

4.7 Forms of agro-industrial integration of agricultural business entities in the process of adaptation to competitive and cooperative interactions

The development of forms of agro-industrial integration of agricultural business entities to the maximum extent possible contributes to the development of adaptation of the economic mechanism of functioning to the conditions of market management in Ukraine, fully complies with all the requirements of European integration processes, radically harmonizes state and market mechanisms for regulating the functioning of agricultural business entities, optimizes the socio-economic policy of Ukraine.

When studying the forms of agro-industrial integration of agricultural business entities in the process of adaptation to competitive and cooperative interactions, attention was paid to the positions of scientists Ambrosova V.Ya. [262], Bakum V.V. [251], Brus V.Kh. [252], Ivanchenko H.V. [253], Khodakivska O.V., Mohylnyi, O.M. [254], Kropyvko M.F. [255], Lupenko Yu.O. [255, 256, 257, 258], Malik M.Yo. [255, 256, 259, 263], Mamchur V. A. [259], Maznieva H.Ye. [262], Nechyporenko O. M. [260], Nosenko Yu. M. [260], Odintsov O.M. [261], Sabluk P.T. [262], Sinelnik, L. M. [260], Shpykuliak O.H. [256, 263], Voinarenko M.P. [264], Zakharchuk O.V. [258], Zhurba I.O. [265] and others. Ideas about integration and cooperative processes require a clear identification of the attitude to what one's own position is in determining the essence of the concepts of integration and cooperation. Cooperation is a socio-economic activity; the system of economic relations in the process of achieving a common goal between partners on a mutually beneficial basis and with the least unit expenditure of resources. The organizational form of cooperation is a cooperative. We believe that a cooperative (as an organizational and legal form of management) is an organizational structure of a corporate type, operating (and forming) on the basis of cooperative principles (international and generally recognized). The principles of the cooperative organization (regulators of relations regarding production, exchange, distribution and consumption) are responsibility, independence, voluntariness, self-financing, self-management, economic interest, protection of private and individual interests, the possibility of concentrating funds in order to update the main means of production. Integration is a process of voluntary unification of individual subjects of

the agro-industrial complex, contributing to the creation of an aggregate system of reproduction processes on the basis of inter-farm economic, financial, organizational, technological and other ties, ensuring the achievement of goals.

Different modern scientific schools (structural, market, market-institutional) have different positions in the definition of integration: 1) market school: integration is ensured by the freedom of action of market forces and competition; 2) market-institutional school: integration – reflection of the unity of socio-political and legal mechanisms; 3) structural school: integration is an irreversible process of interpenetration of farms). In addition to the positions of modern scientific schools, alternative concepts of integration are also known (models of two-speed Europe, models of multi-speed Europe, the theory of concentric circles, the concept of selective integration or flexible geometry, the concept of partial membership, the concept of big-beam integration of Ukraine into the euro economic space and others). Institutional and functional methods of integration are present and intertwined in integration processes. Agro-industrial integration reflects the essence of cooperation at the intersectoral level, uniting business entities at the level of enterprises; the process of unity in the integrity of agricultural and industrial production, taking into account the differentiation of production functions.

Strong and well-established functional connections preserve the integrity of the enterprise as an integrated system. If at least some elements of the system violate the rhythm and mode of interaction, then the adaptive potential of the integrated formation is not fully disclosed. Therefore, integration is more legitimately treated as a mechanism for uniting parts into a single integrity with a socialized distribution of labor. The forms of socialization are concentration and cooperation. The form of concentration reflects such an organization of production, in which technical equipment, ways of technical renewal, use of capital, improvement of the structure of the organization, directions of development of concentration (vertical and horizontal) are clearly defined.

Concentration of production involves the combination of one (or several similar) types of agricultural products. The concentration of capital reflects the process of

accumulation (increase) of the combined capital (several owners). The form of concentration covers the market segment of several enterprises at the same time. The choice of the method of organization is determined by the principles of cooperation or combination. In accordance with this, the development of either corporate forms of integration or cooperative ones is highlighted. Unlike combination, industrial ties and legal independence are preserved in cooperation. With horizontal concentration, enterprises unite technically and economically. In situations of loss of control over the systems of processing raw materials, land reclamation, lending, trade, the need to develop vertical cooperation is actualized. Organizational forms of work and means of communication in the adaptive management system allow the formation of new production structures (partnerships, alliances, clusters, agglomerations and others; these organizational structures are distinguished by the presence of competitive advantages, and hence the greatest adaptation status). For example, the functioning of border structures (commercial, social) in the middle of clusters increases competitive and cooperative advantages, strengthening adaptive capabilities. The development of clusters ensures the activation of the components of the adaptation of the economic mechanism of functioning (systems of management decisions to ensure competitive advantages, adaptive management and marketing, regulatory and legal and financial and credit support).

Enterprises are grouped into clusters on the basis of common economic interests in order to provide specialized services (financial, technical, administrative) and increase surplus value. Enterprises seeking not only to survive in market conditions (low level of adaptation), maintain stability and strengthen market share (medium level of adaptation), but also to expand the market niche (high level of adaptation) introduce innovations (activating adaptation factors), using clusters as a universal base. Cluster methods of economic analysis most adequately manifest the processes of hyper-adaptation (forms of reflection by international economic systems of the world economy of the impacts of the market environment, which consists in the tendency to establish equilibrium in the world market). All clusters participate in the hyper-adaptive field of interactions (global competitive war) and do not depend on the

mechanisms of state intervention. The main components of clusters (the system of innovations, the system of partnership interaction of clusters) are woven into price, credit, financial, tax, insurance protection, investment support relations and organizational and managerial mechanisms of interaction (components of adaptation of the economic mechanism of functioning of agricultural enterprises to market conditions).

In the current situation, the super task of developing the adaptation of the economic mechanism for the functioning of agricultural enterprises in Ukraine is to achieve global competitiveness. In moments of institutional chronic instability, clusters ensure the development of new production systems. A high level of the taxation system reduces the economic efficiency of the functioning of business entities. Organizational and production structures are reflected by models of agro-industrial integration. The choice of forms of organization of agro-industrial integration is adequate to the choice of relatively stable economic spaces of combinations and connections. Organizational and legal forms of agro-industrial integration are agricultural firms, agro-combines, joint-stock partnerships, associations serving cooperatives, corporations, holdings, agro-industrial financial groups and more. From the standpoint of regional development and economic independence, the processes of agricultural cooperation and integration manifest themselves at least in three levels: village, district, region.

Ways of regulating relations are manifested in each situation of interaction. Organizational and legal forms of management of agro-industrial integration differ in the factors of choice and organizational and economic factors. Among the organizational and economic factors, the frequency and level of connections, the legal regulation of relations, the economic space of interaction, the means of regulating reproductive processes, the nature of agro-industrial production are distinguished.

Management of technologically connected production, ownership of integrated formations and distribution relations are components of the organizational and economic mechanism of integration. Integration models differ in factor features (the level of technological connectivity, interests and specialization of participants, the competitiveness of agricultural products, the number of technological subjects of

interaction, organizational and legal principles of building relations, the presence of investment and banking structures). Since the main purpose of distribution relations is to provide conditions for increasing the internal jointly produced product, cooperative payments, dividends, prices, subsidies, compensations and taxes play an instrumental role in distribution. Distributive relations also regulate cost and price intersectoral proportions. The closed cycle of self-sufficient production units is fully correlated with the optimal integrity of the economic space in the organization of the integration mechanism. The unity of ownership allows the implementation of a technically related production process.

Activation of transformation processes in the formation of cooperative associations = activation of the owner of processing enterprises = activation of the formation and strengthening of the owner in the countryside = activation of adaptation-modification processes (updating equipment, introducing new technological lines, stimulating investment and innovation attractiveness). Of particular importance in the development of forms of agro-industrial integration of agricultural cooperatives are credit societies (unions), consulting services, and agrarian chambers. Credit unions (providing social and financial protection to commodity producers by attracting personal savings for mutual lending) are a legally confirmed form of cooperative lending.

The main problem of the development of agricultural cooperation and agro-industrial integration at the regional level is to increase the size of industrial capital. At the same time, the leading means of production remains land. The demand for land is growing all the time, and at the moment exceeds the supply. Accordingly, the price of land (as a type of immovable property) also increases. The scarcity of land further increases its value, and therefore stimulates the purchase of land by large agro-industrial associations. The cooperation of commodity producers on an integrative basis forces intermediary structures (commercial or financial) to replenish their capital not on commercial transactions, but on the organization and development of their own production sector. Cooperation and integration of commodity producers reflects the

mechanism for regulating the flows of marketable products to the food sectors of the agro-industrial complex.

Cooperative formations at the regional level are distinguished by strict control (from the acquisition of raw materials to the sale of finished agricultural products) of the external and internal market environment. Associations can be diversified product (or specialized) complexes. Agro-industrial financial groups and holdings in Ukraine are not widespread enough forms of management. At the regional level, integration methods contribute to the coordination, unification and harmonization of the socio-economic policy of the country. Centralization and harmonization are particularly sensitive to the level of competitiveness, which are fully correlated with the processes of establishing a balance in the consumption and distribution of goods. Unification is correlated with monetary policy, and coordination as a method of integration is correlated with the coherence of the overall economic policy.

Models of the free trade area, comparative advantages and external effect of European integration make it possible to determine in a formalized form an econometric version of integration. Taking into account the growth of the added value of agro-industrial production, we consider it necessary to present one of the basic equations of the model of the external effect of European integration as follows: $d\vartheta_{ij} = \alpha d\chi_{ij} + \beta d\vartheta_j + \gamma d\vartheta_i + d\xi + d\xi_i + d\xi_j$, where is γ – coefficient of growth factor of productivity in agro-industrial production i country j ; β – growth of the productivity factor; α – the coefficient of dependence of the scale growth index; $d\chi_{ij}$ – growth in agro-industrial production i country j ; $d\vartheta_i, d\vartheta_j, d\vartheta_{ij}$ – growth of added value in agro-industrial production i country j , in country j in general, in the agro-industrial production of the European Union; $d\xi, d\xi_i, d\xi_j$ – environmental parameters.

In other words, the equation takes into account the weight of environmental factors in the growth of the added value of agro-industrial production. The theory of comparative advantages confirms the non-competitiveness of Ukrainian agriculture in the hypermarket space of interactions. For an agricultural enterprise, competitive

advantages are determined as follows: $\mu = \frac{\rho_i}{f\rho} - \frac{\eta_j}{f\eta}$, where ρ_i – share of sales of agricultural products i ; $f\rho$ – the total revenue of all agricultural enterprises producing these products; η_j – the share of the total sales of agricultural products of this enterprise in the industry j ; $f\eta$ – the total revenue of all agricultural enterprises in the world agro-industrial production.

The volume of sales of agricultural products in the foreign market is the leading criterion in determining the competitive advantages of agricultural enterprises. Formalization of cooperation and integration processes on the basis of quantitative and qualitative analysis makes it possible to optimize the socio-economic policy of Ukraine and comprehensively assess the meso consequences. In economically developed countries, industrial and commercial enterprises actively interact with agricultural enterprises in order to pool capital through a system of agreements and contracts. Thanks to such integration processes, a new type of agribusiness is developing (in the economy in general, agrarian capital is subordinated to financial capital, and in the agro-industrial complex, agricultural production is subordinated to industrial capital). The most advanced agro-industrial enterprises have the status of national ones.

A simple change in the forms of ownership does not provide the enterprise with conditions for the development of agriculture and the agro-industrial complex. The situation can be changed only by the effectiveness of cooperative-integrated mechanisms. Cooperative-integrated economic structures eliminate monopolism in anything, develop ties and relations, maintain price parity, harmonize the mechanisms of state and market regulation, optimize credit, investment and innovation attractiveness, etc. It is necessary to form and develop integrated territorial agro-industrial complexes, euro regions, special economic zones, innovation centers, technoparkes and transnational corporations in agriculture. The development of competitive and cooperative interactions creates conditions for the effective functioning of agricultural enterprises in the process of adaptation to market conditions. Only through cooperative action can agricultural enterprises stabilize their financial condition and

strengthen their competitive advantages at the product, production, resource and market levels.

Despite attempts to revive agricultural cooperation in Ukraine, the state is stepping up the processes of reforming agricultural cooperatives into private agricultural enterprises or other formations. Intensification of reform processes essentially means reducing the tasks of the mechanism for the adaptation of agricultural enterprises, and not their solution; narrowing the variation of competitive advantages of agricultural enterprises in market conditions; reducing the competitiveness of the emerging market environment. In the course of the study, it has been substantiated that the volumes of sales of products, sales prices and cost prices in their tendentious manifestations determine the dynamics of profitability and profit of agricultural enterprises of Ukraine. Significant indicators of the efficiency of functioning continue to be the volume of production, the size of land use and the specialization of production.

According to the aggregate financial results, private agricultural enterprises, farms and state-owned enterprises are adapted to market conditions. Given the underdevelopment of the infrastructure of the agrarian market, it can be stated that Ukraine's own model of reforming agricultural production and land relations with the conditions of free pricing was worked out, normatively ensured, practically and theoretically and methodologically justified. But the underdevelopment of the system of adaptation of the economic mechanism of the functioning of agricultural enterprises to competition was the leading reason that reduces the efficiency of agricultural production.

Due to the insecurity of the agricultural sector as a whole and the low solvency of agricultural enterprises, the life support resources of peasants have decreased. The search for the necessary sources of financing in solving the socio-economic problems of agricultural producers is facilitated by improving the mechanism of intersectoral relations. Activation of the functioning of agricultural service cooperatives ensures the protection of the socio-economic interests of commodity producers, the elimination of the need for intermediary services, the saving of transaction costs, etc. The Universal Platform for the Development of adaptation of the economic mechanism of

functioning, expanding the capacity of the market niche, maintaining economic stability, increasing market capitalization, providing specialized services and survival in conditions Markets are clusters that do not depend on mechanisms of state intervention.

Thus, in the course of the study, it has been established that the development of network structures and agro-industrial ties harmonizes the market relations of agricultural enterprises. It has been revealed that the agro-industrial integration of agricultural enterprises contributes to ensuring the conditions and parameters for the adaptation of financial and credit relations (development of economic and commercial ties, deepening of specialization, ensuring the choice of an integrator, etc.); management decision-making systems to ensure competitive advantages (increasing the competitive potential of the enterprise, commercial and sales networks at the market level, etc.); management systems (expansion of the sales market, normalization of the proportions of intersectoral exchange, etc.); as well as regulatory and legal support and a number of other parameters and indicators of adaptation.