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## THE ANALYSIS OF PROBLEM NON-USING THE STRATEGIC POTENTIAL BY UKRAINIAN ENTERPRISES (ON THE EXAMPLE OF AGRICULTURAL SECTOR)

In article were considered the basic components of strategic potential agrarian sector of Ukraine and analyzed indicators of its development in 2010-2016. Strategic potential of agricultural sector, which is not used to the full is examined. Land as the main national wealth is rapidly losing its value because of work agricultural holdings on the short-term perspective, which leads to a lack of fruitful efforts for improving the state of land. The popularity of agricultural professions is rapidly declining, which leads to a professionalism decrease of agricultural workers. All this aspects are accompanied by a drop in the competitive advantages of the national production agricultural products in world markets. The main problems of the industry were determined and offered various directions of their solution at the expense of more effective using the potential of the Ukrainian agro complex.

*Keywords:* potential, strategic potential, agrarian sector, pant growing, labor resources, effective land using, agricultural production.

## ПРОБЛЕМИ ВИКОРИСТАННЯ СТРАТЕГІЧНОГО ПОТЕНЦІАЛУ ПІДПРИЄМСТВАМИ УКРАЇНИ (НА ПРИКЛАДІ АГРАРНОЇ ГАЛУЗІ)

#### Марченко В.М., Плетньова Ю.К.

У статті розглянуто основні компоненти стратегічного потенціалу аграрного сектора України, проаналізовано показники його розвитку в динаміці за період 2010–2016 рр. Розглянуто стратегічний потенціал агросектору, який не використовується повною мірою. Земля як основне національне багатство швидко втрачає свою цінність через короткострокову перспективу діяльності сільськогосподарських холдингів, що зумовлює відсутність плідних зусиль для поліпшення стану земельних угідь. Визначено основні проблеми галузі та запропоновано різноманітні напрями їх вирішення за рахунок більш ефективного використання потенціалу українського агрокомплексу.

*Ключові слова:* потенціал, стратегічний потенціал, аграрна галузь, рослинництво, трудові ресурси, ефективне використання землі, сільськогосподарське виробництво.

### АНАЛИЗ ПРОБЛЕМЫ НЕДОИСПОЛЬЗОВАНИЯ СТРАТЕГИЧЕСКОГО ПОТЕНЦИАЛА ПРЕДПРИЯТИЯМИ УКРАИНЫ (НА ПРИМЕРЕ АГРАРНОЙ ОТРАСЛИ)

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В статье рассмотрены основные компоненты стратегического потенциала аграрного сектора Украины, проанализированы показатели его развития в динамике за период 2010–2016 гг. Рассмотрен стратегический потенциал агросектора, который не используется в полной мере. Земля как основное национальное богатство быстро теряет свою ценность из-за краткосрочной перспективы деятельности сельскохозяйственных холдингов, что приводит к отсутствию плодотворных усилий, направленных на улучшение состояния земельных участков. Определены основные проблемы отрасли и предложены различные направления их решения за счет более эффективного использования потенциала украинского агрокомплекса.

Ключевые слова: потенциал, стратегический потенциал, аграрная отрасль, растениеводство, трудовые ресурсы, эффективное использование земли, сельскохозяйственное производство.

**Exploring the importance of the problem.** Effective implementation and using all available resources and opportunities are very important to survive in a highly competitive market and to obtain high results of economic activity. That is, the identification of underutilized opportunities and growth reserves is the main task of the enterprises of Ukraine and the country as a whole.

Agriculture is the most promising branch of Ukrainian economy. Every third dollar received by Ukraine brings exactly the agrarian sector. A large part of the world's fertile humus soils is in our country (more than 20 % of the arable land in Europe). The continental climate and sufficient precipitation (except the south of Ukraine) make it possible to count on high yields of most crops. But to date, the agricultural sector in Ukraine shows less good results than other countries with similar opportunities and resources. Also, Ukraine exports mainly raw materials, and receives less revenue, as if it exports products with high added value.

That is why agricultural enterprises need to maximize revenues by effective using of available resources (land, labor, fixed assets, science). So analysis of the existing opportunities for the development of Ukrainian agricultural sector, identification the main problems and the search for solutions are an urgent tasks for today.

The analysis of the recent research and publications. Analysis of the potential of the enterprise contains studies of such authors as A. P. Romanov, M. N. Gubanova [7], D. A. Shaidayeva [9]. However, in these studies, the authors pay more attention to theoretical issues than the applied ones. That is, aspects of underutilization of existing opportunities are not sufficiently disclosed. Significant attention has been paid to the potential of agricultural sector and main aspects of land using in Ukraine. That questions have been studied in the V. Mesel – Veseliak's [5], P. Sabluk's [8] works. Problems to create production technical and technological bases have been shown in the works of O. Varchenko [3], E. Libanova [4], V. Moshko [6]. O. Hrishnova [4] has been focused attention on resolving the complex issues of workforce development. However, there are no comprehensive studies on the detection of reserves of agricultural growth, determination the causes of underutilization of existing capacity and finding directions for their elimination.

**The purpose of article.** To analyze the main reasons of non-using the potential of agro sector in Ukraine and to outline ways to solve existing problems for the most effective using of the opportunities Ukrainian agricultural sector.

The main material. Nowadays the agrarian field is one of the most priority sector of the Ukrainian national economy. Let's consider the main reasons. First of all, Ukraine has the most fertile humus soils

in the world with area 65% of the state territory [5, p. 15]. The total area of Ukrainian fertile humus soils is equal to the area of Great Britain. About 50 % of the southern and central parts of Ukraine is fertile humus soils. Also, only 30 % of Ukraine's land is not used for agriculture. Figure 1 shows the structure of the land fund of Ukraine.

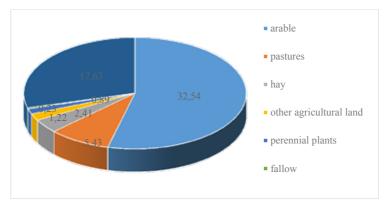


Figure 1. The land fund of Ukraine (plant growing) [1; 2; 10]

Thus, the main component of the strategic potential of the agricultural sector is land, which unfortunately doesn't used as efficiently as possible. Ukraine has huge agricultural potential not only thanks to its fertile soils but also its key geographical position (for example access to the Black Sea and the key markets in the EU, CIS, the Middle East and North Africa).

The second important reason for the development of the rural industry in Ukraine is that the share of agriculture in the GDP of Ukraine increases from year to year (the figure 2).

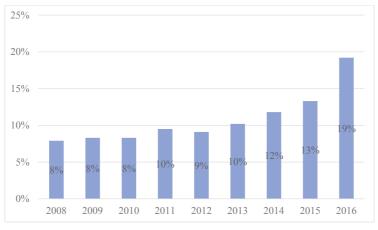


Figure 2. The rate of agriculture sector in creating GDP [1; 2; 10]

The third factor that demonstrates the great potential of the Ukrainian agrarian sector is the volume of exports of agricultural products. The share of this sector was 38 % and 42 % in 2015 and 2016 respectively in the total exports of the country. New record of volume the export of grain crops was set last year (40,2 million tons). In addition, compared with 2015, significantly increased the volume of honey exports - up to 57 thousand tons from 36 thousand tons (by 58 %), beans - to 381 thousand

tons from 208 thousand tons (by 83 %), as well as sugar - to 466 thousand tons 115 thousand tons (in 4 times). That is, agriculture brings significant income to the budget and private business (figure 3). The profit from the sale of corn, sunflower oil and other goods has a positive impact on the balance of payments of Ukraine and supports an unstable economy of our country.

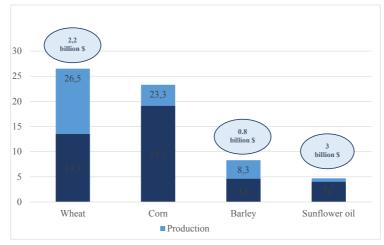


Figure 3. The export (mln.tons) of the agricultural products and income (billion \$) [1; 2; 10]

If we consider the volume of consumption, import and export of staple foods, we will see that Ukraine produces twice as much than we need. Only a few countries in the world use less than they produce. That is why Ukraine can really occupies a large gap in the global export of agricultural products.

However, despite the huge potential of this industry Ukraine has many problems in agricultural sector. The interesting fact is that in countries where the area of fertile land is about the same as in Ukraine (France, Germany), agricultural production is more in several times. The reason for Ukraine's lag is the less efficient our agribusiness.

The main components of strategic potential of this field – land. However, to date, the technology of processing land in Ukraine and the structure of crops are terrible. We spoil the most important resource very much from year to year. Agricultural holdings, which are the major tenants of lands (Nowadays there are about 60 agricultural holdings in the state, which have several hundred thousand hectares of land. These structures together control 5 million hectares of land in Ukraine), show good results of their activity. So the yield per hectare of main crops for 6 years increased by: beet sugar factory by 73 %, cereals – 71 %, fruits and berries - 30 %, potato – 26 %, sunflower – 49 %, vegetable crops – 21 % [10]. However, despite the gradual increase in crop yields our performance is much worse than in other countries. Therefore, the wheat yield in Ukraine in 2016 was below the in New Zealand yield by 56 % and in the EU by 33 %. The yield of corn was below by 45,5 % behind New Zealand and by 14,2 % behind EU countries [3].

However, today does not exist scientific developments for the agro sphere. In addition, the process of growing crops is not scientifically grounded. At the same time holdings are not sure of the extension lease contracts on the long term. That is why they are trying to get the maximum profit from the cultivation of the land in the current year. That is why the companies, that use the lands, do not make expenditures to the lands quality improvement, because they do not know whether they will get benefit from it. Thus, the structure of crops under predecessors is disrupted, and monoculturalization of lands takes place. For example, sunflower is the most profitable crop, but it drains the land. That is, the sunflower should

not occupy more than 15 % of the area of the seed. Violation of this rule leads to the soil degradation. According to experts' estimates, the annual loss of fertile lands is up to 100 thousand hectares [5, p. 9] and their continued use in active cultivation causes damage to the state for UAH per year.

The second important component of strategic potential is labor resources. For today a labor resources are a weak point of agriculture in Ukraine. In the production process in agricultural participate mainly rural residents. Consider their working and living conditions. Over 36 % of village inhabitants are behind the poverty limit, which is 15 points higher than in the city. It is clear that such conditions encourage the most active farmers to realize their potential outside the village. It leads to the loss of population in many rural areas and their degradation. Because of the rural inhabitant's prolonged negative motivational demographic behavior for the whole Ukraine's independence period approximately 28 villages disappeared every year, 227 villages are identified as uninhabited, 6163 – retrogressive [1; 2].

In addition, there is an impressive aging of rural population. During 1979-2016 the proportion of people aged between 0 and 15 in the total number of rural population decreased from 23,8 to 17,3 %, and their total number per 1000 people of working-age has decreased by 1,6 times [4]. The reduction of working and under-working age people creates threats to reproduce village labor potential for a long time, and warns about agricultural sector development problems.

However, the main problem of human resources in agricultural sector is their quality. The analysis of the agricultural workers' educational level showed a low proportion of qualified specialists, who are able to solve complex production issues, as well as negative trends in the process. About 52% of employed workers in the agricultural sector are people without special training, and only 13,7 % are workers with higher education.

This problem became actually not because of lack of specialized educational institutions, but because of attitude of the rural youth towards education and work in the countryside. A lot of youth who has got education, either stays to live in the city, or after a short-term work at the agricultural enterprises, becomes disappointed in the working conditions and salary, resign from work and moves to other manufacturing areas. Dangerous processes of reduction in the working potential quantitative and qualitative characteristics in rural areas have led to low labor efficiency in agriculture. In addition, the lack of a sufficient level of education leads to the fact that the technology of growing crops is violated and the yield of crop cultivation is reduced.

Labor productivity in agriculture is caused by the lack of motivation of employees, obsolete technologies, low qualifications, lack of desire for personal growth. But the growth trend of labor productivity in agriculture during 2003-2015 years (in 6 times) has been taking place because of active spread of agricultural holdings in our country, which possess rather high degrees of production processes mechanization and which have the capacity to train its own experts.

Therefore, to for maximize the potential of this industry the state has to make all efforts to eliminate all these problems. Because the current state of the Ukrainian economy agrarian sector does not allow not only to provide the state with significant competitive advantages in the world market, but also to solve the main problems of the domestic food market functioning. The available potential is not actually implemented. It is obvious that the problems of the branch development are caused not only by limited production factors, but also by the absence of the state regulation integral system concerning their distribution and use. Public policy in the agricultural sphere should be based on new approaches in decision-making concerning the land resources rational use and protection, creation of optimal conditions for a social substantial increase, land investment and productive potential, its transformation into an independent factor of economic growth. The state can achieve this goal by using both economic (involving the use of incentives) and administrative methods (based on the power of authority, discipline, responsibility), which would be realized in the overall economic reform.

In the Table 1 presented the systematization of problems, analysis of their causes, and the possibilities for their solution using the strategic capacity.

Problems	Reasons	Opportunities
Labor problem	<ul> <li>Low standard of living in the village;</li> <li>low popularity of agricultural professions;</li> <li>lack of incentives for work (both moral and material);</li> <li>limited opportunities for higher education in rural areas;</li> <li>lack of opportunities for the improvement of qualification due to low income;</li> <li>training of personnel in the development of innovative technologies and new technology.</li> </ul>	<ul> <li>Providing of effective functioning of the preschool, secondary and after-school educational institutions in the rural areas;</li> <li>organizing the system of monitoring of the demographic situation in the rural areas, the formation of an information data bank;</li> <li>providing high quality pre-school and middle-school education, increasing their competitiveness by reinforcing and updating the material and technical basis of educational institutions, providing them with well-qualified personnel;</li> <li>creation basic farms for the introduction of innovations and training of personnel in the development of innovative technologies and new technology;</li> <li>development of programs with the popularization of agro professions and improving the level of education of students in agrarian universities (for example, providing senior students a summer practice in Ukrainian agro holdings, which will improve the practical training of students</li> </ul>
Inefficient using of a land bank	<ul> <li>violations of scientifically sound systems of agriculture;</li> <li>lack of scientific developments for the agro-sphere;</li> <li>a moratorium on the sale of land;</li> <li>lack of guarantees for prolongation of long-term lease contracts for business;</li> <li>lack of incentives to investment in improving the condition of the land bank for business.</li> </ul>	<ul> <li>Creation the basic farms for the introduction of innovations;</li> <li>development of competitions and allocation of grants to scientific institutes and laboratories for obtaining new developments, technologies and know-how for the agro-sphere;</li> <li>using IT-developments for agricultural purposes;</li> <li>transition to sustainable agriculture and the use of effective farming practices (precision farming, minimal land cultivation, electronic map of fields, use of GPS technologies);</li> <li>the abolition of the moratorium on the sale of land to motivate holdings to invest in land improvement (for example, the development of irrigation systems) or long-term projects (for example, walnut orchards).</li> </ul>
The low interest of foreign investors	<ul> <li>economic and politic instability in Ukraine;</li> <li>limited financial opportunities for business development;</li> <li>orientation on the export of raw materials (not products with high added value);</li> <li>logistics problems in Ukraine.</li> </ul>	<ul> <li>Developing a loyal policy for the agro-industrial sector of Ukraine;</li> <li>the construction of vertically integrated holdings for the transition to the production of products with high added value;</li> <li>establishment of full-fledged export relations with Asia, Africa, the EU and the USA;</li> <li>raising food safety standards;</li> <li>implementation of infrastructure projects that will increase production and reduce its cost, as well as reduce the loss of raw materials and finished products during storage and transportation.</li> </ul>

# Table 1. The main opportunities for the solution of current problems using the strategicpotential of agricultural sector

**Conclusions.** The analysis gives reasons for the conclusion about the ineffective usage of the strategic potential of Ukraine's agrarian sector, its actual neglect which is the consequence of unsystematic character and incoherence of the economic policy in our country and can lead to a serious social, economic and ecological crisis. The awareness of our opportunities in that sphere predetermines the necessity of searching the ways of urgent solution of the current problems.

The first steps in this direction are the following: the improvement of the legal field, simplification of administrative procedures of running business, fighting corruption and building a qualitatively new system of state regulation of distribution and use of productive resources of the agrarian sector. It has been indicated that the main task nowadays is transformation the land into an independent factor of economic growth. It will lead to the stimulation of business investment in the preservation and development of a land bank, which is beneficial not only for holdings, but also for the economy of the country as a whole.

The second task is to organize the effective work with the country's labor resources (improvement of qualification and quality of employees, raising the level of education in agrarian universities, etc.) and involving them in the agrarian sphere by popularizing the agricultural professions.

The third task is attracting foreign investment and developing science and technology to introduce innovations in agriculture in order to intensify production, reduce costs and improve the quality of products.

So the improvement of labor resources, using high-tech equipment and efficient using of land will increase the profitability of this sector and Ukraine will be able to enter the world agricultural market with competitive products.

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