams are deployed routinely to determine satisfaction through surveys then a TQI process, such as the P-D-C-A cycle, is used to improve the internal customer-supplier relationship”.

- Average evaluation of the quality level researched on the question 7.2 is equal 2.5.

- Answering the question 7.3 “In what functional areas, processes, or systems does your club have defined, measurable service quality criteria?” 18 employees assigned 3 points that means “Manager measures at least 50 % of the services”, 4 employees assigned 4 points that means “Manager and employees measure at least 50 % of the services”.

- Average evaluation of the quality level researched on the question 7.3 is equal 3.2.

- Answering the question 7.4 “What methods does your club use to determine customer satisfaction?” 4 employees assigned 2 points that means “Some tracking of passively gathered data”, 12 employees assigned 3 points that means “Regular tracking of passively gathered data”, 6 employees assigned 4 points that means “Active accumulation and analysis of data in areas of customer satisfaction”.

- Average evaluation of the quality level researched on the question 7.4 is equal 3.1.

- Answering the question 7.5 “Summarize trends in customer satisfaction and list measurements your club has in specific areas” 12 employees assigned 3 points that means “Specific measurable data are available through external sources showing increasing customer satisfaction with the club”, 10 employees assigned 4 points that means “The club constantly produces statistically valid questionnaires and mails them to various groups in order to determine trends”.

- Average evaluation of the quality level researched on the question 7.5 is equal 3.5.

- Answering the question 7.6 “What does your club do that significantly

promotes continuous improvement to increase customer satisfaction?” 8 employees assigned 2 points that means “Quality successes are recognized through awards, certificates, etc.”, 14 employees assigned 4 points that means “The club has previously undergone TQI and TQM training and has shown improvement”.

- Average evaluation of the quality level researched on the question 7.6 is equal 3.3.

- Average evaluation of the Category 7 “Customer Focus and Satisfaction” is 2.8, which is the lowest evaluation between all 7 categories.

- Main reasons of the poor performance of the category “Customer Focus and Satisfaction” mentioned by the club’s management are:

- “Not all employees know who the club’s external customer is”
- “More attention is paid to internal customers”
- “No formal system to measure customer satisfaction exist”
- “Not all departments of the club are measuring the quality level and customer satisfaction level”
- “Only managers team is working on customer satisfaction level increase”

Total Quality Index is calculated the following way:

1. Leadership

$$\text{Total}/3 \times 0.09 = 0.396$$

2. Information and Analysis

$$\text{Total} \times 0.08 = 0.32$$

3. Strategic Quality Planning

$$\text{Total}/2 \times 0.06 = 0.276$$

4. Human Resource Development and Management

$$\text{Total}/5 \times 0.15 = 0.675$$

5. Management of Process Quality

$$\text{Total}/4 \times 0.14 = 0.63$$

6. Quality and Operational Results

$$\text{Total}/4 \times 0.18 = 0.738$$

7. Customer Focus and Satisfaction

$$\text{Total}/6 \times 0.30 = 0.84$$

$$\text{Quality Index} = \text{Sum of Weighted Totals from 1.0 to 7.0} = 3.875$$

In the aforementioned rating and scoring procedure the following categories are suggested (tabl.1):

In the final analysis of the quality index of the “Frenchman’s Creek Beach and Country Club” using the Malcolm Baldrige Award criteria we can conclude that company’s quality index is 3.9 and means that “Frenchman’s Creek Beach and Country Club” has a progress toward TQI.

However,

The category with the lowest evaluation from the “Frenchman’s Creek

Beach and Country Club” management team is “Customer Focus and Satisfaction”.

**Table 1**

*Quality Index Categories and their Description*

<b>Quality Index</b>	<b>Category</b>	<b>Description</b>
0.0 – 2.9	I	Substantial Improvement in TQI Required
3.0 – 3.4	II	Commitment Toward TQI
3.5 – 3.9	III	Progress Toward TQI
4.0 – 5.0	IV	Achievement of TQI

Main reasons of the poor performance of the category “Customer Focus and Satisfaction” mentioned by the club’s management are:

- Not all employees know who the club’s external customer is
- More attention is paid to internal customers
- No formal system to measure customer satisfaction exist

Not all departments of the club are measuring the quality level and customer satisfaction level

Only managers team is working on customer satisfaction level increase

Category “Customer Focus and Satisfaction” is important: it is assigned a total of 30 % out of the possible 100 %. It addresses the following core values and concepts that are important in the relationships with customers:

Customer-driven quality means that the acceptable quality level of the club’s service is determined by customers, not by the club. The customers are not only members, but also employees, and the guest who frequent the facility.

Continuous improvement means that the club continually involves customers as partners in every design factor of the club and its activities.

Full participation means that all employees work together to achieve quality competencies and productivity so that the club’s related services meets the needs of all customers.

Lon-range outlook means that all employees are continuously looking for ways to introduce innovation into the club.

Recommendations. The following measures can be suggested:

- Collect quantitative, measurable data on customer satisfaction
- Compare “Frenchman’s Creek Beach and Country Club” strengths to those of competitors
- Highlight the problems that must be correct immediately
- Describe action plans for the future
- Highlight plans to perform more benchmarking based on the results of

tests from professional organizations, third-party consultants, and survey done by professional organizations.

· Describe plans to move towards a prevention-based system.

Below is presented action plan for “Frenchman’s Creek Beach and Country Club” based on author’s own observations and managements team discussions in order to increase customer satisfaction level of the club.

Action plan:

Management team

### 1. Communication process

Maintaining a steady dialogue among the club’s staff, management, board, and members at large is critical. Given the broad and ever-growing methods of communication, it is important to be strategic. The best clubs have learned what mix of newsletter, email, and website communication works for their members. Specialty electronic newsletters from the golf pro and tennis pro create engagement and help personalize the club.

In order to make sure all employees of the club are aware about the customers’ satisfaction level, management team needs to ensure that they provide enough information.

- “Frenchman’s Creek Beach and Country Club” has weekly managers’ meetings and daily departments’ meetings (for office employees, managers and assistant managers). In order to make sure all employees know most recently members’ complaints and requests, management team needs to conduct weekly meetings for the whole department team. It will help to share the information with each other and implement the action plan for improvement.

### 2. Implementation of the customer satisfaction level measurement system

Special customer satisfaction level measurement system needs to be implemented at “Frenchman’s Creek Beach and Country Club”. For example, customer satisfaction surveys. Before and after any events in the club, such as Thanksgiving dinner, Christmas Eve dinner, Member-Guest Golf day, tennis tournaments etc., special surveys need to be sent to members in order to find out their opinion and improvement suggestions. This option can be offered on the website or personalized emails can be sent. Besides, as club’s guests have no special access to the “Frenchman’s Creek” website, there should be an option to leave a “guest review”. It will help to track the situation of external customers’ satisfaction level.

### 3. Advanced training - obtaining a diploma.

In order to develop the professional skills of the staff, the club management can introduce special qualification courses in the hotel business. As an example, it can be Bartender License, Mixology Certification, Alcoholic Beverage and Controlled Subs, Wine Certificate, Food Hygiene Certificate. A representative from the company can be invited to the club for educational

purposes and the subsequent issuance of a diploma on advanced training for staff. Interested employees can apply for and receive a certificate of completion of a training course in just a few academic hours (depends on the type and level of certificate).

Other employees

1. All standards are to be energized by all employees

2. Teamwork and “lateral service” should be practiced to create a positive work environment. Effective teamwork requires 3 things:

- Knowledge and understanding of one’s own job and the ability to do your job completely and thoroughly;

- Understanding of all other jobs in the department and a willingness to do a task which is normally someone else’s responsibility;

- Communication. For employees it is necessary to pay attention to what is going on around them and have an eye the colleagues to see if they need help.

4. 3 steps of service shall be practiced by all employees, i.e. warm and friendly welcome, anticipation of member’s needs, and fond farewell.

5. Any employee who receives a member complaint has to take immediate action to correct the complaint. Regardless of the situation, discretion is important. In all cases, the manager should be notified. Argueing with a member, as well as ignoring a complaint are inadmissible. Employees should never become overly friendly with a member. Asking personal questions or telling personal problems is not appropriate, particularly if they are work related.

6. Positive attitude should be maintained. Saying “NO” should be avoided. Proper and professional judgment should be used.

7. All employees needs to be knowledgeable of club information to answer members’ inquiries.

8. Taking care of the assets of the club is the responsibility of every employee.

Below there is the table showing supposed costs for the improvement methods (tabl. 2).

Conclusion. The indication of the quality index of the “Frenchman’s Creek Beach and Country Club” using the Malcolm Baldrige Award criteria helped to determine the correctness of the hypothesis of the project: the higher the quality management level at “Frenchman’s Creek Beach and Country Club” the better the club’s members’ satisfaction and business performance. In order to provide high quality customer service and improve quality management of the enterprise, following steps have been offered:

·The staff should organize the correct working relations and communication process between the departments (horizontal, vertical and facilitating communication).

**Table 2***Costs of “Frenchman’s Creek Beach and Country Club” quality management improvement program*

<b>Action</b>	<b>Cost</b>	<b>Notes</b>
Weekly department meetings	Free Working hours of employees needs to be taken into account (to avoid overtime payments etc.)	Each department needs to choose the convenient day of the week and time for weekly meetings. Management team needs to have a prepared reports and agenda for the meeting.
Customer satisfaction surveys	Free	Marketing and IT departments need to introduce a plan of online-surveys implementation.
Qualification courses	Example:	
	Bartender Certification – \$39.99 per person. Additional payment for a lecturer/instructor can be applied.	Courses are offered by “ABC Bartending School”. Working schedule needs to be done in accordance to the amount of people attending the class.
	IWC – Intermediate Wine Certificate (24h total) Online: \$500 Classroom: \$850 AWC – Advanced Wine Certificate (48h total) Online: \$1000 Classroom: \$1450 Additional payment for a lecturer/instructor can be applied.	Courses are offered by The International Sommelier Guild. Working schedule needs to be done in accordance to the amount of people attending the class.
	Food Hygiene Certificate Level 1 – Food Safety Awareness Online: \$25 Level 2 – Food Hygiene & Safety Online: \$30 Level 3 – Supervising Food Safety Online: \$130	Courses are offered by “High Speed Training” company. Working schedule needs to be done in accordance to the amount of people attending the class.
Total	\$13’725.00 - \$24’300.00	Average number of participants is 15 per course

- Management team needs to implement special customer satisfaction level measurement system for members and their guests in order to track their satisfaction level and preferences
  - Special continuing education courses for employees needs to be implemented
  - Practice teamwork and “lateral service” to create a positive work environment.
  - Employees need to know how to take immediate action to correct member’s complaint.
- All mentioned above actions will help to minimize members’ complaints and increase quality management level of the company.

### **References:**

1. ASQ. n.d. What is The Malcolm Baldrige National Quality Award (MBNQA)? [ONLINE]. Available at: <https://asq.org/quality-resources/malcolm-baldrige-national-quality-award> [Accessed 21 June 2020].
2. Bureau of Labor Statistics. 2020. Industries at a Glance. Leisure and Hospitality. [ONLINE]. Available at: <https://www.bls.gov/iag/tgs/iag70.htm> [Accessed 18 June 2020].
3. EHL. 2013. What is the hospitality industry?[ONLINE]. Available at: <http://www.ehl.edu/en/what-hospitality-industry> [Accessed 10 June 2020].
4. Evans, R. J. & Lindsay, M. W., 2010. Managing for Quality and Performance Excellence. *South-Western Cengage Learning, USA*.
5. Gustafsson A., et al. (2003). The Role of Quality Practices in Service Organizations. *International Journal of Service Industry Management*, 14(2), 232–244.
6. International Standard, Quality Management and Quality Assurance-Vocabulary. 1994. *ISO 8402:1994 (E/F/R), 2nd ed, 16*.
7. Kapiki, T. (2012). Quality Management in Tourism and Hospitality: an Exploratory Study among Tourism Stakeholders. *International Journal of Economic Practices and Theories*, 2(2), 72–25.
8. Montasser, W. Y. (2013). Testing the Validity of the Theoretical Model for TQM CSFs in Hospitality Industry and their Impact on Customers’ Loyalty. *International Journal of Scientific & Engineering Research*, 4 (4)
9. NIST. 2020a. Baldrige excellence builder: Key questions for improving your organization’s performance 2019–2020. [ONLINE] Available at: <https://www.nist.gov/system/files/documents/2019/02/06/2019-2020-baldrige-excel-lence-builder.pdf> [Accessed 22 June 2020].
10. NIST. 2020b. Baldrige Performance Excellence Program. [ONLINE]. Available at: <https://www.nist.gov/baldrige/how-baldrige-works> [Accessed 20 June 2020].
11. Rönnbäck A., et al. (2008). A review of empirical investigations

comparing quality initiatives in manufacturing and service organizations. *Managing service quality*, 18(6), 577–593.

12. Schneider B., et al., (2004). Service Climate. In B. Schneider & S. White (Eds.) *Service Quality: Research Perspectives*. Sage Publications, Thousand Oaks, CA, 91–134.

13. Walker, J. 2010. Introduction to Hospitality Management. *Pearson Education, London*.

## **DEVELOPMENT OF BUDGETARY ORGANIZATIONS IN THE SPHERE OF MANAGEMENT ENERGY TECHNOLOGY**

***Mykola Zos–Kior,***

*Doctor of Sciences (Economics), Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Polina Paschenko,***

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

In the conditions of practical absence of financing by the state of programs of stimulation of accumulation of energy efficiency, construction of new strategy of energy saving in the budgetary sphere is actualized. Experts' calculations show that if the current level of energy efficiency is maintained, Ukraine has no prospects for its state development [1]. Creating a program to optimize the procedure of energy audit, equipment, materials, technologies today is of great importance not only for educational institutions but also for the economy of Ukraine as a whole.

The study and analysis of research on energy saving in the budget sphere show that the decisive factor in the quality and effectiveness of the educational process is influenced not only by the cost of training, but also comfortable conditions. Given that most institutions were built decades ago, many educational buildings have an outdated heat supply system with high heat losses and are not energy efficient. The location of the elements of the central heating system does not provide its high efficiency, there are no heat supply control systems. Priorities of financing and direction of investments in energy efficiency of budget buildings should be aimed at reconstruction and modernization of the heat and electricity supply system. But new construction must be carried out taking into account modern technologies.

Speaking of financing instruments, it is important to identify the main methods and levers for building a new energy saving strategy in the budget sphere. The development and introduction of clear selection criteria, tools



and indicators is being updated to ensure that only sustainable projects receive funding from the state and the European Investment Bank (EIB). Scientists O. Larichev, Y. Lysenko, G. Kulakov,

J. Martino, A. Marshall, P. Nikitenko, B. Santo, R. Summers, D. Sakhal, V. Chizhova [2-6]. White and others solved the problem of choosing and building a new energy saving strategy.

It is worth noting that the work on the aspect of inventing mechanisms for introducing clear selection criteria, tools and indicators is relevant, because existing approaches to assessing the country's energy efficiency potential do not take into account all possible and potential factors of influence. The main motivators for inventing mechanisms to stimulate the implementation of energy saving measures, rules and mechanisms for their regulation in the budget sphere are financial independence and autonomy of organizations. Creating a more accessible education system capable of meeting the demands of Ukrainian society will have a positive impact on the economic security of the state and ensure social responsibility.

According to the World Energy Council (WEC), the International Energy Agency (IEA), the World Wind Energy Association (WWEA) and other international organizations, advanced technology is one of the main conditions for improving energy efficiency and a source of potential economic growth. The European Union has set a goal for each country to increase the energy efficiency of new buildings in order to reduce resource consumption. Each state was invited to develop its own rules. For example, the Czech Republic seeks to build the most energy efficient Class A and B buildings. The European Commission's assessment of Hungary suggests that EU financial instruments such as the European Fund for Strategic Investments (EFSI) and the Emissions Trading Scheme (ETS) can be used for targeted energy savings investments. as well as to increase the energy efficiency of buildings and transport.

European countries are creating new platforms for optimizing energy efficiency processes through the introduction of information programs and the use of IT technologies.

For example, since 2015, a virtual merger into an autonomous association of owners of small private solar power plants has been being tested in Germany. Information and communication technologies allow you to fully control the entire system, both external and internal.

Among the strengths of the virtual association management system are the following:

- database of members of the platform in free access for potential customers;
- rapid determination of geographical location, which has a positive effect on the quality of logistics;

- projected volume of production and lack of electricity in both micro and macro distribution of resources;
- the most accurate calculation of quantitative and qualitative indicators for satisfaction both inside and outside the network;
- fully automated control of the entire system using software;
- transparent mechanisms for financing and regulating the entire system.

Speaking of associations of owners of solar power plants, I want to say that the United States occupies an important place in the world community. Thus, in support of the development of alternative energy sources in the United States, the implementation of Solar Gardens projects was regulated at the legislative and legal level. The regulatory framework protects not only the interests of investors, but also encourages investors to invest money in solar panels instead of a pension insurance fund.

The work of Solar Gardens projects in all states is coordinated by the Solar Gardens Institute. Information and communication technologies allow members of Solar Gardens project corporations to freely track and respond to any fluctuations in project movements (production volumes, maintenance costs, savings after the sale of generated solar energy, etc.).

A clear example of the use of new energy technologies is Japan. Following the oil crisis amid political instability in the Middle East, Japan has reached the world's highest energy efficiency standards in virtually all industries. Interesting in terms of the impact of the energy efficiency of the municipal sector is the incentive mechanism – investment incentive programs have been launched throughout the country when energy prices were high. The government and the population have joined forces to use new energy technologies and high-efficiency energy systems. To this day, Japan continues to make efforts to develop and disseminate such energy-saving technologies. Due to the need for a clearer understanding of the situation, the energy performance requirements of buildings are reviewed and strengthened every 2–3 years according to a long-term plan and climatic, economic and cultural characteristics.

It is worth noting that the European Parliament has adopted a number of directives being developed by the European Commission aimed at improving energy efficiency. To achieve world standards, each state must ensure the creation at the national level of a basis for improving the energy efficiency of residential and public buildings with the establishment of a number of quantitative indicators of energy consumption and energy efficiency for: newly constructed buildings; existing buildings; engineering systems of buildings; building materials and structures [7].

World practices encourage the use of budget organizations of funds intended for the payment of fuel and energy resources and saved from the introduction of energy-saving equipment and materials, up to 50 percent, for

their targeted needs. According to the European Commission, the building as a whole accounts for about 40 % of world energy consumption. It should be noted that two thirds of the energy consumed for the operation of heating, ventilation and air conditioning systems can be reduced by 30 % in the case of cost-effective measures. For this reason, energy efficiency should be increased and the latest heating, air conditioning and control systems, etc. should be introduced. Also, since the formation of pricing policy in the education sector is directly affected by the gross costs of utilities, it is necessary to note the unhealthy competition between educational institutions, which arose due to the average cost of training the applicant. There is a contradiction between the indicators (integrated index, which contains three complex components: the index of quality of scientific and pedagogical potential, the index of quality of education and the index of international recognition) and the cost of educational services.

The growth of energy efficiency in our country is possible due to the implementation of scientifically sound, systematic and programmatically and legally supported energy efficiency policy [8]. It should be noted that in terms of gaining experience in building a new energy efficiency strategy in the budget sphere, EU practice is important for our country. In world practice, various tools are used to improve energy efficiency, in particular, government regulation of energy efficiency, the introduction of financial incentives and the provision of appropriate benefits to encourage and implement information programs [8]. One of the most common forms of state incentives for energy saving and energy efficiency in the EU is the introduction of incentive pricing and taxation of energy resources, incentives for investment in energy efficiency, tax support measures.

Analyzing the practice of developed countries, it is advisable to introduce new technologies and trends in the field of energy for our country. It is worth noting that a necessary condition for the implementation of renewable energy projects is the readiness of universities to solve significant systemic and even ideological problems of energy conservation.

In addition, with the full liberalization of the energy market through the use of new energy technologies will lead to a real competitive environment to meet the needs of educational services at the lowest minimum cost (economic and social). In our opinion, this is one of the stimulating factors necessary for the fulfillment of our tasks.

Therefore, the accumulated sufficient experience in stimulating energy efficiency projects in the public sector will reduce the period of wasteful energy use of developed countries and obtain significant economic and social benefits (reduce utility costs and the average cost of training per student, provide comfortable conditions and increase competitiveness of educational institutions).

## References:

1. Bondar-Pidhurska, O. V. (2012). Scientific and methodological approaches to assessing energy efficiency as a factor in the competitiveness of industrial products in the innovative model of development of Ukraine. *Scientific works of Kirovograd National Technical University. Economic sciences*, 22, 470.
2. Santo, B. 1990. Innovation as a means of economic development. M.: Progress, 278.
3. Sahal, D. M. 1985. Technical progress: concepts, models, evaluations. M.: *Finance and Statistics*, 368.
4. Kulakov, G. T. (2009). Energy efficiency as a factor in increasing the competitiveness of industrial products. *Bulletin of the Kupala State University of Grodno. Series 5. Economics*. 2, 11–14.
5. Nikitenko, P. G., Ermashkevich, V. N., Kulakov, G. T., 2001. *Problems of economic security of Belarus. Mn.: Law and economics*, 224.
6. Uayt, P. 1982. Management of research and development. M.: *Economics*, 162.
7. Ministry of Energy and Coal Industry of Ukraine NEC Ukrenergo Scientific and Technical Center of Electric Power Industry. 2016. Legislative and regulatory incentives to increase the efficiency of energy resources in leading foreign countries. *Prepared by the Department of Information and Analytical Support of Foreign Information of SE NTCE SE NEC Ukrenergo*, [ONLINE]. Available at: <https://ua.energy/wp-content/uploads/2017/05/1.Zakonodavche-stymulyuvannya-energoefektyvnosti.pdf> [Accessed 21 June 2020].
8. Denisyuk, S. P. (2013). Energy efficiency policy-making – modern challenges and European guidelines. *Energy: economics, technology, ecology*, 2, 25–26.
9. Ministry of Energy and Coal of Ukraine SE “NEC Ukrenergo” Separate subdivision “Research and Design Center for Development of the United Energy System of Ukraine”. 2017. *The experience of EU countries in improving energy efficiency, energy audit and energy management in energy saving in the economies of countries*. [ONLINE] Available at: [/https://ua.energy/wp-content/uploads/2018/01/Pidvyshhen-nya-energoefektyvnosti-v-YES.pdf](https://ua.energy/wp-content/uploads/2018/01/Pidvyshhen-nya-energoefektyvnosti-v-YES.pdf) [Accessed 21 June 2020].
10. Ministry of Energy and Coal Industry of Ukraine NEC Ukrenergo Scientific and Technical Center of Electric Power Industry. 2015. *Analysis of energy efficiency in developed foreign countries and dependence on their imports*. [ONLINE] Available at: [https://ua.energy/wp-content/uploads/2018/01/1.-Efektyvnist\\_energ\\_resursiv.pdf](https://ua.energy/wp-content/uploads/2018/01/1.-Efektyvnist_energ_resursiv.pdf) [Accessed 21 June 2020].
11. Barannik, V. O. (2017). Energy efficiency of the regions of Ukraine:

problems of assessment and current status. *Institute for Strategic Studies*. [ONLINE]. Available at: <http://www.niss.gov.ua/content/articles/files/energoeffekt-5cecc.pdf> [Accessed 21 June 2020].

12. Directive 2012 / 27EU of the European Parliament and of the Council of 25 October 2012 On energy efficiency, 2012. [ONLINE]. Available at: [http://sae.gov.ua/sites/default/files/UKR\\_Directive\\_27\\_2012\\_2.doc](http://sae.gov.ua/sites/default/files/UKR_Directive_27_2012_2.doc) [Accessed 21 June 2020].

13. Bodrov, V. H., Olijnyk, N. I. & Baldych, N. I. 2016. Financial and credit mechanisms for energy efficiency of residential sector in Ukraine. *Kyiv: Scientific thought*.

## **THE AGRI-FOOD MARKET CONJUNCTURE UNDER THE ECONOMIC GLOBALIZATION CONDITIONAL: ECONOMIC, MARKETING, ENVIRONMENTAL COMPONENTS**

***Iuliia Samoilyk,***

*Doctor of Sciences (Economics), Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Tatiana Borovyk,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Viktoria Danylenko,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

The agri-food market has many relationships with the external environment, including related industries, competitors and consumers from almost all over the world, suppliers of fixed and current assets, financial institutions. This economy's sector also affects and changes the environment. With growing population, the demand for agri-food products is growing. Therefore, the leading market players are trying to increase agricultural production to meet existing demand, while ensuring high economic efficiency.

Development of the world market and the economies of most countries have been characterized by the presence of significant structural changes that manifest themselves in various spheres of the economy. In general, modern transformation processes are caused by the growing role of globalization, which covers various directions of development and interaction of subjects and objects of socio-economic and environmental relations. Under the

conditions of the economy globalization, new tendencies of social and economic development are being formed. Growth of population, changing structure and culture of consumption are an impetus for both quantitative and qualitative indicators. There arises a need for a comprehensive assessment of the level of the countries socio-economic development in order to identify the factors and components of an effective globalization development. Leading global institutions use different approaches and indicators to carry out such an assessment, however, they do not cover the entire spectrum of the development factors. Therefore, the issue of conducting researches to substantiate the optimal methodology for assessing the socio-economic development of the countries of the world is relevant [8].

The agricultural market continues to operate under an economic crisis conditional. Agricultural and food products are in demand despite the decline in economic activity, inflation, unemployment, structural changes. However, the agri-food market is extremely sensitive to any fluctuations, as this sector of the economy interacts with many other components of the national economy.

Now the world economy is in economic crisis. This crisis differs from others in that this situation is due to an unpredictable factor covid-19, which exacerbated existing socio-economic problems and created new ones. Under such conditions, the situation in the agricultural and agri-food market changes quite quickly and becomes unpredictable and unbalanced. Based on these conditionals, the research of supply and demand in the agricultural market under conditions of economic instability and crisis is extremely relevant and timely.

The problems of agri-food market development under economy's globalization and agri-food market components have been considered by many authors, for example, Meyer J., Glazer R., Cicia G., Colantuoni F., Teresa D.G., Pascucci S., Huan Dong, Benjamin Campbell, Adam N. Rabinowitz [1–3, 6, 8].

The agri-food market development can be viewed from different angles. However, in our opinion, today, economic, marketing, environmental components are the main components in the formation of the agri-food market (Fig. 1).

The leading role of the environmental factor can be traced in the research of such scientists as Huan Dong, Benjamin Campbell, Adam N. Rabinowitz. They consider that nowadays, consumers have become increasingly aware of their local food system as a result of concerning about health and nutrition, food safety and sustainability, and local economic development. This transitional shift from global to direct-to-consumer farm operations has increased the demand for locally produced foods. As an alternative, community supported agriculture (CSA), a direct and sustainable food

channel, has gained tremendous popularity in the US [2].

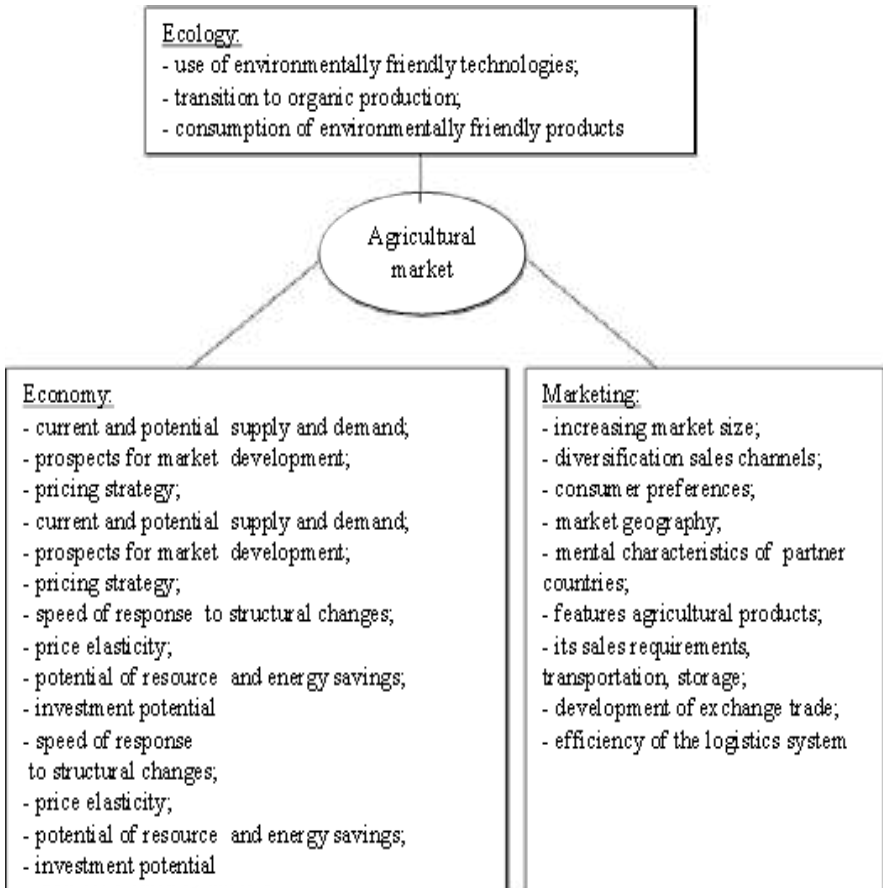


Fig. 1. Ecology, economy and marketing components of agricultural market

The leading role of the environmental factor can be traced in the research of such scientists as Huan Dong, Benjamin Campbell, Adam N. Rabinowitz. They consider that nowadays, consumers have become increasingly aware of their local food system as a result of concerning about health and nutrition, food safety and sustainability, and local economic development. This transitional shift from global to direct-to-consumer farm operations has increased the demand for locally produced foods. As an alternative, community supported agriculture (CSA), a direct and sustainable food channel, has gained tremendous popularity in the US [2].

Regarding marketing, according to the Marketing Science Institute (1999), one of the pressing priorities in marketing is to identify marketing activities for building relationships and to quantify the effectiveness of customer loyalty initiatives [4].

To analyze the agri-food market in terms of marketing, it is necessary to consider not a calendar but a marketing year.

A marketing year is a period of one year (or sometimes less), designated for reporting and (or) analysis of production, marketing and disposition of a commodity. (Disposition of an agricultural crop might include such uses as food, animal feed, industry, seed, and export, as well as changes in stocks) Because of year-to-year fluctuations in production, much marketing and disposition of some commodities may reflect production that occurred during a previous calendar year. For this reason, analysis is often facilitated if the marketing year for a crop commences at about the time of harvest. However, world markets or other factors may also influence choice of beginning date for the marketing year for some commodities in some countries. Especially in the case of certain perishable fresh fruits and vegetables, the marketing year may be less than a full year in length, because economic activity of interest for reporting and analysis may be concluded within just a few months [5, 7, 9] (tabl. 1).

**Table 1**

*Crop marketing years in various nations*

Cultures	Characteristic
Wheat	The marketing year commences April 1 for Japan, June 1 for the United States, July 1 for the European Union and New Zealand, August 1 for Canada and October 1 for Australia
Coarse grains	The marketing year commences April 1 for Japan, July 1 for the European Union and New Zealand, August 1 for Canada and October 1 for Australia. The US marketing year commences June 1 for barley and oats and September 1 for corn (maize) for grain and sorghum for grain.
Oilseed	The marketing year commences April 1 for Japan, July 1 for the European Union and New Zealand, August 1 for Canada and October 1 for Australia. The US marketing year begins June 1 for canola (rapeseed), and September 1 for soybeans and sunflower seed.
Rice	The marketing year commences April 1 for Japan and Australia, August 1 for the United States, September 1 for the European Union, October 1 for Mexico, November 1 for Korea and January 1 for other countries.

It has been seen that marketing year is different in terms of countries and cultures.

Commodity marketing years in the United States differs from other countries: January 1: cattle, sheep, lambs, wool, mohair, milk, turkeys, honey, cauliflower, celery, lettuce, onions, strawberries, sweet corn, tomatoes: May



1 hay; June 1: barley, oats, wheat; July 1: canola, flax seed, apples (fresh); August 1: cotton, peanuts, rice; September 1: corn for grain, sorghum for grain, soybeans, sweet potatoes, hops; December 1: broilers, eggs, hogs. For some of the above commodities, the marketing year in some US states differs from that for the US as whole [9] For several other commodities, notably some perishable fruits and vegetables and some tobacco categories, the marketing year for the US and (or) for various US states is less than a 12-month period [5, 7, 9].

Thus, the situation in the agri-food market can be analyzed according to the data for the marketing year (tabl. 2).

**Table 2**

*The world market of main agricultural cultural, 2011/12-2020/21 marketing years, mln. tonn*

Marketing years	Produ-ction	Supply	Utilization	Trade	Ending stocks	World stock-to-use ratio
<b>World cereal market</b>						
2011/12	2357.6	2922.1	2321.0	322.5	597.0	25.6
2012/13	2317.9	2915.0	2332.2	318.2	594.0	24.3
2013/14	2557.5	3151.5	2449.1	363.7	673.6	26.9
2014/15	2607.9	3281.5	2507.8	377.0	770.7	30.2
2015/16	2583.2	3353.9	2550.5	393.0	797.8	30.5
2016/17	2661.8	3459.6	2613.5	406.6	844.0	31.9
2017/18	2696.9	3540.9	2649.5	422.7	884.7	33.0
2018/19	2648.7	3533.4	2677.8	410.4	871.9	32.4
2019/20	2710.9	3582.8	2689.4	423.7	882.7	32.5
2020/21	2780.5	3663.3	2732.4	433.0	926.8	32.9
2020/21 to 2011/12. %	117.9	125.4	117.7	134.3	155.2	x
<b>World wheat market</b>						
2011/12	699.0	902.1	693.2	149.2	203.9	29.9
2012/13	658.6	862.5	682.4	143.6	185.8	26.8
2013/14	715.3	901.1	692.2	159.4	200.4	28.3
2014/15	735.2	935.6	708.2	156.6	228.7	31.9
2015/16	737.2	965.9	717.0	167.5	243.2	33.0
2016/17	764.9	1008.0	737.3	176.9	267.0	36.1
2017/18	761.6	1028.5	739.1	177.4	288.1	38.4
2018/19	732.1	1020.2	751.1	168.2	271.9	35.9
2019/20	762.2	1034.1	757.5	175.1	276.2	36.6
2020/21	758.3	1034.5	754.3	177.5	280.3	36.3
2020/21 to 2011/12. %	108,5	114,7	108,8	119,0	137,5	x
<b>World coarse grain market</b>						
2011/12	1178.6	1410.9	1165.7	132.6	246.6	20.9
2012/13	1174.4	1421.0	1180.7	134.4	246.2	19.3
2013/14	1351.6	1597.8	1276.6	158.8	301.7	23.0
2014/15	1382.6	1684.3	1312.8	175.3	368.3	27.4
2015/16	1357.4	1725.7	1343.2	184.1	382.7	27.7
2016/17	1400.4	1783.1	1382.1	181.3	404.1	28.6
2017/18	1436.0	1840.0	1413.1	196.8	420.3	29.5
2018/19	1410.3	1830.6	1426.8	198.1	415.4	29.1
2019/20	1448.1	1863.5	1429.8	203.7	423.1	28.8
2020/21	1513.5	1936.6	1468.0	207.9	464.6	30.5
2020/21 to 2011/12. %	128,4	137,3	125,9	156,7	188,4	x
<b>World rice market</b>						

2011/12	480.0	609.0	462.0	40.6	146.6	31.2
2012/13	484.9	631.5	469.1	40.2	162.1	33.7
2013/14	490.6	652.6	480.2	45.5	171.6	35.2
2014/15	490.1	661.6	486.8	45.1	173.6	35.4
2015/16	488.6	662.2	490.3	41.4	172.0	34.8
2016/17	496.5	668.5	494.1	48.4	173.0	34.8
2017/18	499.4	672.3	497.3	48.5	176.3	35.3
2018/19	506.3	682.5	499.9	44.1	184.6	36.8
2019/20	500.6	685.2	502.0	44.9	183.4	36.0
2020/21	508.7	692.1	510.0	47.6	182.0	35.3
2020/21 to 2011/12, %	106,0	113,6	110,4	117,3	124,2	x

*Source: summarized by authors by [10]*

The cereal market is growing significantly due to the increasing demand for this product due to the population increasing in the world. The volume of cereal production in the 2020/2021 marketing year, according to forecast data, will be 2780.5 million tons, which is 422.9 million tons, or 17.9 % more than in 2011/12. Due to last year's balances, the supply of this type of agricultural products in 2020/2021 will amount to 3663.3 million tons, which is 741.2 million tons, or 25.4 %, more than in 2011/2012. World wheat market, coarse grain market and World rice market have been also increases.

Regarding international trade, then during the study period each year there is a positive balance. Inventories of products are significantly increasing, which in 2020/2021 amounted to 32.9 %, while in 2011/12 this figure was 25.6 %. The main exporters of cereals, including wheat, are Argentina, Australia, Canada, the EU, Kazakhstan, Russia, Ukraine and the United States. The agricultural policy of these countries and their supply and consumption of agricultural products determines the state of the world market.

Consequently, the agricultural market is the basis of the agri-food market and has all the hallmarks of a classic market, complemented by the sectoral characteristics of the agricultural sector. Conjuncture is one of the main features of market relations, which characterizes the market situation, formed on the basis of the ratio of supply and demand. The state of the market situation can be used to draw conclusions about the stages of the life cycle of goods, market participants, industries, price equilibrium.

The agricultural sector is a leading sphere that provides economic security and development of other socio-economic systems' components. The situation in the agricultural market is formed under the influence of general and specific factors. For modeling the future balance of supply and demand, structural changes in the economy, competitors, marketing strategies, positions of major market players, public policy, including protectionism, quotas, certification, standardization, exchange rates, and organizational and economic aspects, should be taken into account.

General trends characterizing the world situation in the agricultural market

indicate a significant increase in the supply of agricultural products with a corresponding increase in consumption. International trade in agricultural products is reviving, despite the crisis and the general economic downturn, new players are entering the world agricultural market. Marketing, economic and ecology components have become the most important for agricultural market development.

### References:

1. Cicia, G., Colantuoni, F., Teresa, D., & Pascucci, S. (2011). Community supported agriculture in the urban fringe: empirical evidence for project feasibility in the metropolitan area of Naples (Italy). *International Journal on Food System Dynamics*, 2(3), 326–339.
2. Dong, H., Campbell, B., Rabinowitz, A. (2019). Factors impacting producer marketing through community supported agriculture. *PLoS ONE*, 14(7)
3. Glazer, R. (1991). Marketing in an information-intensive environment: strategic implications of knowledge as an asset. *Journal of Marketing*, 55(4), 1–19.
4. Marketing Science Institute (1999). Research: The 1998-2000. Research Priorities. [ONLINE]. Available at: <http://www.msi.org/msi/res01.htm>. [Accessed 19 June 2020]
5. Marketing year. [ONLINE]. Available at: [https://en.wikipedia.org/wiki/Marketing\\_year#:~:text=A%20marketing%20year%20is%20a,well%20as%20changes%20in%20stocks.](https://en.wikipedia.org/wiki/Marketing_year#:~:text=A%20marketing%20year%20is%20a,well%20as%20changes%20in%20stocks.)) [Accessed 19 June 2020]
6. Meyer, J. (2012). Community supported agriculture: a strategic analysis of the market and a competency-based strategic plan. A plan B Research Paper Submitted to Michigan State University, *Department of Agriculture, Food and Resource Economics*.
7. OECD-FAO Agricultural Outlook 2007–2016. [ONLINE]. Available at: <http://www.oecd.org/tad/agricultural-trade/38893266.pdf> [Accessed 22 June 2020]
8. Samoilyk, Iu., Bilan, Yu., Nitsenko, V. (2017) Conceptual modeling of agri-food market development under economy's globalization. *Naukovyi Visnyk Polissia*, 3(11), 1, 54–61.
9. United States Department of Agriculture. 2009. Agricultural prices 2008 summary. [ONLINE]. Available at: <http://usda.mannlib.cornell.edu/usda/current/AgriPricSu/AgriPricSu-08-05-2009.pdf> [Accessed 28 June 2020]
10. World Food Situation. [ONLINE]. Available at: <http://www.fao.org>. [Accessed 24 June 2020]

## ORGANIZATION OF AGRIBUSINESS INSURANCE COVERAGE

*Olena Sova,*

*Ph.D. in Economics, Associate Professor,  
National University of Life and Environmental Sciences of Ukraine,  
Kyiv, Ukraine*

Introduction. Agriculture is a priority for many countries, and plays an important role in the structure of national economy. Agro-industrial complex (AIC) is one of the most risky sectors of the economy, as the annual reproductive process in it is associated with natural and climatic factors. Natural conditions objectively contain a factor of unpredictability, which makes the amount of harvest unpredictable, causing fluctuations in prices for agricultural products. And this determines the risk of not receiving the planned income of agricultural producers.

Using the insurance system to minimize agricultural risks is becoming an effective tool for the state and the private sector, contributing to the development of the industry.

In the developed countries insurance is an effective protection system of property interests of households and enterprises, one of the options to ensure the fulfillment of financial obligations of agricultural producers to contractors.

To ensure the stability of development and regulation of the agricultural market in the world and used insurance protection of agricultural production as an effective way to cover losses of the industry through pre-formed by insurance companies reserves for future payments. The objective need to involve insurers in agriculture arises due to insufficient capacity of both the state and the market to ensure the mobility of financial resources of economic entities.

Research results. The agricultural insurance market is a system governed by the ratio of demand from buyers-insurers for services and the supply of sellers-insurance organizations to provide insurance protection. Between them there is an exchange and transfer of information, means and services, that is on the basis of interaction various signs are shown and disappear.

Thus, the demand for insurance services is determined by two main factors: the need for insurance as an element of risk management of a business entity or individual, as well as the purchasing power of policyholders, which allows to meet the demand for insurance by purchasing insurance services.

At the same time, the main sources of risks in the agricultural sector are: failure to obtain the planned harvest, variability in prices for agricultural products, technological change, legal, social and human factors.

Agricultural insurance is the main and most important tool for risk

management. International experience offers two fundamentally different models of agricultural insurance: the private model (European model) and the model based on public-private partnership (American model) [11, p. 574].

In the private model, the state does not participate in the management of risks of agricultural production, but only exercises general supervision over the activities of the insurance market. Countries with a purely private model of agricultural insurance are, in particular, Sweden and Australia.

As such a model promotes a minimum of interference in business activities, there are no special bodies for the implementation of agricultural insurance policy and special policy instruments in these countries. But the insurance protection of farmers is minimal. This is mainly insurance against certain risks – hail and fire, and insurance against many risks (multi-risk) is not present. The state saves money on financing and administration of state programs. But if catastrophic losses occur, it makes direct compensation payments to farmers.

Public-private partnership provides that the state, in addition to general supervision, participates in the management of risks of agricultural production, giving farmers the opportunity to receive protection from systemic risks.

This model offers a wide range of insurance products and cheaper insurance premiums. The state bears the costs associated with the operation of the system (administrative, insurance subsidy and, if necessary, to cover part of the catastrophic losses). However, direct catastrophic payments are not made. At the same time, government expenditures to cover catastrophic losses through state reinsurance programs are less than expenditures on direct catastrophic payments.

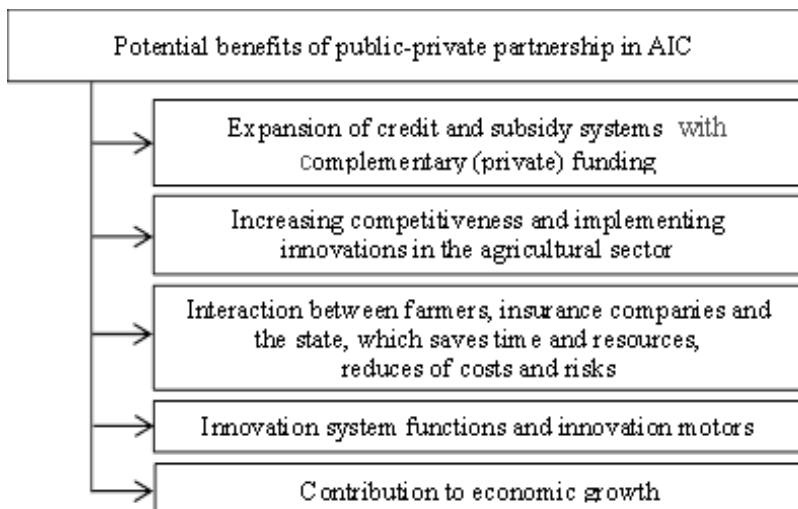
The countries where the model of agro-insurance based on the principle of public-private partnership has been introduced are, first of all, the USA and Canada. Spain (the system has existed since the 1980) and Turkey (since 2006) are the most prominent on the European continent.

The need for state support for agricultural insurance is felt, first of all, by those countries in which large-scale grain production is developed and for which the agro-industrial complex is a strategically important sector of the economy with significant export potential. Ukraine is such a country.

The success of the American model of agricultural insurance is evidenced by the following indicators. From 1994 to 2015, the number of agricultural insurance contracts here increased 2.1 times. If in 1994 33% of agricultural land was insured, in 2015 – 86%. Insurance payments during this time increased 10 times from 601.1 million US dollars to more than 6 billion. In 2002, 358 crops were insured under the federal insurance program, in 2007 – 427, in 2012 – 507, and in 2017 their number reached 551 [4].

The model of public-private partnership provides special tools. First of all, we are talking about joint corporate governance of the system by the state and private business; subsidizing the insurance premium in order to reduce its cost; state reinsurance of catastrophic risks.

Figure 1 shows the benefits of public-private partnership for the agricultural sector of Ukraine.



*Source: compiled by the author based on the [3; 13]*

Fig. 1. The main advantages of the agricultural insurance model, based on the principle of public-private partnership

With the introduction of the model of public-private partnership in agricultural insurance in Ukraine, agricultural producers will receive a wide range of affordable insurance products, which will allow them to more effectively manage their production risks. This will have other positive consequences for the economy.

First, agricultural entrepreneurship will receive a strong incentive, because weather risk insurance stimulates the use of the latest production technologies. Second, the insurance sector of the economy will recover due to the expansion of the agricultural insurance market. For example, in Turkey in the first year after the introduction of the system, the amount of collected insurance premiums increased 16 times, and from 2006 to 2015 – 174 times [14].

Ukraine already has some achievements in the field of agricultural insurance, which may be a prerequisite for creating such a system. A database of yields of major crops for 35 years has been formed. There is special legislation [2; 6; 7]. Since 2009, insurance products have been

developed in Ukraine according to international standards.

There are also obstacles. First of all, the low quality of public administration, which casts doubt on the possibility of developing a new effective system with the participation of the state. And the limitations of public finances, which in the near future could be directed to the development of this system.

Agricultural risk insurance remains the only effective tool that can not only cover the losses incurred by the agricultural business due to weather conditions, but also ensure its sustainable development. According to the project manager of the Project for the Development of Agricultural Sector Financing in Europe and Central Asia from IFC, in the structure of the cost of production of winter wheat seeds account for 11%, plant protection products – 15%, fertilizers – 19%, land lease – 14 %, for other expenses – 41%, of which for insurance – 4-7% [10].

The International Finance Corporation (IFC) is part of the World Bank Group and is the largest global development institution, focusing exclusively on the private sector in developing countries [5].

Using products and services directly from IFC, as well as products and services from other World Bank Group institutions, Project Managers offer clients solutions with maximum positive impact on business development by overcoming financial, operational and political-economic difficulties with financial potential, technical knowledge, global experience and innovative thinking.

At this stage of economic development, insurance in Ukraine's agriculture cannot function as a self-developing system. It is advisable to further state support in terms of the formation and development of insurance in this area of the economy. Unfortunately, the development of a truly effective risk management mechanism in agriculture is impossible without state support.

State support for agricultural insurance in Ukraine today is theoretically enshrined in the form of providing from the state budget to agricultural producers of funds in the form of subsidies to reimburse part of the insurance payment actually paid by them under agricultural insurance contracts.

Officials regularly try to find a way to solve the problem of effective and transparent subsidies, but so far they have not been able to invent a truly effective tool for support and subsidies. And since 2013, subsidies to farmers from the state are not provided.

Ukraine has the potential for further development of the market of insurance services in the agricultural sector. However, one of the significant obstacles to increasing the market of insurance services in the agricultural sector is the distrust of agricultural producers to insurance companies.

The current state of insurance business in Ukraine is evidenced by the growing assets of insurance companies (tabl. 1). As we can see in Table 1, the

number of insurance companies in Ukraine has been steadily declining over the last 5 years. This trend can be explained by the strengthening of capital requirements for insurers, to their solvency ratios. Companies that are able to ensure the appropriate level of asset quality, capitalization and financial stability will remain in the insurance market. Indicative is the fact that with the reduction in the number of insurers, the volume of assets increases: for the period from 2016 to 2019, assets increased by 22.5%.

**Table 1**

*Number of insurance companies in Ukraine and size of their assets*

№	Indicator	Year				
		2015	2016	2017	2018	2019
1	The total number of insurance companies (IC)	361	310	294	281	233
1.1	<i>including IC «non-life»</i>	312	271	261	251	210
1.2	<i>including IC «life»</i>	49	39	33	30	23
2	Amount of assets, UAH billion					
2.1	<i>total assets according to the form 1 (AP(S) 2)</i>	60,73	50,08	57,38	63,49	63,87
2.2	<i>assets for the presentation of funds insurance reserves in accordance with the methodology Law «On insurance»</i>	36,42	35,07	36,08	40,67	44,61

*Source: compiled by the author based on the [8]*

As of April 1, 2019, 64 insurance companies have a license to conduct insurance activities in the form of voluntary insurance of agricultural products. But only 14 insurance companies in Ukraine publish statistics of insurance in the agro-industrial complex.

Agriculture in Ukraine has significant economic potential, as 3/4 of the land is used in the agricultural sector, advancing the industry to one of the first places in the strategic directions of Ukraine's development.

It will be recalled that the total area of agricultural land in Ukraine is 42.7 million hectares (70% of the country's territory). A quarter of agricultural land was never distributed, remaining on the balance of the state. Accordingly, as of 2018, state and municipal property has 10.5 million hectares of agricultural land (26%), of which 3.2 million hectares are in permanent use of state enterprises, 2.5 million hectares – in stock, and the



rest – for rent [15].

The main task of the insurance system in the agricultural sector is to create such conditions for its effective functioning that will allow market participants to act as follows:

1) society – in the face of the state to obtain sustainable agricultural production and create a guarantee of food security of the country; to form a strong basis for insurance in rural areas; create a competitive environment in the insurance sector of the economy;

2) insurers-producers – with acceptable amounts of insurance premiums to be able to receive timely compensation payments in case of insured events; thanks to the insurance system to solve their financial problems – to form insurance reserves, to use the guarantees of the insurance organization when obtaining loans, etc.;

3) insurance companies – to fulfill their mission in the occupied insurance field and receive a stable amount of profit from their business.

The agricultural sector of the agro-industrial complex of Ukraine is one of the main industries, which is profitable (tabl. 2). Products are constantly exported to dozens of countries around the world, as quality and pricing policies contribute to the opening of new markets. These are both public and private contracts between different companies.

The level of profitability of operating activities of agricultural, forestry and fisheries enterprises in 2018 amounted to 17.9%. This figure is the lowest since 2014.

In terms of net profit among enterprises by type of economic activity, the agro-industrial complex of Ukraine in 2017 and 2019 lost the leading position in industry and trade, in the remaining years the agro-industrial sector took first place.

The percentage of insurance penetration into Ukraine's agriculture is small – only 3-5%, while in Canada, the United States and Europe, this figure exceeds 60%. In Austria, the level of coverage of agricultural insurance is 78%, in Germany – 43%, the Czech Republic – 35%, etc. [16, p. 82].

The experience of the domestic insurance system demonstrates the following main problems in the development of insurance in agriculture:

- in full sown areas are not subject to insurance due to lack of financial security or late contracts;
- unavailability of high-quality reliable data on the agricultural market;
- there is not enough competition in the market that would force insurance companies to work in the field of agricultural insurance, where there are increased risks and the minimum possible income;
- lack of an orderly set of complementary organizational and management tools, the synergistic effect of which is aimed at protecting agricultural enterprises from external and internal threats;

**Table 2***Indicators of enterprises's activities in Ukraine*

№	Indicator	Year				
		2015	2016	2017	2018	2019
1.	Net profit (loss), UAH billion	-373,5	29,7	181,7	293,2	529,2
1.1	<i>incl. agriculture, forestry and fishery</i>	102,8	90,6	68,9	67,4	90,5
2	The share of profitable enterprises in the AIC, %	88,4	87,7	86,2	86,2	82,9
3	The level of profitability of operational activity of the agricultural enterprises, %	45,6	37,3	22,7	17,9	18,7
4	The volume of sold products of enterprises, UAH billion	5159, 0	6237, 5	7707, 9	8239, 8	9121, 2
4.1	<i>incl. agriculture, forestry and fishery</i>	362,3	403,6	454,4	496,9	538,8

*Source: compiled by the author based on the [12]*

- insurance in the agricultural sector of Ukraine is still not an attractive business due to non-transparent cooperation schemes of participants in insurance relations;

- theoretical tasks and goals of such organizations as the Agrarian Insurance Pool and the Agrarian Fund of Ukraine do not correlate in practice with the use of mechanisms to assist farmers in their efforts to preserve crops;

- limited choice of insurance schemes that can satisfy different categories of manufacturers.

To overcome the above problems in the development of agricultural insurance, measures are needed to stimulate the accelerated growth of the agricultural insurance market, namely:

- adaptation and implementation of insurance schemes tested in other countries and proved their viability in conditions similar to the conditions of Ukraine (for example, insurance schemes based on the precipitation index);

- possibility of introducing index (parametric) insurance;

- improvement of methods of notifying insurers of the occurrence of an insured event by developing a network of meteorological stations for monitoring agro-meteorological conditions;

- expanding the list of risks covered by compulsory insurance for common agricultural activities;

- stimulating the creation of mutual insurance companies with the

simultaneous development of a mechanism for state regulation of their activities.

Agricultural insurance in Ukraine today is mainly carried out in the field of crop production. The year in agricultural insurance is considered as underwriting, and covers 2 agricultural seasons: insurance of winter field crops for the winter, actually sown in the previous calendar year, and insurance in the spring-summer of this year.

Usually farmers are insured against weather risks. We are talking about drought, hurricane, downpours, floods, frosts, hail, etc. And this is due to the fact that such natural disasters mostly lead to the death of crops. According to the head of the IFC Program «Development of financing of the agricultural sector in Europe and Central Asia», the negative impact of weather risks accounts for 58%. For comparison, plant deaths due to diseases account for 17%, due to the predominance of weeds – 14%, due to pests – 10% [9].

Let's turn to the analysis of statistical data for 2014-2018 on the basis of reports of insurance companies. If 2016 was the first year when the agricultural insurance market showed a recovery after a long period of contraction, 2017-2018 continued this trend, extending it to more indicators (tabl. 3).

In 2018, the trend of increasing the number of concluded insurance contracts continues: growth, compared to 2017, amounted to 26%. The largest number of agreements was concluded in Dnipropetrovsk (125) and Kirovohrad (108) regions.

The volume of collected insurance premiums in the national currency has been growing for the fourth year in a row, in particular, in 2018 the indicator increased by 2.2% and amounted to UAH 208.8 million. However, the volume of insurance premiums in dollar equivalent decreased slightly (7, USD 4 million, which is 3.9% less than in 2017) due to the devaluation of the hryvnia. In terms of the volume of collected premiums, the top three regions of Ukraine are as follows: Kherson (UAH 23.8 million, or 11.4%), Dnipropetrovsk (UAH 22.6 million, or 10.8%), Poltava (19.3 million). UAH million, or 9.2%).

In 2018, the insured area of agricultural crops increased significantly. The growth was mainly due to the insurance of winter wheat, as well as winter rape and sunflower and, to a lesser extent, spring wheat and sugar beet.

The average insurance premium rate for the entire underwriting year was 3.1%, in particular, 3.6% for the winter period and 3.0% for the spring-summer period [1].

The market uses a small set of insurance products, there is no full-fledged risk insurance for the spring-summer period, in particular, such a systemic risk as drought is not covered. In general, the agricultural insurance market

needs to strengthen the government's systemic efforts to develop it, in particular, improve regulation and provide systemic support to this sector.

**Table 3**

*Indicators of crop insurance in Ukraine for 2014-2018*

№	Indicator	Year				
		2015	2016	2017	2018	2019
1.	Net profit (loss), UAH billion	-373,5	29,7	181,7	293,2	529,2
1.1	<i>incl. agriculture, forestry and fishery</i>	102,8	90,6	68,9	67,4	90,5
2	The share of profitable enterprises in the AIC, %	88,4	87,7	86,2	86,2	82,9
3	The level of profitability of operational activity of the agricultural enterprises, %	45,6	37,3	22,7	17,9	18,7
4	The volume of sold products of enterprises, UAH billion	5159, 0	6237, 5	7707, 9	8239, 8	9121, 2
4.1	<i>incl. agriculture, forestry and fishery</i>	362,3	403,6	454,4	496,9	538,8

*Source: compiled by the author based on the [1]*

Most contracts in 2018 were concluded for winter wheat insurance (614 contracts, or 50.9%). In second place is winter rape (307 contracts, or 25.4%). In 2018, compared to 2017, the number of insurance contracts for winter barley (by 66.7%, from 24 to 40 contracts) and winter wheat (by 35.5%, from 453 to 614 contracts) and some winter rapeseed increased significantly (by 27.4%, from 241 to 307 contracts) (fig. 2).

The volume of collected insurance premiums in the national currency has been growing for the fourth year in a row, in particular, in 2018 the indicator increased by 2.2% and amounted to UAH 208.8 million. However, the volume of insurance premiums in dollar equivalent decreased slightly (7, USD 4 million, which is 3.9% less than in 2017) due to the devaluation of the hryvnia. In terms of the volume of collected premiums, the top three regions of Ukraine are as follows: Kherson (UAH 23.8 million, or 11.4%), Dnipropetrovsk (UAH 22.6 million, or 10.8%), Poltava (19.3 million). UAH million, or 9.2%).

In 2018, the insured area of agricultural crops increased significantly. The growth was mainly due to the insurance of winter wheat, as well as winter rape and sunflower and, to a lesser extent, spring wheat and sugar beet.

The average insurance premium rate for the entire underwriting year was 3.1%, in particular, 3.6% for the winter period and 3.0% for the spring-summer period [1].

The market uses a small set of insurance products, there is no full-fledged risk insurance for the spring-summer period, in particular, such a systemic risk as drought is not covered. In general, the agricultural insurance market needs to strengthen the government’s systemic efforts to develop it, in particular, improve regulation and provide systemic support to this sector.

Most contracts in 2018 were concluded for winter wheat insurance (614 contracts, or 50.9%). In second place is winter rape (307 contracts, or 25.4%).

In 2018, compared to 2017, the number of insurance contracts for winter barley (by 66.7%, from 24 to 40 contracts) and winter wheat (by 35.5%, from 453 to 614 contracts) and some winter rapeseed increased significantly (by 27.4%, from 241 to 307 contracts) (Fig. 2).

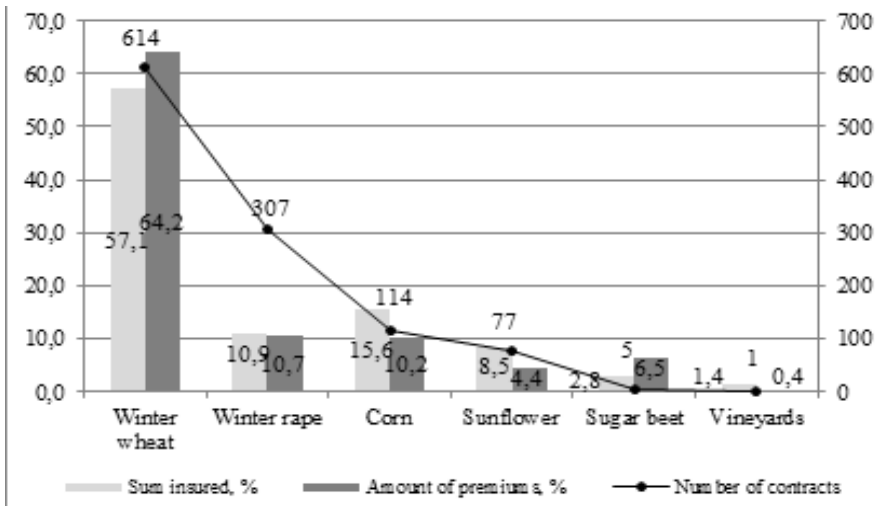


Fig. 2. Generalized indicators of insurance of agricultural crops in 2018

In 2018, compared to 2017, the volume of insured areas under winter wheat (by 297.6 thousand hectares), winter rape (by 26.8 thousand hectares), sunflower (by 14.5 thousand hectares) increased, spring wheat (3.3 thousand hectares) and sugar beets (1.4 thousand hectares). At the same time, the insured area under corn (by 11.1 thousand hectares), winter barley (by 0.9 thousand hectares) and winter rye (by 3.4 thousand hectares) decreased [1].

Most of all insurance premiums collected from the market were collected under winter wheat insurance contracts (UAH 134.1 million, or 64.2%).

In 2018, compared to 2017, the volume of insurance premiums collected under insurance contracts for winter (wheat, rapeseed, barley), sunflower and sugar beet increased. At the same time, the amount of insurance premiums collected under corn and winter rye insurance contracts decreased.

The volume of insurance liability for agricultural crops was distributed in 2018 as follows: the priority is occupied by winter wheat insurance contracts (UAH 3.811 billion, or 57.1%), followed by: corn (UAH 1.043 billion, or 15.6%) , winter rape (UAH 727.7 million, or 10.9%), sunflower (UAH 565.7 million, or 8.5%), sugar beets (UAH 189.5 million, or 2, 8%), vineyards (UAH 95.8 million, or 1.4%) and spring wheat (UAH 76.7 million, or 1.2%) [1].

Insurance in agriculture has certain features. The insurance contract provides for technological conditions: compliance with deadlines, application of herbicides, fertilizers, frequency of harvesting. To this end, farmers are required to provide technological maps, certificates of application of mineral fertilizers. Representatives of insurance companies monitor compliance with the technology. Taking such measures, on the one hand, enables insurance companies to avoid unjustified insurance indemnity payments and increases the technological discipline of agricultural producers. But a large number of conditions under which the insurance company will not reimburse losses, sometimes gives it the opportunity to find formal reasons not to make insurance payments.

Conclusions. In the current economic environment, any agricultural enterprise is in conditions of fierce competition and a situation of uncertainty, unpredictability and risk. Management decisions in the field of economic security of agricultural enterprises are influenced by changes in external economic conditions, including the legal field, socio-political situation in the country, relations with other market participants, etc., as well as a number of financial, economic, environmental, social, organizational nature.

According to the results of the study, the following proposals can be made for the development of agricultural insurance as a risk insurance system to maintain the economic security of agricultural enterprises in Ukraine:

- improvement of the legislative base of Ukraine in terms of defining schemes for providing insurance services to agricultural producers with state support in compensating for agricultural risks;

- implementation of the task of the state to stabilize production in the agricultural sector of the economy and income from sales of agricultural products;

- training of specialists in agricultural insurance, who will be able to establish an effective mechanism of agricultural insurance, which will lead to an increase in the share of this type of insurance in the overall portfolio of financial services;

- increasing the innovation and technological potential of agricultural producers;
- carrying out by insurers of constant work on acquaintance of agrarians with products of insurance of agricultural production;
- optimization of interaction between participants of agro-risk insurance in order to achieve a high level of information support for concluding contracts;
- increase of operational efficiency of activity, application of new technologies on safe cultivation of agricultural products.

Implementation of the proposed measures for the effective organization of the insurance system of agricultural products in Ukraine involves attracting public resources and maximizing the opportunities of the insurance market and agro-industrial sector, which will create the necessary conditions for stable economic growth and welfare of its citizens.

### **References:**

1. Agricultural insurance market of Ukraine in the 2018 underwriting year. Analytical research. [ONLINE]. Available at: [www.aau.org.ua/media/publications/529](http://www.aau.org.ua/media/publications/529) [Accessed 01 February 2020].
2. Draft Law of Ukraine on State Support of Agricultural Insurance. [ONLINE] Available at: [http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?p\\_f3511=61709](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?p_f3511=61709) [Accessed 01 March 2020].
3. Hermans, F., Geerling-Eiff, F., Potters, J., Klerkx, L. (2019). Public-private partnerships as systemic agricultural innovation policy instruments – assessing their contribution to innovation system function dynamics. *NJAS Wageningen Journal of Life Sciences*, 88, 76–95.
4. Horda, O. Agricultural insurance: the American experience. [ONLINE]. Available at: <http://agro-business.com.ua/agro/ahrostrakhuvannia/item/10327-ahrostrakhuvanniaamerykanskiy-dosvid.html> [Accessed 01 May 2020].
5. International Finance Corporation. Official site. [ONLINE]. Available at: <https://www.ifc.org> [Accessed 01 March 2020].
6. Law of Ukraine On Insurance. [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/85/96-%D0%B2%D1%80#Text> [Accessed 01 May 2020].
7. Law of Ukraine On peculiarities of insurance of agricultural products with state support. [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/4391-17> [Accessed 01 March 2020].
8. National Commission for State Regulation of Financial Services Markets of Ukraine. Official site. [ONLINE]. Available at: <https://www.nfp.gov.ua> [Accessed 01 February 2020].
9. Nazarenko, M. Agricultural insurance in Ukraine: opportunities

and realities. [ONLINE]. Available at: <https://a7d.com.ua/novini/38714-agrostrahuvannya-v-ukrayin-mozhlivost-realyi.html> [Accessed 01 May 2020].

10. Nazarenko, M. Ukrainian farmers are offered index insurance. [ONLINE] Available at: <https://agropolit.com/spetsproekty/300-ukrayinskim-agrariyam-proponuyut-indeksne-strahuvannya> [Accessed 01 November 2019].

11. Nepochatenko, O. O., Yudin, V. K. (2016). Insurance protection of agricultural risks. *Economy and society*, 2, 572–577.

12. State Statistics Service of Ukraine. Official site. [ONLINE]. Available at: <http://www.ukrstat.gov.ua> [Accessed 01 May 2020].

13. Thorpe, J. & Maestre, M. (2015). Brokering Development: Enabling factors for public-private-producer partnerships in agricultural value chains. *IDS-IFAD Report*, 50.

14. World News Summary from AgroInsurance. [ONLINE]. Available at: <https://agroinsurance.com/wp-content/uploads/2019/08/News-Summary-from-AgroInsurance-International-July2019.pdf> [Accessed 01 May 2020].

15. Yaroshchuk, O. State agroholding «Ukraine» – why agricultural land under the Ministry of Agriculture is used inefficiently? [ONLINE]. Available at: <https://agropolit.com/spetsproekty/507-derjavniy-agroholding-ukrayina> [Accessed 01 May 2020].

16. Zalietov, O. M. (2014). Agricultural insurance as a component of food security. *Scientific bulletin of NUBiP of Ukraine: economics, agricultural management, business*, 200, 80–87.

## **MANAGEMENT OF WASTES: PROBLEMS OF PROCESSING AND UTILIZATION**

***Viktoriia Voronina,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine.*

***Tymur Ishcheikin,***

*Ph.D. in Economics,  
Poltava State Agrarian Academy, Poltava, Ukraine*

***Olena Lopushynska,***

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

A global ecological crisis is a reality of present time. Destruction of environment is, first of all, by the indicator of low level of ecological



consciousness of society. Contamination of ecology generates large problems: origin of new modifications of diseases that is passed genetically; decline of general level of immunity; tumors; problems of reproductive function; extinction of whole types of flora and fauna and etc. The ecological situation gets worse with every year; all greater part of atmosphere is contaminated.

Situation that was folded to Ukraine in the field of handling wastes is extremely unsatisfactory and attained the critical point. In particular it touches the sphere of providing of their collection, redoing and utilization, and also bringing in economic turnover. A negative index for Ukrainians is that our state is the European leader after the amount of wastes per capita. This problem now is very actually and requires the most rapid decision.

The questions of distraction of global ecological crisis unite all scientific knowledge and industries of practical activity on only scientific basis. Researches in this area the row of home and foreign scientists engages in: A. Bayer, G. Sapozhnikova, W. Rhys, S.S. Ufit, P. Connett., M. Jasen,

V. Doskych, Murey, T. Kharchenko, Yu. Sagaydak, Yu. Kutovaya and others

“Wastes Law”, in that the general aspects of handling are marked wastes and legal, organizational and economic principles of the activity, related to prevention or reduction of volumes of formation of wastes, their collection, transportation, storage, sorting, treatment, utilization and moving away, rendering and burial place harmless, are certain, operates in Ukraine, and also with the distraction of negative influence of wastes on a natural environment and health of man on territory Ukraine [6]. However, unfortunately, law does not operate in a complete measure.

Ukraine is a unique country after the general amount of wastes including dangerous and after the deficit of attention to this question.

The aim of this research is an analysis and directions of decision of problems from utilization of wastes in Ukraine, being base on experience of leading countries of the world.

From statistical data, everybody of Earth creates, on the average, approximately 1 kg of domestic wastes every day [2]. In Ukraine 35 million m<sup>3</sup> of domestic wastes appears annually, it means about 0, 8 m<sup>3</sup> on one habitant. These wastes are warehoused on dumps that make over 7 thousands hectares of earth. The general area of dumps presents 5 % of territory country almost, that comparatively with the sizes of the Chernovtsy area. In account of environmentalists, Ukraine accumulated 54 milliards of m<sup>3</sup> wastes; annually garbage grounds are filled up approximately on 15–17 million tons [1].

Most dumps for garbage do not answer requirements in relation to providing of ecological safety. From data of Ministry of regional development, building and housing and communal services, 4,2 polygons

of domestic wastes in Ukraine overcrowded, 16e meet the standards of ecological safety, and 30 in need passport systems. From 770 dumps – 80 % isn't equipped by the systems of protecting from contamination of soils, water and air. With every year this index becomes all worst [4].

On the draught of many years the amount of domestic wastes grew constantly. A number of factors influence on it, including a change of method of lives of people, which use all more packing and overwrapped materials.

On the landfill there are different types of wastes that destroy an environment: to trade, bits and pieces of ready-to-cook foods, materials and raw material enter in the complement of that appeared at the production of goods or lost fully or partly the consumer properties; solid and liquid wastes that appear as a result of vital functions of people and depreciation of the articles of way of life; consumer (wares and machines that lost the consumer properties as a result of physical or moral wear); building; wastes that appeared as a result of agricultural production; radioactive (untapped radionuclide's and materials that appear during work of nuclear reactors, at a production and application of radio-nuclides) and others like that [7].

In the developed countries of the world the system of separate collection and processing of wastes works a long ago, when assort a glass and plastic container not only, as it is done in Ukraine, but also paper, wastes from a meal, polyethylene and others like that. However, Ukrainians are not ready to it yet far, because not everybody can sort out something one even, for example, in the same container.

It is set that for pleasure: requirements of one man in a meal, clothing and accommodation for a year about 20 tons of different raw material is spent, but only 5–10 % raw materials passes to finish good, and 90–95 % instantaneous goes to wastes [8].

In the countries of Europe part of separate garbage presents approximately 85 %; 15% remained burn ecologically a clean method, or recycle with use of innovative energy keeping technologies.

In a table 1 the ways of decision of problem are considered from utilization of garbage in some countries of the world.

In Sweden, Norway, Denmark, Netherlands and other countries in that the sphere of handling garbage is well-proven to maximal efficiency, on dumps gets less than 5 garbage, from that «press» out everything, that it is only possible. In Ukraine on dumps gets anymore 93 %. While a law «On wastes» forbids from, the 1st of January, 2018 to bury on grounds hard domestic wastes are not processed [6].

In Ukraine there is absent politics of handling wastes. It, in turn, annually results in the loss of millions of tons of resource-intensive materials that potentially would be entered in economic turnover. According to estimates of environmentalists, in hard domestic wastes average can be contained up

to 40 % valuable materials. Taking into account, that in Ukraine in majority collect wastes in «general» containers, potential utility waste deteriorates and contaminated, and the amount of valuable resources goes down to 5–10 %.

**Table 1**

*Ways to solve the problem of waste disposal in the world [7, 8]*

<b>Countries</b>	<b>Ways to solve the problem</b>
Austria	Conception of «circular economy», after that garbage becomes raw material for the production of new things, is inculcated. A biotechnology is used, that allows slitting a plastic. The special fungal enzyme that is able to slit polymers on simple monomer elements is used for this purpose. A «rotation is so provided the plastic arts» - walking away from one product is used for creation other
Great Britain	The «anaerobic breaking» (the use of bacteria is for processing of food wastes and receipt of biogas and biofertilizer) up is used
Germany	All producers are under an obligation to raise 0, 2 Euros for tin banks and small bottles and close 0, 37 Euros for a greater container. Money is compensated customers since they will turn the used tableware. Money from this mortgage price is distributed so: 85 on organization of collection of container, 15 on processing
Poland	More than 100 objects that engage in treatment of wastes are built. The special law put an end illegal landfills, and people began to assort wastes
Finland	Dwelling-houses, shops and enterprises, have comfortable points of collection of wastes. The system of mortgage cost of packing (at the purchase of product a customer pays yet and for packing) is practiced
France	Every dump equipped by the special tanks: for glass, paper and other garbage. There is a microchip on every tank, automatically fixes time of filling and time of export of garbage that. Garbage trucks are equipped by reading devices and side computers that automatically read this information and order it to the central computer of dispatching office. Logistic, analyzing filling of trashes, the optimal routes of machines and shift works expect
Sweden	Technology of «energy from garbage» is used. Approximately 2, 5 million tons garbage is annually burned for making of electricity and heat. 99 of garbage is used as a fuel for power-stations and as raw material for a production
Japan	100 % result is in the secondary industrial use of aluminum jars. Every check and any ticket is subject of utilization

But, our country gradually moves towards the decision of problem of removal of wastes. National strategy accepted in 2017 from a management wastes obliged, that the volume of burial place of hard domestic wastes on garbage grounds must grow short from 95 % in 2016) to 50 % in 2023 and to 30 % in 2030 [3]. However a last year's index has time after the set pace: the amount of the buried wastes in 2018 diminished all on 1, 2 %.

According to experts, situation in the sphere of handling wastes will not change cardinally, while sorting and processing of garbage will not become profitable business for investors.

Consider that the modern system needs the new model of settlement of these relations: distribution of responsibility for well-educated wastes; stimulation of citizens is to ecological consciousness and behavior. But, to adopt experience of leading countries of the world for the decision of this problem, in our view, difficult enough, taking into account the political, economic, social and other features of country. On this stage of development of Ukrainian society the most effective, to our opinion, instrument on a way to the decision of problem of global accumulation of garbage is a division of wastes.

In some countries, except ordinary containers for garbage set varicolored tanks for collection of separate types of secondary raw material. Interestingly, that such tendency actively develops today and in Ukraine. The separate color of tank marks the type of material, for example, blue are newspapers, magazines and cardboard; green is glass; yellow are the plastic packing; brown are batteries; black are organic residues; red are wastes that cannot be done; orange are plastic bottles and plastic packing.

Some experts mark that a benefit from the colored containers is collection of utility waste for reprocesses – strongly exaggerated:

- firstly, persons without a certain residence draw out from garbage tanks all useful, that it is possible to hand over in the nearest point of reception of utility waste;

- Secondly, there is no guarantee, that to the question of separate collection of wastes will befit responsibly enough and will begin to fill containers severely on purpose;

- Thirdly, even garbage-collected separately it will be once again to assort on enterprises [1, 8].

It goes out in a result, that home utility waste is not enough for valuable work of the Ukrainian reprocesses (tabl. 2), that is why he is even bought in abroad. Yes, in the last year of enterprise of association of «Ukrvtorma» bought in 202, 2 thousand t literary garbage (all is bought in 392, 3 thousand tons) in Russia, in Poland is 17, 4 thousand t polymers (all is bought in 53, 4 thousand tons), in Belarus is 24,1 thousand tons of slaughterhouse (all are bought in 32,5 thousand tons [5].

**Table 2***Separately processed waste processing facilities [5]*

Indicator / Waste	Plastic	Wastepaper	Cullet	Polymers
Number of recycling enterprises	19	17	16	39
Production capacity, thousand tons	77	1200	800	260
Occupancy, thousand tons	50	1104,5	482	170

How much capacity of Ukrainian processing enterprises is used is presented at fig.1.

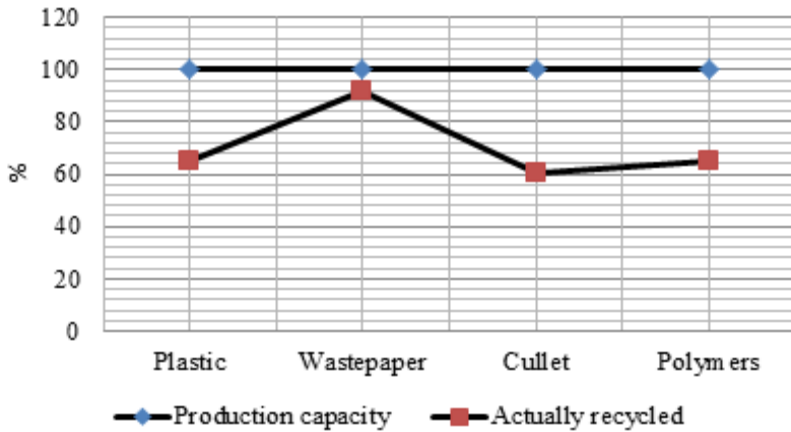


Fig.1. Use of capacities of processing enterprises of Ukraine

Because in Ukraine neither a population nor producers pays for processing of packing – for business organization of collection and processing of utility waste cost far more than in Europe, where the cost of the packing processing is already stopped up in the cost of commodity. Therefore our utility waste at cost more expensive imported and does not answer rates that on her set reprocesses. In the same time, if on utility waste to promote a price, enterprises will not begin to buy her, so as a cost of the imported utility waste for business will be more and more attractive.

And if to bring down, then it will begin unprofitably to hand over her a population in the points of reception.

Consider that to increase the volume of wastes for processing by establishment in the corresponding places of containers, not enough. So, for example, the special system of fines and encouragements is envisaged in Germany. If man qualitatively and responsibly assort the garbage, then his rent is considerably less [1, 8]. Food wastes can be used as fertilizers for

soil.

Thus, as a result of foregoing offer next measures on processing or utilization of wastes taking into account an ecological situation in Ukraine:

- providing of corresponding normatively-legislative base;
- more wide use of the programs from collection of separate garbage, their propaganda;
- introduction of new optional objects in the program of general schools for the studies of the generation educated on principles of maintenance of nature;
- development and introduction of the optimal system of processing of garbage with clearly certain rights and duties;
- introduction of fines for an unauthorized export and extras of garbage, even in negligible quantities;
- modernization and creation of recycling and incinerators ;
- an increase of production ecologically of clean commodities volume;
- introduction of technology of making of packing of products from raw material that is subject to the secondary use;
- an increase amount of points of reception of bulbs, batteries and shallow domestic technique.
- limitation of turn of plastic commodities.

Consider that by a basic factor that influences there are ecological consciousness of society and level of education of population on the state of environment. Using experience of other countries, Ukraine can choose the way on processing and utilization of wastes, taking into account the features of the state and development of country.

### **References:**

1. Doskich, V. (2016). Sortuvannia smittia v Ukraini: vyity na novyi riven statystyky . Informatsiine ahenstvo UNIAN 2016. [ONLINE]. Available at: <http://ecology.unian.ua/1327494-sortuvannya-smittya-v-ukrajini-viyti-na-noviy-riven.html> [Accessed 30 May 2020].
2. Official site of the State Statistics Service. [ONLINE]. Available at: <http://www.ukrstat.gov.ua/> [Accessed 09 November 2019].
3. The official website of the Ministry of Energy and the Environment. [ONLINE]. Available at: <https://menr.gov.ua/news/31577.html> [Accessed 25 May 2020].
4. Official site of the Ministry of Community and Territorial Development of Ukraine. [ONLINE] Available at: <http://www.minregion.gov.ua/> [Accessed 15 May 2020].
5. Official site of «UKRVTORMA». [ONLINE] Available at: <http://ukrvtorma.com.ua/history.html> [Accessed 23 May 2020].
6. On waste, 1998. The law of Ukraine, 05.03.1998, №. 187/98-VR.

[ONLINE] Available at: <https://zakon.rada.gov.ua/laws/main/187/98-%D0%B2%D1%80> [Accessed 23 May 2020].

7. Koltyk, O. Smittieva. The rubbish revolution: how to prevent an environmental disaster in Ukraine. [ONLINE]. Available at: <https://www.epravda.com.ua/columns/2017/07/3/626665/> [Accessed 23 May 2020].

8. Kutovaia, Yu. Trash in the world and Ukraine. [ONLINE] Available at: [https://sites.google.com/site/smittaus\\_vititaukraieni/system/app/pages/sitemap/hierarchy](https://sites.google.com/site/smittaus_vititaukraieni/system/app/pages/sitemap/hierarchy) [accessed 30 May 2020].

## **USAGE OF ALTERNATIVE SOURCES OF ENERGY AND SAVING OF ENERGY RESOURCES IN UKRAINE: EXPERIENCE AND PROSPECTS**

***Oleksandr Pomaz,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Julia Pomaz,***

*Ph.D. in History, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Iryna Shulzchenko,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

The modern world is characterized by uncertainty, fluidity, fast changes. World energy, which is in the process of major changes, is not an exception. These changes are embodied in:

- the intensive implementation of the main renewable energy technologies in the context of corresponding decrease of their cost;
- the growing role of electricity in energy consumption compared to oil products all over the world;
- changes in the world economic and energy policy due to the intensive development of China's economy and the entry into the world market of growing shale gas and oil extraction in the United States [4].

In such conditions, Ukraine must take into account the world trends. The implementation of the latest modern technologies in the energy is highly important for our country, as Ukraine has one of the most energy-intensive economics in Europe. Almost half of the country's energy is consumed by the housing and utilities sector, which became outdated long time ago and now it needs to be renovated [9].

The problem is complicated by the fact that Ukraine, which consumes

more than 60–70 % of imported energy resources in the overall balance, is one of the most energy-dependent countries in Europe. It is forwarded not only by their absence, but also by their inefficient usage, which threatens the national interests and national security of the country. Therefore, solving the problem of energy saving and efficiency is one of the top priorities in the context of the energy crisis in the country [1].

The usage of alternative energy sources and energy saving in Ukraine has been relevant since the late 1990s, as it was clear that energy would not become cheaper any more, but this problem became the most relevant and important after 2014. The need to change the outdated technologies and approaches in energy sphere to the modern ones becomes obvious.

High energy intensity and low energy efficiency have been the main identifiers of the Ukrainian energy system for a long time. Beside the significant dependence on energy suppliers, Russian Federation in particular, the following disadvantages of extensive energy can be named: the deteriorating environmental situation in the country (high morbidity and mortality due to the air pollution caused by the operation and malfunctions of NPPs and CHPs), the necessity to upgrade worn-out equipment to get stability and security of their operation, all these require significant investment [7].

One of the commitments, made by Ukraine after the signing of the Association Agreement with the EU, is a compliance with the high European energy efficiency standards and participation in the energy market. Based on it, the priority of the country's energy policy is to increase energy efficiency and ensure energy saving.

The country and society must understand that capital investments related to the implementation of energy-efficient technologies will be paid off in the future. In particular, according to the data of the International Energy Agency (IEA), every dollar invested in energy efficiency will turn into 4 USD savings, and such project will be paid off in full in about four years [1].

As Ukraine tends to integrate into European institutions, we have a great interest in the European experience and requirements of energy saving. EU countries are actively encouraging the implementation of alternative energy sources: in particular by 2030 their share in the structure of electricity production should be 50%.

The energy strategy of Ukraine until 2030 was developed in 2006 for the first time. It identified energy saving as one of the determining factors for the efficient functioning of the national economy. In the Strategy it was assessed the overall energy saving potential due to the technical (technological) and structural factors [6, p. 35].

According to the energy strategy of Ukraine until 2035, the share of renewable sources of electricity generation in 2025 should be over 13 %,



and by 2035 – up to 25 % [10].

According to the materials of the joint project “Professionalization and stabilization of energy management in Ukraine”, which is implemented under the Agreement of Partnership and Cooperation between the National Technical University of Ukraine “Kyiv Polytechnic Institute”, Institute of Energy Saving and Energy Management (Ukraine) and Hochschule der Wirtschaft für Management (Germany), the main goals of country policy in the field of energy saving are:

- energy intensity reducing of GDP by 20% through the implementation of mandatory commercial accounting of energy resources consumption (energy and fuel), the transition to the usage of energy efficient technologies and equipment;
- ensuring the widest possible diversification of routes and sources of primary energy resources supply, including oil, natural gas, coal, nuclear fuel; increasing domestic energy production; implementation of the transparent competitive rules for the energy deposits development and usage;
- liberalization of the markets of the electric and thermal energy, coal and gas, transition to a new model of their functioning;
- integration of Ukraine’s energy system to the continental European energy system ENTSO-E;
- reorganization of the public joint-stock company National Joint-Stock Company “Naftogaz Ukraine” in accordance with the Third Energy Package of the European Union;
- complete reformation of the system of pricing and tariffs for energy and fuel;
- reformation of the coal industry and attraction strategic investors; privatization of promising and liquidation (conservation) of unprofitable coal mining enterprises; modernization of the infrastructure of the fuel and energy complex [6, p. 37].

The state support for companies and households in the sphere of energy efficiency are foreseen by the legislative and regulatory acts of Ukraine: direct budget financing; exemption from VAT, import duty; exemption of the part of the profit from taxation; establishment of economically justified tariffs for housing services; provision of state guarantees for credit lines opened in credit institutions, etc. [4, p. 77].

Ukraine has The Energy Efficiency Program aimed to stimulate the population, Associations of Co-Owners of Apartment Buildings and Housing Cooperatives to implement energy efficiency measures by repaying part of the loan from the budget for energy efficiency measures, such as thermal insulation of the houses, purchase of boilers that using any types of fuel and energy (except natural gas and electricity), installation of water and heat metering units, heating radiators with a thermostat, replacement of

windows with energy efficient ones, modernization of lighting, etc. Since October 2014, the Government program of “warm” loans has been given to the population and condominiums, which provides the reimbursement from the state budget to make “warm” loans cheaper and additional compensation from local budgets [4, p. 80].

Currently, the dynamics of implementation of the new capacities of the renewable energy in Ukraine remains positive from year to year. In particular, solar energy is the most dynamic sector of renewable energy in Ukraine. Due to the large number of sunny days and moderate air temperature, solar stations, installed in Ukraine, work as efficient as possible. The development of the alternative energy is greatly facilitated by the high green tariff: for industrial solar power stations (SPS), built in 2017-2019, it is 15 eurocents; for SPS of a civil sample – 18 eurocents. Due to this and the relative availability of SPS, their approximate pay off period in Ukraine is 5–8 years [11].

The possibility of solar energy usage, i.e. the period of profitable operation of solar collector systems, depends on the climate conditions of the region [2, p. 94]. Due to the significant amount of the investment and the relatively

low cost, flat solar collectors, which are usually placed on the sunny sides of sloping roofs, have become the most widespread [5, p. 95].

The installed capacity of solar power stations in Ukraine in 2017 amounted to 742 MW, which is 211 MW more than the previous year [11]. During the first half of 2019, new stations of 1550 MW capacity, generating electricity from renewable energy sources, was installed in Ukraine. This is almost twice as much as for the whole 2018 (848 MW) [8].

The development of the wind energy is much slower than the solar energy development. It happens because the wind power stations are much more expensive than solar ones and are more complex to install and maintain. Besides, the wind energy is a more regulated industry than solar one [3].

Under the new legislation, since 2020 new objects of wind generation of more than 5 MW and objects of solar generation of more than 1 MW will need to participate in auctions to get guaranteed purchase of electricity by the country. As a result of such auctions, an auction price will be set for the electricity, taking into account possible surcharge of 5–10 % for the Ukrainian technologies usage. The auction model exists in many countries around the world and provides fair prices for alternative energy through auctions instead of a fixed green tariff, which is used in Ukraine and it is currently the highest in Europe. Those RES objects that offer the lowest tariff will receive state-guaranteed prices for a long period (up to 20 years) [3].

The thermal insulation of buildings continues to be of a great relevance for

Ukraine. About 50 % of heat is lost through the walls of the buildings, so an important step towards saving energy resources is the thermal insulation of residential and commercial buildings. The thermal insulation of foundations, walls and roofs of buildings is planned. Expanded polystyrene (ordinary and extruded) and mineral wool are usually used for this purpose. Recently, Ukraine experiences a real “boom” for the thermal insulation of buildings. It is a positive phenomenon, but often developers, contractors, building owners make some technological mistakes in the process of insulation, quite often in order to save money they use poor quality materials or hire unskilled workers.

Thus, it can be stated that over the past five years we have experienced the significant progress in the usage of alternative energy sources and energy savings in Ukraine, in particular, the great development is observed in the solar energy usage and thermal modernization of buildings. However, these processes are still quite slow, alternative energy is developing unevenly. Of course, the state support is very important, but domestic companies must take care of their energy security on their own, considering it as a necessary strategic decision that will have a significant impact in the future.

### References:

1. Bezzub, I. Improving energy efficiency is the key to ensuring Ukraine’s energy independence. *Center for Research of Social Communications of the VI Vernadsky National Library of Ukraine*. [ONLINE]. Available at: [http://nbuviap.gov.ua/index.php?option=com\\_content&view=article&id=745:pidvishchennya-energoefektivnosti&catid=8&Itemid=350](http://nbuviap.gov.ua/index.php?option=com_content&view=article&id=745:pidvishchennya-energoefektivnosti&catid=8&Itemid=350) [Accessed 01 June 2020].
2. Vnuk, R., Chui, F. (2013). Minimum costs, maximum benefits. *Murator Ukraine*, 5(57), 94–98.
3. Have time by 2030: why is there a boom in investment in green energy in Ukraine and what will change in the market in 2020? [ONLINE]. Available at: <https://getmarket.com.ua/ua/news/vstignuti-do-2030-roku-chomu-v-ukrayini-sposterigayet-sya-bum-investicij-v-zelenu-energetiku-i-sho-zminit-sya-na-ri nku-v-2020-roci> [Accessed 12 June 2020].
4. The experience of EU countries in improving energy efficiency, energy audit and energy management in energy saving in the economies of countries. [ONLINE]. Available at: <https://ua.energy/wp-content/uploads/2018/01/Pidvyshhennya-energoefektyvnosti-v-YES.pdf> [Accessed 11 June 2020].
5. Drobnik, M., Chui, F. & Drobnik M. (2013). *How to install the collector*. *Murator Ukraine*, 8(60), 95–96.
6. Denisyuk, S. P., Kotsar, O. B, Chernetska, Yu.V. (2016). Energy efficiency of Ukraine. The best design ideas. Project «Professionalization and stabilization of energy management in Ukraine». *Compilers*. Kyiv:

*Kyiv Polytechnic Institute named after Igor Sikorsky, 79.*

7. Green energy: why is Ukraine lagging behind? GazetaUA. [ONLINE]. Available at: <http://uare.com.ua/novyny/536-zelena-energetika-chomu-ukrajina-pase-zadnikh.html> [Accessed 29 May 2020].

8. Kucherenko, I. (2019). Dynamics of solar energy market development: what to expect for business and investors. Cenzor.net.ua [ONLINE]. Available at: [https://biz.cenzor.net.ua/columns/3153943/dinamka\\_rozvitku\\_rinku\\_sonyachno\\_energetiki\\_scho\\_ochkuvati\\_bznesu\\_ta\\_nvestoram](https://biz.cenzor.net.ua/columns/3153943/dinamka_rozvitku_rinku_sonyachno_energetiki_scho_ochkuvati_bznesu_ta_nvestoram) [Accessed 01 June 2020].

9. Local examples of energy efficiency in Ukraine: from alternative energy to warm loans. (2019). UNDP Ukraine. [ONLINE]. Available at: <https://medium.com> [Accessed 05 June 2020].

10. Savchuk, S. (2017). 25 % of energy from renewable sources by 2035 is a new goal of Ukraine in accordance with the Energy Strategy. *State agency for energy efficiency and energy conservation of Ukraine*. [ONLINE]. Available at: <http://sae.gov.ua/uk/news/1965> [Accessed 06 June 2020].

11. Ukrainian alternative energy: slowly but steadily. (2018). Bakertilly. ua. [ONLINE]. Available at: <https://bakertilly.ua/news/id44270> [Accessed 01 June 2020].

## **STATE AND MAIN PROBLEMS OF AGRICULTURAL SECTOR DEVELOPMENT AS INTEGRAL PRODUCTION SYSTEM OF THE NATIONAL ECONOMY**

*Elena Varaksina,*

*Ph. D. in Economics, Associate Professor,*

*Poltava State Agricultural Academy, Poltava, Ukraine*

Production activity of agricultural enterprise in modern conditions depends on how successfully the problems connected with competitiveness of products are solved. Only by solving this task, enterprise can function effectively and develop in market environment [1].

Improving the efficiency of agricultural enterprises is largely determined by ensuring conditions of competition, namely the transparency of commodity markets functioning, promoting coordinated actions of national economic subjects aimed at increasing their competitiveness in international commodity markets, provided that competition in corresponding internal commodity markets is not eliminated or restricted [2].

The formation of competitive advantages of agricultural enterprises

ensures an increase in the agricultural economic sector competitiveness, and thus contributes to solving problems connected with food security [3].

The results of scientific research indicate the absence of unified approach to the formation of a system of indicators for assessing the level of enterprise's competitiveness (tabl. 1).

**Table 1**

*Approaches to assessing the competitiveness of agricultural sector enterprises*

№	Author	Assessment indicators
1.	V. Trehobchuk, B. Paskhaver [4]	level of profitability of production and rate of profit, labor productivity, price and quality of products, marketability of production, its liquidity and creditworthiness
2.	I. Gutorova [5]	volume of gross output and profit per 1 ha of farm land, per average annual laborer, per 1 UAH of fixed production assets, manufacturing of gross output per 1 UAH of manufacturing expenses, profitability of production
3.	V. Ambrosova, T. Marenych [6]	products' sales volume in value expression and profit, the comparative level of products' costs and their sales price
4.	M. Malik, A. Nuzhna [7]	three groups of indicators: indicators of production activity efficiency, indicators of enterprise financial state, indicators of business activity, benchmarking
5.	V. Parsiak, I. Dybach [8]	cost of manufactured products (concerning production), volume of products' sales (concerning marketing), profit (concerning management)

Agro-business in Ukraine is one of the most promising sectors of the economy. It is developing quite rapidly. It is worth taking into account that against the background of the world's population growth, the demand for food products will only increase, while the size of lands suitable for cultivation and crop growing remains stable.

Ukraine has proven to the world that it is strong enough in the market of farm products. Having one third of the world black soils, this country has a high potential for agricultural development and is a leader in the world agrarian markets as to producing grain, sugar, honey, and sunflower oil.

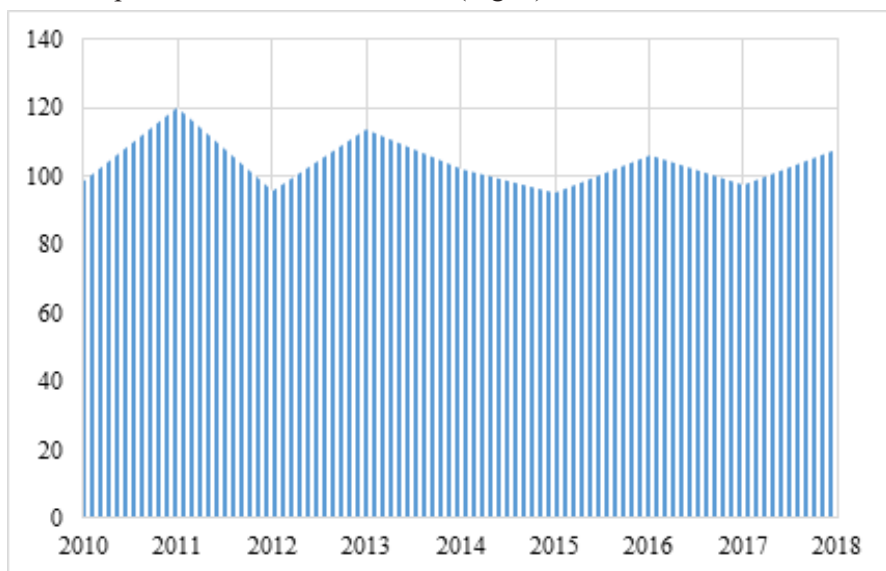
However, under the global crisis and mass disease in many countries, forecasts for 2020 harvest are not as optimistic as they were in 2019. Even this February, grain harvest in Ukraine was expected at 65–70 million tons in 2020 [9].

Yu. Lupenko, Director of the Institute of Agrarian Economics,

Academician of the National Academy of Agricultural Sciences specified that according to the forecast of the Institute's scholars, in 2020 the production of grain and legumes in Ukraine would make 67.4 million tons. This is

7.7 million tons or by 10.3 % less than historically record grain harvest in 2019. "Such decrease will mainly take place as a result of decreasing the production of winter wheat – up to 24.2 million tons (-12.5%), corn grain – up to 32.2 million tons (-10.3 %), and also barley – up to 8.1 million tons (-8.7%)", – Yu. Lupenko stressed [9].

In recent years, there has been a gradual increase in volumes of farm products' manufacturing. Fluctuations in volumes of production over the years have mainly been connected with the dynamics of crop growing, which depends on weather conditions (Fig. 1).



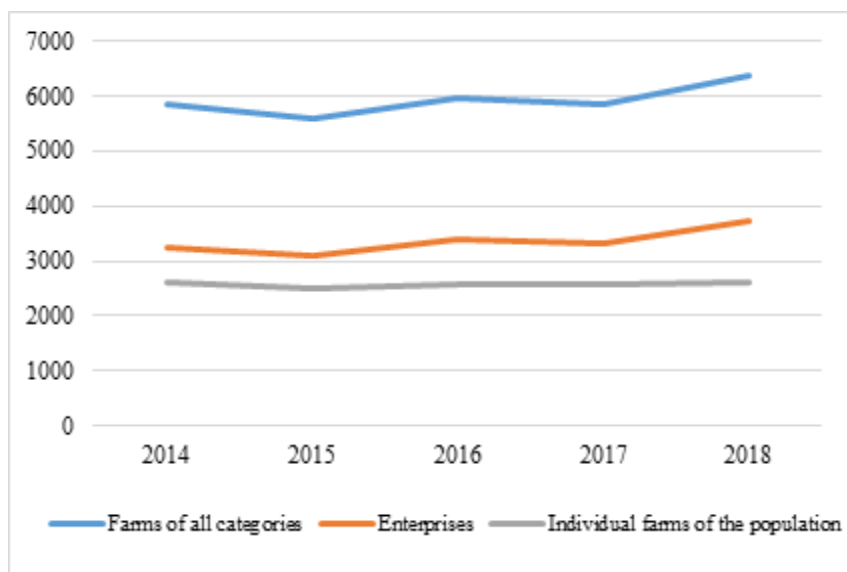
*In comparison with the previous year, %*

*Composed on the basis of [10]*

Fig. 1. Indices of farm products during 2010–2018.

It should be mentioned that agricultural enterprises have been remaining the main producers of farm products, and their share in the cost of gross output makes 58.8 %. Farms produce only 9.3 % of gross output, while personal plots produce

41.2 % of agricultural products. The total volumes of crop growing products have increased both at agricultural enterprises and on individual farms. The dynamics of manufacturing agricultural products by categories of producers is presented in fig. 2.



*Composed on the basis of [10]*

Fig. 2. Dynamics of agricultural products' manufacturing by categories of farms during 2014–2018

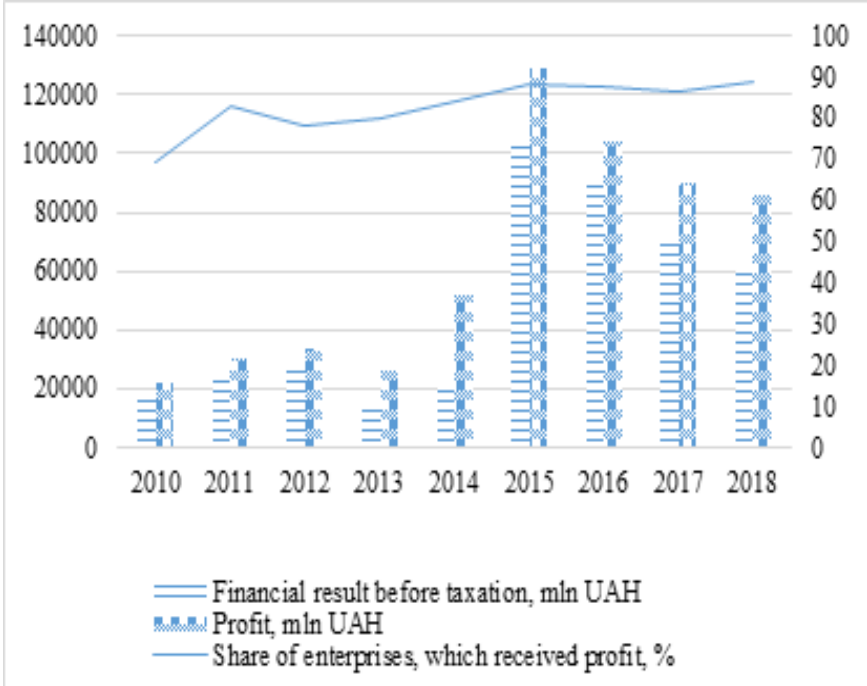
In 2018, there was a tendency to increasing the manufacturing of farm products per capita by 5.18 %. In particular, the manufacturing of crop growing products increased by 8.68 % and livestock farming products – by 0.30 %. The growth of crop growing products was stipulated by the increase in the manufacturing grain crops by 13.73 %, sunflower by 16.32 %, fruit and berries by 127.08 %, potato by 1.72 %. Concerning other types of crop growing products, there was a decline in production. The manufacturing of eggs per person in 2018 made 386, meat (in slaughter weight) –

56 kg, which was higher as compared with the previous year, by 4.66 % and 1.82 %, respectively. In 2018, milk production decreased by 1.65% in comparison with the previous year. As it has been mentioned above, the volume of agricultural production is constantly increasing at present [10].

The main indices of financial efficacy of agricultural enterprises of all types in Ukraine are money incomes from selling farm products, profit, and level of profitability (Fig. 3). During the analyzed period, profit received by agricultural sector enterprises increased almost threefold.

In our opinion, the main reasons, which retard the effectiveness of agricultural production, are, first of all: deterioration of soil fertility,

primarily because of insufficient applying mineral and organic fertilizers in production; weak material-technical base of agricultural enterprises; low level of arable farming and animal husbandry productivity, and others.



*Composed on the basis of [10]*

Fig. 3. Dynamics of the agricultural sector enterprises' profits for the period of 2010–2018

The present level of technical equipment of agricultural production is also a restraining factor in the effective development of agricultural sector.

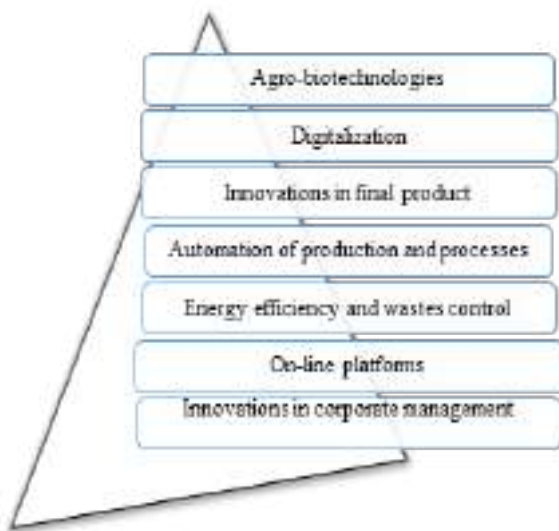
It should be mentioned that Ukraine has significant potential, including agricultural, so the priority tasks of the state in forming competitive agricultural sector of the national economy is the implementation of the directions indicated in Fig. 4.

We support the opinion of the scholar [12 p. 56], who mentioned: “that the strength of competition must be reflected in competitive strategy, the result of which has to be the implementation of enterprise’s existing competitive advantages and achievement of a high level of competitiveness”. Therefore, building a strategy of the agricultural sector competitiveness at the national level must become a priority task of the state policy.

The necessity to activate the development of the agricultural sector



is stipulated by the need to ensure such a level of physical and economic accessibility of food to the population in terms of volume, assortment and quality at the level of scientifically substantiated standards, which ensures the proper level of physical and psychic-emotional health of every person, life expectancy and development of the nation as a whole.



Composed on the basis of [11]

Fig. 4. Priority criteria for the formation of agricultural sector competitiveness

That is why, the following are priority directions of forming the agricultural sector competitiveness: increasing crop yields and productivity of livestock farming based on biotechnologies; developing digitalization in agricultural production; innovative productions; eco-balance of manufacturing processes and waste control; harmonization of regulatory framework with European legislation; restructuring corporate management system.

### References:

1. Shevtsov, V. V. 2002. Express diagnostics of the quality of economic functioning of agricultural enterprises based on computer monitoring of indicators of financial stability. *Moscow: Graduate School of Management.*
2. Legeza, D. G., 2010. Development of the agricultural sector of Ukraine in the field of foreign trade. *Economic strategy and prospects for the development of trade and services: coll. Science against HDUTP, 2(12),*

438–445.

3. Larina, J. S. 2008. Formation and mechanisms of realization of marketing strategies in agro-food subcomplex of agrarian and industrial complex: monograph. Kyiv: *Press of Ukraine*.

4. Ensuring the competitiveness of the agricultural sector of Ukraine's economy in domestic and foreign markets: a scientific report. 2007. Kyiv: *Institute of Economics and Forecasting*.

5. Ulyanchenko, O. V., Yevchuk, L. A. & Gutorova, I. V. 2011. Competitiveness of agricultural enterprises and strategic aspects of its formation: monograph. Kharkiv: *«Apostrophe»*.

6. Ambrosov, V. Y., Marenich, T. G. (2009). Assessment of the competitiveness of agricultural formations. *Bulletin of KhNAU, series «Economics of agro-industrial complex and nature management»*, 23–28.

7. Malik, M. J., Nuszna, O. A. 2007. Competitiveness of agrarian enterprises: methodology and mechanisms: monograph. Kyiv: NSC IAE.

8. Parsyak, V., Dybach, I. (2010). Analytical prerequisites for managing the competitiveness of small enterprises. *Economist*, 8, 56–59.

9. Agricultural sector of Ukraine: readiness for spring field work and forecasts of future harvest. [ONLINE]. Available at: [http://nbuviap.gov.ua/index.php?option=com\\_content&view=article&id=4795:agrarna-galuz-ukrajini-gotovnist-do-vesnyano-polovikh-robit-ta-progozi-majbutnogovrozhayu&catid=64&Itemid=376](http://nbuviap.gov.ua/index.php?option=com_content&view=article&id=4795:agrarna-galuz-ukrajini-gotovnist-do-vesnyano-polovikh-robit-ta-progozi-majbutnogovrozhayu&catid=64&Itemid=376) [Accessed 14 July 2020].

10. State Statistics Service of Ukraine. [ONLINE] Available at: <http://www.ukrstat.gov.ua> [Accessed 14 July 2020].

11. Theoretical foundations of competitive strategy of the enterprise: Monograph. 2006. Kharkiv: *VD «INZHEK»*.

12. 7 priority areas for innovators in the agricultural sector of Ukraine. [ONLINE]. Available at: <https://agrohub.ua/uk/news-views/7-priority-areas-for-innovators-in-the-agricultural-sector/> [Accessed 14 July 2020].

## CONCEPTUAL APPROACHES TO ENERGY EFFICIENCY MANAGEMENT OF AGRICULTURAL ENTERPRISES

*Oleksii Zamykula,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Effective implementation of strategic management of the energy sector of an agricultural enterprise requires the establishment of clear principles in order to implement the optimization of flow processes of the energy cycle of

economic activity and the development of a conceptual system of action to ensure a systemic result.

Basic concepts of solving the problems of energy consumption optimization in different countries have provided new methods, tools and programs of actions on energy consumption.

The key concept is Demand Side Management (DSM), which can be translated as “management in terms of meeting only the necessary requirements”. This concept was developed in the United States, and the phrase itself was used as a synonym for the phrases “load management” and “energy savings”. Later, the concept of Least Cost Planning (LCP) was developed and implemented, which meant the impact of optimizing energy consumption on the value of production and production costs. Then the concept of Integrated Resources Planning (IRP) appeared, which can be defined as a method of assessing whether energy savings and load management is more attractive than expanding energy supply by building new energy capacity, and as a tool of the optimization of systematized and structured programs to influence the demand for energy resources.

The concept of IRP assumes that the energy consumer on his own initiative uses equipment with maximum energy consumption efficiency at the limit of optimal cost. In such a hypothetical situation, only price is an indicator of the efficiency of resource allocation. However, the imperfections of a market are so great that in real life they can be corrected only by influence of the energy market on the consumer side.

The basic principle of DSM and IRP is that energy producers and consumers have common economic interests in implementing energy saving measures and improving their efficiency.

In order to achieve this situation, states began to purposefully use direct and indirect taxes, information support, special training programs, appropriate changes in legislation, specialized financial support (subsidies, improvement of the principles of price reduction, etc.). Direct and indirect taxes can be applied in the form of energy charges and included in the cost of consumer goods, which increases the overall consumer interest in savings. These can also be special environmental taxes that encourage the rational consumption of energy resources and the use of environmentally friendly fuels and technologies or cover the costs of environmental protection.

For their part, producers of various types of energy and energy resources began to actively engage in consumer information support, energy saving campaigns, training, consulting, energy audits, research, changes in the tariff system, investing in the above activities. It is advantageous for producers to do this because all these costs are compensated by cutting costs due to reduced production output at the least efficient production facilities or by mitigating the need for installing new units.

Different economic interests are the main difficulties in implementing energy saving measures. A favorable result usually depends on all group of active participants (the state, the producer and the consumer of energy) at all variety of means and a way of their actions. As a rule, significant savings can be achieved without any costs or at their very low level. In this case, the main thing is information. It is often very difficult to explain to people that they are neglecting savings opportunities that may or may not be costly. Other kinds of savings can be achieved by investing, and such investments are profitable.

The experience gained in the countries that have been applying the principles of DSM and IRP for decades – and these are market-economy countries – has shown opportunities for saving energy and increasing the efficiency of its consumption for all parties involved in the energy sector. According to forecasts, in the coming years the EU will depend on external energy suppliers. Therefore, the search for the optimal way to implement the rational and efficient consumption of energy in the EU as a method of improving the reliability of energy supply continues. Integrating environmental and energy policies is a prerequisite for improving security, living conditions and fulfilling international obligations in terms of pollutant reduction. Thus, these concepts reflect the general course of actions aiming to identify opportunities of the optimization of energy consumption. Obviously, the strategy must take into account the specific conditions of the energy sphere and the current state of the problem.

According to researchers of energy efficiency of agricultural enterprises [1, 6, 10], the problem of rational energy consumption in agriculture is neglected. And its solution should be started not with separate tasks, but with the radical improvement of the organization of all agro-industrial production as a consumer of energy resources. There is a need to develop new scientific concepts of energy consumption, which would ensure the radical increase of the efficiency of both individual tasks and energy consumption in general. From this point of view, we can conclude that the main principles should be systematic decisions and long-term actions.

With the progress of science, the structures and laws of the development of complicated systems of nature and society are studied more thoroughly. Improvements in technology lead to the creation of more complicated systems of mechanisms and systems of control. In general, all these processes necessitate a system concept, system methodology necessary for a general idea of the world and its understanding. This approach to understanding the world is translated into the systems theory and its applied aspect – systems analysis. The theory appeared as a generalization of cybernetics by spreading its ideas of complex formations (objects). The systems theory has a powerful methodological potential that can now be successfully used

to fulfil a wide range of vital tasks for an individual, a team, an enterprise and the planet as a whole. This is achieved through the use of such basic concepts of the systems theory as integrity, complexity, multi-functionality, interconnectedness with the environment, the goal orientation in decision making.

The systems analysis is an effective tool of solving complicated, not clearly defined problems. The object of study is considered as a system of interconnected elements, their properties and qualities [9]. In most cases, the decisions that are made relate to individual elements of the system, so when solving problems, it is necessary to take into consideration the relationship between this element and others and the overall goal of the system. The systems analysis makes it possible to structure a complicated problem into a series of tasks that are fulfilled by economic and mathematical methods. The main advantage of the systems analysis is the ability to take into account all the factors that influence decision-making. The particular consideration should be given to qualitative factors, which should be quantified, and if it is not possible, they should be considered through subjective thoughts or conclusions.

Using a system approach to the analysis of the energy environment of an agricultural enterprise, it is advisable to interpret it as a production potential. It should be noted that in terms of providing conditions for increasing the energy efficiency of agricultural enterprises, the particular attention should be paid to the systemacy of phenomena that determine the vector of energy efficiency development of economic activity of agricultural enterprises. The system nature of such phenomena should be understood as the presence of multiple connections in the external environment, which determine the different roles (profile, functionality, etc.) of the object under study (economic activity of agricultural formations).

Since the technological process of an agricultural enterprise is closely connected with the natural system, it is rational to consider the prospects for the development of energy consumption of enterprises in the context of system changes in the environmental situation. Many scientists in various fields of knowledge [3, 5] recognized global climate change as the main all-encompassing phenomenon that determines the trends of the biosphere development. The participation of agricultural production in such processes is described by the different nature of role participation in the energy aspect.

On the one hand, crop production technology is an active consumer of natural energy of various kinds (solar, thermal, chemical, etc.), thus becoming completely dependent on the rate of energy processes in the biosphere. Agricultural production in the crop-growing sector is based on obtaining products that have consumer value, especially food one, through the cultivation of a special kind of plants – agricultural plants. The

distinguished feature of these crops for energy efficiency is the ability to convert solar energy using appropriate resources (moisture, heat, etc.) into chemicals and physical substances that make up the quality of a product and determine the consumer value for further processing and consumption (e.g. gluten in wheat grain, which determines its suitability for bread baking).

Therefore, it is necessary to focus on the management of natural energy consumption by analogy with solar energy. Solar radiation also affects the chemical composition of agricultural products, for example, sugar content in fruits and berries, protein content in grain of cereals, the amount of oil in sunflower seeds, etc. Some diseases of agricultural plants develop most actively in a bad light. It is found out that plants proceed to generative development at a certain ratio of the duration of day and night (photoperiodic reaction).

Solar energy is an object that cannot be controlled, but the processes of its utilization are a fully regulated mechanism through adaptation mechanisms. To monitor the efficiency of natural solar energy utilization the parameter of the efficiency coefficient of photosynthetically active radiation of planting (EC PAR) is used, which depends on the time of sowing and planting density, the number of fertilizers, weather conditions, etc. According to the values, EC plantings [4] are divided into the following groups: those that are observed – 0.5–1.5%, good – 1.6–3%, record – 3.1–5%, theoretically possible – 6–8%. Regarding the energy efficiency potential of natural energy management optimization, a number of authors [7, 8] says that the value of the coefficient can potentially reach 17–21%, which means the increase in yield by 40–50 times. Theoretical calculations show that within the latitude of 42–55° (at which some areas coincide with the Ukrainian) the possible level of dry mass yield when using PAR:

- a) at 1.0 % can reach 55–45 dt / ha, or 27–23 dt / ha of grain;
- b) 2 % – respectively 110–90, or 55–45 dt / ha of grain;
- c) 3 % – 165–135, or 82–67 dt / ha of grain;
- d) 4 % – 220–180, or 110–90 dt / ha of grain;
- e) 5 % – 270–230 dt / ha of grain, or 135–115 dt / ha of grain.

Practical results show that during field and production experiments in Kazakhstan it was possible to bring the coefficient of PAR use on alfalfa plantings to 2-3.8 %, on corn plantings to 3 %, while the yield of green mass of alfalfa reached 420–650 dt / ha, corn – 850–1000 dt / ha. Unfortunately, most cultivated crops and varieties do not have such potentials, but during some production experiments this figure reached 3.8 %.

On the other hand, as previously noted, using the energy resources involved, agricultural enterprises seek to shift the natural energy balances in order to maximize useful productivity. A large number of studies are devoted to the research of the causes of climate change, confirming the significant

impact of arable farming technology on the development of the greenhouse effect.

Taking into account the arguments of a considerable number of publications dealing with the problem of climate change [2], it should be noted that a significant role in mitigating the effects of climate change is played by arable farming technology. As noted, the optimization of soil carbon balance is most effectively ensured by the biologization of arable farming, the use of organic and cover arable farming, which, on the one hand, can significantly slow down the process of increasing CO<sub>2</sub> concentrations in the atmosphere and minimize global warming, on the other hand – lay the foundation for soil protection from low fertility and general degradation.

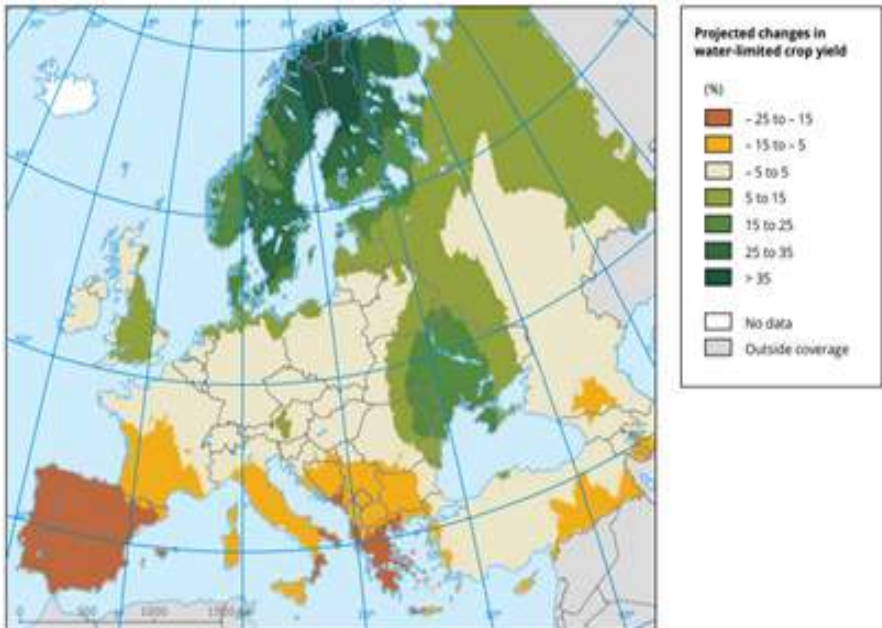


Fig. 1. The average change (%) of wheat, corn and soybean yields in 2050 compared to 1961–1990 in Western and Central Europe with limited moisture reserves [4]

Additional topicality of optimizing the management of energy efficiency of natural energy utilization consists in the projected climate change. The use of the beneficial effects of global warming is possible only in combination with adaptation measures aimed at preventing (reducing) losses from its negative effects. According to climate researchers, with sufficient moistening in conditions of a probable change in the amount and regime of precipitation and characteristics of water runoff, the projected increase in heat supply of

crops and the duration of the growing season will contribute to expanding and improving crop growing structure and agricultural potential. A high level review of the results of calculations for the arable farming area in Eastern Europe shows that with climate change, according to the scenario RCP4.5, the bioclimatic potential in the first third of the century will increase by 8% compared to the current level, and by the end of the century – by 25 % (Fig. 1) [8].

Thus, a high level of energy efficiency of an agricultural enterprise can be ensured by the logistization of management functions in the process of implementing the strategy of greening the energy consumption of the technological process, that is to form the conditions of ecological management maintenance.

### References:

1. Ananieva, N. D., Blagodatskaya, E. V. & Demkina, T. S., (2002). Evaluation of the resistance of soil microbial complexes to natural and anthropogenic impacts. *Soil science*, 5, 580–587.
2. Bozhko, L. Y., Barsukova, O. A., 2011. Agrometeorological forecasts. *Workshop: Textbook. Odessa*, 229.
3. Dobrovolsky, G., Nikitin, E. 1990. Soil functions in the biosphere and ecosystems. *M. : Science*, 261.
4. European Environment Agency. 2017. Climate change, impacts and vulnerability in Europe 2016. *An indicator-based report. Copenhagen*, 424.
5. Houghton, R. A., Woodwell, G. M. (1989). Global climatic change. *Sci. Am.*, 260, 36–44.
6. Kudryarov, V. N., Kurganova, I. N., (2005). Soil respiration: database analysis, long-term monitoring, general estimates. *Soil science*, 9, 1112–1121.
7. Larionova, A. A., Rozanova, L. N., Evdokimov, I. V., Ermolaev, A. M. (2002). Carbon balance in natural and anthropogenic ecosystems of the Forest-Steppe. *Soil science*, 2, 177–185.
8. Melnik, V. I. (2015). Development of the concept of the national strategy for adaptation of agriculture to climate change. Summary of the draft concept (for open public discussion). *Prepared within the framework of the Clima East Project Expert Service (contract CEEF2014-005-BL), Minsk, Gomel–Pulawy*, 15.
9. Obolensky, O. Y. (1996). Theory of systems approach in public administration. *Bulletin of NAPA*, 3, 151–158.
10. Varenko, V. M., Bratus, I. V., Doroshenko, V. S., Smolnikov, Y. B., Yurchenko, V. O., 2013. System analysis of information processes: Textbook. way. K.: *University «Ukraine»*, 203.



## **ANALYSIS AND DEVELOPMENT PROSPECTS OF THE MILK PROCESSING INDUSTRY IN UKRAINE**

*Vladyslav Mykhatilo,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

The specifics of the functioning of the enterprises of the dairy industry of Ukraine is largely determined by the presence of a problematic “field” of the modern national market of milk and dairy products, which focuses on two blocks of factors:

- a block of conceptual miscalculations in the system of reforming the agri-food sector, which entailed a decrease in the efficiency of domestic dairy farming enterprises and the dairy industry;

- a block of the latest cardinal changes related to the fundamentally new foreign economic and internal conditions for the development of the dairy industry in Ukraine.

Analyzing the above problems, it is advisable to dwell on current trends in the development of the industry, and then structure its main problems.

Starting such an analysis, it should be noted that at present the market for dairy products in Ukraine is very diverse and highly competitive. The market segment considered includes the following commodity groups, such as cream, rennet and sour milk cheese, concentrated milk and cream, milk powder, butter and milk pastes, sour milk products (sour cream, yogurt, butter cream), and ice cream. The number of large players alone is about 10–15, the number of small local producers exceeds several hundred.

Of the main trends in the development of the industry in recent years, the following can be noted:

- the consequences of the deep geopolitical and economic crisis that began in 2014, Ukrainian dairymen have already managed to overcome to a large extent. It is hoped that the lower limit in the decline in production and consumption of dairy products in Ukraine has already been passed. This year, most likely, there will be an increase in output for the domestic market, both due to the predicted price stabilization, and due to the expected improvement in the well-being of Ukrainians. However, it is not worth counting on a significant increase in the consumption of dairy products, since the general portrait of the consumer is changing, which no longer considers milk as a primary product. Under these conditions, the growth of industrial production is possible only for certain commodity items, and then only due to the predicted decrease in the supply of dairy products by households. This applies, first of all, to ordinary milk, fresh cottage cheese, sour cream, that is, such dairy products, which at that time were still massively marketed.

However, the volume of such trade will necessarily decrease;

- commodity and geographical structure of the export of dairy products has changed dramatically in recent years. If until 2013, most exporters relied on the Russian Federation and entered its market, mainly with cheeses, today the basis of foreign sales is butter, along with related products during its production. Water time, most of the dairy exports are already carried out outside the countries of the former Soviet Union – now Ukraine takes 18th place in the world in dairy exports.

Now the price of Ukrainian milk is 16% lower than the world price, which gives a competitive advantage in the global market. Ukrainian agricultural products are exported to 190 countries. The key countries for the sale of all Ukrainian dairy products were Poland, Belarus, Libya, Moldova, Georgia, which in total provided about 70% of all supplies. Morocco, Turkey, Egypt and the Netherlands also joined the importers of domestic dairy products [7].

A significant importer of Ukrainian cheese maker is China. In the list of exporters in China, Ukrainian manufacturers occupy 21st place. The number of cream deliveries to the Netherlands increased by 8.29 %. In Bangladesh and Kazakh state, the supply of condensed milk and cream decreased by 13.7 %. These countries are major importers of these categories of goods. Demand for certain groups of Ukrainian goods increased in the Middle East, EU countries, South Africa, and Asia. Also in September 2018, Ukraine and Macedonia signed a veterinary certificate for the export of dairy products. At the same time, exporters are now more concerned about which assortment to rely on – butter + skimmed milk powder, or butter + casein, or butter + cheese product. In addition, the question is whether to sell these goods to traders or try to enter the final markets themselves [7].

Unfortunately, Ukraine will be able to regain the glory of the great exporter of cheese soon. From the moment of losing the opportunity to sell goods to the Russian Federation, cheese makers have not found new markets, and are not particularly concerned with the above-mentioned problem, since domestic dairy products, among other things, are simply not competitive in price in world markets. Moreover, for the same reason, import of cheese is rapidly growing again in Ukraine. It already exceeds the export of this product from the country. This cannot but worry domestic cheese makers, and therefore it is necessary to radically change the marketing policy:

- in the market, there is still a significant shadow segment. The shadow sector of finished dairy products is estimated at 20–25 %. A large number of dairy products on the Ukrainian market are falsified, in particular, this applies to butter, cheese and other products [4];

- the dairy market is among the highly competitive ones – the number of large players alone is about 10-15, not to mention the many small local

producers, the number of which exceeds several hundred. Such a number of players leads to the fact that the market is sufficiently «crushed». The largest companies include: JSC «Milk Alliance» (TM «Yagotinske»), «Unimilk» (TM «Prostokvashino»), «Wimm-Bill-Dann Ukraine» (TM «Sloflax»), «Danone» (TM «Activia»), ZAO «Pridneprovsky Combine» (TM «Zlagoda»), LLC «Dairy company Galichina» (TM «Galichina»), Company Molokia, PJSC «Ternopil Dairy» (TM «Molokia»), LLC «Lustdorf» (TM «Peasant»), Terra Food (TM «Farm») and others. Manufacturers expand their portfolios, introducing new products with a dairy or sour-milk base, adding «usefulness» to the product. Today, the most important thing for consumers is a healthy diet, the relevance of the topic of healthy food is not reduced. So, in the dairy market there is a fairly strong tendency to choose natural products, so a successful brand should ensure maximum naturalness of the product. Powerful companies react quickly enough to consumer advantages: a decrease in the consumption of premium brands led to browsing brand portfolios and expanding the range of cheap brands; or to add to the assortment of family packaging, allows you to save; or reduce packaging;

- the Ukrainian dairy market demonstrates stable growth in hryvnia equivalent, despite the fact that: the market growth in hryvnia is due not only to inflationary factors, but also to growth in sales in physical terms. At the same time, a deeper analysis of the situation on the market and in the industry indicates that over the 12 months of last year, Ukrainian companies produced 10.11 tons of dairy products, which is 1.9 % more than in the same period in 2018 (10 98 million tons), while 73 % of the milk collection comes from the population, and only 27% from farms. It was a decrease in milk production in households that led to a decrease in total milk production. On the whole market, growth in production volumes was shown by whole milk products and specific export products (whey powder, casein), but production of the butter / milk powder category decreased [4]. An important production trend was the increase in the requirements for the quality of products: in July 2018, DSTU 3662 : 2015 “Milk – raw cow’s milk. Technical conditions” entered into force – a document setting standards for milk of “extra”, “higher” and “first” varieties. Legislative innovation forced the dairy business to rethink approaches to product quality. Farmers began to gradually abandon the production of cheap raw materials. In 2018, the state proposed programs to support farmers. According to official figures, 4,348 agricultural producers, including 60 % –farmers, took advantage of a program to reduce the cost of technology. At the same time, subsidies amounted to 320 million hryvnias for the maintenance of 270 cows in private households; it cannot be compared with subsidy programs offered in the EU [5]. Speaking about the market structure in a geographical aspect, it should be said that the basis

of the dairy market in Ukraine is domestic products, although imports have been growing in recent years. The reason for this situation is the high cost of domestic dairy raw materials and the final product itself, creates conditions for profitable imports of Polish and Dutch dairy products, which at a price like Ukrainian, however, according to consumers, are of higher quality. The above situation is complicated by the fact that the Ukrainian market is not protected by customs barriers, and the national producer is in a knowingly losing competitive position compared to foreign milk producers, given that the Polish and Dutch farmers receive substantial subsidies from the state (more than 30 billion euros or 20 % of the EU budget). In fact, all the milk that goes to Europe for processing, in one form or another, is subsidized by the state. If the Ukrainian government does not pay attention to this problem, then Ukraine risks reducing the level of presence of domestic producers in the market, and in the long term – losing the dairy industry in the country as a sector of the economy [2]. It should be noted that in the process of adaptation of domestic dairy producers to European technological standards of production and product quality control, as well as the active penetration of European products into the domestic market of Ukraine, the quality of dairy products in general increases, which also leads to higher prices, while that the VAT rate on dairy products in Ukraine is 15% higher than the European one and amounts to 20%, while in Germany – 7 %, in France – 5.5 %, in Poland -5 % [8]. Accordingly, if Ukraine seeks to increase the profitability of the dairy business in the country, it is necessary to create the same rules for the game on the domestic market. Regarding price dynamics, it should be noted that according to the Association of Milk Producers, during 2018, dairy products on store shelves went up by 5-15%. Drinking milk with a fat content of more than 1 % increased in price by 7.2 %, and milk with a fat content of 3.2% in November cost on average 30 UAH ( $\pm$  10%). The price per kilogram of yogurt in December amounted to 60.46 UAH ( $\pm$  15.2 %), animal oil went up by 12.9 % – up to 233.2 UAH / kg, and cheese on average by 12 % (up to 204 UAH/kg). The purchase price for the “extra” grade of milk began to rise in the second half of August 2018. At that time, milk in this group went up by 20 kopecks. – up to 9.29 UAH / l (including VAT) [4]. Continuing to research the dairy market, you should pay attention to the fact that the problem of the dairy market in Ukraine is to reduce the number of cows in Ukraine, which leads to a decrease in the volume of raw materials for the production of finished dairy products. The decrease in the number of cows is caused, first of all, by a decrease in the number of private farmers’ state farms, in principle, which, in turn, is caused by the active urbanization of the population and the low interest of the population in the production of milk, in the construction of farms of European level. Against this negative background, the dairy industry of

Ukraine continues to transform, and in this regard, according to experts, 2019 will be significant. Processing volumes will decrease as a result of reduced milk production by households (-20 % of this category in the first quarter of the year). Therefore, for the first time in recent years, exports in the equivalent of raw milk will noticeably decrease. The share of receipts for milk processing from the household's economy will be reduced to 25 %, although 10 years ago the ratio of farm / agricultural enterprise was 50/50. The main reason for the aforementioned situation is a drop in demand, a decrease in purchase prices from a milk producer, which for a given period of time is largely private households. Processors will reduce the level of cooperation with the population due to insufficient milk quality [9]. The struggle for quality will lead to a decrease in the supply of raw materials for industrial processing, and a reduction in exports. At the same time, there will be an improvement in the quality of processed raw materials (on average) and, accordingly, in the quality of finished dairy products on store shelves, a decrease in production volatility, a potential increase in the purchase price of milk in large agricultural producers, and conditions will be created for investments in large commodity production ( subject to an increase in consumer demand for dairy products in the country), a gradual transition to compliance with European quality requirements for raw materials. Also, according to experts, negative competition conditions for national producers will not contribute to the construction of new farms. The level of profitability is close to the level of 2018, it will be only 7–12 % depending on the region and the level of mechanization of the manufacturer. It should be noted that in 2018, the profitability of milk production in Ukrainian farms decreased by 14 %, not so much due to lower prices for products, but due to an increase in the cost of feed and other expenses associated with maintaining the livestock. Against this background, there is no reason to expect positive changes in milk production by households [9]. So, it should be noted that in modern conditions the milk and dairy products market is unbalanced and it is characterized by a low level of organization in the context of the relationship between suppliers of raw materials and producers, high prices, and therefore it is becoming increasingly difficult for Ukrainian milk producers to maintain their position in the face of growing competition. Due to the high resource intensity of domestic production, the mismatch between the quality assessment system in the country and the world level, as well as the reasons for the constant structure and stability of the segmentation of the European milk market, Ukraine cannot fully compete with Western producers. The analysis of the problem of dairy production, current trends in the development of the domestic dairy market made it possible to identify the basic conditions for its solution. The first condition is that it is necessary to intensify the transition of Ukrainian milk producers – raw materials to

innovative technologies for organizing and managing production. The results of the analysis show that one of the reasons for the difficult state of the dairy industry is the destruction of production and economic ties, especially between producers and processors of milk. There is a direct correlation between the production efficiency of processing enterprises and the volumes of raw materials and processed material. However, due to low purchase prices at high costs, the production and supply of milk for processing are reduced. Dairy enterprises lack raw materials and lose suppliers. Underutilization of production capacity leads to a decline in milk production. The reason for the nonequivalent exchange is the monopoly position of the processing enterprises. However, dairy plants are not able to increase purchases and other construction prices, as this will lead to higher prices for dairy products. The social significance of dairy products does not allow such an increase: their consumption is now below physiological norms. In connection with the foregoing, the improvement of production and economic relations with milk producers is the main task of the milk processing industry. To solve the above problems, the necessary cooperation of agricultural and industrial producers, taking into account the experience of developed countries, which successfully solves the problems of competitiveness of dairy enterprises and their entry into the world market. Cooperation and integration is not a violent, but the most expedient and effective way of creating mutual interest of producers in economic growth, accessible to economic structures interested in the rapid economic growth of production on new managerial, organizational and property bases. The second condition is the increasing role of the state in regulating the industry and the market. Now it is the state that should focus on protecting the interests and profitability of agricultural and processing enterprises as the main producers of goods; the tasks of the state should be: creation of conditions for the integration of agricultural – economic producers with service and processing enterprises; scientific support for the development of the industry; training and retraining of personnel with the ability to manage in market conditions; creation of programs of real financial support for milk producers. The foreign economic policy of the state should be aimed at protecting domestic producers by installing strict control at customs, regulating imports and exports through a system of duties, quotas, countervailing fees, raising duties to the level established in the EU countries.

The data presented in the article allow us to draw the following conclusions: 1) the priority area for sustainable development of the milk processing industry is the production of competitive products in the domestic and foreign markets;

2) the solution of the above tasks is complicated by the presence of problems existing in the galaxy, namely, we are talking about the existence

of conceptual miscalculations in the system of reforming the agri-food sector, fundamentally new external and internal economic conditions for its development; 3) Nowadays, milk processing enterprises lack raw materials, do not meet international quality standards, the milk and dairy products market is unbalanced and it has a low level of organization of relationships between suppliers of raw materials and producers, high prices, with which Ukrainian milk producers maintain their position in the face of growing competition harder. 4) in these conditions, the main trends in the development of the dairy industry of the processing industry should be to increase the competitiveness and quality of dairy products by introducing elements of cooperation between producers of raw materials and the final product, ensuring the competitiveness of the domestic producer by creating conditions for the development of the industry by the state; 5) measures are proposed in the current economic situation that can provide milk producers with expanded reproduction, create conditions for domestic producers to reach a new level of product competitiveness, and increase the economic efficiency of milk processing products.

#### **References:**

1. State Statistics Service of Ukraine. 2019. [ONLINE]. Available at: <http://www.ukrstat.gov.ua/> [Accessed 10 September 2019].
2. Derkach, A. (2019). On the competition of Ukrainian milk producers with European ones. [ONLINE]. Available at: <https://infagro.com.ua/aleksandr-derkach-o-konkurentsii-ukrainskih-proizvoditeley-moloka-s-evropeyskimi/> [Accessed 08 September 2019].
3. Pro-Consulting, 2019. From quantity to quality: analysis of the dairy market in Ukraine. [ONLINE]. Available at: <https://pro-consulting.ua/press-room/ot-kolichestva-k-kachestvu-analiz-rynka-molochnoj-produkcii-v-ukraine> [Accessed 11 September 2019].
4. Loshakova, N. (2019). The results of the year in the milk market: producers are increasingly focusing on China and the EU. [ONLINE]. Available at: <https://delo.ua/business/itogi-goda-moloko-349186/> [Accessed 10 September 2019].
5. Ministry of Agrarian Policy and Food of Ukraine. (2019). [ONLINE]. Available at: <https://minagro.gov.ua/> [Accessed 11 September 2019].
6. TradeMaster (2018). The market for dairy products in Ukraine. [ONLINE]. Available at: <https://trade-master.ua/articles/312870> [Accessed 10 September 2019].
7. Stepanyuk, O. (2016). New markets for the export of Ukrainian dairy products. [ONLINE]. Available at: <https://agroexpert.ua/novi-rinki-dla-eksportu-ukrainskoi-molo-anoi-produkcii/> [Accessed 9 September 2019].
8. Epravda, 2018. Ukrainians overpay for milk because of the highest

VAT rate in Europe. [ONLINE]. Available at: <https://www.epravda.com.ua/rus/news/2018/10/9/641425/> [Accessed 9 September 2019].

9. Fasteyev, M., 2019. The dairy industry of Ukraine continues to transform. [ONLINE]. Available at: <https://infagro.com.ua/maksim-fasteev-vedu-shhiy-analitik-infagro-molochnaya-otrasl-ukrainyi-prodolzhaet-transformirovatsya/> [Accessed 10 September 2019].

## **FOOD SECURITY AS ONE OF THE DETERMINATIVE FACTORS OF NATIONAL SECURITY**

*Stanislav Mazilenko,*  
*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Ensuring food security is the main task of the general national security of each country and, therefore, prerequisite and precondition for the social and economic stability of a state.

Food is the basic source of human life, so the development of the food industry and agricultural production, which are the key sources of food supplies, appears as a demographic factor. This factor is essential for securing the natural needs of a human. Therefore, the study of food security is of great importance and topical.

The Law of Ukraine «On the Fundamentals of National Security of Ukraine» identifies food security among the most significant areas of national security. The Law interprets as threats to the national security of Ukraine: the critical condition with food supplies and uncontrolled import to Ukraine of ecologically dangerous technologies, substances, and materials; transgenic plants and those containing pathogens, that can cause diseases, dangerous to humans, animals, plants, and other organisms; economically unjustified use of genetically modified plants, organisms, substances [1].

Food security is a concept officially accepted in international practice, which is used to describe the state of the food market of a country or group of countries, as well as the world market. Experts of the Food and Agriculture Organization of the United Nations (FAO) offer to consider food security as ensuring guaranteed access of all inhabitants of the planet, country, region to food at any time and in the amounts, necessary to ensure an active and healthy lifestyle [10, p. 142].

Thus, food security is such a level of food security of the population which guarantees socio-political stability in the society, the survival and development of a nation, an individual and family, and the sustainable economic development of a state.



In their works, scientists have explored both theoretical and practical aspects of food security, its structure, evaluation methods. However, the ways and tools to increase the country's food security and ensure it at a higher level remain unresolved and need further research.

The study has revealed that today, food security is an issue of prior concern of every state policy. It involves the production of food products, their distribution, import-export, consumption of food, and so on. However, each country has its own ways of improving the food security of its population, depending on the urgency level of this problem solution [4].

S. Kvasha accentuates the following essential aspects of the concept of «food security»:

1. Political aspect (characterizes the state's sustainability to create its positive international image as a competitive foreign agricultural market, to provide its citizens with the consumption of the full-fledged food, in accordance with the accepted international standards and norms).

2. Economic aspect (characterizes the capacity of the government to mobilize national resources and agro-economic potential of the country, to re-organize agricultural production so that to provide the population with foods, mostly of its own production, and thus guarantee sufficient national economic independence from foreign markets).

3. Social aspect (determines the employment rate of the population in the agricultural sector of the economy with appropriate productivity, appropriate payment, with full provision of infrastructural factors for the functioning of rural areas [9]).

The need to ensure food security in Ukraine requires the maintenance of an appropriate level of food self-sufficiency, which involves the state support for domestic agricultural producers and the use of measures, aimed at controlling the imported products. The aim is to protect native producers from foreign competitors.

Thus, the most important condition for ensuring food security is the consistent implementation of the interrelated, coordinated organizational-economic, legislative, administrative, and social measures to support food security policy at both the state and regional levels. The combination of state regulation of agro-industrial production with its internal reserves, their adaptation to rapidly changing economic conditions can significantly increase the level of food security of regions and the country as a whole [8, p. 16].

The national food security system is based on definite principles. Among them are the principles of stability, adequacy, self-sufficiency, independence, accessibility, and quality. They must be taken into account when formulating state policy on food security. The state must ensure the effective development of the food industry, support foreign economic activity in the food industry,

care about an increase in the population incomes, and guarantee balanced and quality food consumption.

There are three principal forms of food problem emergence:

- excess supply over the demand, provided stable solvency (surplus food market);

- excess demand over supply provided stable solvency (deficit market);

- reduction of demand due to reduced solvency, which leads to lower supply and higher production costs (degrading market).

In terms of its economic content, food security covers the following main components of its accomplishment:

1. Physical accessibility of food, ie the availability of food throughout the country for any need and in the required assortment.

2. Economic affordability of food, at which the level of income of the population allows to buy food, regardless of social status and place of residence.

3. Food safety, which implies the feasibility to prevent the production, sale, and consumption of poor-quality food, harmful to people's health.

To determine the criteria of food security in the country, it is necessary to adopt a state system of consumption norms which would regulate the basic standards of food consumption: rational (normative) norms – for socio-economic calculations, and the minimum-necessary norms – for provision of the population with food in case of emergency [10, p. 71].

The set of economic and social conditions that ensure the development not only of agriculture and the food sector but also the stability of the entire economy guarantees the food security of the state. Accordingly, it provides for the implementation of the following measures:

- conducting an effective agricultural policy, creating economic preconditions for ensuring stable management methods;

- achieving rational employment, social policies aimed at overcoming poverty and inequality in access to basic foodstuffs;

- implementing strategies complex for the development of the agricultural sector in the economy in to augment food production and increase its efficiency;

- supplying food to meet the needs of the population, guaranteeing food safety;

- carrying out an active foreign economic activity, optimization of export-import supplies;

- improving the mechanism for responding to emergencies in the food market [7, p. 22-23].

Obviously, food security directly depends on such social components as the level of agricultural education and science development, the propagation of knowledge about healthy nutrition and cooking skills, the income

inequality between different social groups, various forms of discrimination in society. In addition, food security directly depends on some aspects of the ecological situation in the country, involving the state of agricultural lands, qualitative and quantitative characteristics of water resources, in particular, drinking water, biodiversity, pests distribution, etc.

As mentioned above, food security has a national character, and it is characterized by high complexity and permanence. The tasks of the national food system and its security provision change and modify/alter together with the changes in internal and external threats, depending on the features and the period of its development, taking into account the fact which component of the food problem gains priority at this stage or another [5].

The main threats to food security comprise all negative changes in the external and internal environment factors that lower the food security level [3, p. 39].

The scholars distinguish four main dimensions of food security [11, p. 64]:

1. Availability. Its measurement reflects the quantity, quality, and variety of food. Indicators for assessing the availability include energy sufficiency of the nutrition, the share of energy value provided by cereals, vegetables and tubers, the average amount of the consumed proteins, the average amount of protein of animal origin, the average volume of food production.

2. Accessibility (its measurement includes indicators of physical accessibility and infrastructure, economic affordability, which is characterized by the index of domestic food prices, the extent of malnutrition).

3. Stability (it is a temporary determinant of food security). Measuring stability is divided into two groups. The first group includes a variety of indicators that characterize risk factors. The second group concerns the frequency indicators of such shocks as fluctuations in the food supply in the domestic market or political instability.

4. Utilization. Its measurement indicators are also divided into two groups. The first group consists of variables that determine the possibilities of food use, in particular, indicators of access to water and sanitation. The second group includes indicators that characterize the final results of the improper use of food.

The main threats to the country's food security include a low level of income, which is reflected in the level of purchasing power, failure to achieve a rational norm of consumption of the food products and low consumption level of the products of animal origin, reducing the average daily calorie intake, the imperfect system of quality control of products and raw materials.

The key findings of the study argue that the food security of a state is an important integral part of the state economic security, that, in its turn,

determines the social security of a state. The food security of the state is guaranteed by a set of economic and social conditions that ensure the development not only of agriculture and the food sector but also the stability of the economy, in general. In view of this, strengthening food security implies the implementation of several measures. Firstly, food security strategy should be aimed at providing the necessary quantity of food through own production and, if necessary, attracting imports. Secondly, food security needs to maintain the stability of food supply through reducing supply and yield fluctuations, adequate management of national food stocks, development of transport infrastructure, and sales systems. Thirdly, providing access to the available food staff to all strata of the population plays the most important role in creating the food security system.

### References:

1. On the foundations of national security of Ukraine: Law of Ukraine, dated from 19.06.2003, № 964-IV. [ONLINE]. Available: <http://zakon4.rada.gov.ua/laws/show/964-15> [Accessed 03 June 2020].
2. On the adoption of the draft Law of Ukraine on Food Security of Ukraine as a basis: Resolution of the Verkhovna Rada of Ukraine. [ONLINE]. Available: <http://zakon3.rada.gov.ua/laws/show/3498-vi> [Accessed 9 June 2020].
3. Volchenko, N. V. (2014). Food security: theoretical aspects and realities of today. *National management system in the context of the integration dimension*, 38–57.
4. Hoichuk, O. I. 2004. Food security. *Zhytomyr: Polissya*. 348.
5. Hoichuk, O. I. (2003). Food security: structure, levels and criteria of provision. *General problems of the economy*, 12, 12–18.
6. Hryhoriev, Ye. O. (2015). Food security and features of its formation at the regional level. *Economics of the food industry*, 1(25), 13–18.
7. Ilina, Z. M. (2009). Food Security: Trends and Prospects. *Belarusian Dumka*, 3, 22–31.
8. Kotvytska, N. M. 2009. Organizational and economic principles of effective agri-food policy in Ukraine, 20.
9. Kochetkov, O. V., Markov, R. V. (2002). Formation of the system of food security indicators of Ukraine. *Economics of agro-industrial complex*, 9, 142–158.
10. Lukinov, I. I., Sabluk, P. T. (2000). On the strategy of transforming the agro-industrial complex and ensuring food security of Ukraine. *Ukraine economy*, 9, 62–81.
11. Syrotiuk, H. V. (2015). Food security is a component of the country's economic security: materials of the round table, 64–67.

# **PART 3. CURRENT NATIONAL AND GLOBAL FUNDAMENTALS OF SOCIAL AND ECONOMIC SYSTEMS' DEVELOPMENT**

## **ESSENCE AND CLASSIFICATION OF FINANCIAL RESOURCES OF AN ENTERPRISE AND THE BASICS OF THEIR MANAGEMENT**

*Valentyna Aranchii,*

*Ph.D. in Economics, Professor, Rector*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Building the system of financial relations is the basis of effective management of an enterprise. For this reason, it is very important to study the essence, role and diversity of financial resources of an enterprise.

The starting point in the process of scientific research of financial resources of enterprises as an economic category should be the definition of “financial resources of enterprises”.

The word “resources” comes from the French “ressource”, which means an auxiliary aid, i.e. something that can be used from a particular source for certain purposes. In economic theory, resources are divided into four groups: natural; material; labor; financial ones [5].

Financial resources are considered as a specific form of monetary relations, which translates into the set of incomes, savings and deductions available in the ownership and at the disposal of business entities.

The monetary form of financial resources requires constant ensuring the balance and interconnection of financial, material, labor and other resources, compliance with the proportions in their formation and usage [1, p. 8].

In modern interpretations of the concept “financial resources” there is the possibility of identifying specific features that allow them to be distinguished from the total volume of funds. Financial resources are considered as revenues that are accumulated by an enterprise through equity and debt capital to monetary funds in order to ensure expanded reproduction by transforming them into other types of resources [7, p. 193]. According to another definition, financial resources are own or borrowed funds available at an enterprise, i.e. all assets of an enterprise – non-current and current ones [5, p. 90.].

The basis for the formation of effective management of financial resources is the understanding that they are a fundamental (dominant) element of the entire resource base of any business entity, because due to the necessary quantity of financial resources companies gain access to the

necessary land, material, labor, intellectual resources etc. Unfortunately, in modern conditions, financial resources should be considered as the resource in the shortest supply for domestic enterprises, the lack of which slows down the overall development and leads to the weakening of other elements of resource provision of economic entities. It should be also stressed that effective management of financial resources determines the ability of domestic enterprises not only to survive but also to succeed in market conditions [2, p. 350].

At an enterprise, the monitoring of the rational use of financial resources should be conducted by a single management system of the latter, which is a set of forms and methods of formation, accumulation, allocation and use of financial resources in the process of economic activity of an enterprise and its effective development.

At the micro level, the financial resources of enterprises are a set of monetary funds that are in funded, unfunded form, as well as converted into the appropriate materialized form, and are designed to perform financial obligations, incur current expenses and expenses to ensure expanded reproduction [2].

The system of financial resources management should reflect the interconnection of the logical model of their management with the strategic concepts of enterprise development, methods, levers and tools (fig. 1).

Thus, at the macro level, the financial resources of enterprises should be understood as a set of monetary funds in a funded, unfunded form and a materialized form, which are created in the process of distribution and redistribution of gross domestic product to ensure expanded reproduction and satisfy other social needs.

It is necessary to form a mechanism for managing the financial resources of agricultural enterprises, which is able to ensure the effective use of such tools and methods as: self-repayment, mixed financing, state financial support, preferential taxation, insurance, comprehensive assessment; analysis and interpretation of the obtained results; planning and forecasting; distribution of resources, costs and results; pricing; risk management [4].

The subject of financial resources management of an enterprise is the regulation of financial flows in order to ensure their balance, sufficiency, optimality. The subject of financial resources management of an enterprise appears from its main task – to ensure the financing of an enterprise in the appropriate volume.

The objects of financial resources management of an enterprise are:

- financial relations arising between enterprises and their founders, the state, commercial structures, other legal entities and private individuals;
- incomes and accumulation (profit), their formation, distribution and use;

- financial resources, sources of their formation, composition and structure;
- composition, structure and circulation of capital; - cash funds, their formation and use;
- money circulation in the reproduction process [3, p. 102].

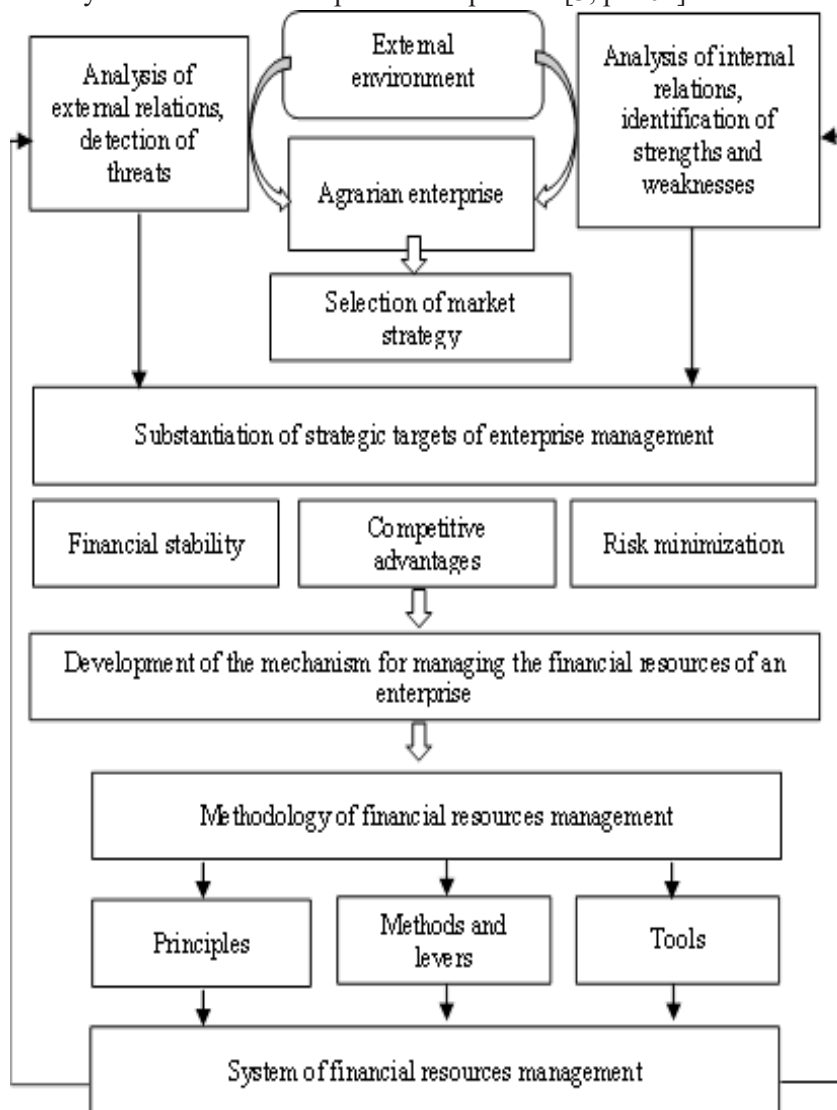


Fig. 1. The system of financial resources management of an agrarian enterprise [4]

When managing the financial resources of an enterprise it is necessary to apply a systematic approach, which is subject to the common goal of enterprise development and determines the feasibility of management decisions depending on a situation that arises under the influence of internal and external environment of an enterprise.

According to researchers, in financial resources management, first of all, it is necessary to choose the appropriate type of strategy, which will be characterized by internal and external orientation: the use of own funds to expand the market niche and is characterized by low profitability.

It is used by large and highly specialized business entities operating in unsteady markets:

- pooling of the financial resources of medium-sized and large enterprises to implement projects to take over new markets;

- the use of all available sources of financing (loans, issue of shares, creation of consortia, etc.) for the formation and implementation of promising programs for small and medium-sized enterprises. The main characteristic of this type of strategy can be called high profitability at the appropriate level of risk:

- attraction of donor funds of larger enterprises – consumers of products within the framework of vertical integration with them;

- cross-financing (units that generate funds, share them with those who do not have enough) [3, p. 95; 6].

Financing of agricultural production should provide the necessary level of its development. To do this, the financial resources management system should be aimed at implementing the overall economic strategy of enterprise development to ensure their sufficient volume in a clearly defined time, the minimum cost and with acceptable levels of risk.

Fig. 2 shows the general aspects of financial support depending on the orientation of financing enterprise activity.

The main strategic directions of improving the financial resources management of agricultural enterprises is the management of cash flows, receivables, stock of finished products and other highly liquid assets; the efficient use of equity and its increase; the use of opportunities to attract borrowed funds, investments and receive state financial support [4].

Thus, the effective management of financial resources of agrarian enterprises involves the selection of strategy, goals and range of objectives to achieve the highest economic effect for the rationalization of enterprise activity. Basic principles to be guided on the way to the efficient use of financial resources are as follows: strong centralization of financial resources; financial planning; formation of large financial reserves; unconditional fulfillment of financial obligations.



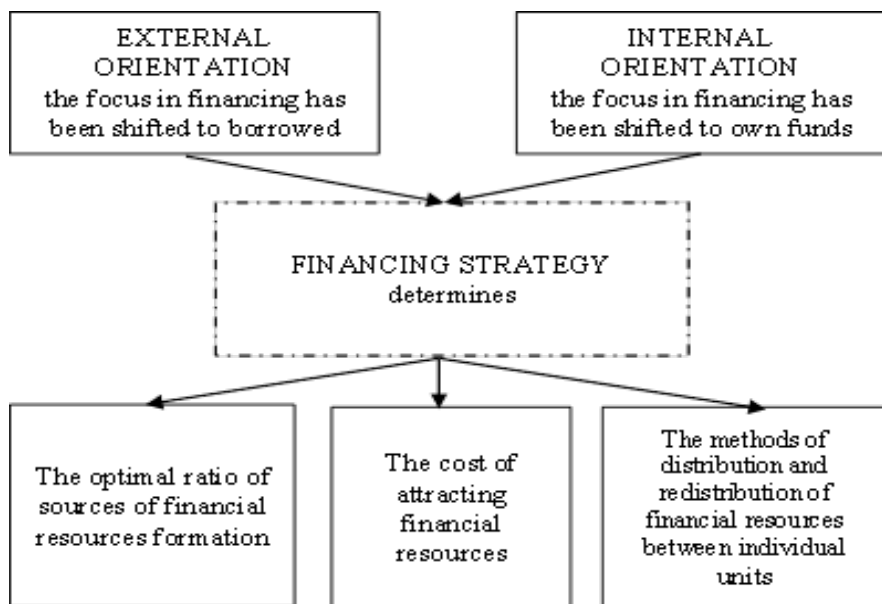


Fig. 2. The financing strategy in financial resources management [improved by the author according to [3] and [7, p. 194]

### References:

1. Blank, I. 2004. Enterprise financial security management. *Olga-NikaTsentr. Kiev. Ukraine*.
2. Brigham, E. 2009. Fundamentals of financial management. *Cengage Learning*, 752.
3. Dub, B. (2017). Current status and trends of agricultural holdings' economic security in Ukraine. *Agricultural and resource economics: international scientific, E-Journal*, 3(1), 94–107.
4. Kozachok, I. A. (2011). Formation and management of efficient use of financial resources of the enterprise. *Humanitarian Bulletin ZDIA*, 47, 277–283.
5. Lynenko, A., Konyev, V. (2017). Assessment of financial security of enterprises association participants. *Agricultural and resource economics: international scientific, E-journal*, 3(4), 85–96.
6. Moroz, Yu. Yu. Monitoring of financial resources of agricultural enterprises [ONLINE]. Available at: [eztuir.ztu.edu.ua/1925/1/58.pdf](http://eztuir.ztu.edu.ua/1925/1/58.pdf) [Accessed 29 June 2020].
7. Zubets, M. V., Volodin S. A., (2016). Scientific and methodological support of innovative development of agrarian science. *Bulletin of Agrarian Science*, 3–4, 192–194.

## **USE OF BRANDING, BRAND TRADE, INNOVATIVE ADVERTISING AND CONSUMER ORIENTATION IN PROVIDED COMPETITIVE AND SUPPLY AND POWERFUL**

***Mykola Ihnatenko,***

*Doctor of Sciences (Economics), Professor,  
Pereiaslav-Khmelnytskyi Hryhorii Skovoroda State Pedagogical  
University, Pereiaslav, Ukraine,*

***Svitlana Kucherenko,***

*Ph.D. in Economics, Associate Professor,  
Pereiaslav-Khmelnytskyi Hryhorii Skovoroda State Pedagogical  
University, Pereiaslav, Ukraine*

It is known that the technical and technological level of development of agricultural and food businesses in the budget-generating sectors of the food sector can not be constantly confirmed by radical changes. This is due to the traditional production and stability of technologies in the industries. Also, there is not always an objective possibility to create unique products. The entire range of products is practically mastered by the leading economic entities of the agro-sphere.

Therefore, it seems appropriate to consider as the main areas of formation of competitive advantages of high order for enterprises of budgeting the use of branding and rebranding of products and the formation of psychological commitment of consumers; development of branded trade, including via the Internet; improving food advertising on the basis of innovation; ensuring a high business reputation and a positive image of producers; comprehensive study of the motivation of different groups of leading consumers and on this basis - the establishment of close and established links with them.

The formulation of this problem requires a solution to the question of what requirements the consumer at the present stage to the manufacturer to its products. The set of expectations and needs of consumers can be presented as follows: consumers want peace and security; consumers are very grateful to those who can take care of their life problems, which they themselves find difficult to cope with; many businesses grow and prosper because they are more comfortable for their customers. Consumers also want personal attention and communication; consumers want quality; sometimes consumers want to be partners of the enterprise. Finally, consumers want to be able to return items or products that do not fully suit them; consumers want to bring them joy and satisfaction; consumers want to live in an atmosphere of predictability about businesses or consumer markets.

In our opinion, the noted expectations and requirements of consumers form the reasons for making a purchase, which include motives of safety,

commitment, comfort, pride and novelty. The security motive is determined by the reputation of the objects of management, the mark of quality of the goods, the guarantee of a refund for the purchase. The motive of attachment is formed by the quality of service, an effective system of discounts. The motive of comfort is determined, first of all, by simplicity of operation, quality of the goods, high quality of production. The motive of pride is determined by belonging to a certain social class and status, possession of rare things. The motive of novelty forms the consumer's desire to buy new products.

The solution to many of the above aspects is to ensure closeness to the consumer, establish trust, personal relationships with consumers, the organization of individualized marketing, satisfaction and retention of regular customers. In practice, these areas, in our opinion, can be implemented through the development of branding tools, improving the organization of trade, brand and assortment policy, measures to form the social mission of the enterprise and the industry as a whole.

The essence of branding is to form a long-term consumer preference for the brand. The use of branding in a competitive environment is due to the need to distance oneself from the products of competing businesses. The objective need to use branding in the market of food and other goods is explained by the fact that in each region of the country there are producers who simultaneously try to enter the markets of neighboring regions and, at the same time, experience pressure from competing producers from these regions. Within the framework of branding, a single system of creating and disseminating advertising information is being formed, the task of which is to determine the place of a trademark in the minds of consumers.

Thus, branding forms the psychological attachment of consumers to a particular brand of goods. Psychological attachment to brands is based on the fact that consumers have a limited ability to perceive and analyze marketing information, because when deciding what to buy, perhaps in the brain of complete logical calculations, taking into account all the pros and cons of the presence and which are available in comparison with each other.

Instead, people research product and product information only, and only then make decisions based on very large and general perceptions and their feelings about which product is best for them. It is these general ideas and feelings that determine the degree of commitment to a particular brand. The pride of a stable brand is consumer loyalty, low vulnerability to marketing actions of competitors and crises, higher profits, inelasticity with increasing prices, increasing the profitability and efficiency of marketing communications, additional opportunities to promote the brand.

A significant difference between a trademark and a brand (trademark) is that a trademark allows to identify the products of a particular manufacturer,

while the perception of a trademark is accompanied by various associations, images and expectations of consumers, which ultimately determine consumer choice. In our opinion, the most reliable tool for the development of branding and the formation of psychological commitment to the brand is the development and improvement of branded trade in the market. Branded trade performs two important organizational functions in modern conditions: first, it allows full control of the sales channel, and secondly, provides a continuous flow of funds, thereby improving the turnover and financial condition of businesses and the industry as a whole.

In our opinion, branded trade can solve the problem of forming a psychological commitment to the brand and satisfy consumer motives through a high culture of service, offering the widest possible range of products, freshness of products sold, tastings. The task of branded trade is also to establish effective feedback from the consumer to the manufacturer on quality, prices, product range.

Through the system of branded trade, it will be more effective to implement various measures to stimulate sales. Such events include raffles for cash receipts, distribution of free product samples and souvenirs. It is obvious that the implementation of the proposed measures will reduce the profitability of production, but their high incentive effect can increase turnover, and hence the mass of profits, as well as increase the competitiveness of economic entities in the food industry.

Employees of branded trade, analyzing the daily, weekly, monthly sales, must provide relevant information, the use of which will optimize the range of products produced by the volume of production of individual items. Thus the analysis of average daily volumes of sales will allow to optimize the schedule and volumes of delivery of finished goods, to liquidate the remains of production.

In addition, branded employees should collect and summarize consumer preferences on product quality, as well as conduct surveys and questionnaires, the effectiveness of which will be quite high, by addressing the target audience, which has a certain degree of commitment. Particular attention should be paid to the training, skills and qualities of sellers, as this factor is decisive in the process of establishing a relationship of trust with consumers.

Along with the considered directions, for formation of commitment of consumers it is necessary to use means of the general communication influence. This requires a constant presence in the information field of the regions of sales of the developed combinations of information, radio, institutional advertising, reminiscent. The tasks of information advertising are to inform consumers about the entry into sale of a new product, to reduce prices and the introduction of a system of discounts, lotteries and raffles, and

so on.

The tasks of material advertising are the formation of preferences for the brand, change the perception of the properties of the product, the belief to make a purchase. Reminders are designed to maintain awareness of the product and its place of purchase, to maintain commitment to the brand, to remind about the need to purchase the product in the near future. Institutional (prestigious) advertising is designed to form and maintain a fertile image of economic objects, which affects the competitiveness of budget-generating sectors of the food sector.

In our opinion, in addition to conducting a planned advertising campaign, it is necessary to implement a set of the following measures: first, the constant development of various forms of communication with consumers, such as consumer conferences, participation in exhibitions, fairs, seminars, tastings in major retailers outlets, the availability of contact telephone numbers for direct communication of consumers on quality issues, product range of facilities and claims. Second, the use of propaganda in the media in order to disseminate commercially important information about the goods and facilities of the budget-generating sectors of the food sector through the establishment of long-term mutually beneficial relationships with managers and specialists of the leading media.

The measures offered by us, at their planned and complex application, are capable to create steady, long-term, trusting relations, objects of managing and consumers, to provide psychological commitment of consumers to a trade mark of the manufacturer, to increase reputation of objects and, consequently, to create competitive advantages. and to ensure the long-term competitiveness of the budget-generating sectors of the food sector.

However, when considering the formation of the reputation of businesses, we think it is necessary to dwell on some aspects in more detail. The components of the image are the organizational and managerial culture of economic objects, internal socio-psychological climate, the image of economic objects among consumers (quality, design, brand popularity, service, discount system, price, corporate identity), business image of industries (business reputation, integrity, reliability, loyalty to partners, information openness, business activity), social image (sponsorship, patronage, participation in environmental issues, employment, health care, assistance to individuals) and the image of industries for government agencies (importance products for the region, participation in regional social programs, compliance with laws, providing jobs).

A positive image increases competitiveness in the market by attracting consumers and partners and facilitating access to resources. In our opinion, the social image of budget-generating sectors of the food sector is also an important tool for the formation, primarily of consumer opinion, as

information about the promotion of industries to social programs will always find a response from domestic consumers. Thus, the development of these areas will strengthen the reputation of the budget-generating sectors of the food industry among consumers and the degree of their commitment. It should be noted that the consideration of the image of economic objects as a derivative of several components corresponds to the modern understanding of the role of marketing in managing the market activity of economic objects and the allocation as its main function of integrating function [1].

Integration marketing pays special attention to market participants, which affects the activities of economic entities in the budget-generating sectors of the food sector. The basic principle of classical marketing - market orientation - in the framework of integration marketing is interpreted not as customer orientation, but as focus on all groups of influence - on staff, suppliers, sales partners, competitors. The ultimate effectiveness of marketing depends on the degree of integration of individual activities and the effectiveness of coordination between them.

In our opinion, this understanding of marketing confirms the validity of our chosen method of studying the competitiveness of economic objects of budget-generating sectors of the food sector as a system of interdependent factors of competitiveness as a system of factors of competitiveness actually applied in practice. When analyzing the competitiveness of an individual business entity and making sound management decisions, it is necessary to use a wide range of indicators that characterize the effective operation of business facilities and are an indicator of effective work and interaction of all departments. This fact allowed us to develop a system of indicative management of decision-making to increase the competitiveness of budget-generating sectors of the food sector.

The proposed system combines a set of solutions that have both internal and external direction of action, allows to form a comprehensive approach to decision-making to ensure competitiveness, as a generalized description of the activities of budget-generating food industries in the market, and can be used in operational management and control. Sustainable competitiveness of budget-generating branches of the food sector will be ensured by using all the ways of certain organizational and economic principles and the formation of high-order competitive advantages on the basis of the proposed set of methods.

However, it should be noted that the development of budget-generating sectors of the food sector as a whole largely depends on the unregulated by domestic means of influence of economic entities factor - aggregate market demand. The elasticity of demand for income and high potential demand suggest that raising living standards will increase aggregate demand and supply, ensure the efficient operation of all elements of the production

system, allowing them to develop within the most stable form of economic cooperation - a cluster of competitive budget industries.

In modern conditions there is a need to change the orientation and evaluation criteria of food products produced by agricultural enterprises that belong to the budget-generating sectors of the agri-food sector. The competitiveness of any product can only be determined by comparison, and is therefore a relative indicator. It is a characteristic of the product that reflects its difference from the product of a competitor in the degree of satisfaction of competitive social needs. Competitiveness is determined by the set of properties of these products, which are part of its quality and important for the consumer, which determine the consumer's costs for the purchase, consumption (operation) and disposal of products.

Assessment of the competitiveness of goods (services) of enterprises belonging to the budget-generating industries of the food sector begins with determining the purpose of the study: if you want to determine the position of this product in a number of similar, it is enough to directly compare them on the most important parameters; if the purpose of the study is to assess the prospects of sales of goods in a particular market, the analysis should use information that includes information about products that will enter the market in the future, as well as information about changes in standards and legislation, consumer demand [2].

Regardless of the objectives of the study, the basis for assessing competitiveness is the study of market conditions, which should be carried out constantly, both before the development of new products and during its implementation. The task is to identify the group of factors that affect the formation of demand in a particular market sector: changes in the requirements of regular customers; the directions of development of similar developments are analyzed; areas of possible use of products are considered; the circle of regular customers is analyzed.

The above involves a comprehensive study of the agricultural market. A special place in the study of the market is occupied by long-term forecasting of its development. Based on the study of the market and customer requirements, the product is selected, which will be analyzed or formed requirements for the future product, and then determine the range of parameters. The analysis should use the same criteria that the consumer operates when choosing a product. A comparison is made for each of the groups of parameters, which shows how close these parameters are to the corresponding parameter of need.

### **References:**

1. Aranchiy, V. I. (2015). Current state and components of economic support for sustainable development of agricultural enterprises. *Productivity*

*of agro-industrial production, 27, 12–17.*

2. Yarovy, I. I. (2013). Methodical principles of competitiveness assessment at the sectoral level. In actual aspects of the development of agricultural enterprises: accounting, auditing and financing. *Kherson, 18–19 November. Kherson State Agrarian University, 119–121.*

## **SPATIAL FACTOR IN THE FORMATION OF ENTERPRISES BUSINESS MODELS**

***Volodymyr Rodchenko,***

*Doctor of Sciences (Economics), Professor,*

*V.N. Karazin Kharkiv National University, Kharkiv, Ukraine,*

***Yuliia Prus,***

*Lecturer,*

*V.N. Karazin Kharkiv National University, Kharkiv, Ukraine,*

***Daria Khripunova,***

*Postgraduate student,*

*V.N. Karazin Kharkiv National University, Kharkiv, Ukraine*

The level of spatial capital development is a business environment key component, determining its competitiveness through access to key resources, infrastructure, speed of market demands response and the integration level into global resources markets, technologies and products.

Peculiarities of economic entities dominant business models in different sectors of economic activity are determined by their size and forms of organizational structures building; personnel potential and its development policy; the level of their conservatism or progressiveness; level and horizons of cooperation with other stakeholders of spatial and economic development.

At the same time, the predominance of certain business models of a certain type of economic activity business structures is a consequence of long-term integrated influence of spatial capital factors that have been developed in a certain area, which determine the competitive advantages formation for some activities and make it impossible or limited for others.

In general, a company's business model is a set of elements that characterize the fundamental logic of its operation based on the effective use of competencies and strategic resources in business processes to create products with high value that meet consumer priorities and ensure profit growth [4].

Depending on the goals of the enterprise, various types of business models are possible, which are classified according the areas of business



development, functional affiliation, as well as depending on the level of the business model openness. From the standpoint of analyzing the characteristics of changes in the behavior of the business model under the influence of the spatial factor, it is appropriate to consider their classification depending on the focus on individual tasks in the process of functioning.

Research of evolution of business models according to V. Volodin [5] indicates the existence of a number of competitive advantages that determine their development. Depending on the competitive advantages and sources of value added, we can distinguish three types of business models:

The first type of business models is typical for enterprises that specialize in the production of consumer goods, so they focus directly on ensuring the efficiency of the production process, as the main goal of their activities is to achieve maximum efficiency at minimum cost. The products of such enterprises, as a rule, belong to the category of goods that meet the basic needs of human life, so it has a high probability of sale, does not require exclusive resources and individual approach to establish channels of interaction with suppliers and end users. For such enterprises, the most typical behavioral model is encapsulation, and the key source of value added is to attract the necessary capital and labor.

The second type of business models is inherent for enterprises that operate in conditions of unsaturated production. As a rule, they specialize in manufactured products that have analogues in the market, and their activities often focus on integration with the suppliers' and consumers' markets. The key factor in the competition for such companies is quality, which requires constant improvement of products and processes, the availability of the necessary information and special organization – integrated system and working groups, that are focused on quality improvement. In addition, an important factor in improving the efficiency of such enterprises is the speed of product delivery, which requires the use of cross-functional groups and supply systems focused on the rapid satisfaction of consumer demands. The key role is played by the availability of quality infrastructure on the scale of individual territorial entities, which is able to ensure the continuity of operating flows of the enterprise.

The third type of business models is typical for enterprises that operate in a dynamic production environment. The competitive advantages of such business structures are usually provided by their ability to respond quickly to changing consumer demands and the ability to integrate with other business structures in global markets to meet such demands. The main source of value added for such enterprises is the analysis of processes in order to identify emerging needs and create consumer value focused on a particular customer. As a rule, enterprises with such type of business model specialize in the implementation of projects that allow them to obtain a number of

absolute comparative advantages in the long term, therefore the activities of such enterprises focus on building cooperation with key stakeholders of spatial and economic development and integration into global value added chains.

Thus, the priorities of focusing on typical business models differ in the qualitative parameters of spatial capital development on the scale of individual territorial entities, which characterize the possibility of ensuring the inclusion of business structures in the processes of spatial and economic development (Fig. 1).

Let us consider in more detail the influence of the spatial factor on the formation of typical business models of domestic economic entities for different types of economic activity.

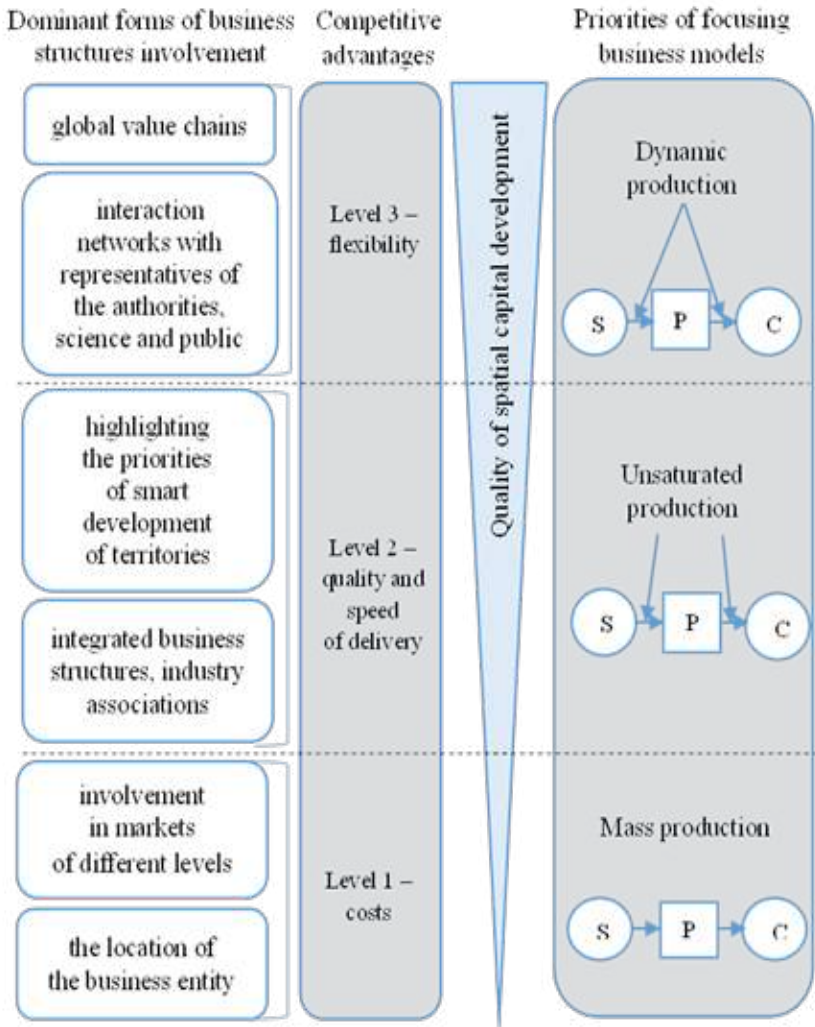
The location of enterprises determines their spatial inclusion in the territorial formations of higher levels, and, accordingly, markets. It is provided with a high-quality branched transport network. Nowadays, the condition of the road network in Ukraine is unsatisfactory, which reduces the possibility of ensuring the inclusion of local territorial entities business structures in the processes of spatial and economic development. The imperfection of the transport infrastructure leads to an increase in time spent on transactions, the need to form larger stocks of enterprises, reducing the integration of enterprise flows with suppliers and consumers of products.

At the level of local territorial entities, the predominant type of economic activity is agriculture. Based on the logic of fig. 1, business models of agricultural companies, as a rule, are focused on ensuring the efficiency of operating activities (crop production, animal husbandry) by minimizing costs. However, these processes are associated with significant negative effects, in particular: increasing the economic efficiency of land use is due to violations of crop rotation, their rational use, increasing the cultivation of crops, which accelerates the process of land degradation. Thus, according to the Ministry of Agrarian Policy and Food in 2018 [3], Ukraine is a world leader in the production and export of sunflower oil and sunflower flour. However, in 70 % of sunflower fields in March 2020, the agricultural platform EOS Crop Monitoring [2] recorded violations of crop rotation.

Improving the efficiency of agricultural enterprises operating activities is achieved through the use of the latest equipment for growing and transporting products. However, for small enterprises, significant investments in agricultural machinery are not available, so they are usually unable to use advanced technologies, so often such equipment is used in the cultivation of crops or livestock development by large agricultural holdings.

Minimization of costs of agricultural enterprises at the level of local territorial entities is also achieved by reducing the remuneration of employees. The level of wages in agriculture in comparison with other types

of economic activity is low. For example, in March 2020 the average salary of agricultural worker was 9105 UAH, with the average of the country's economy 11446 UAH, in industry – 13044 UAH [1].



S – suppliers                      P – production process                      C – consumers

Source: compiled by the authors

Fig. 1. Peculiarities of the spatial factor influence on the behavior of economic entities business models

As a rule, there are no alternative types of employment in rural areas, so

residents are forced to work for such remuneration, which leads to a decrease in the level of population solvency and the development of migration processes to higher-level territorial formations due to the qualitative characteristics of living space, opportunities for development and individual self-realization.

Although there are supporting agricultural producers government programs, but their effectiveness is not acceptable to bridge this gap. As we can see, the scale of large farms is beginning to play a key role in cost optimization, which may lead to the monopolization of certain types of agricultural activities by large farms. As a result, in the Kharkiv region, farms with an area of more than 100 hectares own 65 % of the agricultural land in the region.

The opportunity to obtain the benefits of large enterprises by small farmers is achieved through the creation of agricultural cooperatives, joint use of agricultural machinery, storage facilities, development of local food circles. Nowadays, such experience in the development of business models of small agricultural enterprises is promising for Ukraine, there are successful isolated attempts to implement it. However, there are also many examples where small agricultural enterprises cease to exist or change their specialization due to the inability to compete with large agricultural holdings.

As a result, it leads to the deepening of degradation of spatial capital, the spread of agglomeration, which is characterized by changes in the load at the points of concentration of spatial capital, the depreciation of the territorial factor at the local level.

Thus, the features of business models of enterprises, which are manifested under the influence of degradation of spatial capital at the local level include:

- encapsulation of business models, low level tendency to build a dialogue with other stakeholders of spatial and economic development;
- maximum focus on economic efficiency, which leads to the intensive use of local effects, resources (primarily agricultural land);
- weak focus on the production with high value added products, the desire to get results in a short time;
- impossibility of providing decent working conditions for the population of local territorial entities, primarily due to non-competitiveness of wages compared to other economic activities, which leads to reduced motivation, the popularity of employment in the agricultural sector and the development of migration processes;
- reducing the number of small and medium enterprises in the agricultural sector due to their inability to compete with large agricultural holdings, which ultimately leads to their disappearance or change of specialization;
- technologies and the latest agricultural machinery availability for large

enterprises.

To sum up, it can be stated that the key prerequisite for business transformation and implementation of promising business models is to ensure the inclusion of business structures in the processes of spatial and economic development, which will increase their competitiveness by actively responding to environmental changes.

Given the spread of trends in leveling distances, development of intersectoral businesses and changes in the existing business area, the issue of transformation of business models by ensuring the transition from “closed encapsulated with a conservative technological structure” to “active and transparent models focused on the circle with other business entities and the introduction of innovations” by de-shadowing their activities, technological re-equipment and active involvement in the management of spatial capital development.

Ukraine is characterized by the lowest business structures in Europe internationalization index. The catalytic influence on the strengthening of these processes can be a balanced development of spatial capital. If in the global dimension favorable conditions have already been created for the spread of international processes (development of world payment systems, expansion of e-commerce opportunities and improvement of logistics networks), so that at the local level there are certain limitations due to slow implementation of structural reforms and low living standards, problems of transport accessibility of separate territories of the country. In such conditions, balanced spatial and economic development will contribute to the internationalization of business structures, which, in turn, will open new opportunities for them to expand markets, gain access to global capital markets and technologies. At the state level, internationalization contributes to increasing incomes and employment, as well as increasing the inflow of foreign investment, which is part of the economic growth that Ukraine now needs.

### **References:**

1. Average wages by type of economic activity by months. [ONLINE]. Available at: <http://www.ukrstat.gov.ua/> [Accessed 20 May 2020].
2. Cropmap of Ukraine. [ONLINE]. Available at: <https://eos.com/cropmap/> [Accessed 19 May 2020].
3. Grow Ukraine export for U. [ONLINE]. Available at: [https://agro.me.gov.ua/storage/app/sites/1/for-investors/Grow\\_InUkraine\\_2019-print.pdf](https://agro.me.gov.ua/storage/app/sites/1/for-investors/Grow_InUkraine_2019-print.pdf) [Accessed 19 May 2020].
4. Linz, C., Muller-Stewens, G., Zimmermann, A. 2017. Radical Business Model Transformation: Gaining the Competitive Edge in a Disruptive World. *London: Kogan Page.*

5. Volodin, V., Ogai, O., Nefedov, Yu. 2010. Operations management. *Moscow: Market DS.*

## **ORGANIZATIONAL AND STAFFING SUPPORT OF ANTI-CRISIS MANAGEMENT OF AN AGRICULTURAL ENTERPRISE**

***Olena Ovcharuk,***

*Ph.D. in Economics, Lecturer;*

*Poltava State Agrarian Academy, Poltava, Ukraine*

The development of a modern enterprise is based on professional staffing, which creates the basis for anti-crisis management. Anti-crisis management of a modern enterprise requires the formation of the latest management techniques, a sensitive response to the requirements of counterparties and institutional changes in the rules of market behavior, which are actualized in the current laws and regulations. Based on the development of the domestic economy focused on European integration of Ukraine, it should be noted that it is important to introduce relevant staffing technologies of anti-crisis management, an innovative, organizational infrastructure.

This issue is also important for the agri-food enterprises of Ukraine. The problem of staffing is effectively solved in the framework of creating the innovative infrastructure (a technology platform, a science park) as a communication tool for voluntary association of institutions, organizations and enterprises [1]. The main tasks of regulating the creation and operation of the technology platform are:

- preparation of long-term forecasts and plans for anti-crisis development of enterprises;
- formation of forecasts of scientific, technical, economic development, foresights, scenario planning of anti-crisis innovative development of the agri-food sphere;
- formation of the subject area of applied directions of economic research and substantiations of the improvement of anti-crisis management of enterprises;
- formation of project teams from representatives of enterprises, research institutions and the system of state power;
- gathering and processing of the necessary baseline economic and management information on economic activity of enterprises;
- actualization of innovative anti-crisis projects, new management technologies (conferences and seminars) of enterprises;
- training of specialists in anti-crisis management, their advanced training in the sectors of the technology platform operation;

- participation of enterprises of the technology platform in the world networks of technology transfer and anti-crisis management programs;
- anti-crisis innovation consulting;
- integration of anti-crisis management activities into a joint network of other technology platforms (in particular with European technology platforms) [3, 9].

Human resources are the basis for creating innovative structures. In the leading countries of the world, the innovation model is based on the state innovation policy, the innovation potential of science, the infrastructure of the science-based market and the innovative capacity of agro-industrial production. At the same time, it is the infrastructure component that is decisive in building a market economy, ensures the movement of innovation from the scientific sphere to production, which increases its efficiency and helps to overcome a crisis. The model of the technology platform proposed by the author unites the leading enterprises, scientific institutions, creates organizational and methodical bases of transfer of innovative projects of scientific institutions into production. The science park, as a governing body, integrates the business system of capitalization and commercialization of innovative projects and products for the needs of anti-crisis management.

The mission of the developed technology platform corresponds to the European norms and priorities of the framework program “HORIZON 2020” [4].

The functions of the science park take into account a stuffing structure, including:

- development of new types of innovative products, their capitalization and timely commercialization, promotion of competitiveness of enterprises;
- information, innovation, anti-crisis consulting of the founders and partners of the science park;
- involvement of a wide range of participants in the joint development of anti-crisis measures;
- formation of project proposals for the implementation of venture projects of the science park;
- development of international and domestic mutually beneficial cooperation in the field of scientific, technical, innovative activities, assistance in attracting foreign investments;
- organization of training for participation in the innovative anti-crisis projects of the science park, outstaffing;
- promoting development, supporting small innovative entrepreneurship (creation of anti-crisis business incubators);
- integration into international networks of technology transfer and data banks of anti-crisis measures and rehabilitation tools;
- defending the interests of all participants in government bodies,

public organizations, development of international cooperation, other functions [2, 8].

The experience of creating science parks shows that a science park contains components that take into account a staffing component:

- transfer centers for consulting services of participants of the science park and other subjects of the agricultural market;
- research and technological, experimental and production base for the creation of innovative, scientific and technical products;
- industrial trade and production base for production, storage, transportation and sale of products;
- project clusters (joint activities) for the mastering, production and sale of science-based and related finished products;
- monitoring centers for identifying common and complementary technical and technological solutions and innovations.

A science park is an association of developers, producers, intermediaries and consumers of quality products of agricultural raw materials processing.

The techniques show [8] that the movement of scientific and innovative projects, science-based products accompanied by expert and design consulting services, material and financial resources of science park projects are provided by transfer innovation centers.

The priority direction of the science park may be the creation of innovative clusters in agro-industrial production, the conditions of which are as follows:

- formation of the technology platform of anti-crisis development, elaboration of organizational bases of creation, functioning and anti-crisis development of cooperation of science, business and power on a parity basis;
- creation of the science park, ensuring the functioning and development of its transfer-technological infrastructure, granting the necessary authority to the management bodies as to encouraging and protecting interests;
- providing incentives for science park projects, promoting investment, development of innovative cluster project associations for the production of competitive (profitable) products of processing of agricultural raw materials [1, 3, 6, 7, 8].

The implementation of the proposed concept of creating the technology platform will enable:

- to integrate anti-crisis capabilities of research institutions, design bureaus, enterprises, intermediaries, consulting institutions, other participants that form the transfer and technological infrastructure of the science-based agri-food market through a network of consulting innovation centers;
- to concentrate the innovative potential of science, the opportunities of high-tech production, the commercial capability of business for ensuring



anti-crisis development of enterprises, the marketing support of innovative products in domestic and international markets;

- to attract capital in projects of the anti-crisis development of the science-based agri-food sphere, in particular, the approbation, distribution of high technologies of production on an innovative basis;

- to provide an independent marketing expertise of competitive conditions of the market of science-based technologies, the patent protection against doubtful expansions; information support for the development of an effective anti-crisis strategy of enterprises.

The technology platform should unite enterprises, consumers of products and generators of scientific knowledge:

- research institutes, innovative partners of enterprises;

- experimental design bureaus;

- higher education institutions;

- project organizations;

- engineering companies;

- consulting firms specializing in anti-crisis management;

- service enterprises;

- financial and credit organizations (banks, insurance companies, etc.);

- marketing, sales and logistics organizations;

- state bodies;

- other organizations.

From the point of view of actualization of staffing potential [2, 7], for achievement of the strategic objectives, the following anti-crisis project directions of technical-technological and organizational-economic transformations due to the creation of the technology platform are provided:

- increase in labor productivity;

- ensuring the balance of supply and demand for products of processing of agricultural raw materials by increasing the capability of domestic enterprises as to purchasing domestic competitive products;

- development of forms of economic activity of enterprises and anti-crisis research and production cooperation on a cluster basis;

- development of the market of agricultural products to ensure producers' access to information and logistical support: the creation of an organized marketing system, pricing system for the products of processing of agricultural raw materials, anti-crisis innovation proposals for producers and intermediaries;

- reforming the anti-crisis management of enterprises dealing with processing of agricultural raw materials, which provides for the formation of organizational and managerial structures to ensure the anti-crisis management of agro-industrial production;

- formation of the anti-crisis innovation profile, attraction of investment

and credit resources to enterprises to overcome a financial and economic crisis and ensure the anti-crisis development, support the competitiveness of agro-industrial production in the science-based market;

- investments and reengineering of enterprises by creating appropriate mechanisms to ensure the development of material and technical facilities, formation of producers' own sources of investment financing, attracting investment resources from other sectors of the economy and foreign countries to financial markets (IPO);

- formation of the information profile and support for decision makers in the management system of anti-crisis innovation development;

- transformation and development of anti-crisis management system of enterprises on an innovative basis;

- anti-crisis support of foreign economic activity of enterprises [1, 4, 5, 6, 9, 10].

It is proposed to implement anti-crisis projects of the science park of the technology platform to be carried out on the basis of cluster associations.

Almost all countries of the European Union implement national and regional clustering programs in accordance with the resolution of the Lisbon Summit of the European Union [6].

Thus, the synergy of efforts of science and technology, clustering of their main areas of work is an important element in uniting scientists, engineers, entrepreneurs for the successful implementation of innovations. Global, in particular European, experience shows that this contributes not only to attracting innovative tools for research and development, but also increasing the competitiveness of enterprises and processed products, creating new jobs and improving a social and economic situation in the region and the country as a whole.

Fulfillment of the tasks of this pilot project of the technology platform for anti-crisis development on the basis of staffing activation will enable to quickly introduce modern efficient production technologies, which also requires the creation of a unifying infrastructure that will help overcome a financial and economic crisis.

The anti-crisis activity of enterprises-participants of the science park is coordinated with the help of the following elements of the innovation infrastructure of the technology platform:

- an incubator of anti-crisis business projects, which provides development and support for the implementation of cluster projects of the science park on mastering, production and sale of innovative finished products;

- a trading house, which integrates the relationship of contracts for the supply of material resources, production and sale of agro-industrial products produced by projects of the science park, the provision of other services to enterprises.

Thus, the effective development of modern enterprises requires innovative, cost-effective management solutions and pilot projects of development, but, on the other hand, requires a systematic overcoming of a financial and economic crisis. It is possible in the case of using the proposed scheme: the organization of technology transfer and management decisions (technology platform) – provision of security and overcoming crisis factors – cluster associations of enterprises led by science parks on the basis of leading members of the association. Therefore, the formation of a modern technology platform is a timely and effective tool for implementing dynamic models of anti-crisis innovative management, support and strengthening of the competitiveness of domestic enterprises.

Thus, with regard to the coordination of agricultural enterprise activity in the implementation of program and goal-oriented tasks of the technology platform and effective anti-crisis projects, it is proposed to create the science park within the technology platform, which will implement these projects through the anti-crisis innovation infrastructure, which consists of certified enterprises-founders and temporary organizations involved in anti-crisis projects. The development of the innovation infrastructure of the technology platform should be focused on the implementation of the monitoring function of multi-alternative development.

### References:

1. Aleksieienko, V. I. (2011). The impact of labor productivity on the efficiency of an enterprise activity [ONLINE]. Available at: [http://archive.nbuv.gov.ua/portal/soc\\_gum/evu/2011\\_17\\_1/Alekseenko.pdf](http://archive.nbuv.gov.ua/portal/soc_gum/evu/2011_17_1/Alekseenko.pdf) [Accessed 20 June 2020]
2. Bezzubko, L. V., Honcharova, L. O. & Bezzubko B. H. (2008). Labor potential and human resources: a monograph. *Donetsk: Nord Press*, 201.
3. Havkalova, N. L. 2007. Socio-economic mechanism of personnel management efficiency: methodology and concept of formation: scientific publication. *Kharkiv: KhNEU*, 400.
4. Horizon 2020: The EU framework program for research and innovation. [ONLINE]. Available at: <http://www.khnu.km.ua/root/dept/interdept/horizon-2020.pdf>. [Accessed 18 June 2020]
5. Derykhovska V. I. (2013). Relationship between personnel development and personnel management strategies. *Businessinform*, 7, 341–347. [ONLINE]. Available at: [http://www.businessinform.net/pdf/2013/7\\_0/341\\_347.pdf](http://www.businessinform.net/pdf/2013/7_0/341_347.pdf) [Accessed 19 June 2020]
6. European technology platforms and the creation of platforms in Ukraine. [ONLINE]. Available at: <http://cstei.lviv.ua/ua/item/> [Accessed 26 June 2020]
7. The concept of formation of technology platforms in Ukraine.

[ONLINE]. Available at: [http://www.nas.gov.ua/siaz/Ways\\_of\\_development\\_of\\_Ukrainian\\_science/article/12076.2.011.pdf](http://www.nas.gov.ua/siaz/Ways_of_development_of_Ukrainian_science/article/12076.2.011.pdf). [Accessed 21 June 2020]

8. Science park: NAAS. [ONLINE]. Available at: <http://www.naas.gov.ua/3.%20Концептуальн-%20засади.docx>. [Accessed 22 June 2020]

9. Pashko, L. A. (2009) On the problem of understanding the modern essence of management culture. *Manager: Bulletin of Donetsk State University of Management*, 2(48), 153–160.

10. Tiannikova, K. P., Bereziuk, S. V. (2010). Socio-economic essence of personnel policy of an enterprise. *Economic problems of agricultural production development in the region*, 6, 78–82.

## **THEORETICAL FUNDAMENTALS OF FORMATION OF ORGANIZATIONAL AND ECONOMIC MECHANISM OF LAND RESOURCES MANAGEMENT**

***Yevhen Spivak,***

*Ph.D. in Economics, Associate Professor,  
Luhansk National Agrarian University, Slavyansk, Ukraine,*

***Sofia Spivak,***

*Ph.D. in Economics, Associate Professor,  
Luhansk National Agrarian University, Slavyansk, Ukraine,*

***Vladislav Sevryukov,***

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

Currently, the tasks of integrated use of land resources, regulation of land relations are very acute. The effective functioning of the land sector is hampered by a number of factors: constant changes in land legislation, lack of funding (or complete lack of funding) measures to address land use shortcomings and improve land; lack of clear land development programs; lack of coordination of actions and well-established information interaction between the units regulating the land sphere.

An agricultural enterprise is a complex socio-economic system that includes both land and engineering infrastructure, objects of social and economic spheres. Therefore, in order to optimally allocate resources, it is necessary to take into account the elements of the management system that provide influence on the factors on the state of which the result of activities depends.

The formation of organizational and economic mechanism of land

management has a number of features.

First, land resources management should be based on the principles of rational use of agricultural land, which means:

1) development and implementation of criteria for efficiently operating enterprises;

2) formation of the optimal ratio of agricultural lands;

3) regulation of the procedure for attracting agricultural land into circulation, introduction of business planning and forms of state support for both producers and investors.

Secondly, the problem of real delimitation of property is currently acute.

The development and implementation of organizational and economic mechanism should be carried out comprehensively, systematically with a focus on solving specific practical problems.

For the purpose of further research it is necessary to specify the meaning of the concept of «organizational and economic management mechanism» in relation to land resources.

Based on the analysis of the provisions of scientific publications [7–10], characterizing the content of the category «mechanism», and taking into account the specifics of land resources management (the exceptional importance of land as a natural resource, the versatility of land as an object of management, lack of clear delineation of management functions, etc.), the organizational and economic mechanism of land resources management means a hierarchical system of elements of organizational and economic influence on land resources in order to effectively use these resources.

The proposed organizational and economic mechanism is aimed at forming strategies for integrated development of the territory. In this case, land resources are considered as a basic component of the territory.

The proposed mechanism is based on the interaction of government entities at the state and regional levels, consisting of government agencies, and economic entities, which include enterprises, associations of enterprises, citizens.

The developed mechanism is aimed at implementing strategies to improve the efficiency of land use. The strategy in this case means a system of actions aimed at improving the management and use of land resources [1, 6].

The main criterion for choosing strategies – the type of efficiency of land resources management (economic, technological, informational, legal, budgetary, social, environmental). Thus a number of spheres of management are in closer interaction (economic and technological – on the one hand, information, legal and budgetary – on the other hand). In order to avoid duplication of functions, economic and technological strategies are combined into one «Economic Strategy», and information, legal and

budgetary strategies are combined into a single «Administrative Strategy».

Consider each of the strategies.

Strategy S1 «Economic» provides, above all, the impact on the economic components of the effectiveness of land management.

At the local level, there is an interaction of interests of many economic agents (owners and land users try to get the maximum profit from the possession, use and disposal of land).

The authorities are interested not only in obtaining economic benefits, but also in creating optimal socio-economic conditions for the systematic development of the economy as a whole. In this case, the governing bodies need to take into account a number of specific characteristics of land resources: irreplaceability, the use of land as a spatial basis in most industries and as a means of production in agriculture [5].

As a significant share in the total area is occupied by agricultural land, it is necessary to consider in more detail the indicators that characterize the efficiency of agricultural land use.

Economic efficiency of land use in agriculture is characterized by a system of natural and cost indicators:

- crop yields;
- the value of gross output, gross and net income, profit per 1 ha;
- payback of costs for land resources, 1 UAH material costs;
- profitability of production,%.

As additional indicators of land use efficiency can be used:

- the degree of land involvement in agricultural production (arable land, hayfields, pastures),%;
- demonstration of studio use of agricultural lands (specific weight in the area of agricultural lands),%;
- degree of arable land use (sown area / arable land area).

As additional indicators of efficiency of agricultural production are used:

- the share of agricultural land in the total land area of land assigned to agricultural enterprises;
- the share of arable land in the structure of agricultural land available to agricultural enterprises;
- the share of crops in arable land.

When considering the efficiency of land use at the

regional level, the following provisions should be taken into account [2–4]:

- the list of indicators for assessing the efficiency of land use is tied to a specific area of production, for example, in agriculture, yields and sown areas are analyzed; when building the territory it is necessary to take into account the density of buildings, storeys, infrastructure;
- land use efficiency is calculated on the basis of a comprehensive

assessment of the consequences of the measures taken in the short, medium and long term;

- mandatory consideration of environmental factors.

The exceptional value of agricultural land determines the need for rational use of the land fund of administrative districts in order to strengthen the economy and development of agricultural enterprises, as well as to increase agricultural production.

In the context of a variety of forms of land ownership, the definition of strategic directions and the degree of efficiency of agricultural land use is becoming increasingly important:

- improving the structure of land through transformation;
- transfer to more productive lands, which can give the largest number of agricultural products;
- increasing the fertility of land;
- involvement in agricultural production of unused land;
- reclamation works;
- development and expansion of irrigation, drainage and hydration systems;
- work to improve hayfields and pastures.

Strategy S2 «Environmental» affects the environmental components of the effectiveness of land management. In general, these indicators can be divided into physical and cost.

Natural indicators include information on the area of land contaminated with various industrial and household wastes and land disturbed as a result of human economic activity (erosion, salinity, wetlands, etc.).

Also to the natural indicators should include data on the volume of restoration work (reclamation).

The cost indicators include:

1. Costs of environmental measures (construction of hydraulic structures, roads, planting of forest strips, creation of sanitary protection zones, reserves, sanctuaries, etc.).
2. Annual costs for the maintenance of environmental facilities in working order.
3. Reduction of costs for medical care due to the improvement of the ecological condition;
4. The cost of additional products obtained as a result of increasing productivity and reducing absenteeism.
5. The volume and cost of additional products obtained as a result of the «marginal effect».
6. Volume and cost of additional products obtained as a result of reducing the negative impact on land, water and air of anthropogenic and natural factors, which include erosion, drying, soil compaction, pollution of natural

resources;

7. Losses of agricultural products depending on the degree of soil compaction.

Implementation of Strategy S3 «Administrative» is associated with the impact on administrative factors that determine the effectiveness of land management:

1. Average monthly nominal accrued wages of employees: large and medium-sized enterprises and non-profit organizations; preschool educational institutions; general education institutions, including teachers; institutions of culture and art; institutions of physical culture and sports.

2. The amount of investment in fixed capital (excluding budget funds) per capita.

3. The share of profitable agricultural organizations in their total number, %.

The S4 «Social» strategy is aimed at improving the quality of life of people and creating favorable conditions for work and leisure. Indicators that characterize the social sphere of education: the share of children aged 1-6 who receive preschool educational service and (or) service with their content in educational institutions in the total number of children aged 1–6 years, housing construction – for 3 years; the average annual number of permanent residents, the share of tax and non-tax revenues of the local budget (except for revenues of tax revenues according to additional deductions) in the total revenues of the education budget (excluding subventions), etc.

Indicators from the considered groups (economic, ecological, administrative, social) are used as a basis for development of the corresponding strategies within the limits of the organizational and economic mechanism and development of tools of increase of efficiency of use of land resources.

The proposed organizational and economic mechanism is based on the interaction of land management entities of all levels, starting from the state level and ending with enterprises, associations of enterprises, entrepreneurs and peasant farms, economic entities in a particular area. The main attention is paid to land resources in the district.

One of the most important indicators is the distribution of land by category. However, the analysis of exclusively indicators of the agricultural sector does not give a complete picture of the development of the district, as a significant impact on the agricultural and economic potential is the situation in the administrative and social spheres.

The most important indicators on which the development of the administrative sphere is based include local budget revenues; area of land for housing construction; the share of the area of land plots that are subject to taxation; dynamics of the area of land plots provided for housing, individual



housing construction and complex development for the purpose of housing construction per 10 thousand people.

The most significant factors that characterize the sustainability of rural development are: the demographic situation, living standards and unemployment, landscaping and social infrastructure.

In general, the territory of Poltava region is subject to anthropogenic impact on all components of the natural environment: there is pollution of air, surface and groundwater, soil and vegetation.

However, as there are large industrial enterprises and harmful industries in the region, environmental pollution only locally exceeds the permissible values.

Land management tools, as an integral part of the organizational and economic mechanism, are certain actions by the authorities, which should influence the land management system, to influence its development.

Such actions should include: strategic and program planning of land use, spatial planning, territorial and internal land management, real estate cadastre, operational regulation, settlement of land disputes, penalties for violations of land use, subsidies to landowners and land users, compliance with the regulatory framework, construction and development of social infrastructure, monitoring and control of land use.

Further improvement of the organizational and economic mechanism of land resources management should be carried out in the direction of integrated land use of settlements and agricultural enterprises in accordance with legal norms, but taking into account local specifics based on relevant information and close cooperation between authorities and businesses.

### References:

1. Andrushchenko, V. M. (2015). World experience of transition from traditional to organic agro-production and the possibility of its application in Ukraine. *Agro-world*, 7, 55–61.
2. Antonets, S. S., Antonets, A. S. & Pysarenko, V. M. (2010). Organic farming: from the experience of PE «Agroecology» of Shishatsky district of Poltava region. *Practical recommendations. Poltava: RVV PDAA*, 200.
3. Chaplyhin, O. V. (2012). Environmental investments in the process of greening the economy. *Bulletin of Zaporizhzhya National University*, 3(15), 154–158.
4. Horlachuk, V. V., Striuchenko, A. V. (2007). Problems of innovative development of land use at the present stage. *Economy of the AIC*, 12, 23–28.
5. Hutorov, O. I. (2010). Economic-ecological assessment of agricultural lands and problems of their sustainable use. [ONLINE]. Available at: [http://www.nbu.gov.ua/portal/chem\\_biol/2010\\_1-3/gutorov.pdf](http://www.nbu.gov.ua/portal/chem_biol/2010_1-3/gutorov.pdf) [Accessed 02

June 2020].

6. Laveikin, M. I. 2002. Reforming the Land Use System in Ukraine. *Kiev: RVPS of NAS of Ukraine*, 376.

7. Pavlov, O. I. (2014). Agri-food sector of Ukraine as an object of national security. *Economy of the AIC*, 2, 97–103.

8. Rusan, V. M., 2009. Economics of rational agricultural land use. *Kyiv: NIAC IAE*, 200.

9. Shubravska, O. V. (2014). Agri-food development of Ukraine in the context of global challenges. *Economy of the AIC*, 7, 52–58.

10. Stukach, V. F. (2013). Mechanisms of motivation of landowners in the field of application of soil protection technologies. *Business. Education. Right. Bulletin of the Volgograd Institute of Business*, 3 (24), 106–114.

## **SWOT-ANALYSIS APPLICATION FEATURES IN MODELING THE INSTITUTION DEVELOPMENT STRATEGY**

*Olena Yakovenko,*

*Ph.D. in Pedagogical, Associate Professor,  
Ismail State University of Humanities, Ismail, Ukraine*

Working out the development strategy of any business entity and its business units (subdivisions), including the field of education, requires a preliminary qualitative strategic analysis. The profound study of the scientific literature has revealed that most management experts assume that the method of SWOT-analysis is the most suitable and beneficial for all areas of activity. The technique of SWOT-analysis is described in many scientific papers [1; 2; 3, 4] and has a general algorithm of implementation:

1) identification of the requirements for the competence of experts, selection of experts according to the established criteria and creating expert groups for SWOT-analysis;

2) the choice of organization/educational institution (the most influential competitor in the selected segment) for comparison;

3) compiling a list of success basic factors for an organization in a particular area, determining indicators/criteria to assess the strengths and weaknesses of the activities, opportunities, and risks/threats for its development and operation;

4) carrying out an expert assessment;

5) analysis of the assessment results, creating a SWOT-matrix, development of the strategic alternatives.

At each of the identified stages of the SWOT-analysis, some difficulties may occur.

Thus, at the stage of creating a group of experts and their preliminary selection, the difficulty for an institution of higher education is that today none of the educational institutions has a marketing service or even a marketer who could monitor the market environment at a high professional level. However, most national educational institutions have departments or faculties engaged in professional training of the specialists on economics: entrepreneurs, managers, marketers, etc., and therefore, it is necessary to involve these departments and/or individual competent professionals in conducting marketing research.

The difficulty of the second stage is to choose the organization as a basis for comparison. In the higher education system of Ukraine at present, there are institutions of the state and private ownership, which makes it difficult to compare them since different forms of the ownership create different opportunities and risks in the strategic development of an educational institution and cause some disadvantages or provide for advantages in their activities. Consequently, advantages of an institution of state ownership include the existence of academic and educational traditions and powerful scientific schools, a highly-developed material and technical base, social infrastructure, including the accessibility of dormitories for the students, the focus on observing the requirements of the regulatory and supervisory authorities, guaranteeing the labor, social, and professional rights of the employees, etc.

The key disadvantages of state institutions of higher education, in our opinion, include low efficiency of the resources, low level of motivation to work effectively in some areas, a conservative approach to the strategic decision-making, low level of market orientation on the demands of consumers (employees) regarding the quality and range of educational services, unreasonable bureaucracy in the management process, evidently complex mechanism of formal procedure.

The advantages of the institutions of private form of ownership comprise quick reaction to changes in operating conditions and high adaptability to them; focus on the most efficient use of resources; tendency to introduce innovations (managerial, educational, etc.). However, the most significant shortcomings of this type of educational institutions are a low level of the scientific research work, a tendency to just formal fulfillment of the licensing requirements for educational activities, a low level of material and technical support, including the provision of their own educational facilities and dormitories for students [6].

The third stage aims at identifying the basic factors of success and a list of indicators/criteria to be assessed by experts. Currently, the competitiveness of the institution of higher education is determined by the level of its compliance with the principal success factors recommended by international

and national experts for determining the educational institution rating. The analysis of the scientific sources manifests that currently, there is a long list of factors for rating the success of a higher education institution in the market of educational services. Here are the factors that must be taken into account in determining the top-100 or top-200 institutions in the leading international rankings [7]:

- quality of the scientific research and potency of the international partnership and cooperation;
- the feasibility to hire the best teaching, research, management, and administrative staff, searching for such professionals not only in their native country but at the global labor market;
- creating conditions for the effective cooperation of their researchers with the best specialists in the relevant field of science, no matter what country they are from;
- competencies in a wide range of fields of science and disciplines (social sciences, humanities, engineering, mathematics, natural, medical sciences, etc.);
- strong competent leadership, with a clear mission, and long-term vision for an organization development;
- organizational, financial, staffing and academic autonomy;
- high quality of education and the ability to attract the best students (including master's and doctoral degree programs) not only at the national but also international level (the percentage of foreign students in the world's leading universities is growing with every year);
- mixed, diversified financing.

When determining the list of factors influencing the national educational institution activity and accordingly, its success rating, we must also consider such groups of factors as [8, p.126]:

- macroeconomic: demographic crisis, deteriorating economy, unpredictable inflation, lack or high costs of the credit system in the education sphere, the ruptured links between science, education, and production;
- sectoral: different status of institutions depending on the form of ownership, lack of the standardized approaches to forming the price rate for providing educational services, the necessity to expand constantly the costs chain of the educational services;
- regulating the activities: the procedures for accreditation of the higher education establishments and licensing of the educational products create additional outlay that affects the price of educational products; directory regulation of educational processes management at higher education institution (organization of learning and educational process, execution of the financial activity, etc.); activities of the National Agency for Quality Assurance in Education and other regulatory bodies that supervise and

monitor the process of providing educational services, conditions, and quality of services in the field of higher education.

At this very stage, experts determine the opportunities and risks for educational institution development in the market of educational services.

The study has revealed that the risks to the development of the institution of higher education primarily relate to the influence (impact) of the environmental factors, but the potency of their influence largely depends on the management competence of the institution authorities. The successful and advantageous development of a higher education institution depends mainly on whether the negative impact of this or that factor has been predicted timely and whether the adaptive actions have been worked out to respond to it, whether all the opportunities provided by the educational services market have been implemented for the sake of the institution effective development. The study of the literature on the classification of risks for the higher education institution in the market of educational services allows determining their group categories [9, p.71; 10]:

- political risks: ideological, legal, corruption;
- financial and economic risks: resource security; budget security; economic functioning efficiency;
- socio-psychological risks: social, image;
- organizational and managerial risks: program-methodical, organizational; loss of service quality.

The next stage is an expert assessment of the institution functioning. SWOT-analysis usually applies the method of expert evaluation. Scientists recommend performing it in a strictly-organized sequence:

- define, formulate and make public the purpose of the study;
- choose a set of questions the experts are to answer and/or compile a list of indicators to be evaluated;
- develop a form for experts to complete during the evaluation;
- acquaint experts with the criteria according to which the assessment will be carried out;
- invite experts to carry out an assessment;
- study the forms received from experts and analyze the results;
- summarize the results, identify trends;
- draw conclusions.

While assessing, the experts should adhere to certain principles: principles of comprehensiveness, consistency, objectivity, reliability, adequacy, transparency [5, c. 195]. Thus, the assessment of strengths and weaknesses in the higher education institution activities, assessment of the opportunities and threats to its development and the development of its structural units is carried out in the following way:

- experts are instructed to assess two higher education institutions: one

of them is the institution for which SWOT-analysis is performed, the second institution is the basis for comparison and chosen as the most powerful institution competitor in the field;

- in accordance with the developed list of factors (indicators), experts conduct their ranking, i.e. determine each factor's significance for the institution development, assess the effectiveness or criticality of the educational institution activity results. The significance of the indicator is determined within a scale from 0 to 1, but the sum of all indicators significance should be equal to 1;

- experts, in terms of the suggested list of factors (indicators), assess them in points (for both institutions). Note, such an assessment can be made within a scale from 0 to 10 points. The influence tendency, positive or negative, is indicated by sign «+» (or without it) in case of positive influence and «-» when influence is negative;

- per each indicator, the weighted-average is determined as the product of the score and rank;

- a general assessment score is determined per each group; the scores then are compared between two higher education institutions, and a general conclusion is made about strengths, weaknesses, opportunities, and threats (SWOT) of the institution. The generalized indicator determines the educational institution competitiveness;

- creating SWOT-matrix. Most experts offer the following pattern of SWOT-matrix (Fig. 1).

SWOT-matrix	Opportunities: 1. .... 2. .... 3. ....	Threats 1. .... 2. .... 3. ....
Strengths: 1. .... 2. .... 3. ....	Field "S and M" «C i M»	Field "S and Z" «C i 3»
Weaknesses: 1. .... 2. .... 3. ....	Field "SI and M" «Cл i M»	Field "SI and Z" «Cл i 3»

Fig. 1 SWOT-matrix [4]

We fill in the SWOT-matrix in the following sequence:

- select those indicators (usually three or four) that have the highest weighted-average value per each group. If it is a group of threats, then those values that have the highest score with a minus «-» symbol enter the matrix;

- in each of the four fields, indicate the strategic alternatives that may arise

when combining two groups of factors. The maximum number of the strategic alternatives that can be proposed, per three indicators in each group, can be 81 ( $3 * 3 * 3 * 3$ ). It is important to mention that experts typically consider up to 10 strategic alternatives, paying particular attention to the strategic alternatives in the C&M and SI&Z cells, to identify the most attractive strategic development alternatives and to contemplate the possibility of the most likely risks and develop in advance the countermeasures of preventive nature. The final stage of the SWOT-analysis of a higher education institution is the evaluation of the strategic alternatives for the formulation or correction of the strategic goals and drafting the alternatives for determining the ways and means of their implementation.

Thus, consideration of the practical aspects of the SWOT-analysis application in the process of forming a strategy for the development of higher education institutions allowed identifying five main stages of SWOT-analysis. The study of the issue has revealed the difficulties that may arise during the implementation of each stage of SWOT-analysis. Thus, at the stage of forming a group of experts and their preliminary selection, the difficulty for educational institutions is that today none of the higher education institutions has a marketing service or even a marketer position that would monitor the market environment at a high professional level. The difficulty of the second stage is to choose the appropriate organization as the base for comparison. Currently, in Ukraine, there are higher education institutions of state and private ownership, which makes it difficult to compare them since different forms of ownership provide different opportunities and risks in the strategic development of the educational institution and predetermine certain shortcomings and advantages in the activity. The third stage designates basic factors of success and a list of indicators to be assessed by experts. It was found out that the competitiveness of a higher education institution is determined by the level of its indicators compliance with the basic list of the success factors suggested by international and Ukrainian experts for determining an educational institution rating. The list of such success factors is very long, and it is difficult to choose a perfect set of them for a particular institution. In addition, it is very important to take into account the influences of such groups of factors as macroeconomic, sectoral, and regulatory ones, to identify groups of risks for the development of the educational institutions, and predetermine the strength of their impact. The difficulties of the expert assessment phase and the formation of the strategic alternatives deal with the experts' subjectivity.

#### **References:**

1. Saenko, M. G. 2006. Enterprise strategy: textbook. *Ternopil: «Economic Thought»*, 390.

2. Balabanova, L. V. 2001. SWOT-analysis – the basis for the formation of marketing strategies of the enterprise: a textbook. *Donetsk: DonDUET*, 180.

3. Vikhansky O. S., Naumov, A. I. 2003. Management: a textbook. 3rd ed. *Economist*, 528.

4. Perfilova, O. E. Problems and features of SWOT-analysis in the practice of strategic management of domestic enterprises. [ONLINE]. Available at: [http://vlp.com.ua/files/13\\_27.pdf](http://vlp.com.ua/files/13_27.pdf). [Accessed 14 December 2019].

5. Yakovenko, O. I. (2018). Methodical approaches to assessing the level of competitiveness of enterprises. *Theoretical and methodological aspects of increasing the competitiveness of the border region: collective monograph*. Odessa: Atlant, 194–204.

6. Natroshvili, S. G. 2015. Strategic management of higher education: theory, methodology, practice: monograph. K: *KNUTD*, 320.

7. Yakovenko, O. I., Velichko, I. I. (2020). Practical aspects of application of SWOT-analysis in the process of forming the development strategy of a higher education institution. *Priazovsky economic bulletin: electronic scientific journal. Issue 1 (18) 2020*. [ONLINE]. Available at: <http://pev.kpu.zp.ua/выпуск-18>. [Accessed 14 April 2020].

8. Natroshvili, S. G. (2012). Strategic guidelines for the development of higher education in modern socio-economic transformations. *Economic bulletin of the university*, 18/2, 125–129.

9. Kalenyuk, I. S., Kuklin, O.V., Yamkov, V. A. (2015). Modern risks of higher education development in Ukraine. *Ukraine economy*, 2 (639), 70–83.

10. Dudneva, Y. E. Risks in the higher education system. [ONLINE]. Available at: [https://adaptive.org.ua/images/docs/forum\\_01\\_2019/dudntva.pdf](https://adaptive.org.ua/images/docs/forum_01_2019/dudntva.pdf). [Accessed 15 April 2020].

## **METHODS OF INFORMATION AND CONSULTATIVE SUPPORT OF ACTIVITIES OF AGRI-FOOD SPHERE**

*Oleksandr Halych,*

*Ph.D. in Economics, Professor,*

*Poltava State Agrarian Academy, Poltava, Ukraine,*

*Oleksandr Fenenko,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Formation of highly efficient, competitive and socially-oriented domestic agri-food sphere is possible only with purposeful, systematic, painstaking



work on increasing the competitiveness of agricultural products on the basis of technical and technological modernization of production processes, improving the quality of agricultural resource potential.

The fastest and most effective way to bring new knowledge, skills, abilities of modern, rational, competitive and, therefore, profitable management to the consumer (agricultural producer) is joint activity of economic entities in close contact with agricultural advisory services.

Demand for agri-food sphere information and consulting services is due to the general low level of education of the rural population, lack of adequate number of qualified and highly qualified personnel capable of mastering modern technologies and various innovations, as well as extremely limited access to information resources in deep rural areas [10].

Information support for the development of markets for major types of agricultural products is one of the important components in the system of resource management of market infrastructure, a unifying element in the network of associations of the associated type, coordinating chain of individual segments of the agricultural market, an objective guide in decision making in the system of state regulation of the sale of agricultural products and food and the improvement of state policy on the development of these markets.

Thus, the essence of counseling is the interaction of two parties: professionals are people with the necessary knowledge and experience; people who need intellectual help from professionals. Professionals who provide consulting services are consultants, and people who use these services are clients.

This interaction is schematically presented in Fig 1.

Clients need the help of counselors when they have problems and they cannot solve them themselves due to lack of knowledge or abilities, high complexity or other reasons. With a developed market for consulting services, clients have a choice of which consultant to turn to, so they study the proposals and choose a consultant [4].

Consultants who work in the market of consulting services to increase their competitiveness must constantly improve their knowledge and skills, gain experience and specialize in solving a range of problems, develop skills and promote their services. The interaction of the consultant and the client is based on mutually beneficial interests; the solution of problems is carried out by working together. Therefore, in the practice of information and consulting support there are different methods of its implementation (Fig. 2).

Individual methods are implemented through the use of the beliefs of each client individually; group – during lectures, seminars, group discussions and demonstration innovations, etc; mass are different types of informing the

subjects of the agri-food sphere through various means of communication, media, exhibitions, conferences, etc.

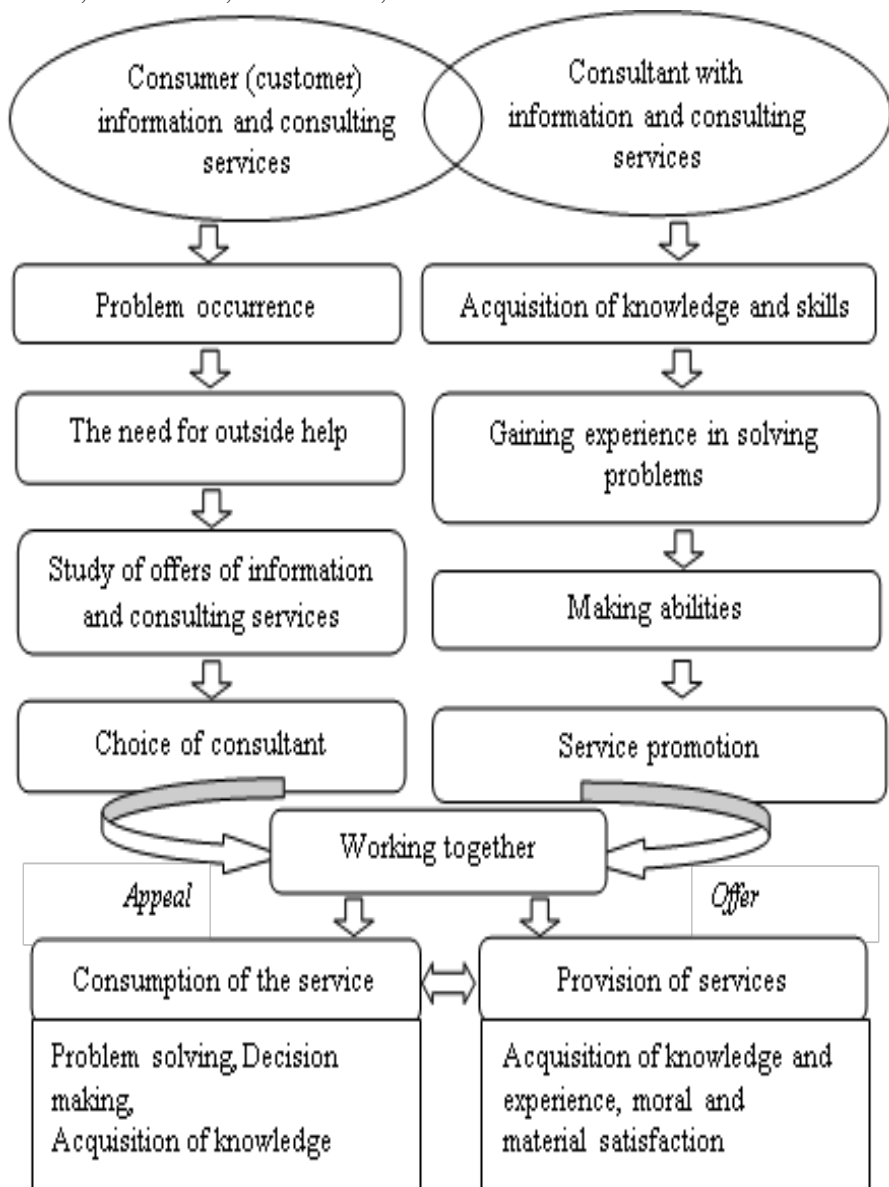


Fig. 1. Interaction of the consultant and the client in the process of counseling [6]

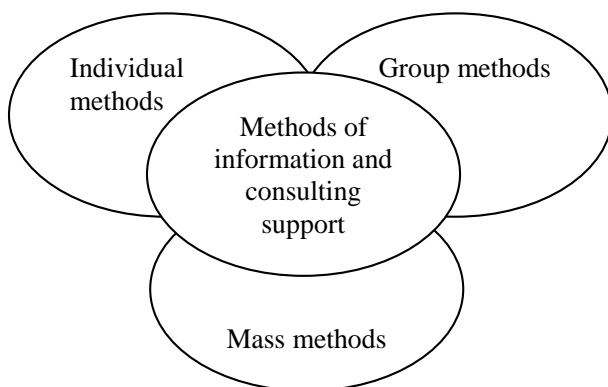


Fig. 2. Methods of information and consulting support of subjects of agri-food sphere

According to the practice of management, the most common are the following individual forms of work with clients:

- consulting on the farm at the production facility, with mandatory visits to the subject of agri-food sphere;
- consulting in the office of the information and consulting service;
- consulting using modern means of communication (telephone, messengers, social networks, etc.);
- counseling at informal meetings.

The choice of individual method of work depends on the complexity of the problem, the technical equipment of the manufacturer and service. Under such conditions, the task of information and consulting support is the formation of different target groups of producers of similar in level of professional training of the economy, taking into account their similar interests and problems. Consultants who organize group activities must introduce new ideas, transfer knowledge and information on various aspects of effective management, so that group members can use them in their activities. Group methods of information and consulting support of subjects of agri-food sphere with commodity producers include such forms and receptions as: group discussion; «field» day, seminar; lecture; small exhibitions; training.

However, in the activities of information and consulting services, the most common forms of bringing knowledge to consumers are mass methods. With their help, you can quickly and relatively cheaply convey information to a large number of agricultural businesses. The basis of mass methods of information and consulting support of agri-food sphere are the Internet and the media. Mass forms of transmission of information to the consumer

through the media include: information on the Internet; publication in the press; television and radio interviews; printed materials (brochures, posters, booklets, magazines); audio and video products; advertising.

According to the considered methods the basic directions of activity of information and consulting services which are reflected in Fig. 3.



Fig. 3. The main activities of information and consulting services [based on 1, 2, 8]

Thus, only rationally and competently organized relations of information and consulting services with other subjects of agri-food sphere can expect high results of activity of service.

External links of information and consulting services with other organizations are necessary in cases when:

- the work plan of the information and consulting service is drawn up;
- consultants, scientists, teachers of higher education institutions or technical schools (colleges), schools are involved in permanent or temporary work;
- it is important to coordinate events with other organizations;
- the need to obtain information for the creation or replenishment of the database and its dissemination among producers;

- the need to obtain one-time reference materials, which are not in the database of information and consulting services;
- the need to consult the manufacturer of another person in another organization, enterprise, institution, etc .;
- need to disseminate information about their own activities.

In its activity, information and consulting services constantly maintain contacts and relations with the subjects of the agri-food sphere, in particular:

- governmental, state, administrative and other institutions, i.e. authorities and management of the agri-food sphere;
- agro-industrial and agricultural enterprises, cooperatives, associations, farms and personal subsidiary farms, etc.;
- commercial organizations for the sale of seeds, fertilizers, agricultural machinery, etc.;
- subjects of wholesale markets for the purchase of agricultural products;
- agricultural processing enterprises;
- research institutions and institutions of higher education, institutes of advanced training, research stations and agricultural technical schools, colleges;
- agricultural products of agricultural fairs and exhibitions;
- banks, credit, insurance and tax organizations;
- statistical computing centers of regional and district levels;
- central and local agricultural libraries;
- bodies and mass media;
- advanced agri-enterprises and farms [3, 4, 5, 7, 9].

In turn, through the agri-food authorities, the information and consulting service specialists receive information on credit, financial and leasing policies in the agri-food sphere, on the measures taken by government agencies to support agriculture, which helps the services to make timely adjustments and build more competently relations with agricultural producers.

Interaction with agri-food management bodies is based on regional programs for the development of information and consulting support, adopted by the legislature, which regulate these relations, determine the main activities of the information and consulting service and its funding conditions, the degree of independence of the information and consulting service.

Interaction with agri-food management bodies is based on regional programs for the development of information and consulting support, adopted by the legislature, which regulate these relations, determine the main activities of the information and consulting service and its funding conditions, the degree of independence of the information and consulting service customers of works, conditions of exchange of information between management bodies of agri-food sphere and information-consulting service

in the interests of their activity in the territory of area, region, country.

The relationship of information and consulting services with higher education institutions and research institutions, research institutes is to provide services with the main sources of new knowledge on development, scientific and technological progress in the agricultural sphere.

The close cooperation of higher education institutions and formation and consulting services strengthens the practical orientation of the work of each of these participants and brings obvious benefits to the development of agriculture in the country.

The basis of such interaction may be the participation of a higher education institution among the co-founders of a regional or regional information and consulting center, if it is created in the form of an autonomous non-profit organization. In the case of creating an information and consulting center in the form of a state institution, the most appropriate operation of the center at a particular institution of higher education.

Interaction of information and consulting services with institutions of secondary vocational education (colleges, technical schools) provides for effective relations between these institutions, if they have the appropriate production bases. Depending on the specialization and level of development of the training and production base, there are several options for interaction with the information and consulting service [3, 8, 9].

Colleges and technical schools with highly developed research facilities can become the basis for the organization of research and demonstration activities of regional or regional information and consulting centers. Colleges and technical schools with less production capacity can be used as a base for the district information and consultation center.

Relationships with the media are very important in the work of information and consulting services, although the basics of such interaction remain virtually unfinished and are not given due importance. However, the Internet, television, radio, newspapers, and magazines are not only a major source of information, but also a means of promoting new knowledge, advertising, and customer feedback. Specialists of information and consulting services speak in the media on various issues, proposing ways to solve them, use the media to inform producers about the activities carried out in the region or district.

Maintaining constant communication of information and consulting services with computer centers and libraries is very important, the amount of information on electronic media and these databases are constantly updated and updated with new information.

Relations with markets and commercial organizations must be built on a permanent basis. Monitoring of prices for agricultural products, constant collection of other information about the product market, its analysis,

processing and dissemination among agricultural producers is one of the most important functions of information and consulting services.

Thus, the information and consulting service is one of the tools to achieve innovative development of the agricultural sector of the economy. Innovative development is impossible without the formation of an innovative system of the agricultural sector and its key link - agricultural consulting, which serves as an effective tool for the development and transfer of innovations in the agricultural sector.

### References:

1. Babenko, V. O., Butenko, T.A. & Siriy V. M. (2016). Introduction of information and consulting service in the agricultural sector of the economy at the regional level. *All-Ukrainian scientific and production journal «Innovative Economy»*, 8, 44–48.
2. Babenko, V., Alisejko, E., Kochuyeva, Z. (2017). The task of minimax adaptive management of innovative processes at an enterprise with risk assessment. *Innovative technologies and scientific solutions for industries, I(1)*, 6–13.
3. Broyaka, A. A. (2010). Analysis of the state of information and consulting activities in agriculture of Ukraine. *Economics of AIC*, 5, 142–147.
4. Butenko, T. A. (2004). Prerequisites for the formation of the market of information and consulting services in Ukraine. *Bulletin of KhNAU*, 7, 310–315.
5. Butko, M. P., Povna, S. V. 2010. Consulting support of innovation and investment development processes: monograph. *Nizhyn: Aspect-Polygraph*, 252.
6. Demishkevich, G. M. (2009). To the question of the methodology of the formation of the agricultural consultation system. *Agrarian Bulletin of the Urals*, 8, 34–38.
7. Kropyvko, M. F., Pokhilenko, V. I. (2008). Status and problems of informatization of the agricultural sector of Ukraine. *Organization of agrarian economy management: monograph. K.: NSC IAE*, 328–333.
8. Poshkus B. I. (2011). The experience of the consulting service of Lithuania. *Economics of agricultural and processing enterprises*, 7, 48–50.
9. Sirenko, N. M. (2009). Advisory activities as a factor in ensuring the innovative development of the agricultural sector of the economy. Scientific works: scientific and methodical journal. *Mykolaiv: BSU Publishing House named after Petra Mogili*, 96(109), 95–99.
10. Zhivaev, A. P. (2008). Services of information and consulting services and methods for assessing the effectiveness of its functioning. *Agrarian Bulletin of the Urals*, 8, 28–31.

## **FORMATION OF THE OPTIMAL PRODUCTION STRATEGY OF AN AGRICULTURAL ENTERPRISE**

***Oleg Fedirets,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

***Tetiana Voronko-Nevidnycha,***

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

***Maksym Korduban,***

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

The strategy and goals of the enterprise, planned for a specific period, are the basis for the development of a strategic plan, which determines the strategic position of the enterprise based on the analysis of the competitive external environment and internal characteristics of the enterprise.

The most difficult direction of the enterprise is production activity, its organization, planning and operative regulation in space and time. The production activity of enterprises is characterized by a system of indicators. The most significant of them in terms of free-market relations are such as demand for products and volume of the production, supply and production capacity of the enterprise, expenses and costs of products, resource and investment demands, sales volume and total income, etc. [1, p. 489].

Demand and supply is an economic model that describes the process of market price formation. In this case, demand is the need for goods presented at the market, and supply is the quantity of goods at the market or goods that can be delivered to the market. The law of demand reflects the decrease in the volume of purchases with the growth of prices of goods in circumstances when the monetary capacity of buyers is limited by a certain margin, and the law of supply is about the increase in the value of supply as the price of goods increases [3, p. 92].

The product price is derived from specific variable costs per unit of production and the product equivalent of fixed costs per year and the profit to be earned from sales to the volume of products sold. Another variant of pricing is the correction of the full cost price with the help of the coefficient of the planned level of

profitability [6, p. 57].

The production cost is a monetary expression of the costs associated with the production and refinement of products, their transportation to the ex-storage [1, p. 584]. The full production cost of the enterprise is a set of expenses, constituting the production cost, and outside the production



expenses of the enterprise (administrative, on sale and others) [10, p. 124].

The volume of production is the number of products produced and works performed over a certain period (year, half-year, quarter, month) at a certain level (enterprise, industry, national economy as a whole). At the enterprise, the volume of production includes finished products and semi-finished products intended for sale, production services and operations of the industrial type, changes in unfinished projects. Depending on the purpose of the analysis the indicators of gross, marketable or sold products in actual or value terms are used [5, p. 483].

The industrial capacity of the enterprise is the maximum possible volume of production for a certain period in the established nomenclature and range at a full workload of the equipment and industrial areas.

The most important in the process of strategic planning of enterprise activity is the development of the industrial program, i.e. substantiation of the volume of production, the specific nomenclature and range according to market demands. It helps to determine the need for new production facilities, raw material resources, the number of workforces, transport, etc. [8, p. 242].

The main tasks of developing the production program of the enterprise are shown in Fig. 1.

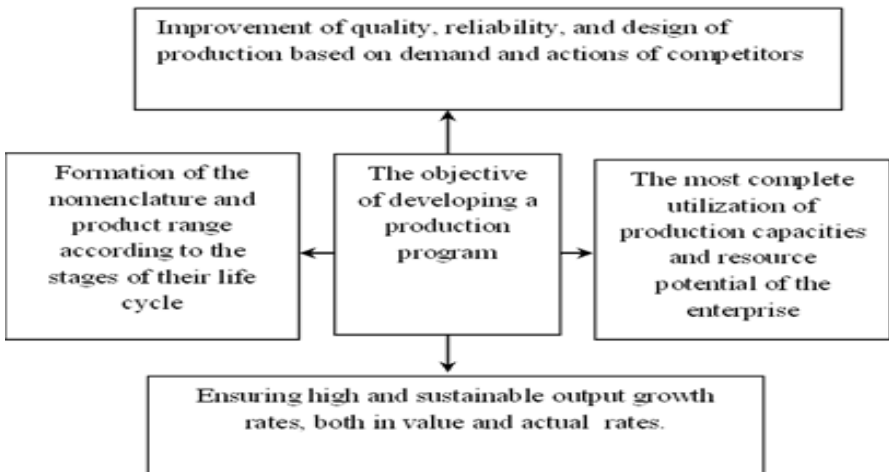


Fig. 1. The objectives of the enterprise production program development [9, p. 193].

In the process of development of the production program it is necessary to observe the following requirements at all stages [4, p. 76]:

- correct determination of the demand for the output product, and

justification of its production volume by the consumers' demand;

- the interrelation of actual and value indicators of production and sales volumes;

- substantiation of the production plan by resources, and first of all, by production capacity.

Strategic planning of production at the enterprises is a process of development and performance of the basic indicators on volumes of production for 3-5 years. The nomenclature, range and quantitative indicators of production are determined according to the needs of the market, based on which they make a sales plan.

The nomenclature represents the list of names of products, services, the mission on which release is provided by the production plan. The range is a variety of goods of each product type, differing in certain technical and economic indicators [2, p. 275].

The demand of the external and internal market for goods and services is studied by marketing services of enterprises, which conduct market research through exhibitions, fairs and other forms, where they detect the demand for the relevant service products, accept orders, conclude contracts for supply and so on. In the process of strategic planning of production, it is necessary to ensure the interrelation of production volumes with changes in demand for certain products in certain periods [4, p. 77].

When determining production capacities, calculations of existing and necessary production assets, number of employees and material resources are performed. In market conditions, the main limitation of production volumes of goods and services planned is the lack of resources. Because of this and limits, they put before production activity, the volume of production at each enterprise is limited by a large number of factors. The important factor of the production capacities of the enterprise is production volume. It determines the maximum level of production of goods and services, i.e. the upper limit of sales of products. The upper limit is conditioned by the availability of production areas, technological equipment, labor resources, materials and capital [7, p. 48].

The production program (production plan) is a defining part of the economic activity and development of the enterprise. The peculiarities of the production program development as a stage of strategic and long-term plans are based on the fact that strategic and long-term plans are aimed at achieving qualitatively new goals associated with fundamental changes in the state of the enterprise, both in terms of types and quality of products, and in terms of technical and technological changes in the production process (Fig. 2).

At a stage of strategic planning of the industrial program and especially its structure, i.e. a specific weight of concrete kinds of products or services, it



not change, and if there are changes in the number of individual products under the influence of demand, they are insignificant [2, p. 277].

In the current production plan, the program is also the main section, based on which the planning of many sections is conducted, in which the requirements for logistics, labor, energy, cost, profit and other financial indicators are calculated.

The production program in terms of nomenclature and output should ensure full utilization of all workplaces and personnel [5, p. 59].

Besides, developing the annual production program, it is necessary to provide the maximum income, high financial stability and solvency of each enterprise. It assumes selection and inclusion in the production plan of the most competitive and profitable kinds of products. For this purpose make a matrix (for example, BCG) which contains four basic kinds of products that have high rates of growth, shares in the market and provide the greatest effect to the enterprise. This matrix is not versatile, so other options are often used for the analysis, such as an effect-output matrix. These matrices guide the inclusion of specific products in the annual production program. In order to make the final decision, economic indicators such as total income, marginal costs and other data should always be taken into account. [2, p. 277].

The products, produced at the enterprises, are reproduced in actual and value forms. Therefore, planning the production program of the enterprise, they calculate the production volume in actual measuring instruments and the value of the production volume. The scheme of formation of the industrial program of the enterprise is shown in fig. 3.

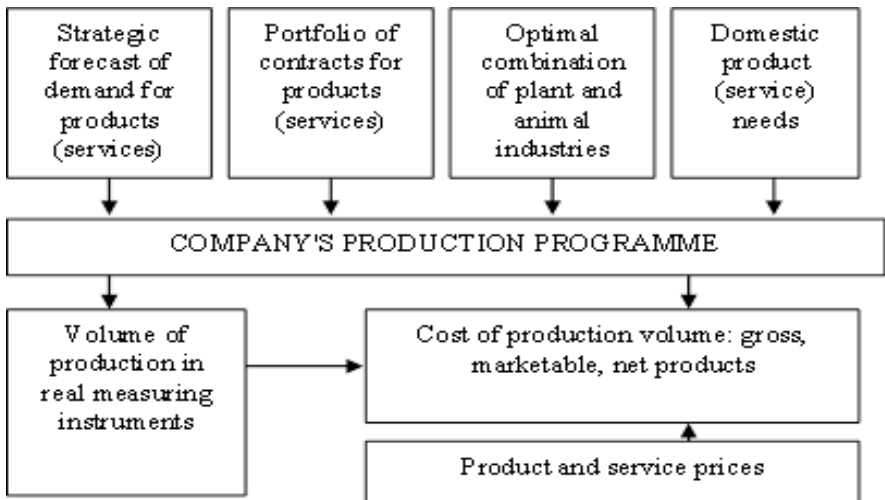


Fig. 3. Formation of the enterprise production program [2, p. 277].

The production program of the agricultural enterprise includes plant and animal breeding programs. The plant production program includes plans for areas under crops, yields, gross harvest, livestock - the number of animals (poultry), its productivity, gross output. Besides, the industry development program envisages certain resource requirements (labor, material - seeds, fertilizers, fodder, etc.), cash requirements, resource costs per unit of production.

The planned production volume is distributed by calendar periods of the year (quarters, months). The following requirements are guided [9, p. 193]:

- compliance with the established terms of product supply under the concluded contracts;

- equal loading of production capacities in all divisions of the enterprise;

- increase in the concentration of production by limiting the range of products that are manufactured simultaneously.

Thus, the production program is a determining section of economic activity and development of the enterprise, suggests the justification of the production volume.

In the conditions of saturation of the market with agricultural production the problem of improvement of branch structure should not remain without the attention of agrarian enterprises. Under the influence of internal and external competition, changes in the market conjuncture, there is a need for accelerated development of some branches and reduction of the production of other ones, which leads to the re-profiling of economic entities. The enterprise, as a rule, has certain alternatives in forming the sectoral structure of production. It is important to define such sectors of plant and cattle breeding, which products are in demand on the market and provide in these conditions the highest profitability of production.

Difficulties of increase of efficiency of management of various on forms of the enterprises of agrarian sector testify, that in the theoretical and practical plan remain till the end not solved problems of the rational structure of branches and estimation of economic development of subjects of industrial activity, a substantiation of directions of specialization and criteria of the message of branches of the enterprises in the conditions of constant changes of the market. In this connection definition of directions of effective structure of manufacture gets special value.

The industrial strategy is one of the major subsystems of organizational strategy, which represents the long-term program of concrete actions on the creation and realization of production made by the enterprise. The industrial strategy is directed on the use and development of all industrial capacities of the organization for achievement of strategic competitive advantage.

The specific substantive content of the production strategy is disclosed in its main positions:

- 1) main strategic decisions on production, which should be made for a given strategic perspective;
- 2) formulation and justification of various possible options of the main strategic decisions on production;
- 3) finalization of the adopted main strategic production goals to the level of specific strategic guidelines;
- 4) developing, for each Strategic Direction, an adequate set of specific actions and activities;
- 5) systematizing the measures and actions for each position into a coherent production strategy as an organic program of relevant specific actions.

The production strategy should be formed with a precise view of the markets - how the enterprise is involved in competition and the sequence of capital investments that should enable the implementation of the strategy. In other words, organizations need such market descriptions so that it is transparent how the markets work. Market research is necessary, but not always sufficient. It is necessary to supplement the results of marketing research with ideas about consumer behavior (the reality of receiving orders and meeting consumer demand). The market needs themselves represent a strategic requirement for production.

### **References:**

1. Nemtsov, V. D., Dovgan, L. E. 2001. Strategic Management. Kyiv: «UVPK» Ltd Ex Ex Ltd», 538.
2. Pavlenko, A. F., Voicach, A. V. 2005. Theory and practice of marketing in Ukraine. Kyiv: Kyiv National Economic University.
3. Freeman, R. 2010. Strategic Management: A Stakeholder Approach. Cambridge: Cambridge University Press.
4. Zubets M. V. 2004. Scientific bases of agro-industrial production in the zone of the forest-steppe Ukraine. Kyiv, Logos, 776.
5. Kazakova, N. E., Kolesnik, V. M. (2012). Development of strategies for the development of agricultural enterprises using economic and mathematical models. *Innovative economy*, 11, 91–94.
6. Zubets, M. V., Volodin, S. A. (2016). Scientific and methodological support of innovative development of agrarian science. *Bulletin of Agrarian Science*, 3–4, 192–194.
7. Smolin I. V. (2004). Strategic planning of organization development. Kyiv: KNTEU, 344.
8. Natorina, A. (2017). Congruent marketing product strategies of the enterprises. *Economic Annals-XXI.163(1–2(1))*, 75–78.
9. Gur'yanov, A. B., Grishko, O. A. (2011). System approach to strategic enterprise management. Business economics. *Bulletin of the economy of*

*transport and industry*, 34, 274–277.

10. Pidlisetskyi, H. M., Herun, M. I. & Harkavyi, V. V. at al. (2013). Methodical recommendations on the substantiation of regulatory requirement for fixed assets for agricultural production. Kyiv, 52.

## **OUTSOURCING APPLICATION FORMS**

*Dmytro Diukariev,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

The Ukrainian enterprises quite often become hostages to the restrictions caused by global, political, or social crises in world economy. Their effectuation in the market, under such conditions, requires improvement, optimization, or re-profiling of the existing systems to maintain competitive positions or even to protect the enterprise viability.

Analyzing external and internal economic and social indicators and constraints allows the company's management to forecast further developments that may significantly affect its activities. Taking into account the forecasts and objectively assessing the capabilities of their company, managers decide on further actions related to the methods of doing business, the feasibility of the niche, re-profiling, optimization, etc.

The international management experience convincingly shows that companies, by attracting outsourcing companies, quickly adapt to market conditions, with minimal costs find an optimal way to implement decisions in their production cycle, logistics, or product sale.

In the global market, outsourcing has been developing dynamically for over 30 years. In Ukraine and the post-Soviet countries, this trend began to take its first steps only some 15 years ago. It is used more often by international organizations than at local enterprises. There can be several reasons for the 'lag':

1. The use of the outdated business approaches: «want to do well, do it yourself».

2. Outsourcing is a strategic approach to decision-making, while in business management of Ukraine and post-Soviet countries, the tactical, short-term business decisions take priority over long-term planning.

3. On the market, the share of specialized literature on business in Russian and Ukrainian is obviously deficient, and the professional knowledge and local practical experience in outsourcing lack systemization.

The term «outsourcing» comes from the English words «outside resource using» – use of the external resources. In international business practice, this

term means a sequence of organizational decisions, the essence of which is the transfer of some functions or activities, previously implemented by the organization independently [1, p. 7]. In other words, outsourcing is a kind of division of labor, the fundamental principle of which is mutually beneficial long-term relationships between enterprises.

One of the fundamental economic laws that determine the development not only of the economy but also of the society as a whole is the law of the division of labor, first formulated by the economists of the classical school. Many events in human history, including the current stage of globalization, can be easily explained from the standpoint of the manifestation of this law. Indeed, the concept of globalization can be formally reduced to the formation of «center» and «periphery» in the world socio-economic system, each of which specializes in a particular type of economic activity, which, ultimately, determines the political organization of the world [2, p. 5].

Outsourcing is primarily a method of interaction between two or more companies in the long run, where there are always two parties: the outsourcing customer and the outsourcer (Company Executive).

Outsourcing always has a commercial basis, where, in the end, both parties receive financial benefits from such interaction, which is why they act under a contract (agreement), which clearly defines the roles, functions and reflects the competence of the outsourcer in solving the tasks that he contracts to solve.

Next to the decision to use outsourcing, the company's management must determine how to organize the joint activities with the outsourcing partner. Diverse degrees of risk are inherent in different forms of partnerships. It depends on many factors, like:

- already existing legal or economic relations with a potential outsourcer;
- number of potential partners offering similar services;
- the outsourcer's recognition in the market, its business reputation;
- the outsourcer's experience in the implementation of similar projects and others [1, p. 67].

There are two types of outsourcing, depending on the degree of interaction and intervention in the organizational structure of the company-outsourcing customer (fig. 1).

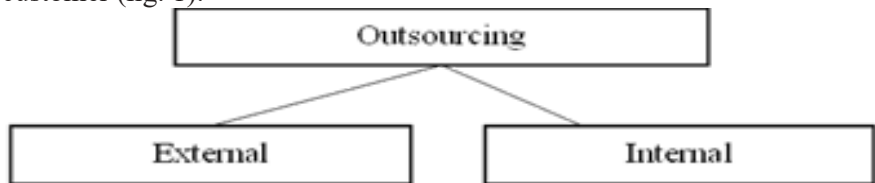


Fig. 1. Types of outsourcing



External outsourcing is outsourcing, the contract of which provides for the performance of some functions by a third party, and the customer can not control the project implementation process, their methods, and receives only the final product, which under the terms of the above contract should satisfy the customer.

Internal outsourcing is the outsourcing, the contract of which provides for the performance of some functions or business processes by a third party company, where the stages and methods of performing the orders are controlled and coordinated by the customer.

Using outsourcing, companies develop their own forms of its implementation, depending on the appropriate integration interactions, elucidated and clarified in tabl. 1.

As mentioned earlier, outsourcing ends where the terms of the contract, under which the companies cooperate, expire. The draft contract is usually developed by a group of specialists from the customer organization, as it is the customer who formulates its requirements for potential suppliers. The completed draft contract binds a customer in some way, limits a choice range of the service provider, and reduces flexibility in negotiations.

When developing the large-scale outsourcing agreements, it is advisable to sign a separate agreement regarding the transfer of the employees, the cost calculation mechanisms, performance of the activities. This will facilitate the coordination of the activities while fulfilling the terms of the agreement.

The structure of the draft outsourcing contract and sequence of the individual provisions ought to be easy to discuss. Preliminary negotiations reveal the possible interests of a potential outsourcer. The service provider, when concluding a contract, pursues the aim of making a profit, while the customer expects the provision of high-quality services and, at the same time, seeks to reduce his own costs. Both parties invest certain funds in the implementation of the outsourcing project, so they have the right to count on their benefits from the agreement.

An outsourcing contract is a risk management tool. But all the processes of reconciliation of disputable issues, when provided for in the contract, proceed quickly and painlessly in financial terms. Consistency of the mechanisms for resolving disputes at the stage of the draft contract discussion averts serious problems in the future. Consequently, the contract protects the parties from possible losses.

In Western practice, when concluding large-scale agreements or contracts of a strategic nature, the parties sign preliminary a memorandum of understanding or a letter of intent. In fact, the latter document signifies the intent of both parties to proceed with the conclusion of a contract. It gives them an idea of how their resources, needed for an outsourcing project implementation, will be allocated and used.

**Table 1**

*Outsourcing application modes / forms*

Name of the form	Definition /Description
Full (or complete) outsourcing	This term is used in reference to a contract under which employees, and possibly, the assets related to the primary activities of the enterprise (in fact, up to 90% of such activities), like information technology or finance, are transferred to the service provider for the duration of the contract.
Partial (selective) outsourcing	This form of outsourcing can occur only in the manufacture of various expensive products (eg, household appliances). In addition, partial outsourcing may involve the redirection of a specific set of functions to another company or its subsidiaries created for this purpose since the experience, they have gained in this or that industry, allows them to benefit from it. The use of outsourcing opportunities allows companies to eliminate traditional market competition, including pricing and the potential threats of innovations and other forms of competition from third parties. According to such an agreement, a significant part of the functions of the unit remains in the hands of the client.
Joint outsourcing	The term <i>joint outsourcing</i> , introduced by the British company EDS, describes one of the options for outsourcing, in which the parties to the agreement are partners. Recently, however, some experts use the term to describe subcontracts that involve multiple service providers.
Intermediate outsourcing	This type of outsourcing occurs when an enterprise outsources the management of its systems and platforms to a third party, believing that its own IT professionals are capable of developing new systems. A company that plans to carry out intermediate outsourcing, as a rule, demonstrates a high level of trust and ability of its IT specialists.
Transformational outsourcing	Unlike intermediate outsourcing, the company invites a service provider that reorganizes the work of the unit completely, developing new systems and creating a reliable base of knowledge and skills, and then transfers them to the customer. Transformational outsourcing differs from full outsourcing only in one feature. The transfer of employees and assets is not final or complete - after the completion of the project, the client regains full control and assumes his responsibilities. To many, this sounds like the usual services of a consultant. The only difference is that in transformational outsourcing, the supplier of services usually acts quite independently of the client's staff. Therefore, it is not surprising that there are only a few transformational outsourcing examples in practice.
Outsourcing joint ventures	The joint venture outsourcing involves creating a new company to take advantage of future business opportunities. The client's personnel and assets will then be transferred to this joint venture but not to the service provider. The aim is not only to improve the quality of the transferred unit but, more importantly, to design new goods and service brand that can be sold to a third party. The customer and service provider will then share the profits earned by the new company. Thus, the service provider will be able to realize his capabilities in full and create efficient systems, and the customer will share with him the costs of developing new software. The joint venture benefits from the client's specialized knowledge of its market. Some of the goods and services of the joint venture can be worked out, using the opportunities of the full outsourcing agreements.

\* compiled by the author on the basis 3

If, at this stage, it is not possible to agree on fairly general issues of cooperation, a more detailed formal discussion of the contract terms would be meaningless. The letter of intent allows avoiding misinterpretation of the parties' expectations and is a convenient way to inform the shareholders about the potential benefits and losses, connected with the company management decision to outsource. The letter of intent may include additional non-disclosure agreements that the parties exchange in the process of discussing the terms of the contract before signing it.

Obviously, the terms of a specific agreement on the outsourcing of particular functions or business processes must satisfy primarily the customer, namely, the client-company. From this perspective, the contract should be as flexible as possible [1, p. 1].

The final result of the activity, in compliance with all the terms of the contract directly, should take into account and not contradict the interests of the parties to the contract (Fig. 2).

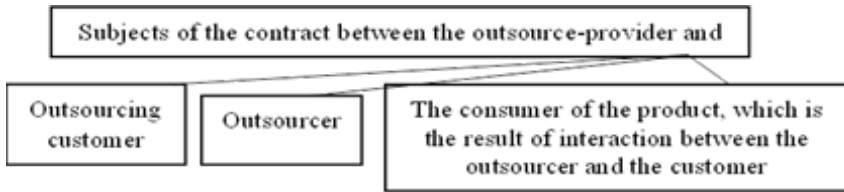


Fig. 2. Subjects of the outsourcing agreement

The consumer acts as a subject of the contract, but not in the traditional sense, but indirectly. Therefore, as any other commercial activity, or some changes in the structure and the like, they are always aimed at purely improving the financial results of the company-customer. These results completely depend on the level of the consumers' satisfaction with the product that market offers.

The outsourcer, as a subject of the above-mentioned agreement, has purely commercial intentions. Since its end-user is the company-customer, the outsourcer's activities, primarily, should not oppose the interests of the company but to supplement and improve them. Searching for innovative approaches and their implementation is the main task of the outsourcer.

The company-customer is a kind of an owner of the already established trust from the end-user, that is why management must be confident in the feasibility and necessity of delegating powers. Since the satisfaction of consumer needs depends entirely on the quality and value of the final product, the lack of competence, emerged at any stage of decision-making or production, can have fatal consequences for the company.

In view of the abovementioned, we may conclude that a choice of the

form of outsourcing, as a possible condition of interaction with a partner (or several partners), is carried out at the stage of the outsourcing services market analysis.

The development of competition in the outsourcing services market in a particular area of the enterprise depends on the total number of alternatives that will be considered by senior management of the company in the process of developing an outsourcing project.

The decision to use outsourcing is a part of an overall business restructuring program that may include:

separation of the internal subdivision into an independent enterprise with further management of it or for the purpose of sale;

creating a subsidiary;

cooperation with other companies to create a specialized joint venture;

concluding a long-term agreement with an independent outsourcing company for the performance of the specific kind of activity;

concluding an agreement for the performance of the specific types of work in terms of the specific project duration (one-time cooperation);

transfer of a part of the company's assets to an external company (permanently or for the duration of the outsourcing agreement) [1, p.131–132].

#### **References:**

1. Anikin, B. A., Rudaya, I. L. 2009. Outsourcing and outstaffing: high technology management. *Moscow: INFRA-M*, 326.

2. Shimshirt, N. D. 2015. Outsourcing in business and state (municipal) administration. *Tomsk: Publishing House of Tomsk University*, 172.

3. Shyrokov, A. V. 2009. Development of socio-economic relations in outsourcing in the context of global civilization. *Moscow*, 174.

## **ENVIRONMENTAL AUDITING OF THE ENTERPRISE AS THE ENVIRONMENT MANAGEMENT SYSTEM TOOL**

*Maksym Stetsenko,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Pollution of the environment by industrial production waste and emissions of all types and inefficient use of resources by enterprises increase the relevance of this problem. Implementation of the efficient environmental policies at enterprises will promote the improvement of the environment at the macro level, and help to retrench resources and reduce the costs at the

micro-level. Today, in the extremely complicated environmental situation in Ukraine, the study of environmental management at enterprises is a burning and topical issue.

In the conditions of the ecological crisis aggravation in the world, it is a top-priority task of the enterprises to seek out the ways to renew ecological balance initiating and introducing effective legal regulations. The main trends characterizing the state of environmental safety show that two-thirds of harmful substances get into the air from the stationary sources of pollution at the industrial enterprises, the environment protection activity of which is not regulated by coherent normative documents. At the state level, environmental policy should lay emphasis on the main tools and factors of influence on the environment situation. They must comprise both managerial and market-oriented issues. Currently, the environmental status in Ukraine is regulated via standardization and coordination of the ecological norms. Moreover, while the standards are clear and binding, the norms of the environmental activity determine the limits within which it operates, affecting the environment [1].

In reality, business managers are not much enthusiastic about implementing environmental management systems, not seeing the feasibility of such systems or unwilling to see it, thus violating the requirements of the standards. However, along with this, there is a steady upward trend in obtaining certificates for environmental management systems in Ukraine. But business managers attempt to get certificates, without implementing environmental management systems. And this is another specificity of this process in the market. Thus most managers of the enterprises without well-organized quality management pursue to get a certificate on the environmental management, not implementing the environmental management system. Despite this, quality management and environmental management systems are steadily developing and implemented.

Environmental expertise and environmental audit are the most frequently used environmental management strategies at Ukrainian enterprises. In view of the described above advantages, every rationally-minded business should carry out an environmental assessment or ecological expertise of all its projects, which are regulated by the laws of Ukraine On Environmental Protection and On Environmental Expertise. It is one of the most effective mechanisms able to guarantee environmental security since it combines independence, publicity, social justice, ensures citizens' constitutional rights to a safe living environment, an appropriate level of the health care, and high-quality environment. The Law of Ukraine On Ecological Expertise considers ecological expertise as a kind of scientific research and practical activity of specially authorized state bodies, ecological expert formations and associations of the citizens, which is based on inter-sectoral

ecological research, analysis and evaluation of the pre-project, project and other materials, implementation and the performance of which may adversely affect the state of the environment. The project expertise is aimed at providing conclusions about the company's planned or current activity compliance with the standards and requirements of the legislation on the environmental protection rational use and renewal of the resources. The principal aim of it is ensuring environmental security. The main objectives of the environmental expertise are: to reveal the degree of environmental risks and safety level of the planned or current activity; organization of complex, scientifically-grounded assessment of the facilities, identification of the compliance of facilities with the regulations of the environmental legislation, building codes and standards, assessment of the enterprise facilities activity impact on the state of the environment and the quality of natural resources, evaluation of the effectiveness, completeness, validity, and adequacy of environmental protection measures, preparation of the objective and well-reasoned conclusions [2].

The ecological situation at the enterprise is not the issue of prior concern for its manager, especially when the company is engaged in the standard commercial activity and does not work with toxic materials. At the same time, conducting an environmental audit is not only a way to prevent the payment of fines for damage to the environment, but also an opportunity to increase the investment attractiveness and competitiveness of the enterprise.

An environmental audit is an independent assessment of the enterprise's compliance with environmental legislation or the requirements of the international standards. Based on this assessment, recommendations are developed to eliminate shortcomings in the environmental activities of the enterprise and determine the best or optimal ways to solve them.

The concept of environmental audit is not new for Ukraine. The Law on Environmental Audit was adopted in 2004. It provides for two types of environmental audit – voluntary and mandatory.

The voluntary audit is initiated and financed by the enterprise management or (by agreement with the enterprise) by a third party, for example, the investor.

The mandatory audit is carried out at the request of the relevant government agencies as to the facilities or activities that pose a high environmental risk. The Cabinet of Ministers compiles the list of such companies and types of their activity. The mandatory environmental audit of such facilities is conducted in case of their privatization, bankruptcy proceedings, and environmental insurance, including the procedure of transferring such facilities into state or municipal ownership (or purchase), etc.

However, even if the company does not carry out activities that pose an «increased environmental risk» and does not fall under any of the items

on the mandatory environmental auditing, the representatives of the State Environmental Inspectorate still have the right to inspect it. The complaints from people, living near the company, may become the pretext for auditing. The inspector can also take the initiative on his own, ultimately, there are emissions and waste in any production, which means that there is a potential threat to the environment. More probably, he will check whether the company has an official document, permitting pollutant emissions into the atmosphere or the environment [4].

The task of the environmental inspector is to check how the enterprise complies with the norms of environmental legislation. However, he is not obliged to carry out measurement and analysis on the spot to make sure that the damage really exists. If the enterprise does not have such documents, the inspector may issue an order according to which the activity of the enterprise must be suspended or even closed.

How can voluntary environmental auditing help in this situation? It will allow detecting environmental violations in advance and take measures to eliminate them. After inspecting the company, the auditor will submit a report on whether the environmental safety of the company meets the requirements established by regulations, laws, or other acts.

However, the presence of permits is not a guarantee that the company will not be fined. Voluntary environmental auditing as a preventive measure will help at least reduce the size of sanctions.

If the company is going to expand the business by investing from outside, then an environmental audit is worthwhile, especially if the investor is foreign. The non-financial reporting, which includes environmental auditing, allows the company to look stable and confident in the future. It means that it becomes more attractive to investors.

Depending on the specifics of the activity, each company sets specific goals for environmental auditing and the type of environmental audit. The main objectives that all companies adhere to in conducting an audit include:

- 1) assessment of the enterprise environmental activity and its compliance with legal norms;
- 2) identification of the enterprise's negative impacts on the natural environment;
- 3) identification of areas prone to pollution and the extent of the negative impact;
- 4) evaluation of the enterprise's facilities and equipment state and analysis of the technologies used to reduce the negative impact on the environment;
- 5) assessment of the degree of the environment negative impact on the health and life of employees [5].

Environmental auditing of the enterprise is a tool for effective management, which allows the enterprise authorities to:

- 1) determine the strategy and environmental policy of the enterprise, optimize financial costs, taking into account environmental factors;
- 2) using resource-saving technologies, get tax breaks, subsidies for environmental funds, adjusting payments for natural resources;
- 3) eliminate the probability of extremely dangerous ecological risks emergence, prevent cases of occurrence of the damage connected with environmental pollution and irrational nature management;
- 4) establish relations with the population, public bodies, local government, supervisory bodies, to improve relations with environment protection organizations;
- 5) increase demand for the manufactured products and services in domestic and foreign markets;
- 6) increase the level of their production attractiveness for investors, form a favorable environmental image of the enterprise;
- 7) promote/advance the company to the world level of environmental standards [3].

The next important issue of ecological auditing is the identification of its principal stages. Most experts conclude that the following auditing stages are the basic ones.

1. Environmental audit planning involves the formulation of its purpose, specification of the scope, methodological support, criteria, sequence of conducting so that it was performed with minimal costs, high quality, and timely. Planning allows you to distribute work among auditors effectively.

The time spent on planning depends on the scale of the audited entity, the complexity of the audit, the experience of auditors, as well as their knowledge of this activity features.

The head of the audit team (auditor) has the right to discuss the auditing plan with the management of the enterprise audited to improve the effectiveness of the audit and coordinate the implementation of auditing procedures with the activities of the staff. The head of the audit team is responsible for the quality and timeliness of the plan development.

2. The environmental audit program provides for the formation and documentation of the audit program by the head of the audit team (auditor), as well as the specification of the auditing plan.

The audit program is the basis for defining the auditing procedures, and it is a means to verify the proper performance of the audit. When preparing the program, the auditor should take into account:

legal regulations and requirements to the enterprise activity, protection of the environment, providing the technogenic, energetical, and ecological safety, and protection against emergency situations;

the required level of certainty and assurance to be provided in auditing verification procedure;



the provisional time frame for verification procedures;  
the need to coordinate interaction with staff;  
the feasibility of involving technical experts;  
the specific conditions of the enterprise activity.

The audit plan and audit program are specified in the schedule and, if necessary, specified in the course of auditing. The auditor plans his activities, taking into account the circumstances or unexpected results obtained during the auditing procedures.

3. Conducting the environmental audit, that implies:

- establishing the first contact with the company under audition;
- analysis of the documentation submitted by the audited entity;
- preparation for the on-site audit;
- conducting an audit «on the spot» (examination of documentation);
- documentation and support of protocols under the environmental audit

program;

- drawing conclusions on the ecological audit results;
- development of proposals to improve the results of the enterprise;
- statements and explanations to the management of the audited enterprise;
- preparing the environmental audit report;
- environmental audit conclusions;
- completion of the environmental audit.

An enterprise that has introduced an environmental management system ought to be systematically audited to improve the effectiveness of the system. If the verification confirms that the system complies with the requirements of the international standard, the enterprise shall be entered in the appropriate register and shall have every reason to use a certain eco-label, indicating it on the product label or packaging.

The environmental audit will help the company not only reduce its costs in the production process and increase profits but also ensure public confidence in their products and, consequently, steady demand for these products. Therefore, at the present stage of the market relations development, business leaders should realize that ignoring the environmental factor, in the long run, can cause several problems, in particular, lead to imbalances in the national economy.

It supplements the environmental management system attractiveness for the investment projects and significantly increases consumer's interest in the company's products or the services provided. The effective functioning of the environmental management system and certification of the enterprise is one of the significant advantages of any company in the competition.

### **References:**

1. Biliavska, Yu. V. (2016). Environmental management of the enterprise.

*Ukraine economy*, 4, 104–111.

2. Sahaidak, Yu. A. (2015). Ecological Management: New Opportunities for Ukrainian Enterprises. *Economy. Management. Innovations*, 2.

3. Siebert, H. 1998. Economics of environmental theory and policy. *Berlin: Springer*, 187.

4. Smolenskyi, I. (2014). System of ecological management in the enterprise. *Ukraine economy*, 12. 73-80.

5. Soderbaum, P. 2000. Ecological economics: a political economics approach to environment and development. *London: Earthscan*, 287.

## **PART 4. THE LEGAL, SOCIOCULTURAL AND EDUCATIONAL ASPECTS OF SOCIETY MANAGEMENT**

### **ENVIRONMENTAL COMPONENT OF CORPORATE SOCIAL RESPONSIBILITY OF THE ENTERPRISE**

*Valerii Ilin,*

*Doctor of Sciences (Economics), Professor,  
University of the State Fiscal Service of Ukraine, Irpin, Ukraine,*

*Olena Iliina,*

*Ph.D. in Economics, Associate Professor,  
Kyiv National Economic University named after Vadym Hetman,  
Kyiv, Ukraine,*

*Oleksandr Solod,*

*Postgraduate student,  
Poltava State Agrarian Academy, Ukraine, Poltava*

A leading role in the establishment of market economic system and to ensure progressive socio-economic development take a business. Given the complexity of purposes and the diversity of priorities of the strategy of sustainable development, one of the main ideological and practical tools for its is social liability business activities, the effective implementation of which has significant potential in addressing a number of socially significant problems of the present to ensure economic, social and environmental security of the state by reducing the level of unemployment, drastic increase of efficiency of realisation of industrial potential of the country, maintaining a social balance in society in times of economic crises.

Solving environmental problems is possible only by combining the efforts of business, government and citizens to develop a common concept of doing business, the central core of which is awareness of the uniqueness and exhaustibility of natural resources, understanding the complexity of the relationship between economic and non-economic resources. This is evidenced by the active involvement of companies around the world in the Global Compact – a UN strategic initiative in which companies voluntarily commit to follow, support and implement core values in the field of human rights, labor standards, environment defense, anti-corruption [8], that is, to profess and apply in practice the principles of socially responsible activity. Accession to the Global Compact companies to go beyond traditional approaches based on the neoliberal philosophy of «corporate selfishness» and change strategy and tactics of behavior in favor of socially responsible activities. An important role belongs to the environmental component of

CSR, the introduction of which in the activities of the enterprise allows it to take an active part in identifying and timely prevention of environmental risks [1, 6, 10].

Trends of globalization and internationalization are forcing more and more companies to move by increasing their competitiveness based on environmental parameters, thus affecting the rest of the business entities. Untimely perception of these processes carries the risk of loss of market position for enterprises. Therefore, an important task is to study the real world experience of implementing the environmental component of CSR in the business sector of the country

Most firms now view the environmental responsibility of business as legal and voluntary activities, which can increase the competitiveness of the firm and consolidate its reputation under the influence of various social and economic agents (stakeholders).

According to stakeholder theory, because all stakeholders are legitimate business partners, a business unit must consider the impact of its actions on all stakeholder groups. By looking at the planet as the ultimate stakeholder within this concept, businesses must bear accountable for the damage they do to the environment. The application of stakeholder theory to the concept of environmental responsibility of business combines the recognition of stakeholders of the urgency of environmental issues, which is transformed into strategic actions to improve the environmental policy of the enterprise, and possibility of integration of various stakeholders.

The environmental component of CSR greatly contributes to the commercialization of socially responsible initiatives. In the conditions when the society of consumption of services of qualitatively new character is formed, only those companies which are fully capable to satisfy a high level of basic human needs can compete. The growth of the prestige of a healthy lifestyle, fashion for various recovery methods, popularization of sports, propaganda against smoking, alcoholism and drug addiction have led to the expansion of the network of stores offering organic food and clothing, intensification of state support for those sectors of the economy, serving the needs of culturally and aesthetically new products (environmentally friendly agriculture, cooperative workshops, development of technology that does not harm nature, creation of a network of rehabilitation facilities, resource-saving types of tourism, etc.) [2, 7, 8].

Thus, it can be stated that the environmental component of CSR is closely related to the ethical norms of the business community, which complement the system of environmental norms and requirements established in legislation, standards, etc. It is a conscious and motivated participation of business in various activities aimed at preventing and minimizing negative impacts on the environment, rational use of nature, saving of raw materials

and energy resources in the process of economic activity, involvement of waste in economic turnover, prevention of emergencies situations, support of health care measures, preservation of cultural and historical heritage, biodiversity and natural areas of special protection, preservation of endangered species, etc. To overcome environmental problems, socially and environmentally responsible companies use the following tools: environmental impact assessment in the development of strategies and plans for economic development environmental audit, which allows to detect environmental violations at an early stage; environmental insurance, which provides compensation for damage to the environment; certification for compliance with environmental standards; introduction of the concept of technological standardization on the basis of the best available technologies; social reporting containing the environmental component [3, 4, 5, 9].

Consider one of the most common approaches to the definition of ECR, which is to compliance with 3 criteria: compliance with environmental commitments, energy and raw materials management, effective stakeholder involvement (tabl. 1).

**Table 1**

*Criteria for determining environmental corporate responsibility*

Criteria	Signs of environmental social responsibility
Compliance with environmental obligations	<ul style="list-style-type: none"> <li>— corporate vision of the company fully complies with the concept of sustainable development and the concept of social responsibility;</li> <li>— protection and restoration of the natural environment are determined by the strategic priorities of the company;</li> <li>— awareness that the economic system operates within an ecosystem that is limited;</li> <li>— the company adheres to and acts in accordance with the requirements of environmental legislation;</li> <li>— the company is fully responsible for the damage caused to the environment;</li> <li>— corporate culture based on environmental values is encouraged</li> </ul>
Energy and raw materials management	<ul style="list-style-type: none"> <li>— efficient use of natural resources;</li> <li>— creation and use of renewable energy and materials;</li> <li>— the company is guided by systematic thinking in its activities;</li> <li>— the company tries to minimize carbon dioxide emissions (if it is related to the profile of activity);</li> <li>— there is a constant analysis of environmental achievements and the search for new environmental solutions;</li> <li>— the company constantly analyzes environmental costs and benefits</li> </ul>
Effective stakeholder involvement	<ul style="list-style-type: none"> <li>— the company informs local communities and authorities about the environmental consequences of its activities;</li> <li>— the company is accountable to the community and other stakeholders for its activities;</li> <li>— the company takes into account the views and wishes of stakeholders in the development and implementation of its own projects;</li> <li>— the company's activities are transparent, including information on the impact of its activities on the environment;</li> <li>— the company constantly analyzes and regularly reports on its impact activities on the environment</li> </ul>

Thus, an integral part of corporate social responsibility is the protection of the environment, the rational use of natural resources, the creation of appropriate conditions for environmental safety of enterprises and human life. It is the environmental safety of the enterprise action is a certain indicator of its corporate social responsibility. Despite the differences in environmental activities, companies usually follow approximately the same algorithm to minimize the negative impact of their activities on the environment.

The main elements of environmental responsibility of business are:

1. Introduction of corporate environmental policy. Companies that try to minimize the damage to nature caused by their activities are usually adopt a system of environmental principles and standards. At a minimum, most of these statements express the company's respect for the environment at all stages of production, the company declares compliance with environmental legislation, compliance with environmental legislation by the company.

An open environmental policy is pursued, according to which employees, partners, members of the local community and other stakeholders are informed about possible environmental damage from the company's activities. Typically, exhaustive information about the environmental policies of organizations is provided on their websites.

Environmental audit. For develop the basic principles of environmental policy, to determine its main directions, companies use a special environmental audit procedure, which allows to assess the real scale of environmental damage from the activities of the organization.

In general, environmental audit can be defined as a system of measures aimed at assessing the impact of the company's activities or its environmental actions on the environment.

The concept of environmental audit is quite broad, given that, companies use different types of it:

- verification of compliance of the organization's activities with regulatory environmental standards and its environmental policy (compliance audit) – the most common type of environmental audit, which is used by almost all manufacturers;

- issues audit is to assess how the company's activities affect on global environmental issues (global air pollution, ozone depletion, energy consumption, etc.). This type of audit is also used for environmental assessment of specific projects;

- assessment of work safety for the company's employees and possible negative impact on their health (health and safety audit);

- assessment of the ecological situation of a certain area (current state and prospects). This type of site audit is used by companies when deciding about relocation of production, opening new offices, etc.;

- corporate audit involves a full audit of the company – a review of its environmental policy, basic production and technological processes; product or life cycle audit involves the analysis of the impact of the company's products on the environmental situation at the stage of its development, production, sale, consumption, as well as during waste processing.

2. Involvement of employees in environmental initiatives. The management of environmentally responsible international companies is convinced that the company's environmental policy can be effective only if both management and employees and their family members are concerned about environmental issues and try to help in solving them. For this purpose, corporations are implementing a number of environmental education projects, which inform employees about how their work affects on the environment, how they can help improve the environmental situation through their actions (environmental education of children, waste sorting, purchase of products made from the least damage to nature, etc.). Some organizations have special programs for those employees who show disrespect for the environment and do not adhere to corporate environmental principles. That is, companies assert the environmental responsibility of employees through the prism of environmental ethics.

3. «Green supply». In order to ensure the environmental friendliness of goods and production processes, companies are trying to choose the so-called «green suppliers». Such suppliers supply goods and services that are less harmful to the environment. Some companies are grouped together to buy, on the one hand, to show the demand for «green» raw materials, and, on the other hand, to force suppliers to use environmental technologies.

4. Production of «green» goods. Manufacturers are trying to make their products more environmentally friendly by using environmentally friendly materials for its production, the use of innovative waste processing technologies, the use of closed-loop technologies.

Analyzing the trends of the implementation of the CSR concept in the domestic business environment, it should be noted that although 177 Ukrainian companies have joined the UN Global Compact, only 2 small companies are actively promoting environmental initiatives – «Soyuz-Continent» LLC and «Solar Alliance» Corporation [6]. As for the rest of domestic enterprises, even the leaders of socially responsible business cannot boast of having a strategy for the development of the environmental component of CSR. Although companies such as SCM, Obolon, Platinum Bank, Carlsberg, and METRO regularly report on CSR results, information on specific goals of eco-oriented activities for the future is not provided in the non-financial statements.

Summing up, it should be noted that the environmental component of CSR at Ukrainian enterprises is not implemented actively enough, measures

to green production are carried out unsystematically and in insufficient scale to overcome the negative impact on the environment. The lack of non-financial reporting by the largest industrial enterprises does not allow us to trace the sequence and assess the effectiveness of the measures taken. This situation requires a systematic approach to improving CSR in general and its environmental component, in particular, through the introduction of the principles of sustainable development in the production and economic activities of industrial facilities, including: introduction of new energy-efficient, resource- and material-saving technologies, which allow to reduce the depletion of natural resources and reduce the amount of industrial waste, the introduction of generally accepted environmental standards and compliance with environmental legislation, their obligatory consideration in the process of making managerial decisions; development of a corporate strategy for industrial waste management, primarily, through their reuse and recycling, safe disposal; conducting marketing research to assess the feasibility of environmentally friendly products; regular environmental audit and implementation of a system for monitoring the industrial impact of the enterprise on the environment.

#### **References:**

1. Andrushchenko, V. M. (2015). World experience of transition from traditional to organic agro–production and the possibility of its application in Ukraine. *Ahrosvit*, 7, 55–61.
2. Babayev, V. Y., Babayeva, I. O. (2012). Agroecological production as an innovative direction of development of agricultural enterprises. *BusinessInform*, 10, 166–119.
3. Chaplyhin, O. V. 2012. Environmental investments in the process of greening the economy. *Bulletin of Zaporizhzhya National University*, 3 (15), 154–158.
4. Demchuk, N. I., Donskikh, A. S. (2016). Ecological and economic component of increasing the competitiveness of sunflower seed production. *Investments: practice and experience*, 17, 27–32.
5. Koeber, C. 2011. Consumptive labor: the increasing importance of consumers in the labor process. *Humanity & Society*, 35 (3), 205–232.
6. Kovalchuk, O. D. (2017). «Cross Compliance» as an institutional norm of ensuring ecological agriculture in the European Union. *Economy of the AIC*, 9, 57–62.
7. Shubravska, O. V. 2014. Agri-food development of Ukraine in the context of global challenges. *Economy of the AIC*, 7, 52–58.
8. Stukach, V. F. (2013). Mechanisms of motivation of landowners in the field of application of soil protection technologies. Business. Education. Right. *Bulletin of the Volgograd Institute of Business*, 3 (24), 106–114.



9. Zagvoyska, L. D. (2013). Theoretical approaches to modeling the dynamics of ecological and economic systems. *Modeling of regional economy*, 2, 85–102.

10. Zakhovalko, T. V., Maksyshko, N. K. (2014). System approach to management of ecological and economic potential of agrarian enterprise. *Scientific herald of Kherson state university. Ser.: Economic sciences*, 7(4), 121–124.

## **PECULIARITIES OF THE LEGAL SUPPORT OF STATE MANAGEMENT IN THE FIELD OF MARKET- ORIENTED ECONOMY**

*Mykola Somych,*

*Doctor of Sciences (Economics), Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

State, economy and law – are, as known, interdependent phenomena and categories. Through the existing connections between these categories, the regularities of the relationship between the economic basis and the state-legal superstructure can be seen. The experience of many countries in the world shows that it is impossible to build a powerful state without relying on a well-regulated economy. The implementation of the relevant economic policy by the state requires dynamic and adequate development and improvement of the legal system, which involves the use of different management methods (Fig. 1).

At the present stage, the state is trying to create a comprehensive program of socio-economic development, reform the economy, provide the necessary management mechanisms, appropriate financial and budgetary, credit and monetary systems [6, 8].

At the same time, the scope of direct legal regulation of state management of the economy today is narrowing. If previously state ownership of the means of production dominated and strengthened, and most enterprises, associations and other objects were owned by the state, so it served to manage them through the system of its bodies [4].

Now the situation has changed radically. The processes of privatization of state ownership are being carried out, and accordingly the number of economic sites operating on the basis of this form of ownership is decreasing. Changing the ownership structure leads to a change in the structure of management itself.

As known, administrative methods of management result from the very

essence of the legal regulation of state management, which provides for the authority of some and the subordination of others. In this case, through the appropriate system of state management bodies, their officials, the state as a subject and owner of property fulfilled the necessary functions in the economic sphere.

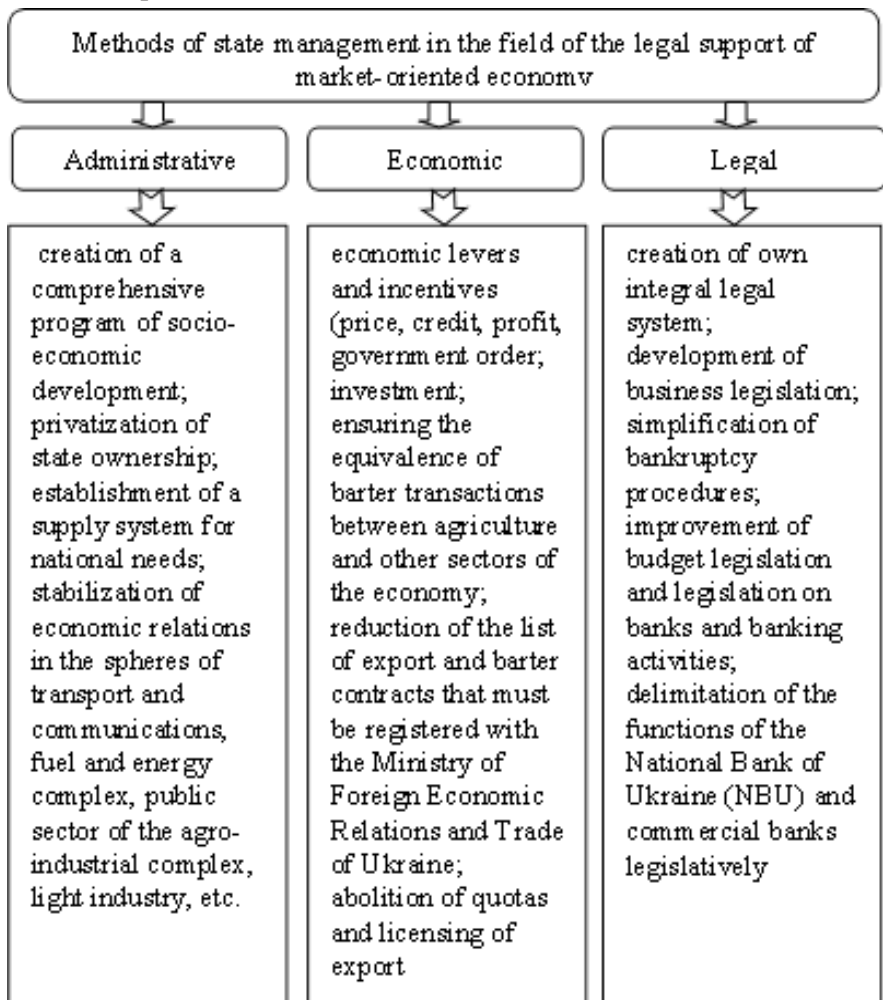


Fig. 1. The methods of state management in the field of the legal support of market-oriented economy

As known, administrative methods of management result from the very essence of the legal regulation of state management, which provides for

the authority of some and the subordination of others. In this case, through the appropriate system of state management bodies, their officials, the state as a subject and owner of property fulfilled the necessary functions in the economic sphere.

Administrative methods are based, first of all, on the making decisions that are compulsory for lower management and had a direct effect on the object of management by unilateral determination of its tasks, and in some cases – ways and means of performing them. Such an important tool, in its time, for example, was planning by the state. It was both a function and a method of state management [7, 10].

Of course, the state used economic methods, combining them with administrative ones. These methods are based on the use of such economic levers and incentives as price, credit, profit (income), government order, etc. The content of economic methods does not provide a direct effect on subordinate objects of management, but creates for them (with the help of economic levers and incentives) such an economic situation that would dictate their behavior in order to achieve positive economic results, i.e. would stimulate economic interest.

With the dominance of non-state property, the state will implement an appropriate policy in the economic sphere, instrumenting economic, organizational, social and other functions [3]. But at the same time, such a policy should be dominated not by dictate, but by regulation, control, coordination, etc., as well as mainly economic methods, which are based on a reasonable tax system that would stimulate production and entrepreneurship. The credit policy implemented by the state also needs to be improved.

In general, in such an economic situation, taking into account the restructuring of property, the task is to turn the first, though hardly developed market principles, into an active tool that would promote the effective operation of all participants in social production.

At the same time, a lot of opinions are expressed today, the content of which is reduced to the complete disregard of centralized regulation by the state, the possibility of its functioning only on the basis of market relations. Furthermore, the history of economic development of Ukraine, a large scale and structural complexity of the national economic complex, the division of labor and its cooperation, other factors, the presence of which requires centralized regulation of economic processes, are not taken into account.

However, social production, distribution and exchange consist of many industries, which are independent systems with their internal relationships and patterns of functioning. Considering such factors, they cannot simply be ignored and one cannot build the economy solely on market mechanisms. The essential role of the state in the economic sphere should not be abandoned, the role of state regulation and management should not be underestimated.

An important tool of state regulation of the economy, as well as state management in general, was, is and will be law. Ukraine, as a sovereign state, has made significant steps towards creating its own integral legal system. In recent years, the Verkhovna Rada has passed many laws regulating the relevant relations concerning property, entrepreneurship, banking, investment and foreign economic activity, taxation, consumer rights protection, monetary policy, privatization, etc. These are the so-called “economic” laws [3, 4, 5].

The importance of proper legislation for solving challenging problems of economic development is evidenced, in particular, by the experience of creating and developing the legal conditions for foreign investment. Attracting foreign investment is one of the essential tools of financing the production, the socio-economic, scientific and technical development of the state.

The current legislation defines two main types of foreign investment: investment used in cooperation with national entrepreneurs and investment as a kind of independent, entrepreneurial activity of a foreign legal or private person.

Speaking about the problems associated with the development of new legislation and the improvement of existing one, through which state regulation is carried out in the economic sphere, it should be noted that the formation of market fundamentals of the economy requires structural changes in the state regulation of relations arising in the stock market of capital, credit and foreign exchange markets, labor market and commodity market. Each of these segments of the nation-wide economic market needs its own and at the same time mutually agreed and defined by law mechanisms of state regulation [1, 2, 9].

Under the current conditions, it is quite reasonable to develop entrepreneurial legislation by creating norms that establish the principles within the sectoral codifying acts, as well as in the legislation of an integration nature, which has already formed a separate complex branch of legislation. Securities legislation, investment, exchange, insurance, banking legislation and others can be considered as the main components of this legislation. Within this legislation, the scope of public-law regulation of business relations, forms, methods and limits of interference of state institutions in these relations should be determined.

Among the legal acts that could contribute to this goal are the Law of Ukraine “On State Support and Legal Protection of Entrepreneurship”, as well as laws aimed at fighting corruption, organized crime, racketeering, which should guarantee safe conditions for the development of business activities. It is necessary to sharply reduce the number of permits and licenses required to run a business. Much attention should also be paid to a clear

identification of the procedure for recovery against property and monetary funds. In particular, it is advisable to simplify the bankruptcy procedure in order to allow creditors to recover their funds by confiscating certain acts of bankrupt enterprises.

The Law of Ukraine “On Enterprises in Ukraine” should be revised in terms of clarifying the legal status of the category of state enterprises that require the establishment of a special regime of operation. The Law of Ukraine “On Business Companies” should remain basic in the creation of future legislation on business entities and business partnership. This act must clearly define their legal status [4].

Improving the legislation areas on state regulation of the economic development of society should be aimed at creating conditions that would encourage private and legal entities to have investment accumulations through capitalization of profits, as well as an optimal and effective tax policy of the state.

It is important to regulate tax relations by creating the necessary legal framework that would guarantee the stability and predictability of taxation, would provide the conditions and mechanism for proper payment of taxes by all taxpayers.

The state of development of legislative regulation of Ukraine’s economy convincingly indicates the transition from mainly administrative to economic methods of management. An effective tool of attracting private capital (including foreign one) to Ukraine’s economy could be a wider introduction of special (free) economic zones, which is not possible without the use and implementation of appropriate legal mechanisms and the adoption of a special state program on this issue by the Verkhovna Rada [1, 3, 4, 7].

In the field of the financial support for economic reform, the budget legislation and the banking law need further improvement. It is necessary to determine the legal status of the National Bank of Ukraine as the central banking institution of the state by a special legislative act and clearly identify its competence. It is also necessary to legally differentiate the functions of the National Bank of Ukraine (NBU) and commercial banks, to broaden the powers of the NBU regarding the control and supervision of banking activities.

One of the important aspects of the state’s influence on the economic development of society is the legislative establishment of the system of supplies for national needs, stabilization of economic ties in the field of transport and communications, fuel and energy complex, public sector of the agro-industrial complex, light industry, etc.

In the near future, special legislative acts should regulate the relations on state-guaranteed provision of agro-industrial facilities with modern equipment, mineral fertilizers, pesticides and support services, procurement

of agricultural products for the state needs. The main task of state regulation of economic development of the agrarian sector is a wide use of economic levers, ensuring the equivalence of barter transactions between agriculture and other sectors of the economy.

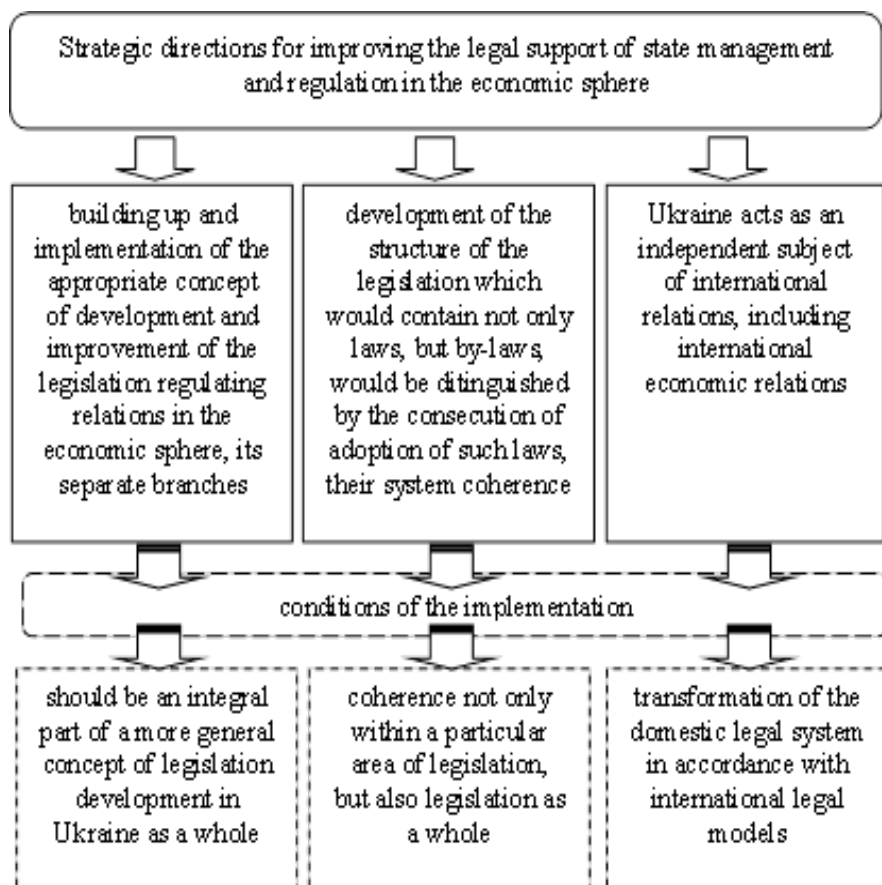


Fig. 2. Strategic directions for improving the legal support of state management and regulation in the economic sphere

In the field of state regulation of foreign economic activity, it is necessary to reduce the list of export and barter contracts to be registered with the Ministry of Foreign Economic Relations and Trade of Ukraine; to abolish setting quotas and licensing of export, the institution of authorized exporters; to allow representative bodies of foreign companies and enterprises with foreign investments to pay salaries to Ukrainian citizens in foreign currency [1, 6, 9].

In the near future, it is advisable to change the statutes of Ukrainian law that govern the opening and use of bank accounts by foreign investors and foreign private entities in Ukrainian banks, which would ensure simplification of the procedure for opening and using such accounts in national and foreign currencies.

In addition to the areas of improving the legal framework of state management and regulation in the economic sphere, some strategic directions should be developed (Fig. 2).

The proposed directions of the legal support for state management and regulation in the economic sphere will help to accelerate and increase the efficiency of state development and will be the subject of further research by scholars in both legal and economic areas.

### References:

1. Verkhovna Rada of Ukraine (1996). Constitution of Ukraine. *Poltava Publishing House*, 44.
2. Civil Code of Ukraine (as amended and supplemented [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/435-15> [Accessed 27 June 2020].
3. Verkhovna Rada of Ukraine (2012). About employment of the population: *Law of Ukraine, dated from 05.07.2012, #5067-VI. Accounting*, 44, 15–40.
4. Verkhovna Rada of Ukraine (2017). Code of Labor Laws of Ukraine: current legislation with amendments and supplements, dated from 05.09.2017: (corresponds to the official text), *Kyiv: Center for Educational Literature*, 84.
5. Ministry of Labor and Social Policy of Ukraine (2005). The procedure for providing unemployment benefits, including a one-time payment for the organization of unemployed entrepreneurial activity: approved by Order of 20.11.2005, №307. *Financial Affairs*, 17–18, 11–18.
6. Bodrov, V. G. , Baldych, N. I. & Safronova, O. M. 2013. Public administration in the financial and economic sphere: teaching methodical materials. *K.: NADU*, 88.
7. Mironenko M. The need for state regulation of economic development in modern conditions (2012). *Collection of scientific works : "Efficacy public administration"*, 32, 433–440.
8. Nagrebelny, V. (2013). Legal support of state modernization management and government regulation in the economic sphere of Ukraine. *Bulletin of the National Academy of Legal Sciences of Ukraine*, 2(73), 133–140.
9. Romanets, O. A. (2011). The nature and content of state regulation of agriculture. *Public administration: improvement and development*, 5.

[ONLINE]. Available at: <http://www.dy.nayka.com.ua/?op=1&z=480>  
[Accessed 20 June 2020].

10. Tkach Ye. Yu. Є. Ю. (2014). 2014). Regulatory and legal support of public administration of the health care system in Ukraine. *Manager. DonSU*, 1(67), 177–183.

## **FORMATION OF SOCIAL WORKER READINESS FOR INTERACTION, SOCIAL PARTNERSHIP IN THE SYSTEM OF HIS PROFESSIONAL TRAINING**

*Tetiana Opaliuk,*

*Doctor of Sciences (Pedagogical), Associate Professor,  
Kamianets-Podilskyi National University named after Ivan Ogienko,  
Kamianets-Podilskyi, Ukraine*

Formulation of the problem. It is natural that the search for models of optimization of professional training of future social workers, including in terms of ensuring their readiness for interaction, social partnership, should be conducted at all levels, from methodological, conceptual, to technological, substantive-procedural, and methodical.

When comparing the models of professional activity of a social worker and his professional training, it is worth focusing on the positions and problems that are common to them. In particular, it refers to the interaction of the teacher and students, students with each other (subject-subjective relationships) as the basis of modern competence education, as well as the model of social work, according to which the client is its subject, an active accomplice in solving the problem.

This means that the modernization of the system of professional training of the future social worker involves the search for effective forms and methods not only for his purely professional training in the traditional format (knowledge, ability), but also for ensuring readiness for interaction, forming constructive relationships of all subjects of social work (assistance), especially its central link - the interaction of the social worker and the client. In this context, it is necessary to study the problems of the theory and practice of integrating the substantive and procedural components of professional activity and training of a social worker, that is, the possibility of forming a situation according to which interactive activity will become the purpose and at the same time a means of professional development of a specialist.

Analysis of Literary Sources. Problems of the essence of social work, theoretical, methodological foundations and practical models



of its implementation have been the subject of systematic research by such scientists as V. Savitska, I. Hryga, S. Hrigoryev, M. Lukashevich, B. Lunitsyn, I. Malofeev, I. Myhovich, V. Poltavets, G. Popovich. In accordance with the peculiarities of the professional activity of the social worker, based on interaction, cooperation, determined meaningful, technological, methodological approaches to ensuring the effectiveness of their personally oriented training in

the system of traditional and innovative professional education (N. Lavrychenko, I. Kurlyak, O. Ivanova, N. Ostanina, etc.)

Scientists pay special attention to those features of the profession of social worker, which concerns the format of activity in the system «person-person», the priority of subject-subjective forms of professional activity, respectively – the importance of professional-personal characteristics that determine the ability of the specialist to constructive interpersonal relationship with the client, other subjects of social work.

According to V. Savitska, “... the main characteristics of a social worker as a subject of professional activity are not only knowledge, and skills, but also the motivation to master the profession; practical, humanistic and professional orientation; professional-value orientations; personal potential; professionally determined (significant) qualities; professional culture; individual style of behavior; professional competence and the need to achieve professionalism [1, pp. 8–9].

All these characteristics indicate the qualities of a specialist to help him or her organize through interaction, cooperation based on the structural and technological model of social assistance, including external subjects and factors of influence.

Much less attention is paid to researchers studying the interdependence of vocational education and training systems and the possibilities of using them to modernize the current model of training for social professionals.

The purpose of the article is to analyze the theoretical and practical bases of forming the social worker’s readiness for interaction, social partnership in the context of the competence model of his professional training, determining the priorities of process optimization.

Presenting the main material. Current trends in the modernization of the social assistance system, especially with regard to the active part of the population, children and young people, are reflected in the increased level of cooperation between those who need help and who provides it, reducing the proportion of direct influence (intervention, coercion) activating the position of the first. The main problem is that the specialist should offer such an algorithm for solving a socially significant problem, in which the client not only receives qualified help, but also learns to navigate in the conflict social space, to make adequate decisions independently when needed.

This is possible provided that the social worker performs two functions at the same time: the one directly related to the assistance and the facilitator, whose main purpose is to involve the client directly in the activity, enhance the active position in solving the problem. The specialist unobtrusively offers the client the role of an accomplice whose activities are to jointly analyze the problem, offer possible options for determining the underlying causes, interested in the view of their approaches to solving the problem. In fact, it is a matter of cooperation between a specialist and a client in solving socially significant problems, providing quality social assistance.

The various forms of interaction that determine the basis of purposeful, constructive cooperation between the social worker and the client not only significantly determine the effectiveness of social assistance, but also form a positive attitude to it in the long term, as it is associated not only with the solution of the problem, but also with environmentally friendly, effective forms of relationships with a specialist.

Analysis of the results of theoretical and empirical research on this issue showed that social work, social service in the vast majority of research is treated as an interaction:

- between different state social institutions, public charities implemented within the framework of social partnership, matching the needs and opportunities of different social service providers within the relevant social groups;

- between social assistance subjects and individuals, social groups in need, creating a situation of intensifying the efforts of all participants in the process and their aim to jointly solve socially significant problems within the capabilities of social organizations / social workers and clients' ability to cooperate.

This means that specialists in the field of social work, social services should be ready for interactive activities / interaction, social partnership, which is an important component of their professional activity.

These positions determine the need to align with current requests and the system of professional training of social workers. Therefore, the content of the professional training of a social sphere specialist should include segments aimed at shaping his / her readiness for interaction, social partnership, which implies:

- a) complex and in-depth analysis of the social situation from the point of view of the effectiveness of interaction of its participants, mobilization of joint efforts to solve the problem;

- b) understanding of the theoretical foundations of interaction within the framework of social partnership, mechanisms and tools for their activation;

- c) mastery of techniques, technologies, as well as specific methods and techniques of forming interactive activities at different levels, starting

from the interaction of social institutions within the framework of social partnership, ending with the technology of providing social assistance at the level of cooperation between the social worker and the client;

d) students' ability to self-diagnose, self-analyze the level of competence formation related to interaction, cooperation, partnership, to programming the individual trajectory of professional and personal self-development in this aspect.

Analysis of domestic and foreign experience of professional training of social workers (presented in the works of such scientists as I. Hrig, S. Hrygoryev, D. Koks, M. Lukashevich, B. Lunitsyn, I. Malofeev, I. Mygovich, M. Pein, V. Poltavets, G. Popovich, etc.), as well as some of their own experimental and research activities make it possible to highlight a number of problems that explain the insufficient level of ability of future specialists to different levels and forms of interaction, among which special attention should be paid to the following:

1. Insufficient attention in the system of vocational education is given to the formation of the necessary personal qualities of the future employee of the social sphere, his ability to empathy, which is based on understanding the phenomenon of human suffering and the natural need for complicity, initially personal, and then professional.

2. Problems of integration of theory and practice of vocational training of social worker, accordingly, low level of practical orientation of training, especially in the part of integration into real social environment at the level of settlement, region, where the future specialist uses non-traditional examples described in textbooks, other literature but takes them from real practice, the realm of the closest environment. As a result, he joins as much as possible in his competence and ability to participate in solving socially significant problems in the real social sphere.

3. Insufficient level of interaction of structures belonging to the system of social work, social protection of the population with vocational education institutions at the level of joint scientific research, special social projects, integrating the efforts of social institutions and institutions of vocational education, as well as finding the optimal model of organization of industrial practice of future specialists in social work.

According to researcher O. Ivanov, "such a situation has arisen due to the peculiarities of the process of institutionalization of social work in Ukraine, which characteristic features were:

1) spontaneity – since such training began at the level of the educational institutions themselves, provided that there is no national concept and state standards for training specialists in the field of social services;

2) training specialists in the social sphere within such areas as «sociology» or «pedagogy», which is reflected in the content and structure of curricula;

3) the development of training programs in the framework of partner projects, and as a result, they largely reflect the standards of training of specialists in the educational institutions of partner countries;

4) licensing of a large number of educational establishments of only one of the educational and qualification levels in the specialty, which, for the most part, is a cause of violation of the principle of continuity of education and inconsistency of the content of curricula and programs [2, pp. 129–134].

The systematic implementation of a competent model of vocational education necessitates the modernization of the system based on integration processes, counteracting the above disadvantages and problems. Competent education also, by its very nature, involves the active use of personally-oriented technologies for the organization of the pedagogical process in higher education institutions (HEI), which are based on the interaction of the experiences of the educators and learners (I. Yakimanskaya), as well as adequate interpersonal relationships.

Therefore, the future social worker should receive not only specific knowledge of the theory and practice of organization of interaction in the process of providing social assistance, but also to acquire possible real experience of activity in the system of subject-subject relations. In addition to the traditional forms and methods of ensuring the practical orientation of the system of professional training of a specialist designated specialist through various types of training and production practices, it is important to explore other opportunities for the formation of practical competences related to direct activity, complicity in the organization of social work in the region.

From this point of view, we will analyze the potential of directly learning activities in HEI in developing the student's ability to cooperate, interpersonal interaction. A comparative analysis of the structure of the educational activity of the future social worker and his professional activity indicates that, despite the difference of purpose and functional orientation, they have much in common, especially regarding the relationships of the participants:

- a model of activity is implemented, based on the participation of an adult (educated, professionally literate, experienced) and a person who requires a qualified help from a specialist. Here you can also analyze the model of subject-objective and subject-subjective relationships, where the processes of dominance by type «adult-child», or cooperation by type «adult-adult», regardless of the age characteristics of the participants of the process ;

- equally urgent is the problem of unconditional acceptance of the parties and recognition of the right to their own position as a condition for ensuring not only the interaction of experiences, but also the psychologically comfortable atmosphere that accompanies these activities;

- the fact of joint activity and joint responsibility for its results, which for the specialist are associated with the situation of professional success, personal self-realization in the profession, competitiveness in the labor market, for the client / student - are associated with receiving valuable, personally meaningful help necessary for solving actual problems ( life, education, professional).

We have defined the target priorities and professional-personal positions of the teacher, necessary for the organization of constructive interaction within the framework of personally oriented learning technologies, formation of professional competence of the social worker:

- unconditional adjustment to an innovative type of learning, which is based on the interactive activity of the teacher and students, students among themselves, based on the interaction of positions, ideas, experiences, etc. ;

- provision of an understanding of the nature, theoretical and practical foundations of competency-based education, which involves not only the formation of competencies necessary for the successful activity of future social workers, but also the capacity for self-education throughout life;

- formation of such a model of the educational process by which the active position of the student is projected, which consciously and purposefully develops the competences necessary for professional activity, the ability to interact, focusing not so much on the teacher's assessment, but on the self-esteem due to correlation of the really obtained results of the educational activity with the corresponding problems of the educational activity which are expected, and fixed for learning purposes;

- ensuring a balance of external management functions and internal self-management, in which the student increases the sense of direct involvement in the planning, implementation and determination of the effectiveness of educational activities, gradually approaching the implementation of the model «I-graduate», «I-social worker»;

- strengthening the connection between theory and practice of future social workers' professional training, attraction of information regarding their own experience of socialization, practice of solving social problems, behavior models in socially oriented life situations, etc.

- increasing the share of analytical-reflective, social-reflective activity in the structure of vocational training, facilitating the student's identification of a personally oriented trajectory of professional formation, respectively – subjective position in its structure;

- facilitating the formation of models of team activity of students to solve professionally significant problems, the use of special methods of stimulating mutual interest in cooperation, personal trust in each other, creating a psychologically comfortable atmosphere that accompanies the interaction of the subjects of educational activities, increases the effectiveness of

cooperation;

- planning of special work on the development of students' personal qualities necessary for productive interaction both in the framework of educational activities and future professional - in the process of providing social assistance, using interactive technologies of social work;

- constant work on the development of professional competence, social and communicative culture, ability to systematic social and reflective activities, strengthening the share of educational technologies that are implemented on an interactive basis.

When organizing the educational process on an interactive basis, it is important to remember that this creates a situation that a priori serves as a significant factor in the student's self-actualization (after all, as a teacher).

From this point of view it is necessary to analyze the success factors of actualization / self-actualization, determined by the outstanding American psychologist, founder of humanistic psychology A. Maslow: favorable social situation of development (objective circumstances of life, state of the family, conditions of education); meeting the needs for kindness, love and friendship, involvement with the group, social status; the desire to meet cognitive and aesthetic needs, the need to know and understand; unconditional positive attitude from others, trust; self-esteem, positive self-concept; self-determination, finding one's meaning in life; getting to know other people and establishing relationships with them, sincerity and open dialogues [3, pp.146–147].

The analysis of these factors shows that the basis of personal self-realization in professional activity, educational process, social, life space is the harmonization of relationships of individual, personality-oriented and group, socially significant. In fact, it is a situation related to its social content, in which the subject of activity has the opportunity to form its positive «I-concept», which serves as the basis of personal self-determination, finding their own meanings of activity, life, has the opportunity to satisfy their immanent needs.

Self-realization in the presented context is possible under the condition of a favorable, positively tuned social environment, in which not only friendly relations with its subjects are formed, but also constructive cooperation is possible, which has a stimulating and facilitative effect in solving common problems of educational and professional social activity. Therefore, a favorable social situation is associated with the processes of enhancing positive well-being in the group, adequate social status in it, respectively, the processes of stimulating unconditional positive attitude from other subjects of training / professional activity, trust, sincerity, open dialogical communication, as well as cognition of others establishing constructive relationships with them.

Diagnosis of a student's emotional and psychological well-being will serve as an important criterion for the effectiveness of the educational environment, the level of his or her aptitude for the student's self-realization in the process of professional development. The fact that the student will be directly involved in providing psychological support for interactive learning activities not only enhances his activity, subjectivity in this process, but also contributes to the acquisition of professionally valuable competencies in organizing social work on an interactive basis as interaction and cooperation of social worker and client, partnerships with other state and non-state social assistance institutions.

Conclusions. Therefore, the study of theoretical and practical problems of forming a social worker's readiness for interaction, social partnership is one of the priorities, necessary conditions for implementation of a competent model of his professional training. The results of the comparative analysis of the systems of professional activity and vocational training of the social worker according to the competence paradigm indicate that there are common positions in the relations between the subjects of the systems. Highlighting the most common problems in this aspect gives the opportunity to focus on the most important areas of modernization of the content and technologies of social worker training, his readiness for interaction, social partnership.

To summarize, it is important to emphasize that readiness for interaction, cooperation and partnership is not only a professionally significant competence of the social worker, but also a factor in shaping the nature of an appropriate, supportive environment necessary for self-fulfillment in any activity, including education. Therefore, under the appropriate conditions and professional position of the teacher, the student will be interested in forming a socially oriented educational environment, actively participating in its creation.

### **References:**

1. Savitska, V. (2015). Preparing future social workers for professional practice based on a praxeological approach. *Avtoref. dys. ... kand. ped. Nauk, 2015. Rivne: Nats. un-t vod. hosp-va ta pryrodokorystuvannia*. Tekst.
2. Ivanova, O. (2003). Basic conceptual aspects of developing standards for training social workers. *Topical problems of professional training of social workers in Ukraine and abroad: proceedings of the international scientific and practical conference*. Uzhhorod: Mystetska liniia,
3. Gazman, O., Kostenchuk, I. 1995. The humanization of education in modern conditions. *Moskva: UVC «Innovator», Pechat'.*

## **MODERN FEATURES OF ENTERPRISE PERSONNEL MOTIVATION**

***Oleksandr Dorofyeyev,***

*Doctor of Sciences (Economics), Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Maksym Martynenko,***

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine,*

***Oleksandr Roi,***

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Formation of a motivational mechanism for the enterprise personnel provided its current differentiation means that managers must be resourceful enough to adapt to certain cultural differences as well as different values of different generations.

It should be understood that the known early and modern theories of motivation were developed mostly by American psychologists and found confirmation in research among American workers. Therefore, their application in the practice of domestic enterprises requires adaptation and harmonization, taking into account existing features.

Motivation as a process involves taking into account objective factors (situations, events and phenomena that are formed in the environment of the subject activity regardless of it) and subjective (related to the stability of the subject's psyche and how he perceives these situations, events, phenomena and how he treats them). Factors of an objective nature can be considered as a sphere of external motivations for activity (incentives) and subjective – as a basis for internal motivations (motives).

As J. Zavadsky points out, "... motivation includes material and immaterial motivations, which are based on the purposeful formation of labour motives as well as on the use of already existing motives. In the process of motivation a lot of economic, organizational and legal, social and psychological, technological and other factors must be regulated in such a way that the activities of employees are carried out in the desired direction. Under the condition of correct actions of the management it is possible to activate the personality, its intellectual, emotional and volitional spheres, to provide realization of potential intellectual-creative and physiological possibilities of each worker" [1, p. 477–478].

A lot of works of foreign and domestic scientists and researchers are devoted to the issue of personnel motivation, but the complexity of motivation is that the structure of needs is different for different people, in



addition, they change depending on the situation and over time.

During the formation of a motivational mechanism it is necessary that it is based primarily on a system of material and immaterial incentives. However, it should be considered that effective motivating factors are also proper organization of the production process, adherence to the principles of social justice, friendly mutual assistance, professional development, assignment of complex and responsible tasks, study trips, personal example and business assignments. An important element of the general moral and psychological state of man is the factor of job satisfaction. The factor of job satisfaction creates a positive mood, the necessary emotional state for optimism, even in difficult and stressful situations. At the same time dissatisfaction of job for a long time causes hypochondria, pessimism, inertia and often leads to professional burnout.

Another one of the main effective mechanisms of motivation is the skillful stimulation of short-term, medium and long-term goals and objectives facing the individual. The motivating goal becomes the motive. A person who does not have a clearly defined goal as a rule has fewer achievements in work, lives today, is satisfied with basic needs and it is difficult for him to find motives.

It is important to create a motivational climate of authority and activity control, to establish a relationship of trust between people, to develop communication processes, meeting the needs of employees in emotional contact, to increase the degree of motivation of individual needs, as much as possible to take into account individual susceptibility to various forms of incitement.

To form the motivational mechanism of the current heterogeneous personnel, the management of enterprises and organizations need to apply flexible approaches. For example, research results indicate that women at work attach less importance to independence than men. In contrast, for men the opportunity to study, have comfortable working hours and warm relations between employees are less important than for women.

As well-known management researchers S. Robbins and D. DeChenzo point out in one of their works, "...managers should keep in mind that the motivation of a single mother with two minor children who has to work full time to support her family can be strikingly different from the motivation and needs of a young single employee working part-time or from the needs of an elderly person working to supplement his pension income. Employees have different personal needs and goals that they hope to meet through work. An effective motivation can be the offer of different types of rewards to meet the different needs of employees" [5, p. 416].

Considering the work of domestic and foreign researchers on management as well as their own observations, we can hypothesize that the effectiveness

of personnel activity increases if we differentiate the tools of incentives in relation to some individual groups.

Motivating managers it is necessary to put income and other earnings in direct dependence on the activity results of subordinated personnel and move the centre of decision-making on the current incentives to subordinates for each individual manager of the organization because according to systems theory the complex system works better the more it has centers of decision-making.

According to researchers of harmonious management the permanent (basic) part of the head's income should be about 62 % of his total income (according to the law of "golden section"), while about 38 % of this income should be long-term and short-term remuneration, ie. consist of surcharges and bonuses, the sum of which depends on the periodic contribution of the managed unit to the overall activity result of the organization. The share of short-term remuneration should exceed the long-term and correspond to the proportion of 0.236 : 0.144 of total income [6, p. 134]. For professionals and technical workers, as a rule, a strong and long-term devotion to their kind of occupation is characterized. However, this devotion is more often related to their profession than to the employer. Usually promotion to management positions is not considered a priority for them.

Of course, money is an important incentive, but such tools as providing professionals and technical workers with new tasks and interesting projects should also be used for this group. They should be given enough independence to work on what interests them and allow them to make their work as they see fit. As a reward, training opportunities should be created for them, such as training courses, seminars and conferences, to let them learn about all the news in their fields of activity and have the opportunity to communicate with colleagues. The reward for them will also be recognition. Managers should ask them questions and otherwise demonstrate to professionals and technical workers their sincere interest in their work [5, p. 420].

One of the most difficult problems of motivation that worries many managers today is how to achieve high levels of efficiency of employees with a minimum wage. Many companies use employees' merits public recognition programs, such as Employee of the Month Programs, quarterly ceremonies of awarding grades for effective work, or other solemn recognitions of their employees success, but you need to make sure that these "signs of attention" are sincere and well-founded, otherwise employees may interpret such actions as a means of manipulating them [5, p. 419].

In terms, when HR managers see a decrease in the effectiveness of traditional approaches to employee incitement, we propose to use recommendations of the modern concept of personnel motivation, based on "generation theory".

So, clear specific goals need to be set for representatives of Generation X (people born between the mid-1960s and early 1980s) need to have, but it is important to give them reasonable freedom of action in the methods and ways to achieve those goals. Develop their interest in gaining new skills and knowledge, providing opportunities for self-realization and career growth. In the mentality of Generation X, as a rule, it is laid down to “work hard and play hard”.

This generation is used to “defending themselves”, so they need to be given the opportunity to choose options – options for selecting tasks, options for solving problems, options for formulating new processes and options for developing creative plans, but those that correspond corporate goals. They can also be given the freedom to use their ingenuity and creative potential for achieving success.

Strong, relationship-oriented mentors are a great value for young employees. Show that you trust them and do not control them during the project implementation process. Spend time with them and respond to their progress.

Representatives of Generation Y were born between the late 1970s and the late 1990s. To achieve success with the representatives of this generation, it is necessary to set them several tasks simultaneously and give them the freedom to organize the time of implementation themselves. They are used to multitasking and more likely are able to decide for themselves what to do and when. Moreover, they are ready for occurrence of problems related to the simultaneous performance of several tasks.

These people are used to work in tandem with others, so it is advisable to combine them into working groups or teams. It is also necessary to form structures and formulate clear management principles, and sometimes concrete methods or approaches to achieving goals, because, despite external confidence, they sometimes need introductory instruction from management.

In the process of building relationships, form a connection and keep in touch with them so that they feel comfortable and know that they can rely on you as an authoritative person if the need arises. Reward them at every opportunity and inspire them with speeches about the importance of achieving success at every stage of long-term plans realization. Meet with them regularly, try to be constantly aware of everything that is happening in the collective. Demonstrate your sincere interest in their professional growth and success [8].

Young people, representatives of Generation Z, were born in the early 2000s. They are intelligent performers who do not like to wait for long, focus on a quick result and do not believe in the uncertain future. They are very capricious and also require a special approach, which is expressed

mainly in the acceptance of them as they are, the clarity of tasks setting and determination of deadlines. It is important to promote that the representatives of this generation could easily share experiences with each other, clearly see their achievements and direction. Cloud solutions that allow all team members to share files quickly, place important documents on shared servers with open access for everyone at any time, allow to save time and strength of employees. It is necessary to review the individual productivity of each employee constantly. It is important to understand what the employee does, what goals he sets for himself and how he achieves them. Everyone wants to get real-time feedback. An instant feedback mechanism can significantly increase engagement and motivation, consistently guiding employees in the right direction. It can also give employees the opportunity to make their own propositions directly to management. The company must always be provided with the possibility of remote work for employees. Access to files from anywhere in the world is no longer just a convenient tool, it is an integral part of an efficient workflow [9].

Most of the theories of motivation studied in institutions of higher education are focused on economic individualism, which in our country is more characteristic for some representatives of Generation Y and to a greater extent for Generation Z. At the same time, in our opinion, employees who can be attributed to generation X are connected with the organization rather their loyalty to it or society, than selfish interests of each of them. These workers are more prone to team work methods, collective goals and evaluation of work performance of collective as a whole.

The results of the conducted study of the features of the formation of the motivational mechanism for management of the enterprise personnel behavior provide an opportunity to propose a number of measures to improve it, such as:

1. In effective management, all forms of external influence on the employee's personality should be used to get him ready to make every effort to achieve the goals of organization, in terms that these efforts can provide him to meet a certain personal need.

2. It should not be assumed that the concepts of motivation have universal application. In conditions of social heterogeneity of personnel, managers must change the methods of creating motivation to make them suitable for employees of a particular organization within the existing cultural values.

3. Despite the fact that the stimulation of certain groups of enterprise personnel can be a big problem, you can use the knowledge of employee motivation to solve certain issues.

4. It is important to understand that in modern world employees are no longer dependent on managers or colleagues, they independently manage their development, striving to achieve a common goal.

The consequences of the constant desire to improve the motivational mechanism for management of the enterprise personnel behavior will be reducing stress in the collective, increasing productivity, increasing employee interest in the results of their work.

### References:

1. Zavadsky, J. S. 2002. Management. Kyiv: *Ukrainian-Finnish Institute of Management and Business*.
2. Kolot, A. M. 2002. Personnel motivation. Kyiv: *Kyiv National Economic University*.
3. Harun, O. A. (2011). Construction of the structure of the motivational mechanism of personnel management. *Ekonomichni nauky. Seriya: Oblik i finansy*, 8(29), 366–371.
4. Prokopenko, O. V. (2011). Motivational mechanism of innovative development: components and state of its market structure. *Marketing i menedzhment innovacij*, 1, 167–175.
5. Robbins, S. P., DeChenzo, D. A. 2002. Fundamentals of management. Kyiv. *S. Pavlychko Publishing House “Osnovy”*.
6. Dorofyeyev, O. V. (2017). Application of the harmony principle in the formation of the incentive system. In: Menedzhment XXI stolittya: globalizacijni vyklyky, *Proceedings of the International Scientific and Practical Conference*. Poltava: *Simon*, 133–135.
7. Babchynska, O. I., Nastechina, S. V. Foreign experience of personnel motivation and its implementation in domestic enterprises. [ONLINE]. Available at: <http://nauka.kushnir.mk.ua/?p=38898>. [Accessed 20 June 2020].
8. Javitch David, G. Motivating gen X, gen Y workers. [ONLINE]. Available at: <https://www.entrepreneur.com/article/206502>. [Accessed 20 July 2020].
9. How to motivate generation Z: 4 main rules. [ONLINE]. Available at: <https://igate.com.ua/news/15127-kak-motivirovat-pokolenie-z-4-glavnye-pravila>. [Accessed 20 June 2020].

## STRATEGIC ASPECTS OF TIME MANAGEMENT

**Dmytro Diachkov,**

*Ph.D. in Economics, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine*

Time is studied today not only as a valuable resource and energy potential of man, but also as an effective way to invest in organizational culture and

tool management of enterprise personnel. Modern time management includes special ways and means to mobilize the organization and employees to use their personal and working time rationally and productively, as well as to find ways to save the most economical time in conditions of shortage or severe time constraints. Therefore, the purposeful development of corporate culture with a special attitude to time, which involves meeting the deadlines for launching a new product on the market, combining short-term and long-term perspectives in strategic planning, flexibility of time orientation of modern businesses becomes a management tool.

The problems of organization and regulation of time resources were becoming an urgent and urgent need, especially in terms of corporative reengineering business processes in organizations in the modern business community [2]. This is exacerbated by the fact that an increasing number of organizations are aware of the need for centralized corporate implementation of time management technologies. This need is due to the following factors:

- the growing pace of environmental change requires the transfer to employees of the organization a significant amount of authority, their decision-making, independent organization and planning of their own work. This is especially true for multi-project activities, as well as a large number of external requests (from customers, suppliers, subcontractors, etc.) addressed directly to the employee and require him to set priorities (without contacting the immediate supervisor) with limited time resources;

- a share of intangible assets in the value of the organization is growing. «Key competencies», their effectiveness are becoming a major factor in the success of a growing number of businesses. At the same time, this leads to the difficulty of external control over the activities of the employee, which is creative in nature, but increases the relevance of independent organization of such work by the employee;

- a significant changes in activities – the development of new products, access to new markets, the introduction of new tools and management systems, for organizations become the norm, not a rare exception, constant. For TOP-managers and specialists of the organization, respectively, it becomes the norm to constantly increase the number and scope of tasks, the need to constantly seek time reserves for projects that allow the organization to continuously develop [1].

It is worth noting the multifaceted views on the definition of the modern concept of time management:

- time management is a set of principles, skills, tools and systems that work together to help for getting more out of time to improve quality of life [9];

- time management is a technology of time management in real life situations, it is a set of examples, techniques and practical recommendations

that make the proposed concepts of time management clear and easy to remember [8];

- time management is a set of practices, skills, tools, the joint use of which will allow more efficient use of working time, and in the long run to improve the quality of life [1].

This need of modern organizations in the centralized corporate implementation of time management has led to the need to determine the place of time management technologies in the management system of the organization, and accordingly, the place of time management as a scientific and practical discipline in general management. The use of time resources is especially effective at the strategic level, when it is necessary to make the right and timely decision. Therefore, it is appropriate to set goals for optimizing the use of time resources; it is necessary to «tariff» time with the division of business processes into separate phases and determine their time capacity, ensuring end-to-end planning and control of time use. Optimization of time at the operational level is important for the timely execution of orders, reducing the production cycle, timely response to changes in the environment, accelerating the release of new products, reducing equipment downtime [7]. Appropriately distribute the different levels of time management (fig. 1).

Time management allow to plan, organize the allocation of time and control the efficiency of its use, which helps to increase the efficiency of employees and the company [3].

The main principles of successful time management at the strategic level are:

- formulation of goals;
- ranking goals by importance and urgency;
- fight against «time absorbers»;
- control over the use of time resources;
- preparation of a list of goals to be achieved.

However, without the introduction of time management techniques in the work of the organization, it is difficult to achieve a significant increase in efficiency. Therefore, corporate time management is one of the tools for organizing the work of enterprises, which allow to effectively use the working time of the enterprise in business.

Despite the rather significant differences that exist in the processes of time management, we can identify in the most general form a number of processes that are essential for the study and development of this problem:

- analysis;
- modeling of strategies taking into account the analysis;
- clarification of the purpose and main direction of development, definition and formulation of goals;

- planning and setting priorities, developing a plan to achieve certain goals and identifying key tasks for implementation;
- implementation – specific steps and actions in accordance with the concluded plan to achieve the goal;
- control over the achievement of the goal, implementation of plans, summarizing the results.

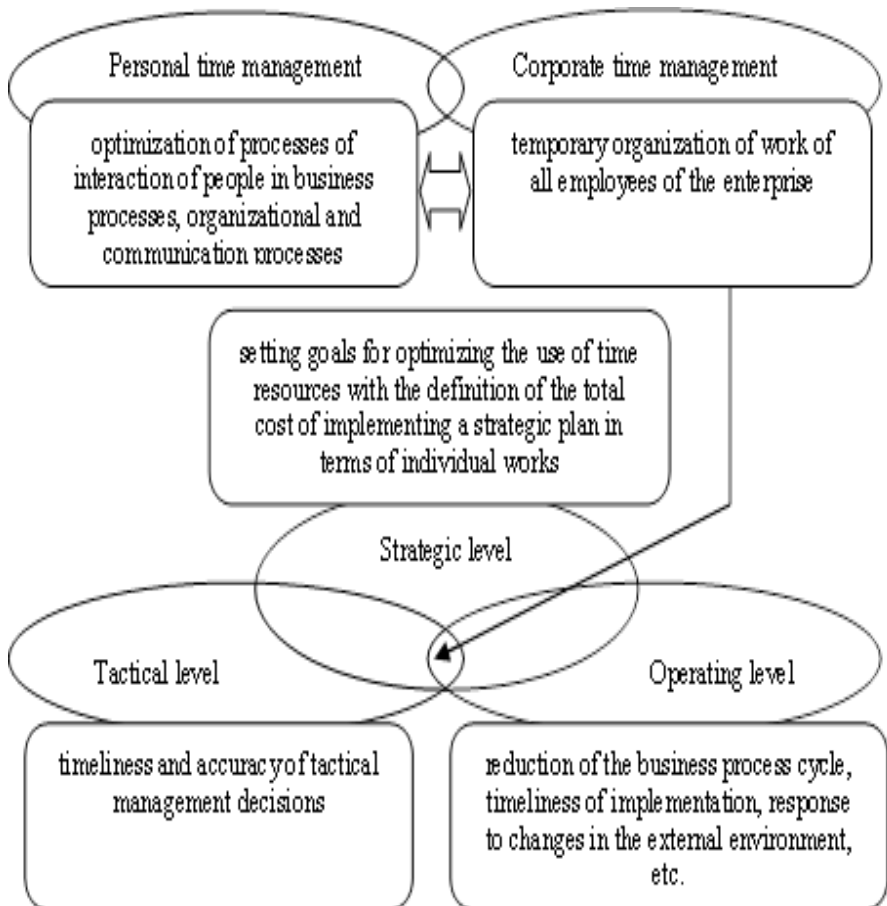


Fig. 1. The relationship of strategic, operational and technical levels of time management in the organization [developed on the basis of 5, 6, 10]

- Accordingly, the main functions of strategic time management will be:
- goal setting (analysis and goal forming);
  - planning (development of plans and alternative activities);
  - decision making (decision making regarding future business processes);



- implementation and organization (drawing up a schedule, plan and organization of personal work process for the implementation of tasks);
- control (self-control by employees of the results of work, adjustment of goals);
- information and communication (search and exchange of information, communication links) [10].

Therefore, the main issues that strategic time management is designed to address:

- goal setting and task setting;
- management and regulation of business processes of the organization;
- distribution and accounting of time for tasks and blocks of tasks (projects).

It is important to understand that time is the key, i.e. strategic, resource of an organization or person needed to succeed. Time as a strategic resource is on a par with such resources as money, information, technology, people (staff), and so on. There is a well-known aphorism in the business community: «In the future there will be two types of companies – fast and dead.» Organizations that underestimate the «time factor» and are not able to effectively manage time, are simply doomed to lose the most important strategic advantage, loss of competitiveness and sudden extinction. There are several strategies to increase individual and corporate time management efficiency (fig. 2).

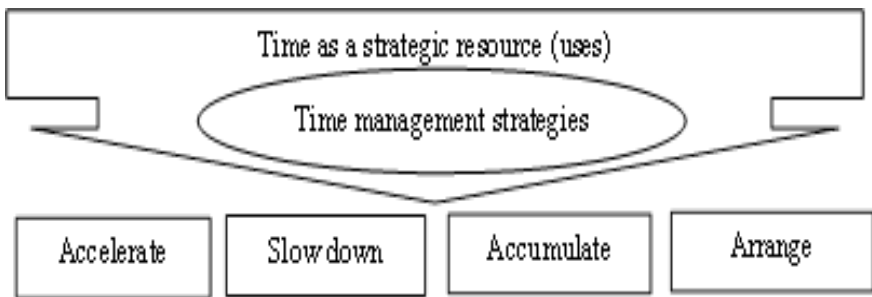


Fig. 2. Time management strategies in the enterprise [4]

The names of time management strategies are conditional, metaphorical. It is clear that in the literal sense of the word «accelerate» the objective flow of time is impossible, but to reduce the time of any action and a predetermined (typical) time to achieve any intermediate goals – It is possible. In the tabl. 1 shows examples of using strategies to optimize the time of the organization.

The introduction of time management in the enterprise can significantly increase the efficiency of its activities. To this end, the strategic stages of forming an effective time management system are identified (Fig. 3).

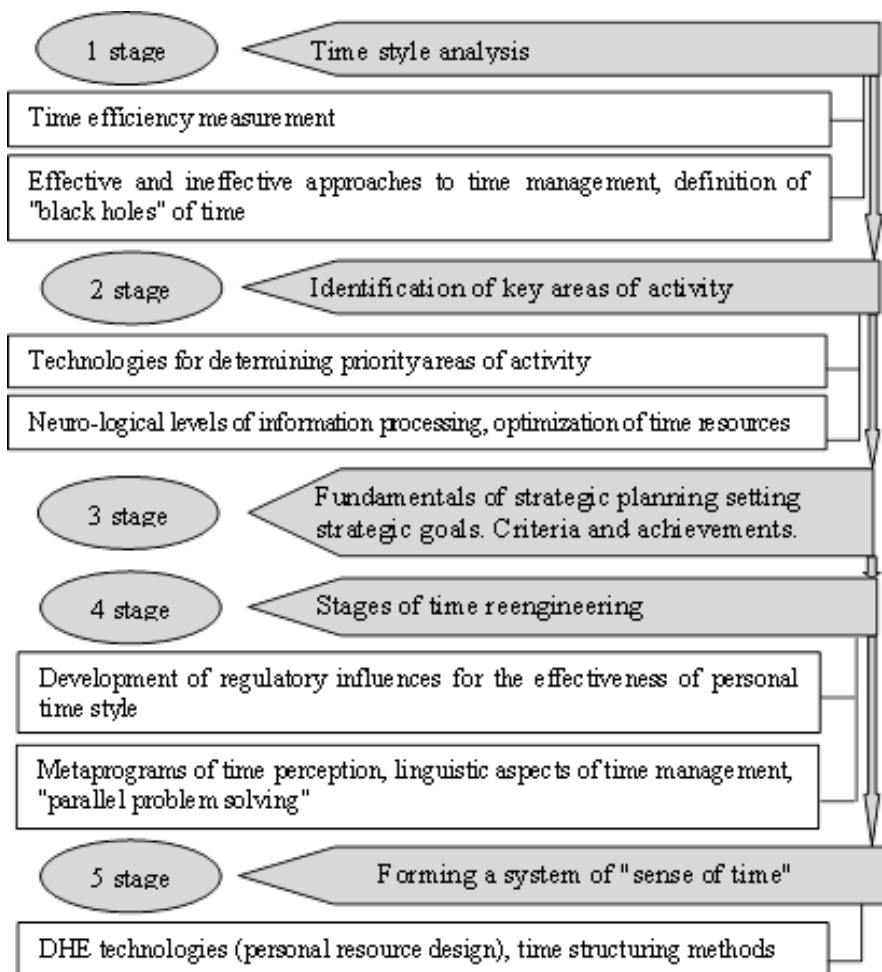


Fig. 3. Strategic stages of formation of the time management system

The introduction of corporate time management involves studying the organization of the workflow, identifying «bottlenecks» and considering options for improving workflows through the introduction of time management tools [3]. The introduction of time management tools in the company allows the most efficient and rational use of employees' working time. In particular, these measures help to increase the efficiency of enterprises. The constant advantage is the reduction of stressful situations and the normalization of the working environment. It is important to regulate work processes, a clear formalization of deadlines for tasks, which helps

reduce overall tension in the workplace.

**Table 1**

*The basic concept of time as a strategic resource [4]*

Time management strategy	Characteristics of use
Accelerate	1) acceleration of operations (change of standards); 2) effective forecasting; 3) an effective decision-making system; 4) effective communication system; 5) increase the personal efficiency of each employee; 6) work to stay ahead of competitors
Slow down	1) increase the service life of equipment, facilities; 2) conducting a personnel policy to «consolidate» valuable employees; 3) creation of various «strategic reserves»
Accumulate	1) allocation of priorities at all levels of activity, in all divisions; 2) formation of time reservation skills in managers and employees; 3) restructuring the working time of the organization
Arrange	1) effective planning; 2) introduction of an effective feedback and control system; 3) ensuring accuracy over time as the most important value of the organization associated with the system of control and motivation

**References:**

1. Arkhangel'sky, G.A. (2005). Time management in the organization management system. [ONLINE]. Available at: <https://www.dissercat.com/content/taim-menedzhment-v-sisteme-upravleniya-organizatsiei> [Accessed 25 June 2020]
2. Bolotova, A. K. (2010). Time management as a management tool. [ONLINE]. Available at: <https://www.hse.ru/data/2010/03/28/1232584053/bolotova%20K-08.pdf> [Accessed 27 June 2020]
3. Bronnikova, E.M. (2016). Personal and corporate time management tools in the activities of employees in the business environment. *Business and Design Review*, 1, 4 (4), 9.
4. Diachkov, D. V. (2016). Educational content in the discipline «Time Management» for higher education students majoring in 073 «Management». *Poltava: PSAA*, 132
5. Khytra, O. (2019). Efficient time management as an independent complex of personnel management system of the enterprise. *Scientific Bulletin of Uzhhorod National University*, 26 (2), 101–110.

6. Masliukivska, A. O. (2018). The importance of time management for increasing of personal effectiveness. *Young Scientist*, 11(63), 467-471.

7. Petrushenko, M. M., Bondar, T. V. (2009). Time management as a means of achieving strategic development of the enterprise. *Sumy State University Herald. Economy*, 1, 10–18.

8. Prentice, S. (2007). Integrated time management. *M.: Publishing house «Dobraya kniga»*, 306.

9. Ward, S. Ways to Get More Time [ONLINE]. Available at: <http://sbinfocanada.about.com/od/timemanagement/a/getmoretime.htm> [Accessed 26 June 2020]

10. Yevtushevskaya, O. (2017). Time management as a manifestation of the worldview of modern people. *Bulletin of Taras Shevchenko National University of Kyiv. Economics*, 3 (192), 15–18.

## THE IMPACT OF ECONOMIC CULTURE ON THE DEVELOPMENT OF MODERN BUSINESS

*Angelina Spitsyna,*

*Ph.D., Associate Professor,*

*National Transport University, Kyiv, Ukraine*

The internationalization and globalization of international economy are the causes of social changes and the leading economic activity factors, which also bring about the intensification of international business relations. This interaction may be fraught with a clash of cultures, which can make the achievement of the goals and objectives of economic activity impossible.

Today, Ukraine is integrating into European political and economic institutions, as well as joining the European spiritual space. On this way, Ukraine already has significant achievements, the necessary reforms are being carried out and European values are being promoted. However, there are also very serious problems. After the Ukraine's gaining independence, it seemed to many that changing the «rules of the game» in the economy (the transition from the planned to market economy) would turn the country into a prosperous state. However, this illusion has long since vanished. It has been replaced by another illusion: as soon as Ukraine joins the European Union, prosperity will come to every home. Now this illusion also has begun to disappear. It should be noted that the low level of the national economic culture is an objective obstacle to building a prosperous society in Ukraine.

The influence of the national culture on economic activity has been studied both by foreign scholars (A. Smith, D. Ricardo, G. Hofstede, R. Griffin, M. Pastei, E. Hall, F. Trompernars, R. Lewis, Y. Latov, I. Nevlev

and others) and Ukrainian scientists (V.G. Yeremenko, T. Yefremenko, A. Lipentsev, V. Knyazev, N. Nyzhnyk, Y. Palekha, Y. Petrushenko, O. Priyatelchuk, and others).

Cultural differences are an obstacle to effective international economic relations. These differences can be reconciled if business partners base their economic relationships on national cultural categories and concepts of each other. Knowledge of cultures of different countries allows the partners to respond better to unexpected intercultural communication of each other, thus avoiding possible conflicts.

Culture is an extremely complex and multifaceted phenomenon that reflects all aspects of human existence and includes everything that has been created by the human mind and hands. That is why culture is studied by different sciences: sociology, history, anthropology, linguistics, ethnology, etc. Each science focuses on one aspect of culture using its own methods and ways and formulating its own understanding and definition of culture [1].

The interaction of national cultures shapes the global culture, just as the personal beliefs, values and norms form the culture of the group to which the individuals belong. Changes in national culture affect the global environment, which is now characterized by liberal international economic relations, freedom of choice, respect for human rights, and openness of national economies, etc. [10]

The diversity of national cultural models of economic behavior and the flexibility of institutional frames create opportunities for effective integration of Ukraine into the global institutional system. Thus, there is a need to study the institutional threats and opportunities posed by modern national economic culture.

In a narrow economic context, we often talk about the material culture or culture of production (culture of the way of work and the noosphere culture). This approach presents economic culture as an environment (context), condition and necessary background in which management and organizational activities can be implemented: «economic culture covers those and only those values, norms, needs, and benefits that arise from the needs of the economy and have a significant (positive or negative) impact on it. These are the social norms that, having arisen outside the economy, acquire a specific meaning within it (for example, the general norm of social justice in the economy is embodied in the principle of wages), and those that were formed within the economy, arising from its internal needs (for example, the rate of planning from the achieved and leveling)» [4]. The key role of economic culture in the narrow sense is «a regulatory influence on reproductive processes, ensuring the development of the economy through socio-economic, scientific and technological progress» [4].

Economic culture is understood as an informal meta-institution that includes such functional components:

1. Information component – a system of economic knowledge, views, beliefs, historical experience and traditions; information that provides social reproduction of the economic system and the direction of its institutional changes.

2. Evolutionary component – part of the evolutionary mechanism of inheritance, variability and selection of relevant information by economic entities or their groups about the institutional development of a particular economic system. The effectiveness of such a mechanism of institutional evolution is manifested in the level of economic development and citizens' activity and their ability to apply economic knowledge in practice.

3. Motivational component – a system of values and incentives for economic activity and economic agents' behavioral orientations.

4. Activity regulatory component – economic culture appears as a two-fold regulatory development of economic activities:

- productive component (culture of regulators that determine productive forces and labor and social relations in material production)

- socio-cultural component (humanization of production (labor) and individuals (society) using its regulators, which contributes to the formation of a socially-oriented economic system) [5].

Experts believe that the strongest component of economic culture is the economic literacy and professionalism of «the average» Ukrainian, while its weakest component is the level of «the average» Ukrainian's compliance with laws and regulations. The dominant place in the structure of socio-economic behavior of the population is occupied by their pragmatic motivation to increase their financial status [2]. The degree of satisfaction with the work of compatriots is differentiated: 40 % are fully or partially satisfied, 37 % are dissatisfied with the work as a whole; 28 % believe that their work corresponds and 27 % that it does not correspond to their professional and educational level. Opinions of Ukrainians about their own educational competencies were almost equally divided: 42 % were fully or partially satisfied (against 36 %, who answered «rather dissatisfied» and «completely dissatisfied») [2]. The criteria «the work provides an opportunity to grow professionally and improve» and «not too tiring» are in the fifth and sixth places respectively in the hierarchy of work requirements [6]. At the same time, Ukrainians are ready to emergency and overtime work. Perhaps this feature can account for the economic success of the Soviet era, when economic goals took the form of five-year plans with their implementation time significantly reduced. In this regard, it is advisable to revive the institution of national projects.

Almost every second Ukrainian is interested in meaningful and interesting

work with some elements of creativity. 87 % of the respondents consider higher education a mandatory attribute of a successful individual. The main fields in which Ukrainians would like to gain additional knowledge is engineering, law and medicine [1]. Because of the predominance of non-economic factors, Ukrainian economic agents can gain a competitive advantage in the age of information and rapidly changing world. Another characteristic of the Ukrainian «homo economicus» is the contradiction between his/her objective-rational, value-rational, affective, and traditional behaviors. To satisfy their personal interests, 44 % of Ukrainians are ready for any illegal or immoral actions. More than half of the respondents make their life plans for a year or less, while every tenth respondent's plan does not exceed one day. When making decisions, most Ukrainians rely on the advice of family and friends (78 %) or on their own intuition (46 %). Every third respondent has difficulties with institutional adjustment and just as many respondents simply don't want to adjust to new economic conditions. Modern norms and traditions are valued by only 8.7 % of Ukrainians. Only 5.7 % of the respondents consider themselves innovators, and 40 % are wary of new products [1]. It is obvious that institutional transformation and globalization of the national economic system will strengthen resistance to change.

Economic culture reveals the essential features and characteristics of economic life and reflects the stable forms of people's economic consciousness, which determine the nature and direction of economic processes. Economic culture actively influences the formation of individuals' economic positions and economic activity, as it provides a system of meaningful values and fundamental norms of economic behavior. Economic culture correlates with the prevailing social values and their cultural and historical perception as well as it is a system of meanings, symbols, knowledge, reflection (feelings, ideas), and traditions that motivate and regulate human economic activity in the process of production, distribution, exchange, and consumption of material and spiritual goods. When interacting with the national mentality, economic culture forms individuals' economic thinking and, as a result, it determines the program of individual economic behavior and economic actions. Thus, economic behavior depends on a number of in-depth factors, which include the conditions of economic culture formation, the nature of economic thinking, as well as the characteristics of the system of economic and social relations. The Ukrainians' attitudes towards the state and economic authorities are characterized by considerable contradictions. Traditionally, the government in Ukraine is the main source of economic rent. To seize power rent, economic agents create special interest groups with similar economic motives. As a result, clan thinking and an oligarchic economy are formed.

Almost every second Ukrainian assesses the state's actions to increase the welfare of the population and reduce inequality as completely ineffective. The state's ability to introduce new technologies is assessed similarly. Despite this, after a twenty-year-long market reform, only 8 % of Ukrainians believe that state participation in economic management should be minimized, 41 % think that it is better to combine public administration and market methods, and 27 % prefer to return to full state control. 58 % of the respondents believe that a few strong leaders can do more for the country than laws and public debate [1].

Such tendencies evidence the dominance of paternalism in the economic system. Many researchers note the preservation of «socialist needs» in society, despite the demonstrative rejection of the USSR's basic institutional guidelines. Paternalistic sentiments in Ukrainian society are as difficult to eradicate as corruption, shadow economy, and institutional distrust.

Trust in institutions is a significant problem for any economic system, especially for societies under transformation. The level of full («complete trust») and predominant («mostly trust») institutional trust in Ukraine has not changed significantly. At the same time, interpersonal trust has become the main source of economic relations in Ukraine (+ 48 %). Ukrainians also have become more trusting non-governmental organizations (+ 37.7 %) and entrepreneurs (+ 21.7 %). In other developing countries, the average confidence in public authorities is 46%, in the media – 56 %, in public associations – 53 %, and entrepreneurs – 60 %.

The level of institutional trust is becoming a critical factor in systemic economic reforms. Trust in the institution means that the economic agent expects a positive result of the institution-regulated relationship with the counterpart. The low level of Ukrainians' trust in new institutions makes them illegitimate and unable to work.

Researchers distinguish two stages of business development, which form two types of ethics – the ethics of service and the ethics of responsibility.

The traditional culture model is characterized by the ethics of service to society (ethics of duty). It means that the entrepreneur, «maintaining an inner sense of belonging to the whole, builds relationships with his partners, clients, employees on paternalistic or solidarity principles, whereas religious beliefs about the sin of selfishness and extortion can lead him to trembling, encouraging mercy and charity» [7].

W. Sombart notes that «all those who served capitalism: a large landowner and a large overseas merchant, banker and speculator, manufacturer and wool trader – all of them still did not cease to measure their business to the requirements of healthy humanity: for all of them it was only a matter of means to reach the purpose of life; for all of them, the direction and extent of their activities are determined by their own vital interests and the interests



of other people for whom and with whom they act.»[10].

The ethics of responsibility, which became the basis for the development of Western entrepreneurship, involves subordination to situational goals, interests, norms, obligations, self-realization, material and financial profit, career and status growth, and prestige. Success can be achieved by all available means, while neglecting the opportunity to succeed is seen as a sin. The ethics of success differs radically not only from the Ukrainian mentality, but also from the moral systems of most world religions: «It denies love of neighbor and solidarity with him, which is a moral source of mercy and charity. It ignores the particularly pronounced Orthodox value of modesty and self-humiliation, the ideal of the triumph of «these little ones», «beggars in spirit» over the strong and happy ... The idea that everyone is responsible for their own destiny and, accordingly, is to blame for their failures and disasters, often urges to refuse compassionate support to the weak and needy, citing the fact that poverty is the best incentive to work and entrepreneurship.»[11].

Ethnometry, the «father» of which is considered to be the Dutch social psychologist Geert Hofstede, is a comparative study of national mental characteristics using mathematical methods. According to the Hofstede method, indices of five mental values are calculated: individualism, power distance (willingness of people to accept the uneven distribution of power in institutions and organizations), uncertainty avoidance, masculinity-femininity, and long-term orientation (Confucian dynamism). Indicators of cultural distance (DC), calculated using the Hofstede method, show that the closest to Ukraine are Eastern European countries (DC values ranging from 4 to 7), while the most distant countries are those from Western Europe and Asia (DC exceeds 17) [10].

The World Values Survey, the largest study of value dynamics, covers more than 100 countries, ninety percent of the world's population, and has been conducted since 1981 under the direction of Ronald Inglehart. The results of the study show “widespread and consistent differences between the social, economic, religious and political attitudes of the population of high-income countries and the population of low-income countries. The findings of WVS make it clear that the basic values and attitudes of the population around the world are changing and the changes are taking place according to agreed and predictable algorithms» [10]. Despite the large number of primary indicators, R. Inglehart was able to explain intercultural variability using two integral variables: traditional/secular-rational values and survival/self-expression values. The main result of this work was a map of Inglehart, in which the author identifies nine cultural zones: Africa; orthodox, post-communist Baltic countries; Confucian countries; Orthodox countries; Catholic Europe; Protestant Europe; English-speaking countries;

South Asia and Latin America. The main conclusion of the research was that «a high level of economic development is associated with a strong emphasis on secular values and self-expression values: this is why rich countries find themselves in the upper right sector of the global cultural map» [10]. In this model, Ukraine is quite high on the scale of secular and rational values, but the survival values are at the level of underdeveloped African countries. The closest countries to Ukraine are Russia, Bulgaria, Belarus, Montenegro, Latvia, Albania, and Moldova. At present, Ukrainian society is experiencing strong cultural and institutional changes compared to the Soviet era. For example, 34 % of respondents noted a change in the rules they needed to follow to succeed in life, 31 % noted changes in the requirements of life, 47 % were aware of the changes in the state-human relationship, and 46% in interpersonal interactions. Ukrainians' ideas of good and evil (32 %), basic life values (33 %) and social ideals (27 %) have changed. According to the majority of Ukrainians (77 %), the values that existed in the Soviet Union (social equality, collectivism, mutual assistance, state support) do not work. On the other hand, half (48 %) of Ukrainians do not accept the system of values that has developed during the years of independence. According to the respondents, the closest in the cultural and mental context for Ukrainians are the East Slavic countries (41 %), namely Russians (77 %), Belarusians (56 %) and Poles (17 %) [1].

The globalization trends in Ukraine involve the further integration of national culture and the adoption of «the planetary» economic system model. It should be borne in mind that the main trend of economic globalization is the spread of the Western liberal model of economic culture. Economic agents with this mentality benefit most from globalization. Modernization and creation of new economic institutions, adequate to modern cultural changes, can be based on the «melting pot» and multiculturalism strategies.

The concept of the «melting pot» implies that national economic agents will «flow» into the global cultural environment, the rules of economic behavior will be unified fully meeting the requirements of global economic culture.» Today, the main actors in international economic activity are large multinational corporations, whose economic cultures are largely unified in accordance with Western values and are almost unaffected by national characteristics. In such a situation, national economic cultures and traditions of business ethics, which immanently contain business-important values and norms and centuries-long economic relations, are becoming considered as outdated, «yesterday's», «archaic»

and are proposed to be replaced by new «advanced» liberal values» [11]. The advantages of this strategy are the creation of a new model of economic behavior that will change the trajectory of Ukraine's institutional development.

Multiculturalism, as opposed to the concept of a «melting pot», supports new identities, the interpenetration of different cultures and cultural diversity. In other words, the new rules of economic behavior should be based on the peculiarities of the national mentality, which has been formed over the centuries. According to R. Inglehart, «despite the constant talk of «culture globalization», a country remains a key component of the common life experience, and its educational and cultural institutions form values inherent in almost all its inhabitants» [10]. John Nesbit notes a large-scale transformation of socio-cultural interactions «from hierarchy» to «networks», from «either-or» to «and-and» [11]. Along with creating new opportunities for the development of economic culture of Ukrainians in accordance with the requirements of global business institutions, institutional integration strategies can lead to the «institutional trap» effect when the economic system multiplies the ineffective institutional models that have become entrenched as a result of random or insignificant events, until a new situation promotes evolution. Thus, there is a need to define clear priorities, guidelines and strategies for the integration of national economic culture, based on a combination of the concepts of «melting pot» and multiculturalism (tabl. 1).

**Table 1**

*Integration of national and western-liberal models of economic culture*

<b>Western liberal model</b>	<b>National economic culture</b>	<b>Ways of institutional integration of the economic system</b>
Inviolability of private property, respect for wealth and entrepreneurship	Non-economic idea of wealth, disapproval and recognition of property as «unrighteousness»	State-corporate TNCs and clusters. Development of patronage and charity
Liberalism, ethics of responsibility	Paternalism, ethics of service	Neopaternalism, participatory economy (participation in ownership, management, profits)
High level of institutional trust and legalism	Neglect of the law, the dominance of informal and shadow opportunistic behavior. Personal trust	Promotion of institutional trust and legalism by strengthening the institutional role of non-governmental organizations and the institutional self-organization of economic entities
Protestantism labor ethics. Work as the main source of wealth	Work overload, emergency work, shock work	Revival of the practice of national projects. Priority of project and program management. Development of socially responsible business, environment-friendly technologies, creative and design activities, education and science

Thus, modern economic culture in Ukraine is characterized by a certain degree of dualism. On the one hand, business seeks to instill liberal entrepreneurial values: individualism, economic freedom, pragmatism. On the other hand, the key rules of the distributive economy remain: the dominant position of the state in the economic sector, insecurity of owners, state control over property ownership, a close connection between business and government, state protectionism, disregard for the rule of law.

Turning economic culture into an informal meta-institution is an extremely complex, poorly managed and unpredictable task. All researchers note that the cultural characteristics of agents become particularly obvious when the agents are exposed to another cultural environment. On the other hand, economic culture is a powerful factor in the institutional trajectory of the economic system.

The recommended trajectories of transformation of national economic culture in the context of globalization of the economic system of Ukraine should combine the «melting pot» and multiculturalism strategies. In particular, it is necessary to develop neopaternalistic relations and a participatory economy, in which economic agents are motivated to work and do business by participating in the ownership, management, and profits-distribution of the economic organization. Attitudes towards property and wealth should be based on a well-thought-out combination of sustainable elements (development of patronage and philanthropy) and absolutely necessary innovations (effective protection of private property). The work ethic formed by Ukrainians needs to be preserved and developed, as it can become the main competitive advantage of Ukraine in the global economic space.

Legalism and institutional trust are institutions that, without a doubt, should be developed according to new principles and trajectories. Illegal, opportunistic behavior, and distrust of formal institutions is the main obstacle both to international and domestic economic development of Ukraine.

Today, economic culture is a subsystem of the general national culture and it is closely related to its other components: political culture, legal, moral, religious components, etc. [5]. Economic culture is considered as a form of social consciousness that reflects socio-economic conditions of life and affects attitudes, orientations, values, motivations, preferences, etc. Formation and development of organizational structures in market relations bring about new forms of economic culture: economic, cooperative, and entrepreneurial, which in turn is divided into administrative, investment and trade cultures. Economic culture functions not only in economy, but also in social relations. It reflects the level of economic freedoms and characterizes the potential of a market economy. The ability of economic culture, as a part of general culture, to self-reproduce and self-renew is associated with

economic freedom. Performing important functions, economic culture has a significant impact on the formation and functioning of the economic system.

The main components of the economic culture of the countries with developed economies include: economic rationalism, innovation, variety of models of economic behavior, high subjectivity, economic entities' orientation towards institutional values and partnership relations, high labor ethics, general obedience, and political neutrality. Administrative culture is maintained where intermediary activities are created by large organizations that serve competitive enterprises. The main focus of administrative culture is on how to do, rather than on what to do.

The investment culture carriers are banks and investment funds. Receiving profits from the constant cycle of equity and debt capital, they are always faced with great risk when investing in existing or new productions.

The trade culture develops primarily in trade organizations, sales organizations, as well as in retail trade. Success in this area depends on the contacts with customers and the constant search for the product that is in great demand in the market [5].

Economic culture consists of a culture of entrepreneurship, management, economic partnership, and financial analysis. Economic culture can be defined as the way, form and result of human activity in the process of social production, exchange, distribution and consumption of material and spiritual goods. The consistent variability of the interconnected periods of social reproduction makes it possible to treat economic culture as a set of production culture, exchange culture, distribution culture, and consumption culture.

The economic culture of business is a system of knowledge, values, symbols and traditions that provide motivation and organizational structure regulation, as well as determine relevant social attitudes (tabl. 2).

Business culture includes production technology culture, management and organization culture, working conditions culture, exchange and distribution culture, negotiation culture, etc. Entrepreneurial activity is influenced by economic culture at all stages of its existence. In the economic literature, the entrepreneurial activity culture is often identified with the economic culture, which is one of its components and which is growing, renewed and transformed into management culture. Formation of entrepreneurship culture is influenced by many factors: religious, national, social, economic, political, etc.

Entrepreneurial activity can be effectively carried out and developed on condition that the requirements of economic, social, spiritual and political nature are properly observed. Besides, the economic reality puts forward equally important requirements of moral, ethical and spiritual nature to the entrepreneurs' specific actions. The point is that in their activity,

entrepreneurs should be guided by the behavioral norms established in all civilized countries. Entrepreneurship ethics implies the implementation of economic activity by the organizational structure, management, and individual entrepreneurs in accordance with ethical, i.e. value (spiritual) criteria of behavior, to comply with the cultural environments to which the entrepreneurs belong [9].

**Table 2**

*Characteristics of the main components of economic culture*

<b>Economic culture element</b>	<b>Characteristic of the economic culture element</b>
Economic ideals	developed by economic consciousness and available in it generalized ideas about economic life perfections
Economic values	generally accepted ideas about the economic goals a person should strive for
Economic norms	general patterns that regulate economic behavior
Economic stereotypes	simplified, schematic, distorted and value-oriented ideas about economic objects, phenomena and processes
Economic mythology	a static image that is based on beliefs and allows systematizing and interpreting facts and events that are not completely clear in content, as well as structuring collective ideas about the present and the future

Recent years have seen a wide discussion on the organizational structure culture. The concept of «entrepreneurship culture» has a different meaning, but the starting point is certainly the idea of the cultural world as a world of human dignity.

The organizational structure culture is about the ethical and behavioral principles of the individual. It is an important factor in the humanization of relations, which depends on the place in business activities occupied by traditional and acquired values and skills [3].

The organizational structure culture covers a wide range of issues of business ethics and etiquette. Each branch or area of entrepreneurial activity has its own rules of conduct, but almost all of them are based on honesty and law abidance, high quality products, guaranteed work safety, and honest and decent relationships with suppliers, customers, and business partners.

The organizational structure culture is a prerequisite for economic and commercial success. High entrepreneurship culture is fostered on positive examples, young people’s acquaintance with the basics, attractiveness and social usefulness of business during vocational training, an education system, which promotes entrepreneurial activity during the period of personality formation, and support of family contacts and personal acquaintances with

successful businessmen. The professional reputation of an entrepreneur is created over the years, it is hard to gain, but easy to lose.

The head of the organizational structure with a high culture should remember and follow the following rules of conduct: to be guided primarily by the interests of customers; constantly work on their own business, but not in it; use effective direct response advertising; fully satisfy customers' needs; have a weekly income statement, never run out of cash; encourage actions that meet the interests of their own business; organize their own business based on its functions; differentiate financial well-being and their own success because well-being and success are different things.

The rapid development of private structures and their high productivity show that management on equal terms significantly increases their role in industrial and social spheres and forms a new type of owner [14].

Organizational structures can be developed through ensuring high financial efficiency, financial stability and independence; ensuring technological independence and achieving high competitiveness of the business entity; achieving high management efficiency and effective business management; achieving high staff qualifications and intellectual potential; minimization of the destructive impact of the results of production and economic activities on the environment; high-quality legal protection of all aspects of business activity; ensuring the protection of the information, business secrets and achieving the required level of information support for all divisions and departments of the organization; effective security of the organization's personnel, capital and property, as well as commercial interests.

Conclusions. The study findings suggest that the higher the economic culture and technological independence, more effective organizational structure, better staff skills, and legal protection, the higher economic security of the organization, and vice versa. Economic culture is a set of values and norms within the existing economic system of society. Economic culture, unlike general culture, plays the role of social memory that is associated with the history of economic relations. The peculiarity of economic culture is determined by the channels through which it regulates the relationship of economic consciousness and economic thinking. Economic culture, as a regulator of the relationship between economic consciousness and economic thinking, is greatly focused on managing the economic behavior of people. It is in this aspect that we see a great potential for further scientific research.

Today's life requires a renewed view of economic culture because of the impact of digital technologies on all spheres of life, including economic culture. Digital culture is a source of social knowledge. It creates the world and provides humanity with a complex set of digital tools to organize new information relations, which results in a global change in cultural interaction.

## References:

1. Valevskiy, O. (2015). Cultural policy in overcoming the crisis and implementing reforms in Ukrainian society. *Publichnepravlinnya: teoriya ta praktika*, 1, 94–99 [ONLINE]. Available at: [http://nbuv.gov.ua/UJRN/Pubupr\\_2015\\_1%28spets](http://nbuv.gov.ua/UJRN/Pubupr_2015_1%28spets). [Accessed 09 June 2020]
2. Gevko, V. L. (2019). Mechanism of organizational culture management at enterprises of network structures: a system approach. *Infrastrukturarinku*, 33, 154–159.
3. Grinishin, G. (2015). A competitive strategy to increase the efficiency of foreign economic activity of agricultural enterprises. *Agrarnaekonomika*, 8(3–4), 38–42.
4. Dzundza, A. I. (2003). Analysis of theoretical and methodological bases of formation of Ukrainian university students' socio-economic culture. *Pedagogika i psikhologiya formuvanny atvorchoyi osobistosti: problem i poshuki. Kiyiv-Zaporizhzhya*, 27, 420.
5. Yefremenko, T. (2006). Economic culture of the population of modern Ukraine. *Sotsiologiya: teoriya, metodi, marketing*, 4, 174–190.
6. Kovalenko, O. V. (2011). Economic culture as a component of training highly qualified specialists in universities. *Visnik Luganskogo natsionalnogo universitetu imeni Tarasa Shevchenka*, 13, 1, 86–91.
7. Levtsun, A. Ukrainian mentality and European civilization. [ONLINE]. Available at: <http://dialogs.org.ua/ru/project/page22691.html>. [Accessed 14 June 2020]
8. Lozhachevska, O., Spitsyna, A. (2018). Economic culture of professionals' self-realization. *Science Publishing. London*, 63–75.
9. Maystruk, I. M. Economic culture in the conditions of market realities in Ukraine. [ONLINE]. Available at: <http://www.ukr-socium.org.ua/Arhiv/Stati/3.2007/77-90.pdf> [Accessed 20 June 2020]
10. Minnegaliev, I. M. (2012). Economic culture in the system of social reproduction. *Tver*, 21.
11. Merriam-Webster. National economy, 2019. [ONLINE]. Available at: <http://merriamwebster.com/dictionary/national%20economy>. [Accessed 23 June 2020]
12. Nesbit, D. (2003). Megatrends. *Moscow. AST*, 384.
13. About culture: Law of Ukraine of December 14, 2010. № 2778-VI. [ONLINE]. Available at: <http://zakon4.rada.gov.ua/laws/show/2778-17>. [Accessed 23 June 2020]
14. Rozputenko, I. V. Priority directions of development of the humanitarian sphere in Ukraine in the context of the political process. [ONLINE]. Available at: <http://academy.gov.ua/ej/ej16/txts/12RIVKP>. [Accessed 18 June 2020]



## SOCIAL RESPONSIBILITY AS A NECESSITY OF OUR TIME

*Tetiana Sazonova,*  
*Ph.D. in Economics, Associate Professor,*  
*Poltava State Agrarian Academy, Poltava, Ukraine,*  
***Oleh Rudenko,***  
*Postgraduate student,*  
*Poltava State Agrarian Academy, Poltava, Ukraine*

Social responsibility is a complex, moral, legal, philosophical, and ethical-psychological category, which can be considered from different viewpoints. Let us consider some of the most widely spread approaches to social responsibility, formed by modern researchers (tabl. 1).

**Table 1**  
*Approaches to defining the essence of the concept of “social responsibility”*

Author (s), source	Definition of the concept: “social responsibility is...”
A. V. Poliakov [1, p. 617]	external negative reaction of society to violation of social norms, which leads to violation of social communications
L. V. Biletska, O. V. Biletsky, V. I. Savych [2, p. 129]	the requirement to a person to assess his (her) own intentions and choose the type of behavior, which meets the standards established to achieve interests of the society. In case of violating these standards, a person must be ready to report to the society and be correspondingly punished
R. L. Khachaturov, D. A. Lypynsky [3]	the duty of the subjects of social relations to follow the requirements of social norms is implemented in their lawful behavior, and in cases of irresponsible behavior, which does not comply with the requirements of these norms, leading to violation of public order – personal or property deprivations
A. F. Plakhotny [4, p. 74]	social mechanism of control, using which the society ensures coordination of personal and social interests, leads people’s behavior in necessary, socially useful direction.
T. O. Chepulchenko [5]	occurs when an individual’s behavior has social significance and is regulated by social norms. In the process of society’s development, corresponding relations between people are created in the form of mutual rights and duties.
I. M. Rebriy [6, p. 136]	in the content of social responsibility, three aspects of social subjects’ interaction are reflected: the way of performing by social subject his (her) functions and duties; social assessing actions or inactivity of social subject (legal, moral, political, aesthetic, etc.); social sanctions used by the society to social subject for social consequences of activity or inactivity

The necessity of social responsibility is now recognized by all

organizations, regardless of their size, location and organizational-legal form. Any organization must make its own contribution to sustainable development of the society: economic, social and environmental. These contributions are interrelated, and the society expects to receive them from functioning of organization.

However, social responsibility as any phenomenon, has its pros and cons. Referring to papers of researchers, we can mention them (tabl. 2).

**Table 2**

*Arguments “for” and “against” company’s conducting the policy of social responsibility [7, p. 312–322; 8, p. 8]*

<b>Arguments for</b>	<b>Arguments against</b>
Long-term business interest in social prosperity	Giving up general profit maximization
Improving public image of specific companies	Losses from social activity
Supporting viability of business as a system	Lack of skills in solving social problems
Weakening of state regulation of business	Washing-out the main goals of business
Conformity of business with social-cultural standards	Weakening of international payment balance
Reducing shareholders’ risks regarding diversification of investment portfolio	Excessive concentration of power in the hands of business
New ways to solve social problems (give business a chance!)	Weakness of public control
Availability of necessary resources in business	Lack of broad public support
Possibility of “converting” social problems into profitable business	Rising product costs
Prevention of social problems is better than treatment	Applying social responsibility only for advertising purposes

Today, more and more enterprises prefer to operate on the principles of social responsibility. This is especially true of agro-holdings.

In practice, the level of implementing the principles of social responsibility by representatives of agrarian business has a negative tendency and does not coincide with the declaration of their position concerning this process.

Thus, the main tendencies in agrarian business of Poltava region during the past five years are as follows:

1) decreasing the number of rural population (natural reduction and migration). Accordingly, there was a decrease in the number of employed and hired workers in agriculture;

2) reducing incomes of rural residents because of insufficient level of labor payment to agricultural workers (with the exception of business owners);

3) low share of costs to labor payment and social measures in the structure of product costs tends to decrease –it does not exceed 10.0%, on the average;

4) the presence of environmental irresponsibility (the largest share – in removing back waters to surface water objects; the volumes of pollutants and carbon dioxide emissions increase; low level of production environmental friendliness, etc.);

5) the number of employees working in conditions, which do not meet sanitary-hygienic standards, increases;

6) at many enterprises, up to 80% of machines, mechanisms, other equipment and vehicles do not meet safety requirements;

7) existing violations of labor legislation.

A low level of social responsibility of Ukrainian agricultural enterprises is determined by sources of profit and ways, by which it can be maximized. There are two ways to maximize profits: innovative or rental. These two methods are incompatible, as the using of one of them complicates the applying of the other. The second method is chosen by most agrarian enterprises. Under its application, economic profit is ensured by imperfect competition, reduction of social expenditures and payments for using labor and resources, which are necessary for production, as well as by artificially raising the price of enterprise's products. Economic power, backed by administrative resource, is the main competitive advantage of enterprise under rental way of receiving profit.

Social initiatives on the part of the national profitable agrarian enterprises (especially small and medium-sized ones) are unpopular. In opinion of enterprises' owners, alternative ways to maximize profits are more effective and reliable than social measures. At the same time, investments in ensuring economic power are more attractive because they ensure predictable result for a shorter period of time, and economic power itself is a cheaper and more reliable way to influence counterparties. Rental method of obtaining profit not only blocks investments in social sphere of enterprise, but also creates additional obstacles to the development of its social responsibility.

Rental method of gaining profit stipulates that:

- the structure of enterprises' management is not adapted to the system of social activities, as it is focused on achieving other interests (financial and economic);

- insufficient spreading of social responsibility practices leads to relatively high expenditures on their implementation if the company decides to implement them;

- enterprises use limited planning time-frames, while long-term planning

is necessary to ensure social responsibility.

However, it should be noted that the negative tendencies in the area of agrarian production and business, mentioned by us, are the consequences of the rental method of gaining profit.

Therefore, in our opinion, it is expedient to perceive social responsibility of enterprise in terms of the theory of “reasonable egotism”. According to it, social responsibility of business is simply a “good” business, as it reduces long-term losses. By financing social programs, enterprises reduce their current profits, but in the long-term prospect they create favorable social environment and increase profits [9, p. 10].

In our opinion, the following measures can be mentioned for the real popularization of the system of social responsibility among the national agrarian enterprises:

- developing regulatory-legal documents having single interpretation of social responsibility, as well as criteria for its measuring and forms of using;
- forming positive opinion among representatives of agrarian business regarding active social position in the society;
- regulating the system of preferences for agrarian enterprise, which implement the policy of social responsibility and socially important social-economic and environmental programs;
- improving and active applying tax mechanism, according to which benefits will be determined in the process of implementing social programs;
- developing Government mechanisms to stimulate implementing the policy of continuous systemic improvement of enterprises’ social responsibility;
- increasing the society being informed as to positive practices of socially responsible business. First of all, we consider the rural population being well-informed;
- raising the level of personnel training in rural districts as to social responsibility. In particular, it is necessary to start with managerial staff. This development has to involve the national higher educational establishments in active participation in this process
- facilitating the work of all interested parties in the implementation of long-term joint social projects and programs.

Besides, owners of agribusiness have to realize that the urgent need of modern business practice is to provide themselves with loyal employees. Such employees are characterized by a high level of “involvement” in the affairs of the organization. They voluntarily agree to make more efforts to achieve organizational goals. A loyal employee requires less extra payment to work hard, as well as less control. Saving financial resources of enterprise is achieved by it. That is, highly loyal employees are characterized by a high degree of self-motivation, because they identify themselves with their own

organization.

What is necessary to ensure the effectiveness of this process of forming loyal personnel? In addition to the above mentioned measures, in our opinion, they include the following ones:

1) clearly defined directions of enterprise's social activity (levels are different, but it is expedient to be limited to specific rather than diversified types of social activity. In the future it is necessary to increase their number);

2) control by the enterprise of effectiveness of the chosen social actions, and also money spent on them. To get the effect from social measures, it is necessary to monitor the progress of their implementation and also effectiveness for timely conducting corrective actions;

3) a high level of integration of social activities in the general corporate strategy and business philosophy;

4) enterprise's personnel mostly performs complex work, so individual results of each person are often difficult to track and evaluate, and social measures (care, development, support, etc. by the company) have to cover all the staff. Therefore, in our opinion, it is expedient to rely on organizational culture of enterprise, which has to educate personnel with "necessary" characteristics.

Social responsibility of a modern agrarian enterprise presupposes conformity with the specifics and level of its development; it has to be regularly reviewed and dynamically changed. Socially responsible measures are formed voluntarily and in a coordinated manner by the management, but with the participation of main interested parties. These measures are mainly carried out at the expense of the enterprise. Enterprise's finance has to be directed at implementing significant internal and external social programs, the results of which contribute to its development (increasing volumes of production, improving the quality of products and services, etc.), improving reputation and image, forming organizational identity, brand developing, and also expanding constructive partnership relations with the state, business partners, local communities and public organizations.

Thus, the system of social responsibility of enterprise has to be directed not only at reducing and preventing negative consequences of agribusiness representatives' activities, but also achieving economic, environmental and social effects, which can be considered as a basis for increasing its competitiveness and ensuring its development strategy.

### **References:**

1. Polyakov, A. V. 2003. General theory of law. Phenomenological-communicative approach. *St. Petersburg : Yuridtsentr Press*, 843.
2. Biletska, L. V., Biletskiy, O. V. & Savich, V. I. 2009. Economic theory (political economy, microeconomics, macroeconomics). *Macroeconomics*.

Kyiv: Tsentr uchbovoYi Ulteraturi, 688.

3. Hachaturov, R. L., Lipinskiy, D. A. 2007. General theory of legal responsibility. *Moscow: Izd-vo R. Aslanova «Yuridicheskiy tsentr Press»*, 1280. [ONLINE]. Available at: <https://www.litres.ru>

4. Plahotnyiy, A. F. 1981. Social Responsibility Issues. *Social Responsibility Issues. Kyiv: Vischa shkola*, 191.

5. Chepulchenko, T. O. (2010). Social responsibility: concept and essence. *Visnik NTUU «KPI». Politologiya. Sotsiologiya. Pravo: zbirnik naukovih prats, 1(5)*, 137–142. [ONLINE]. Available at: [http://ela.kpi.ua/bitstream/123456789/6088/1/10-1\(5\)-23.pdf](http://ela.kpi.ua/bitstream/123456789/6088/1/10-1(5)-23.pdf)

6. Rebriy, I. M. (2011). The essence and content of social responsibility of servicemen of the Armed Forces of Ukraine. *Harkiv : Visn. nats. yurid. akad. Ukrayini im. Yaroslava Mudrogo. Ser.: Filosofiyyi, filosofiya prava, politologiyi, sotsiologiyi, 9*, 133–136.

7. Davis, K. (1973). The case for and against business assumption of social. *Academy Management Journal, 16*, 312–322. [ONLINE]. Available at: <http://57ef850e78fea47e42-3eada556f2c82b951c467be415f62411r9.cf2.rackcdn.com/Davis-1973-ForAnd%20Against.pdf>.

8. Kolot, A. M. (2013). Corporate social responsibility: the evolution and development of theoretical views. *Naukoviy visnik kiyivskogo natsionalnogo ekonomichnogo universitetu im. Vadima Getmana. Seriya: Ekonomichna teoriya, 4*, 5–26. [ONLINE]. Available at: <http://www.irbis-nbuv.gov.ua>.

9. Goncharova, E. V., Medvedeva, L. N. & Starovoytov, N. K. (2017). Social responsibility of business. *Volgograd : Volg.* [ONLINE] Available at: <https://books.google.com.ua/books>.

## **PRIORITY DIRECT AND RELEVANT TO THE EFFICIENCY OF THE PROCESSPERSONNEL MANAGEMENT AT ENTERPRISES**

***Hanna Burdelna,***

*Ph. D. in Economics, Associate Professor,  
Black sea Petro Mohyla national university,  
Mykolayiv, Ukraine,*

***Alona Obozna,***

*Ph. D. in Economics, Associate Professor,  
Mykolaiv branch of Kyiv national university of culture and arts,  
Kyiv, Ukraine*

Analysis of the development of the economic situation in the Ukrainian labor market and international experience indicate increased competition.

In these conditions, the role of personnel management in organizations, which should ensure high efficiency, competitiveness and a stable market position. In a difficult situation, the effectiveness of the management system must be taken as scientifically sound and practically implemented strategic and tactical decisions. The market situation is constantly becoming more complicated, the boundaries of the market are expanding, including through the involvement of foreign companies with extensive experience in conditions of fierce competition.

Innovative changes in the organization of personnel work and in the efficiency of human resources management of enterprises have raised the issues for study.

A modern tool for managing the development of the organization in the face of increasing changes in the external environment and the associated uncertainty is strategic management, which allows to ensure the competitiveness of goods and services in the long run.

The special importance of strategic management is due to a number of objective factors, such as accelerating macro-environmental change, business globalization, increased competition, development of information systems, changing the role of human resources, the emergence of new business opportunities, widespread availability of modern technologies, new demands and changing the position of consumers.

In this regard, it became clear that previously used techniques and technologies have ceased to be effective, and therefore the problem of improving the system of strategic management based on the use of new technologies and mechanisms has recently become particularly relevant.

To develop new markets, attract new customers and achieve higher market shares, hospitality companies need to understand customer needs and be willing and quick to respond to market changes.

To be successful, they must be superior to competitors in meeting these consumer needs. Market responsibility is related to the relationship between innovation and market needs. Such innovations are based on active market research and respond to expected customer demand. This emphasizes that successful hospitality innovation requires close customer contact, detailed consumer research, and a comprehensive understanding of what can be whimsical, fashionable, or truly trendy.

Effective communication through marketing is a key success factor that contributes to the development of high quality market innovations. Effective marketing communication includes effective targeted advertising campaigns. Better communication should lead to more effective advertising and promotion than competitors, create a brand image and align with marketing strategy. It is not enough to simply create an innovation and announce that it exists, because even the best services do not «sell themselves» [1].

Service managers must analyze the market and look for hospitality service opportunities that are not offered or available, but not as good quality or price. Often organizations offer goods and services that are “too good quality, but then too expensive. For example, a new hotel can offer a very pleasant atmosphere and the highest quality of service; however, target buyers are reluctant to pay such high prices.

The latter is responsible for emotions that are difficult to control. «Yes, if we are scared, we do it automatically in response to an outside stimulus. In a situation with a salary delay, the manifestation of the whole spectrum of negative emotions is a» hello «from the limbic brain. If you do not include in time the rational thinking, for which the neocortex is responsible – the human brain, to soberly assess the situation, you can slide into a reaction of the reptile» [1].

Conclusion №1: it is better to pay a salary on time, and to hire people with developed intelligence, logic and rational thinking. They are less likely to think about escaping or arranging a «showdown» in every stressful situation.

Conclusion №2. Use the achievements of neuroscience to increase staff efficiency [1].

Consider three tools to improve employee efficiency [1]:

1. Clearly define the role, functions and results of the person in the team.

Sometimes this can be a difficult task, because you need to start from the company’s goals and specific global indicators to be achieved. They are decomposed into the activities and results of each employee in the organization. However, not every Ukrainian business has a ready and clear strategy for several years, and if it does, then high turbulence and total uncertainty (which is what distinguishes the modern world) make constant changes in it, which makes long-term planning quite problematic. In this case, the principle of «eating the elephant in parts» comes to the rescue. This can be a breakdown of the strategy into periods, such as six months, for which the company determines its expectations and employee performance. Then the indicators may change. Or it is a project work, limited in terms and results, and hence a clear distribution of roles among all its participants.

2. Consolidate all agreements in writing.

I want to do it in the old way in the usual job description, but time has shown questionable effectiveness of this tool. An alternative for modern business - an individual employment contract, which fixes the responsibilities of the employee, his performance and expected results with time, as well as the responsibility of the head – the timing of payment, its terms, schedule (including the possibility of remote work), the rules how employees will go on vacation, participate in activities, etc.

Formal employment contracts «under the copier» are no longer relevant.



Each company is individual - with its own corporate culture, rules and «delicacies». And expectations from employees and their place in the system are always different. For example, an employment contract with a marketer or head of logistics, even in the same company, will be different because each of these people brings different value to the business, and the result of their work is measured by different KPIs. This approach reduces the level of stress in both parties – the employer and the employee. There is certainty in the future, an artifact that confirms it, so for some time you can focus not on the fight against imaginary feelings about the future, but at work. Guided by the principle of «eating the elephant in parts», contracts can be concluded for three months, six months or a year, giving both parties the opportunity to make timely changes and be flexible.

### 3. Setting up a system of feedback and internal communication.

When an employee, due to a number of difficulties, manages to do the task, and still passed, but did not receive feedback from the manager – it is, first, «painful. Secondly, it raises unnecessary doubts on the topic» How did I cope? Did I manage normally at all? Or is everything so awful that they don't even want to give me an answer? ”The fact that the manager is wrapped up and just did not have time to admire the masterpiece of a colleague is also an argument, but in the average situation he loses to a negative attitude. Again, because of the brain and our evolution – in order not to be eaten by a cave lion or bitten by a saber-toothed squirrel, you must always be alert and prepare for the worst. This habit is transferred to the modern corporate world – it just happens, and in my

head already looms emotional «go» with other unpleasant thoughts» [1].

Therefore, regular feedback no later than the deadline approved by the team after the assignment, emphasizing strengths and pointing out mistakes – helps the employee not only to grow professionally, but also to feel calmer. This means that the cumulative effect of unspoken feedback will not explode one day with a bomb in the form of a person leaving, or an aggressive attack on colleagues. The more open and regular the communication in the team, the better. Useful tools in this can be: SCRUM-approach, scheduled face-to-face meetings with the leader, weekly retrospectives of the team, etc. [1].

So can create a corporate island of certainty in our big, scary and unpredictable world. With a clear design of the employee's role, the use of an individual contract and an open communication system in the company increases the likelihood of employee retention. They will be less likely to «coincide» and go to conflict, will be able to better focus on tasks and not spend too much energy on imaginary suffering due to uncertainty [1].

By acting beneficially on employees and their instincts, all this will help reduce the manager's anxiety about the unexpected dismissal. After all, people rarely go where they are well and safe.

The solution to all these challenges, in fact, is to create a secure and transparent management system for enterprise managers.

Manager-manager in his professional activity participates in the development and decision-making of various levels and activities of the enterprise, and this is natural, but due to the rapid development of the hospitality industry market changes indicators and components of management systems to acquire features and qualities and require him to use the principle of innovation hone in decisions that are the prerogative for an effective system of personnel management.

The World Economic Forum, which in 2020 celebrates its 50th anniversary, published the Davos Manifesto. This document raised a number of important issues of our time, including the basic principles of companies, a fair and effective management system of top managers and their main responsibilities to staff. «A company is more than an economic unit that generates wealth. As part of a larger social system, it also contributes to the realization of the aspirations of people and society. The results of its activities should be measured not only by the profits of shareholders, but also by how it achieves its goals in the field of environmental protection, social responsibility and corporate governance. The remuneration of top managers should show their responsibility to all parties», – stated in the manifesto [2].

Large-scale climate change creates the preconditions for fundamental changes in the business and financial sector.

Large-scale climate change creates the preconditions for fundamental changes in the business and financial sector. Analysts from BNP Paribas Asset Management believe that professionals and top managers should develop a plan for the transition to a transformational economy. These current problems, which concern the world business, also arise now in Ukrainian companies and in the administration, but the domestic realities are such that various external barriers constantly appear on the way to promising initiatives [3].

The manager-innovator himself must actively influence all of them, in particular, it is the choice of a reliable provider and its information product when using the reservation, etc. According to research by Symantec, two of the three hotel sites inadvertently pass on booking information and personal data of their customers to third-party sites, including analytics companies and advertisers [4].

The main task of managers is how to avoid leaking this information and make the stay of customers in the hotel comfortable.

For example, for the domestic hotel business to develop successfully, managers must pay attention not only to regional management channels – «Property Management System» (PMS) [4].

Choosing the right PMS is not easy. And there are a number of reasons for this, as there are countless options on the modern market, and not everyone will fit the requirements of their business. Therefore, to make the right decision, you need to ask the right questions and take into account all the factors that will affect the activities of the institution. Therefore, before agreeing to an easy option, it is very important to have a good understanding of all available, both local and global goods. Managing a successful business is not always convenient, choosing a system, local or not, you need to learn everything you need to know about PMS and identify key points to consider.

The most important factors to pay attention to the head of the institution, when there is a desire to buy not a cheap «on-line platform» for hotel management, but as a result of use, less quality.

1. Introduction. A reliable PMS cloud provider should help the manager implement the system easily and reliably, in the shortest possible time. It takes time for the system to work reliably, so you don't need to trust companies that say otherwise.

2. Data security. Cloud PMS are, as the name implies, «in server clouds.» This means that you can without hesitation not be afraid of «of - line» loss of the server with information, etc. You need to find out which cloud server the PMS provider is working with, and then decide. Some of the best cloud servers are Amazon Web Services (AWS) and Microsoft Azure [4].

3. Integration. The PMS provider must provide the top manager with data access to the server platform with other communication channels and use the integration of this data into parallel hotel business services, such as channel and revenue management, accounting, data mining, etc.

There are PMS with built-in modules, but again, if the goal is to choose the best system, then the manager may need to look for PMS that supports third-party software integration. They can be a little more expensive, but allow you to integrate any solution at will, depending on the needs of the institution.

4. Distribution. The manager needs to choose the provider that will connect you with the channel managers / online travel agencies that deal with your target audience.

5. Support. This service is often underestimated by hotel managers, and not all PMS providers pay enough attention to it. You need to choose a provider who is ready to provide round-the-clock support and solve any problems in real time.

Most hotel managers have an understanding that they have a supplier who will come in person and solve problems – a sense of reliability and assurance. But in the hotel business, time is money. Therefore, today's leaders must reorient their worldview to operational thinking.

Managers must choose a system that will facilitate the work of its staff

and at the same time improve the efficiency of the hotel, restaurant and other spheres of business.

Only with high technology does the manager have the opportunity to build a successful hotel business. The main thing is not to choose a system without carefully studying the content / customer feedback, their specific examples, written by users, will give the manager a real picture of the information management system of the institution.

Innovative management uses the innovative strategy of the hotel business in practice [5,6].

How does the global hotel business struggle with innovation? The report on innovations in the hotel business analyzes how various innovation strategies contribute to the creation of competitive advantages for the hotel business.

According to the study «On the innovative industry of the hospitality industry», the author of which is a scientist Prof. Carlos Martin-Rios, the main idea is based on an integrated model in a combination of technological and non-technological innovations and he analyzes how different innovation strategies will contribute to the creation of competitive advantages for the hotel business [8].

We agree with the scientist, who tracked innovations in the hospitality industry, surveyed hundreds of managers and spoke with more than 50 leaders and opinion leaders to form the most functional management model [8].

Innovation management is one of the most important industries in the development of international business. For many, innovation is equated with technology, and only scientists and engineers apply innovation in practice. However, this can happen in many areas that have nothing to do with science or technology.

### **References:**

1. Kovalchuk, A. (2015) Spring Plans: 5 Niche Ideas in Crop Production. AgroPortal.ua. [ONLINE]. Available at: <http://www.agroportal.ua/publishing> [Accessed 14 July 2020].
2. Analysis of actual factors of deterioration of drinking water quality in the context of national security of Ukraine. 2018. *Analytical note*. [ONLINE]. Available at: <http://www.niss.gov.ua>. [Accessed 24 July 2020].
3. Belbin, M. R. 1994. Management teams: why they succeed or fail. *Lnd*, 312.
4. Hops, F. I. 2006. Personnel management: A textbook for students of higher educational institutions. K.: *Akademvydav*, 488.
5. Personnel management system of the developing organization. [ONLINE]. Available at: <http://library.if.ua/book/34/2302.html>. [Accessed

18 July 2020].

6. Katzenbach, J. R., Smith, D. K. 1999. The wisdom of teams: creating the high-performance organization. *NY*, 320.

7. Mayer, J. D., Salovey, P., & Caruso, D. R. 2000. Models of emotional intelligence. *Handbook of Human Intelligence, 2nd ed, New York: Cambridge*, 396–420.

8. Zaslavska, K. 2000. Reflexive organization: 3 life hacks for successful personnel management [ONLINE]. Available at: <https://mind.ua/openmind/2020/12/95-refleksi-vs-organizaciya-3-lajfhaki-dlya-uspishnogo-upravlinnya-personalom> [Accessed 28 July 2020].

## **PERSONNEL MANAGEMENT AS A METHOD OF COMBATING PERSONNEL RISKS OF THE ENTERPRISE**

*Volodymyr Tkachenko,*

*Postgraduate student,*

*Poltava State Agrarian Academy, Poltava, Ukraine*

Risk management is an integral part of the management of any enterprise, which aims to implement the objectives and achieve the set goals. It is safe to say that human resources play a decisive role in the work of the enterprise, and that is why the activities of staff is one of the main risks faced by business leaders.

Starting the study of personnel risks, we must remember that the functioning of socio-economic systems is to meet human needs, and their very existence is impossible without human intervention, at all stages, from equipment maintenance and production to determine the purpose and strategy of the enterprise [7].

An important question to understand the nature of the risk is to determine its objective or subjective nature. Currently, there are three points of view that determine the objective, subjective and subjective-objective nature of risk [5]. The meaning of the subjective nature of risk is that the object finds the factor of uncertainty and then forms its attitude to it.

It is also thought that risk exists regardless of whether the object is aware of it or not. In this case, risk is an integral part of the options among which decisions are made.

Personnel risk can be characterized by the presence of threats from staff to the company, which can lead to danger.

According to I. Gorbacheva, in any method of risk management it is necessary to first identify risks, i.e. to identify their components. To identify them, it is necessary to fully understand the risks. Risks whose nature is

unclear should be avoided. This process involves identifying risks, their sources, entities and objects. The identification begins with the most probable risks and the most dangerous types of risks and gradually moves to less probable and costly risks. The essence of the stage of search and identification of personnel risks is precisely to obtain a clear idea of the current profile of personnel risk for a particular enterprise. The difficulty of finding and identifying personnel risks is due to the fact that it is quite difficult to isolate the actual «personnel risks», because they are closely related to other risks [2].

As noted by A. Alaverdov, personnel risks in the form of their manifestation are divided into quantitative, qualitative and risks of staff disloyalty [1]. Quantitative personnel risks are manifested in the form of threats, such as market and financial losses. Such situations may arise due to lack of staff, or its suboptimal number. Qualitative risks arise due to the low level of responsibility of employees, or their insufficient qualifications. Abuse of trust by the employer by disloyal employees is the main cause of risks of disloyalty. This can manifest itself in the form of corruption, embezzlement, or disclosure of trade secrets, and so on.

Granaturov V. M. identified the following most important elements of risk:

- 1) time of occurrence, according to which the elements of risks are divided into retrospective, current and future;
- 2) the main factors of occurrence, according to which risks are divided into political and economic (commercial);
- 3) the nature of the circulation, according to which the risks are divided into external and internal;
- 4) the nature of the consequences, depending on which the risks can be divided into pure and speculative;
- 5) the largest classification group – is the field of origin, which is based on the scope of enterprises [3].

Also, the classification of personnel risks can be represented as follows:

- risks associated with recruitment;
- risks that arise as a result of inefficient staff work;
- risks associated with information security and protection of commercial information;
- risks associated with dismissal of employees;
- risks caused by the presence of risk groups [6].

The process of personnel risk management is quite complex and in some cases unpredictable. When trying to take one of the types of risk under control, a situation is possible in which another risk arises, which is a surprise for the company's management.

Risks can arise from external or internal reasons. Internal risks directly

depend on the management decisions of the company's management. External factors do not depend on the personnel management of the enterprise.

M. Khromov classifies risky cases into accidental (unintentional) and non-accidental (purposeful). Accordingly, the causes of personnel risks differ. Thus, accidental personnel risks can be caused by the following reasons: lack of awareness of the consequences of their actions; negligence, inattention, violation or absence of appropriate rules and instructions; inadequate in-house training; gaps between true and declared organizational values. Purposeful risky behavior is mainly due to: own vision of the situation (good intentions); personal gain; individual values different from the values of the organization; low interest in the existence (development) of the organization; intra-corporate political intrigues, intergroup conflicts; disloyalty, demotivation, conflict (sometimes with an individual) [8].

Personnel risk factors also include various types of economic and production processes that occur for the development of the company. Such processes include active development, stable work, transformational change and survival in case of force majeure.

In order for the work of personnel at the enterprises of the agro-industrial complex to be as reliable and efficient as possible, it is necessary to implement the following measures at the enterprises:

- recruitment should be performed by specially trained professionals with maximum responsibility. When hiring, it is mandatory to check the biographical data and information from the previous place of work. An advantage may be a recommendation or personal assignment of an employee for a candidate for a certain position. Probation is a pretty good practice. During this time, you can more carefully study the future employee and determine his suitability to perform the tasks;

- working conditions of workers should be such that it was unprofitable to harm the company. This can be ensured by the prestige of working at a particular company and the formation of the internal climate of the company, which is perceived by the employee as an advantage;

- creating a strong and friendly team. Creating a sense of belonging to the company, a sense of security in any life situation. This is facilitated by the organization of informal collective events, joint recreation or tourist trips;

- introduction of a system of material and other types of incentives at the enterprise. This can be a surcharge for years of service, a bonus for overfulfillment of plans, bonuses for conscientious work. On the other hand, the fact of moral stimulation is important, which helps the employee to feel himself as a part of the enterprise. It includes the presentation of diplomas, awards, valuable gifts;

- formation of team spirit and moral and psychological climate at the

enterprise. It should be noted that staff cohesion should not turn into a circular guarantee when employees cover each other in the presence of certain violations. Such cases must be reported to the company management<sup>4</sup>

- subscription for non-disclosure of trade secrets. The subscription must include a clause stating that in cases of moral unreliability or disclosure of facts of disloyalty that cause material damage to the company or damage to its business reputation, its management reserves the right to prosecute the employee in accordance with applicable law. Personnel should be informed about the consequences of violating specific rules of procedure (reprimand, deprivation of bonus, reduction of position, deprivation of certain benefits, warning of dismissal, etc.) [2];

- periodic re-certification of staff. This makes it possible to track the quality of the employee's work, its focus on achieving goals, its commitment to the company's values. A very weighty argument is the impact of certification on wages. During long periods of certification (once a year, for example), employees will try to show their best side so as not to lose a certain percentage of their salary. And with high performance, they will be able to increase their income.

In my opinion, the certification of employees is a very important factor that not only shows the quality of the employee's work, but also to some extent reflects the attitude of the employee to his work and the company as a whole. That is why proper certification can increase the level of personnel security and reduce the risks associated with staff. Therefore, it is necessary to indicate the factors that are the source of risks of assessment and certification of personnel. As noted by Dudneva Y. E., they include:

- different standards for employees performing the same work;
- similarity of beliefs and views of the manager and the employee to be certified, as a factor influencing its results;
- prejudice of the person conducting the certification. This factor is more often manifested when the certification is carried out only by the operational manager without the personnel management service;
- assessment not as a whole, but on one characteristic, on one indicator. Lack of experience in staff evaluation can lead to «skew» in the weight of indicators and distort the final results;
- change of standards during certification; - giving more importance to the employee's behavior in the period immediately preceding the certification, compared to the behavior during the entire assessed period;
- use of a narrow range of estimates. Sometimes there can be a tendency of strict leaders to underestimate, and soft - to overestimate. Overestimation, in addition, can be perceived by the manager as an element of motivation;
- comparison of employees with each other, not with the standards of activity;



- lack of attestation conclusions, management decisions based on the results of attestation [4].

To reduce personnel risk during certification it is necessary:

1. To formulate the purposes of carrying out certification and possible alternatives of administrative decisions on results of it's carrying out.

2. Identify key and secondary (desirable but not required) factors for each position and the criteria for evaluating them.

3. Determine the significance of each key factor by ranking according to the degree of significance.

4. To form standards of activity for each position.

The problem of risk management in the enterprises of the agro-industrial complex is very relevant in recent years. All risk definitions focus on losses, while personnel risks are twofold. Staff remains a major risk factor in every business. That is why at each stage of personnel management special factors of influence on personnel risks should be involved. To correctly identify risks, it is necessary to understand the nature of their origin. This is important both for retaliation and for ensuring the right management decisions that will be aimed at preventing certain types of risks.

### References:

1. Alaverdov A. R., 2011. Organization of personnel management of a modern Russian bank: textbook manual. «BDC-press», 320.

2. Gorbacheva, I. (2014). Management of personnel risks in market conditions. *Ukraine: aspects of labor*, 8, 37–42.

3. Granaturov, V. M. 1999. Economic risk: essence, methods of measurement, ways of decrease. *Izd-vo «Delo i Servis»*, 112.

4. Dudneva, Y. E. (2017). Improvement of personnel risk management of the organization. *Bulletin of the Kharkiv National Technical University of Agriculture named after Petro Vasylenko*. 183-190. [ONLINE]. Available at: [http://nbuv.gov.ua/UJRN/Vkhdtusg\\_2017\\_185\\_24](http://nbuv.gov.ua/UJRN/Vkhdtusg_2017_185_24) [Accessed 14 June 2020].

5. Slobodskaya, A. L. 2011. Risks in personnel management. *SPb. : Izd-vo SPbGUEF*, 155.

6. Smagulov, A. M. 2013. Risks of personnel management. *Economics of education*, 4, 139–142.

7) Cunning, O.V. 2013. Concepts, factors and consequences of personnel risks at the enterprise. *Bulletin of socio-economic research*, 1(48), 163–167.

8) Khromov, M.Yu. Causes of personnel risks. [ONLINE]. Available at: <http://prosvet.su/articles/personal/article2/x> [Accessed 14 June 2020].

# **BUSINESS PROCESSES RE-ENGINEERING IN AGRI-FOOD SPHERE AS A FACTOR OF ENSURING FOOD SAFETY AND QUALITY**

***Olena Kalashnyk,***

*Ph.D. in Technical Sciences, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Svitlana Moroz,***

*Ph.D. in Pedagogical Sciences, Associate Professor,  
Poltava State Agrarian Academy, Poltava, Ukraine,*

***Mykola Vovk,***

*Postgraduate student,  
Poltava State Agrarian Academy, Poltava, Ukraine*

Successful economic development of any enterprise in modern highly-competitive conditions depends greatly on enhancing the production process and services via introducing modern technologies that can provide the required quality level of goods. Improving the material and technical base through the use of scientific and technological progress and appropriate management methods allows economic entities to form additional competitive advantages that will contribute to the efficient utilization of the available and potential resources [1].

The increase in the cost of the non-renewable natural resources, increasing dependence of production on natural and climatic conditions, limited access of producers to the financial resources are the result of low rates of the technical and technological renewal of the agricultural production in the cost structure of the national agricultural products.

The current situation in the agricultural sector poses a number of challenges, the main among which is the need to improve business conditions, conduct quality transformations that can increase the competitiveness of agricultural production in the domestic and foreign markets, provide food security, and approximate the national agriculture policy to the European standards [9].

In view of the current situation features, it is necessary to implement effective management mechanisms for the technological restructuring of agri-food enterprises, which will form a qualitatively new level of ensuring the state food security.

Improving the country's food security by accelerating the production of high quality food is the key to increasing living standards, preserving and protecting the environment through the rational use of natural resources, and thus increasing the competitiveness of the domestic producers and expanding its export opportunities [4].

The Cabinet of Ministers of Ukraine approved the conception of the state target program for the development of the agricultural sector of the economy until 2022 to improve the quality, safety, and competitiveness of agri-food products [9].

The main task of the abovementioned Program is to create organizational and economic conditions for effective, socially-oriented development of the agricultural sector, stable supply of agricultural raw materials to the industry and to provide the population with high-quality and safe domestic agricultural products, increase the share of the products with high added value, strengthen Ukraine's presence at the world market of agricultural and food products[9]. Re-engineering of agri-food enterprises can become a solution to the problem under consideration.

But, along with this, there is some uncertainty regarding the implementation of the idea of reengineering. Namely, Yu.Lopatynsky and V. Kyfiak argue that the implementation of the ideas in practice needs specifying the basic principles of reengineering, efficient for the development of the agricultural relations:

- 1) introduction of a product quality management system to increase its competitiveness on the world market;
- 2) formation of a balanced reporting system of the indicators that reflect the efficiency of the economic entity in terms of its production, financial, and marketing functions (ie the efficiency of all processes);
- 3) introduction of process-planning of enterprise activity;
- 4) utilization of corporate operating systems [5].

Intensification of the agricultural production in current conditions of fierce competition is practically impossible without constant improvement of management methods and seeking out the reserves to increase the quality of production. Agricultural raw materials go through several stages of control:

- input control to prevent the use of the raw materials with harmful impurities in the production;
- compliance with the production requirements, technological and laboratory control;
- control over the storage conditions and terms of sale of food products through a ban on the use of components of artificial origin used to increase the shelf life of products for consumption [4].

To create new opportunities for the production of quality and safe goods, the agri-food companies ought to improve the material and technical base of the enterprise and, timely, implement the achievements of the scientific and technological progress. All this is connected, first of all, with the restructuring process. Restructuring of the enterprise can be defined as the implementation of organizational and economic, legal and technical

measures aimed at changing the structure of the enterprise, its management, forms of ownership, including process-planning. The principal goal of restructuring is to extend the enterprise's feasibility to recover financially, to increase the amounts of competitive products production, to increase the whole production process efficiency [2].

However, it is necessary to select carefully those ways of restructuring, which can improve the quality and safety of goods produced and sold at the domestic market. The study has revealed that technological restructuring is the most effective way of improving the quality and competitiveness of the national food products, owing to the existing production capabilities of agri-food enterprises.

Modern management of technological restructuring at agri-food enterprises must meet the following requirements:

- flexibility and adaptability to constantly changing market conditions;
- focus on reducing material and energy resources;
- focus on increasing the role of information resources;
- responsibility of the management staff and public authorities for the social stability of both their teams and the region in which they operate [4].

Before discussing the strategies of technical and technological restructuring of agri-food enterprises, it is advisable to identify and study the specific features of their production process. Thus, in accordance with the Law of Ukraine On Basic Principles and Requirements for Food Safety and Quality, the production process is interpreted as an activity that involves the production of sanitary facilities, all stages of the technological process, namely, primary production, preparation, mixing and related procedures, processing, filling, packaging, renewal and other changes in the state of the product [7].

Technological factors stipulate the introduction of new technologies in every field of activity. Computers provide high-speed data processing for complex production tasks. New machines and processes revolutionize production methods. Information technology and automation affect not only technical but also social working conditions [10].

In the field of standardization, the state policy lays emphasis on the balanced application of many principles, one of which is the adaptation to modern advances in science and technology, promoting innovations, and increasing the competitiveness of domestic producers [8].

In view of the abovementioned, it is necessary to implement systemically modern achievements of science and technology and modernize the outdated production facilities through the implementation of the technical and technological restructuring of agri-food enterprises.

The technical and technological restructuring involves the modernization or replacement of the outdated fixed assets, introduction of new technological

processes, investing the programs aimed at more efficient use of the production process capacities, and other available resources of an enterprise. Liquidation of some divisions and even enterprises can be considered as an integral part of this type of restructuring. A broader definition of the technical and technological restructuring may involve the regional relocation of the production facilities to take advantage of the strategic options, reflected in lower wages, a higher level of the staff skills, a promising market, better infrastructure, and other factors that can appear beneficial for relocating the business entity. This type of restructuring can not significantly increase the efficiency of management if it is not accompanied by additional changes in the organization, management, and development of the marketing and product policies, as well as without the introduction of strategies to stimulate the competitiveness of the production [6]. Therefore, in this context, it is gainful to determine the main directions of structural transformations that will facilitate the solution to the problems related to increasing the quality and safety of the consumer goods.

Thus, I.M. Cherniavska offers the following directions of the structural reforms for the Ukrainian enterprises in the field of production:

- monitoring of the existing production processes of the enterprise and closing the inefficient and technically retarded productions;
- reducing the number of production units (shops, sites, etc.);
- revealing the «strategic core» of the enterprise, the most important, technically equipped processes, and concentrating efforts on their activities improvement [10].

O. Kostiuk argues that improving the quality and safety of products should become a priority of each division of the enterprise if they really endeavor to solve this urgent task successfully. This goal can be achieved through highly professional planning and modernizing production processes with a focus on the implementation of low-waste and non-waste technologies that provide resource and energy saving.

Goods quality and safety and environmental management systems at enterprises need constant improvement, regulation, and revision of the goals and objectives. In this context, it is necessary to determine the structure of the processes and documentation, improve the working conditions of the staff, and motivate them to advance [4].

The findings of the study manifest that re-engineering of business processes in the agri-food sphere is an important factor of ensuring food safety and quality and can increase their production formats. Comprehensive and effective implementation of re-engineering opens new perspectives for further effective functioning of the enterprise in the conditions of the globalization changes and production of high-quality and safe for consumers goods, which, in turn, ensures the country's food security.

## References:

1. Arefiev, S. O. (2014). The essence of the characteristics of resource-technological restructuring of enterprises. *Bulletin of Odessa II Mechnikov National University* [ONLINE]. Available at: [http://nbuv.gov.ua/UJRN/Vonu\\_econ\\_2014\\_19\\_3\(2\)\\_3](http://nbuv.gov.ua/UJRN/Vonu_econ_2014_19_3(2)_3). [Accessed 18 June 2020].
2. Bezuhla, Yu. I., 2012. Theoretical and methodological foundations of management strategies for economic restructuring of the enterprise. *Economics and Management*, 4, 116–121.
3. Zahorodnii A. E. (2015). The quality of agricultural products as a factor in ensuring food security of the national economy. *Agrosvit*, 22, 82–86.
4. Kostyuk, O. D. (2013). Product quality management in agribusiness. *Scientific Bulletin of the National University of Life and Environmental Sciences of Ukraine. Ser. : Economics, agricultural management, business*, 181(4), 210–214. [ONLINE]. Available at: [http://nbuv.gov.ua/UJRN/nvnau\\_econ\\_2013\\_181\(4\)\\_3](http://nbuv.gov.ua/UJRN/nvnau_econ_2013_181(4)_3). [Accessed 18 June 2020].
5. Lopatynskiy, Yu. M., Kyfiak, V. I. (2018). Methodical tools for reengineering the institutional structure of the agricultural sector of the national economy. *Economics of agro-industrial complex*, 9, 62–68.
6. Malynovskiy, Yu. V. (2013). Restructuring as a method of increasing the competitiveness of the enterprise. *Electronic Scientific Archive of the Scientific and Technical Library of the National University «Lviv Polytechnic»*. [ONLINE]. Available at: <http://ena.lp.edu.ua/bitstream/ntb/26221/1/25-166-172.pdf> [Accessed 18 June 2020].
7. On the basic principles and requirements for food safety and quality, Law of Ukraine, dated 23.12.1997 № 771/97-VR [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/771/97-%D0%B2%D1%80> [Accessed 18 June 2020].
8. On standardization, the Law of Ukraine, dated 05.06.2014 № 1315-VII. [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/1315-18> [Accessed 18 June 2020].
9. On approval of the Concept of the State target program of development of the agricultural sector of the economy for the period up to 2022. [ONLINE]. Available at: <https://zakon.rada.gov.ua/laws/show/1437-2015-%D1%80#Text> [Accessed 18 June 2020].
10. Cherniavska, I. M. (2018). Mechanisms of influence of organizational-managerial transformation on the development of industrial enterprises. Economic analysis: collection. *Science. works. Ternopil National University of Economics. Ternopil: Publishing and Printing Center of Ternopil National Economic University «Economic Thought»*, 28(2), 200–212.

Markina I., Aranchiy V., Safonov Y. and other. Management of the 21st century: globalization challenges. Issue 3: [collective monograph] / in edition I. Markina. – Prague. – Nemoros s.r.o. – 2020. – Czech Republic. – 287 p.

Scientific publication

## **Management of the 21st century: globalization challenges. Issue 3**

*Collective monograph*

In edition I. Markina, Doctor of Sciences (Economics), Professor

English language

Passed for printing 01.07.2020

Circulation 500 copies

ISBN 978-611-01-1948-1

Nemoros s.r.o.,  
Rubna 716/24, 110 00, Prague 1  
Czech Republic, 2020